



FAIR LABOR
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INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Harland Clarke Holdings Corp

COUNTRY: United States

ASSESSMENT DATE: 09/25/17

ASSESSOR: Miriam Rodriguez

PRODUCTS: Apparel

NUMBER OF WORKERS: 205

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: Training (Macro)

Finding Explanation

Although some procedures and documents are in place the factory has no specific training, whether initial or ongoing, for supervisors or workers in these employment functions: Compensation, Termination and Retrenchment, Grievance System, and Environmental Protection. ER.1.2; ER.15.2; ER.17.1; ER.17.3

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2; ER.15.2; ER.17.1; ER.17.3)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The company has an onboarding/orientation presentation that covers this information for new employees and supervisors. Going forward the company will use time during its quarterly meetings to review these topics with its workforce. In addition, information will show on the plant's message board(s) sharing information with employees in each of these areas on a rotating basis.

Planned completion date

09/09/18

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Responsibility & Accountability (Macro)

Finding Explanation

The following employment functions have accountable and recognizable management however there is nothing in writing that clearly communicates their roles to the general workforce: Compensation, Hours of Work, Termination and Retrenchment, and Workplace

Conduct and Discipline. Although the person with ultimate responsibility is clear to the general workforce and informally identified, there is nothing in writing that states this. ER.1.2

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The Human Resources department will put in writing who is responsible for the areas of Compensation, Termination and Retrenchment, and Workplace Conduct and Discipline. A slide with this information will play on the plant's message board(s).

Planned completion date

09/09/18

Company Action Plan Update

HR Manager created slide and put into rotation on company message boards

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Compensation

Finding Explanation

The factory does not recognize seniority or calculate fringe benefits for converted workers going back to their initial day as a temporary worker. ER.12

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.12)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Harland Clarke uses Temporary Staffing agencies to supplement staffing as needed in certain company determined production locations. Temporary employees are employees of the staffing agency and are not independent contractors. The temporary agencies, which are our vendors, provide benefits to their employees.

Harland Clarke does waive the normal 30 day waiting period for Benefit eligibility for temporary employees if they are hired as a Harland Clarke employee. Harland Clarke does take into consideration the time worked as a Temporary employee when determining FMLA eligibility.

Harland Clarke would not make the seniority or hire date retroactive to the date that they started working for the Temporary agency due to dual or co-employment reasons.

Planned completion date

09/09/18

Company Action Plan Update

The Company has reviewed its practice with Legal and will continue to follow this guidance per the risk assessed.

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

- 1.The weekly working schedule is 44 hours (a minimum of four hours overtime per week is standard). Saturday schedule is eight hours however four hours of OT is consistent in addition to the weekly standard of four OT hours. Pay period is Sunday to Saturday and workers are paid weekly. HOW.1; HOW.6.
- 2.Management sets production targets at a rate that overtime is required on a weekly basis. ER.24.
- 3.Overtime is non-consensual. If workers refuse or cannot work the overtime hours, those hours are deducted from their paid time off. HOW.8.2

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.24; Hours of Work Benchmark HOW.1, HOW.6, and HOW.8.2)

Recommendations for Immediate Action

Ensure that all overtime is voluntary.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The plant is a 24 hour/7 day a week operation. It covers this operation using a 12 hour shift schedule. When an employee is hired, he or she is given the schedule and consents to working those days. The overtime is built into the 12 hour work schedule and is consensual between the employee and employer.

Planned completion date

09/09/18

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Compensation

Finding Explanation

- 1.The factory does not have a written policy on compensation though there are documents and systems in place. ER.1.1
- 2.Factory initially communicates procedures on compensation at orientation however there is no subsequent training or communication to the general workforce. Communication is offered on a one-to-one basis when an employee has a question. ER.16.1; ER 17.3
- 3.Per worker interviews, one worker complained that questions on compensation are not always adequately answered by management. C.19

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.16.1, and ER.17.3; Compensation Benchmark C.19)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The company has an onboarding/orientation presentation that covers this information for new employees and supervisors. Going forward the company will use time during its quarterly meetings to review these topics with its workforce. In addition, information will show on the plant's message board(s) sharing information with employees in each of these areas on a rotating basis.

Planned completion date

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FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

- 1.Factory has written policies and procedures on termination and retrenchment however management only communicates its policies on termination at orientation and at no other time unless individual employees come to HR or management with questions. ER.1.2; ER.16.1; ER.32.5.
- 2.When work reduction is imminent, factory does not hold consultation meetings with targeted workers. ER.32.3

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2; ER.16.1; ER.32.3; ER.32.5)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The company has an onboarding/orientation presentation that covers this information for new employees and supervisors. Going forward the company will use time during its quarterly meetings to review these topics with its workforce. In addition, information will show on the plant's message board(s) sharing information with employees in each of these areas on a rotating basis.

Planned completion date

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FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

One warehouse worker, a woman, stated she was treated unkindly from a male coworker. When addressing this with her manager, he, the manager protected the alleged perpetrator, a male, and did not take the complaint seriously. The female worker was hesitant to voice her true opinion in the interview, however alluded to discriminatory actions by coworker. Factory has workers take an annual on-line series of tests, one of them being Discrimination and Harassment. When auditor asked Human Resource Manager if management ever assesses the effectiveness of their discrimination policies, procedures, and on-line assessments, HR was not able to provide an answer. H/A.8

Local Law or Code Requirement

Federal Equal Employment Opportunity Law: Title VII of the Civil Rights Act of 1964 (Title VII), prohibits employment discrimination based on race, color, religion, sex, or national origin; FLA Workplace Code (Harassment or Abuse Benchmark H/A.8)

Recommendations for Immediate Action

Harland Clarke Corporate to seek out external trainings and workshops for HR and Floor Managers at the Dallas facility, on Managing Discriminatory Behaviors in the Factory Environment.

External trainers to conduct a series of workshops for management and workers (individual groups) on Effective Grievance Procedures, Communication and Resolution.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The auditor interviewed this employee during an active investigation into her complaint. The Company took her allegation seriously and investigated promptly. The concern was addressed and appropriate action was taken based on the findings.

The Company is providing Harassment Prevention training to both employees and managers as part of its annual compliance training in 2018.

Human Resources received training from external resources on conducting effective investigations and addressing employee

complaints.

The Company continually monitors complaints and trends in this and other areas in order to be able to take proactive steps to address through training, messaging, and other means. This is ongoing.

Planned completion date
09/09/18

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

- 1.Factory has an "open door policy" and a suggestion box. Per worker interviews factory management does not take appropriate action in resolving grievances. Both workers used the term "favoritism" in describing their personal cases. ER.25.2
- 2.Management only sporadically communicates the grievance procedure to the general workforce. ER.25.1; ER.25.3.2

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.25.1, ER.25.2, and ER.25.3.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Going forward the company will use time during its quarterly meetings to review these topics with its workforce. In addition, information will show on the plant's message board(s) sharing information with employees in each of these areas on a rotating basis.

The company has multiple avenues for reporting complaints including an anonymous Ethics Hotline. If there are concerns of favoritism, an employee has the option to call the Hotline and a corporate representative will review the report and respond appropriately.

Planned completion date
09/09/18

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

- 1.Workers are not consistently using earplugs in the print areas with decibels consistently around 84db. HSE.8
- 2.Audiometric testing is conducted annually, and results show no higher than 84decibels in any one area. Management encourages workers in the higher decibel printing areas to use earplugs. It appeared to the auditor that ear protection should be used in the areas with consistent decibel levels of 84. HSE.7; HSE.8
- 3.Most areas in the area have repetitive motion that could lead to stress in the musculoskeletal system. The factory has not undertaken an ergonomics assessment to review these risks. Not all standing workers are provided with anti-fatigue mats. Additionally the factory does not provide chairs with adjustable backs to seated workers. HSE.17.2.
- 4.Factory manager was not aware if a lightning rod system was in place. HSE.13
- 5.None of the traffic lanes or emergency aisles are marked. HSE.1
- 6.Management has not commissioned a fire-risk assessment by a third party, therefore there are no recommendations to address. HSE.1; HSE.5.1
- 7.There are no floor markings within the entirety of the factory that indicate evacuation routes or aisles. HSE.5.1

Local Law or Code Requirement

OSHA Regulation 29 CFR 1910.132; 29 CFR 1910.22; CFR 1910.132(d); FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5.1, HSE.7, HSE.8, and HSE.17.2)

Recommendations for Immediate Action

Mark traffic lanes, emergency evacuation routes, and aisles.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The facility will work with its safety group to adequately mark aisles, traffic lanes and emergency exit routes.

Updates will be provided to employees so they are aware of the markings and where they can travel safely as pedestrians in the facility as well as during an emergency.

Other findings noted (#1, 2, 3, 4, 6) were addressed post audit and satisfactorily resolved.

Planned completion date

09/09/18