



FAIR LABOR
ASSOCIATION[®]

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Commemorative Brands Inc.

COUNTRY: United States

ASSESSMENT DATE: 08/21/17

ASSESSOR: Miriam Rodriguez

PRODUCTS: Apparel

NUMBER OF WORKERS: 150

Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

- 1.The factory uses two employment agencies to recruit temporary workers. At the time of the assessment there were 21 temporary workers. Of the 21 workers, seven have worked over 520 hours, which is the period of time in which a worker becomes eligible for conversion to full-time employment. This ranged from 1635 and 2417 hours. Per Plant Manager, budgetary constraints at the headquarters have prevented the company from proceeding with the conversions. As an interim method to appease the situation, the factory increased the wages of the 7 temporary workers (those with over 520 hours) to match the wages of full-time employees in the same production areas. Note: After the audit, the factory communicated that, as of September 25, 2017, 7 of the 21 temporary employees will have been converted to full-time status.
- 2.Factory uses temporary workers as a means to support ongoing business needs.
- 3.Upon conversion, temporary workers are not provided retroactive fringe benefits going back to the first day of temporary work at the factory.
- 4.Not all new employees receive formalized orientation training. Factory procedures that were verbally shared noted that if there are only one or two new employees, orientation is conducted over the phone by one of the HR Managers from the Austin Headquarters location. If there is a group of more than two then HR makes an on-site visit. This is not in any policies or procedures.
- 5.Temporary workers do not receive any orientation training.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.9, ER.12, and ER.15)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Company to convert 7 temporary employees to full time direct hire status.

Planned completion date

09/08/18

Company Action Plan Update

06/28/18 : Five of the seven temporary employees identified for FTE conversion were converted on 10/16/2017. The remaining two employees resigned their position prior to conversion or fell out of the conversion process thru their own actions.

Action Plan no 2.

Description

Employees converting to FTE status are eligible to enroll in the Company's health and welfare benefit plans on their 31st day from conversion date.

Planned completion date

09/08/18

Company Action Plan Update

06/28/18 : All eligible temp employees who converted to FTE status interested in the Company's health and welfare benefit plans enrolled and became eligible for coverage November 17, 2017. All employees were offered and received benefit coverage, if elected, from their leasing agency while serving their temporary assignment with this Company. Employees benefit election information and records are protected, private and confidential and cannot be offered as supporting documents.

Action Plan no 3.

Description

New hire orientation is facilitated and delivered to ALL new employees whether in person or telephonic by one of the Company's Human Resources Managers.

New hire orientation elements are listed on the New Hire Orientation Agenda for all divisions. As an upgrade to the New Hire Orientation, the elements of the orientation have been improved to include a company an/or division organizational view for accountability responsibility identification purposes.

All new hires receive a contact list containing their HR/Payroll support with various means of communicating with the team.

Planned completion date

09/08/18

Company Action Plan Update

06/28/18 : New hire orientation is provided at all times and on an ongoing basis to all new hires as they are introduced into the Company. New hire orientations are conducted on-site as travel permits for groups of one or more. When travel is not available for these orientations, new employees receive an 1:1 telephonic orientation from their HR Manager in all areas listed on the orientation agenda excluding Safety/EHS. The Safety Manager and/or Health & Environmental Technician follow-up with area and position specific safety training.

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Responsibility & Accountability (Macro)

Finding Explanation

1.For FLA applicable facilities there are two Human Resources Managers, both located at the headquarter office. The one HR Manager associated with this facility comes on site monthly or as needed for one or two days. She addresses any and all HR issues, walks through the facility, and chats and meets with workers. However, there is no full-time Human Resource personnel present at the facility.
2.Although factory workers understand informally who is accountable in the following employment functions in the factory, there is no written documentation stating such: Workplace Conduct and Discipline, Recruitment, Hiring, Personnel Development, Compensation, Hours of Work, Termination and Retrenchment, and Industrial Relations and Freedom of Association.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The Company's policies & guidelines, available digitally and accessed by employees via the Company's employee HRIS portal, ExponentHR, provide indications of the persons of responsibility for all policies and areas of concern such as conduct & discipline, recruitment, hiring, personnel development, compensation , hours of work, termination and industrial relations (freedom of association). Additionally, these policies & guidelines, along with overarching policy statements have been bound in an Employee

Handbook. This resource has been published digitally and hard copies made available to employees.

Additionally, policy & process responsibility can also be found in the Employee Policy Procedures Manual for all US Divisions.

All employees to receive an HR Contact List for immediate reference to their HR Team Support when needed.

Planned completion date

09/08/18

Company Action Plan Update

Separate HR Contact List crafted- distributed to all existing employees -7/03/2018; HR Contacts listed on onboarding documents (Employee Checklist

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

- 1.The facility has not provided any formalized training to the hourly employees or supervisors in the following employment functions: Compensation, Retrenchment, Industrial Relations, Workplace Standards, Environmental Protection.
- 2.Workers receive Hours of Work education at orientation but there is no ongoing training for workers or supervisors on Hours of Work.
- 3.Supervisors are not provided any specialized training that would better enable them to properly communicate company policies and procedures to their teams.
- 4.Grievance Mechanisms exist at the factory through suggestion boxes and open-door policies. It was apparent that workers feel comfortable approaching management with issues. However, there is no formalized training to workers on a more effective use of suggestion boxes or other methods of expressing their grievances. Suggestion box was centrally located in full view in the lunch room. Management recognized the inopportune location and decided to relocate the box to a more private area.
- 5.Factory provides no specific workplace training to workers with special responsibilities, for example, mechanics receive no specialized training on safety.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15.2, ER.17, and ER.25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The Maintenance Mechanic has received several training opportunities including:
Forklift Operator Certification Certification Training (Feb 2017). CPR/Aed Certification with Bloodborne Pathogens training in 2017.

Additional training will be secured on dates identified below and continue ongoing as required by OSHA and if job duties change.

(1) Walking and Work Surfaces Training - 11/30/2017. (2) Ladder Safety Training - 11-30-2017 (3) Active Shooter Training 12-5-2017. (4) Compressed Air Safety 12-05-2017. (5) Universal Waste - 11-30-2017 (6) Qualified Worker Electrical Safety, Arc Flash, Lock Out Tag Out, and NFPA 70E - 01/31/2018. (7) Stormwater Pollution Prevention - 12/5/2017 (8) Aerial Work Surfaces - 02/28/2018 (9) Lifting 03/31/2018.

Planned completion date

09/08/18

Company Action Plan Update

Universal Wastes Training completed 11/15/2017;

Stormwater Pollution Prevention Training completed 12/15/2017

Action Plan no 2.

Description

The Company will engage in communication initiatives specific to all employment functions, hours of work and other conduct code, as well as grievance mechanisms via use of open door policy and suggestion box and environmental protection.

Tools to be used include the Employee Handbook, Employee Handbook Procedure Manual and Employee Safety & Health Manual

Program.

Planned completion date

09/08/18

Company Action Plan Update

Ongoing - EE Handbook and Safety & Health Program distributed to existing and new employees upon hire.

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

- 1.Factory has clear policies on Termination however there is no written policy or procedures on Retrenchment.
- 2.Factory communicates Termination procedures to the workforce, however there is no formalized or informal communication to the workforce on Retrenchment.
- 3.Workers are not consulted prior to management making any final decisions when work reduction is pending.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, and ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Incorporate Retrenchment Policy into Employee Handbook and distribute to all employees.

Planned completion date

09/08/18

Company Action Plan Update

06/28/18 : Retrenchment Policy has been crafted and incorporated into Employee Handbook and policy digital drop page. To be distributed to all employees by completion date;

Retrenchment policy revised 9/28/18- to be reissued to employees

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

- 1.The lunch room, centrally located within the factory, has only one exit. An additional exit is mandatory in case of emergencies and to allow safe passage to emergency routes.
- 2.The traffic lanes throughout the factory are not clearly marked.
- 3.None of the fire extinguishers throughout the factory have the requisite floor markings.
- 4.Not all fire extinguishers are easy to access. Three of the extinguishers were blocked by debris, ladder, and chairs.
- 5.Not all floor or wall markings clearly indicate evacuation routes.
- 6.The emergency alarm is audible throughout the majority of the factory, with the exception of the men's bathroom where it cannot be heard.
- 7.Factory has not contracted an external company to conduct a fire risk assessment.

Local Law or Code Requirement

OSHA Standards, 29 CFR 1910.36, 29 CFR 1910.22(b), 29 CFR 1910.157; 29 CFR 1910. 36(b), 29 CFR 1910.38; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.1, HSE.5, HSE.6, and HSE.15)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Incorporate Retrenchment Policy into Employee Handbook and distribute to all employees.

Planned completion date

09/08/18

Company Action Plan Update

06/28/18 : Retrenchment Policy has been crafted and incorporated into Employee Handbook and policy digital drop page. To be distributed to all employees by completion date

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

- 1.Two of the ladders in the warehouse, constructed of metal rods, are in poor condition and should not be used. The two moving stairs in the warehouse are acceptable.
- 2.Warehouse workers do not always use fall protection when climbing on two of the ladders mentioned in earlier finding. Furthermore, no fall protection is used when workers access the upper levels of warehouse shelving.
- 3.The higher shelves in the warehouse stacking system are overburdened with boxes and other merchandise that could fall in an emergency. These higher working and storage areas require barriers.
- 4.Some storage areas in the warehouse shelving system could increase risk during emergency or fire. The storage boxes in the higher elevations of shelving are not secured by netting or railings, increasing their risks of falling.
- 5.Factory currently has a rudimentary lightning protection system, which needs to be replaced with an OSHA approved system.

Local Law or Code Requirement

OSHA Standards, 29 CFR 1910.23(c), 29 CFR 1926.250(a); National Fire Protection Association 780; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.1, HSE.5, HSE.13, and HSE.14)

Recommendations for Immediate Action

- 1.Replace the ladders made of metal rods in the warehouse to ensure worker safety.
- 2.Ensure workers always use fall protection when climbing ladders and when accessing upper levels of warehouse shelving. Train workers on using fall protection.
- 3.Install barriers in higher working areas and storage areas to reduce risk of boxes and merchandise from falling.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The ladders identified in poor condition have been removed and replaced with rolling stairs with handrails.

Planned completion date

09/08/18

Company Action Plan Update

Action fully completed.

Action Plan no 2.

Description

Metal rod ladders previously identified in poor condition have been replaced with rolling ladders so fall protection is not necessary for this application.

Planned completion date

09/08/18

Company Action Plan Update

06/28/18 : Upper shelving level (top shelf) of the warehouse area is no longer used and signage has been added to this level prohibiting this level from being used for storage.

Action Plan no 3.

Description

The upper shelves in the warehouse were being used to store surplus equipment, inventory, etc. This level will no longer be used for storage. Signs prohibiting storage at this level will be posted.

Planned completion date

09/08/18

Company Action Plan Update

06/28/18 : These upper shelves in the warehouse have been cleared and are no longer being used for storage. Fall protection is no longer needed as rolling ladders have been provided. Signs prohibiting storage at this level have been posted to ensure compliance. Training on Walking and Work Surfaces that included Ladder Safety Training has been completed by all affected employees with access to the area.

Action Plan no 4.

Description

Netting will not be necessary as higher shelves will no longer be used for storage. All items to be cleared by completion date. Hard hat requirement to be instituted for all employees working in this area to prevent injury from falling objects and signage has been posted. Only trained employees wearing PPE (hard hats) to be allowed in the area.

Planned completion date

09/08/18

Company Action Plan Update

06/28/18 : Storage areas in the warehouse shelving system identified as creating an increased risk during emergency or fire have been cleaned of items and are no longer being used for storage. Hence, no need for netting or railings. Hard hat use requirement has been instituted with proper signage posted in very visible and pertinent areas. Only trained employees wearing PPE (hard hats) are to be allowed in the area going forw

Action Plan no 5.

Description

Employees do not routinely work outdoors and are not routinely exposed to lightning hazards. The facility meets all local electrical and plumbing building codes for grounding. Electrical services are provided by the City of Waco and meet NEC and NFPA grounding requirements.

To satisfy the possibility of incidental exposure to employees finding themselves outside during a lightning storm, the Company will establish guidelines and implement training from the NOAA website on lightning safety. Signs listing emergency actions to be taken during a thunderstorm requiring employees to go indoors will be printed and posted at exterior exits and in the smoking area.

Planned completion date

09/08/18

Company Action Plan Update

Signs listing emergency actions to be taken during a thunderstorm have been printed and posted at exterior exits and in the smoking area. See attached pics of signs.

FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

- 1.Factory has no written policy on Environment Protection although some documents exist that address environmental issues.
- 2.Furthermore, factory has no statement on the company's efforts to minimize environmental impact.
- 3.The factory has not identified if factory is contributing negatively to the environment.
- 4.The factory has not made any efforts to minimize environmental impact.

- 5.Factory does not update its permits according to legislation.
- 6.Hazardous waste is mixed with non-hazardous waste. Broken sewing machine needles are mixed with solid waste in the garbage dumpsters.
- 7.The written health and safety manual does not address protection for workers who raise health and safety concerns.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety, and Environment Benchmarks HSE.1, HSE.2, and HSE.4)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Environmental policy to be crafted, added to Safety and Health handbook and distributed to all employees.

Planned completion date

09/08/18

Company Action Plan Update

06/28/18 : An Environmental Policy has been added to the site specific Safety and Health handbook and a copy has been distributed to all employees. Attached are acknowledgments from all employees of their receipt of the policy update.

Action Plan no 2.

Description

Health and Safety Handbook to be updated with Company's policy statement on ongoing efforts to minimize environmental impact.

Planned completion date

09/08/18

Company Action Plan Update

An Environmental Policy has been added to the site specific Safety and Health handbook and copy distributed to and acknowledged by all employees.

Action Plan no 3.

Description

Company to engage in audits to identify if it contributes negatively to the environment.

Planned completion date

09/08/18

Company Action Plan Update

Phase I Audit results show the factory has not in the past nor does it currently contribute negatively to the environment as the production processes have not changed to include any additional environmental exposures. Factory recycles fluorescent light bulbs, cardboard, and plastic. Attachments include previous Phase I audit results and recycling manifests from vendors of factory's efforts to minimize their impact by participating in city recycling programs.

Action Plan no 4.

Description

Company to identify areas for improvement and provide list of efforts towards this end.

Planned completion date

09/08/18

Company Action Plan Update

Factory is a textile facility which currently recycles fluorescent light bulbs, cardboard, and plastic. A Phase I audit conducted at the time of purchase noted no environmental issues and no environmental permits required. Processes have remained the same since Phase I audit and there are still no requirements for environmental permits. Refer to attachments for results referenced herein.

Action Plan no 5.

Description

Identify the hazardous and non-hazardous waste referenced in this finding and research compliant and appropriate measures for disposal.

Planned completion date

09/08/18

Company Action Plan Update

Broken sewing machine needles are not hazardous waste or medical waste under the Federal Code of Regulations 49 CFR 173.134 (a)(5) and Texas Administrative Code 25 TAC 326.3(23). The Texas Department of State Health Services defines medical waste as being generated specifically by a health care related facility. This facility is not a health care related facility therefore the sharps (broken sewing machine needles) are not regulated and can go into a municipal solid waste disposal site according to the City of Waco. Sewing machine needles will be collected (typically for 1 year or until container is 1/2 full, placed in a 5 gallon bucket, and encapsulated with cement prior to disposal in the plant trash dumpster. Refer to attached Texas Medical Waste Disposal regulation referenced herein.

Action Plan no 6.

Description

Company to update health & safety policies to include employee reporting process when concerned in the areas of health and safety.

Planned completion date

09/08/18

Company Action Plan Update

Health and Safety Manual has been updated to include this information and copies have been distributed to all employees. Refer to attached acknowledgments from employees.

FINDING NO.8

NOTABLE FEATURE

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

In lieu of the standard disciplinary system with verbal, written, and suspension components, this facility uses a Coach and Counsel Session approach. This approach invites dialogue between supervisors or HR and the employee when an issue arises. The employee is asked to identify the cause of the issue at hand and the supervisor or HR provides coaching and counseling when needed. If an employee has a recurring situation, they are sent home, with pay, to develop an action plan. The plan is discussed and approved by HR. This practice ties into the Grievance and Performance Review management systems.