



FAIR LABOR
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INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: The Northwest Company LLC.

COUNTRY: United States

ASSESSMENT DATE: 09/25/17

ASSESSOR: Miriam Rodriguez

PRODUCTS: Apparel

NUMBER OF WORKERS: 125

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: Policies & Procedures (Macro)

Finding Explanation

The factory provides an employee handbook (revision date July 12, 2017); however, the handbook does not clearly communicate key policies or procedures, and contains contradictory guidelines. For example, the handbook mentions work hours or overtime in three separate sections (pages 4, 22 and 28), but does not advise if overtime hours are voluntary, nor does it include a maximum of 60 hours per week. Another example regarding the rest day, on pages 3 and 8, the handbook states one day in seven, while on page 28, the handbook states "Employees must not work more than 2 weeks at 7 days per week without at least one 24 hour period off. Working the fourteenth consecutive day for any non exempt employee is strictly voluntary." ER.15.3, HOW.8.2, HOW.8.3

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.15.3; and Hours of Work Benchmarks HOW.8.2 and HOW.8.3)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Policy and Procedure (Recruitment, Hiring and Personnel Development)

Planned completion date

09/09/18

Company Action Plan Update

Worked with an attorney to update handbook.

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

The factory does not have standard contract language with employment agencies which specifically imparts power to the factory to directly pay wages to temporary workers. The factory does not conduct review or validate that the labor agencies are meeting the labor law or expectations of the factory. Currently the factory has 35 temporary workers hired through the labor agencies. ER.6

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.6 and ER.11.5)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Requirement is not consistent with current relationships with temp agencies. Further investigating how to achieve FLA requirements.

Planned completion date

09/09/18

Company Action Plan Update

We are still investigating how to achieve these FLA requirements.

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Compensation

Finding Explanation

Seniority and fringe benefits are not provided to temporary workers converted to permanent employment status. Workers who are converted from the temporary labor agency to the factory's payroll have their seniority dated as from the start date of permanent employment, rather than the first work day as a temporary or contracted worker at the factory. According to the temporary labor agency, thirty-five (35) workers were converted in 2016, and so far in 2017, twenty-five (25) workers have been converted to permanent status. This practice violates FLA benchmark stipulating that for any temporary worker who becomes permanent employee, seniority and other fringe benefits eligibility must be dated from the first date 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

Policy and wage scale has been updated to provide recognition of time of service for temporary workers, and to pay the same rates and shift differentials.

Planned completion date

09/09/18

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1.The factory does not have a formal written policy and procedures governing any aspects or modes of Retrenchment. Additionally, the factory has not provided communication and training to any workers or worker representatives on retrenchment. Due to a lack of policy and procedures, the facility management has not conducted periodic review of the same. ER.1, ER.16. ER.32

2.The factory does not have a formal written policy and procedures regarding Industrial Relations and Freedom of Association. The facility has not provided communication and training to all level of workers or worker representatives. Due to a lack of policy and procedures, the facility management has not conducted periodic review of the same. FOA.2, ER.1, ER.17.1, ER.25.1

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.17, ER.25, and ER.32: Freedom of Association Benchmark FOA.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Procedure is written and implemented.

Planned completion date

09/09/18

Company Action Plan Update

Procedure is written and implemented.

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

The current documents such as payroll or work schedule does not identity pregnancy status of female workers who have requested accommodations for lactation or other pre- or post maternity needs. The current employee handbook does not include any accommodation for pregnancy or maternity status of female workers. ND.8.1, HOW.5.1

Local Law or Code Requirement

Fair Labor Standards Act, Section 7 (Break Time for Nursing Mothers, March 2010; FLA Workplace Code (Nondiscrimination Benchmark ND.8.1; Hours of Work Benchmark HOW.5.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Policy has been updated.

Planned completion date

09/09/18

Company Action Plan Update

Policy has been updated.

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

The current disciplinary policy does not include an appeal process, or a third party witness during the imposition of a disciplinary action. The current employee handbook addresses progressive discipline on pages 5 and 29. ER.27.4

Local Law or Code Requirement

COMPANY ACTION PLANS

Action Plan no 1.

Description

Policy has been updated. Discipline form updated. Training employees.

Planned completion date

09/09/18

Company Action Plan Update

Policy has been updated. Discipline form updated. Training employees.

FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

- 1.The factory only has informal policies outlining the Grievance system. Based on these documents, the grievance system is inadequate, as it does not include a confidential grievance mechanism. The current employee handbook only makes reference to "Problem Resolution" and encourages employee to contact their supervisor, manager or Human Resources.
- 2.The factory only records those grievances reported through the Human Resources manager, grievances reported through other channels are not recorded.
- 3.Additionally, the factory has not provided communication and training to any workers or worker representatives on the Grievance System.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Policy and Procedure is updated. Training will be done.

Planned completion date

09/09/18

Company Action Plan Update

Policy and Procedure is updated. Training will be done.