



FAIR LABOR
ASSOCIATION[®]

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Harland Clarke Holdings Corp

COUNTRY: United States

ASSESSMENT DATE: 07/20/16

ASSESSOR: Miriam Rodriguez

PRODUCTS: Apparel

NUMBER OF WORKERS: 172

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: Industrial Relations

Finding Explanation

- 1.The FLA Workplace Code of Conduct is communicated to the workforce during the orientation session, however the orientation training does not address the company policy on Industrial Relations, nor does it educate the workforce on their rights with regards to Industrial Relations.
- 2.The company does not have written policies or procedures on Industrial Relations. The Industrial Relations code element is included in the FLA Overview during orientation, however there is no specific Industrial Relations policy or procedure within the company's portfolio of Human Resources documents.
- 3.The company does not have oral or written policies or procedures on Industrial Relations; it therefore does not communicate such information to the workforce, nor involve workers in its implementation.
- 4.The factory did not communicate the code to the workforce in the correct languages, this factory is a multi-lingual facility and the code should be communicated in the language that represents the majority.
- 5.There is no system in place to ensure that workers are aware of their rights under the Freedom of Association FLA Code element.
- 6.The factory does not provide specific training for supervisors on policies, procedures, and applicable legal provisions regarding Industrial Relations. Therefore, they also do not provide supervisors with ongoing training that would enhance their knowledge and skills in managing Industrial Relations situations. The factory has not provided specific or ongoing training for the general workforce on policies, procedures, and applicable legal provisions regarding Industrial Relations.
- 7.Because the factory does not have policies or procedures on Industrial Relations, it also does not conduct a periodic review of such policies/procedures or update them according to local laws and regulations.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15.1, ER.16.1, ER.17.1, ER.17.3, and ER.25.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The company will update the new hire orientation materials to include the Freedom of Information slides. This will be communicated to all employees during their onboarding.

The facility will provide required materials in Spanish to those employees whose native language is not English.

Planned completion date

FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

- 1.Management identifies pregnant workers through an informal process and do not maintain records that identify pregnant and lactating workers who are entitled to special legal protections. The company has a Breastfeeding Support Program Policy and Procedure but the factory does not maintain a list of names due to privacy issues as per HIPAA guidelines.
- 2.Company policy does not permit the hiring of workers under the age of 18. Nevertheless, there are no procedures to identify workers under the age of 18 in the working hours documentation.
- 3.Under normal circumstances and for the majority of the year (ten out of twelve months), workers are able to refuse overtime (OT). There are exceptional circumstances in peak times (October and June) when OT is non-consensual and is required based on the needs of the company, which relies on the factory for particular 'finishing' services.
- 4.In October 2015 and June 2016 approximately ten workers out of 150 workers worked more than 60 hours per week. The overall overtime hours for each of the two week periods within these two months ranged from 30 to 40 hours in addition to normal work hours.

Local Law or Code Requirement

Fair Labor Standards Act (FLSA), Section 7; FLA Workplace Code (Hours of Work Benchmark HOW.1 and HOW.8)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The company will review its current policy on not hiring workers under the age of 18. The company will consider amending its policy to allow for the hiring of workers who meet the basic qualifications for the job but may not be 18. The company does currently have procedures in place through the application process as well as within its HR systems to identify workers under the age of 18.

Planned completion date

09/08/18

Company Action Plan Update

Policy reviewed and modification was made to allow for the hiring of workers who meet job requirements but are not yet 18.

Action Plan no 2.

Description

In response to FLA requirements, the factories have implemented an overtime notification process (sample notice provided with this response and shared with auditor). Employees are provided with adequate notice of impending overtime and can plan accordingly. The company is under contract with its customers to meet expected service level agreements. At certain peak times, overtime is necessary to meet these obligations. The company looks to supplement with contract labor when possible to reduce overtime but given the high security and skilled nature of some positions that is not always possible.

Management and Human Resources continually monitor overtime hours and look for situations where employees are over the 60 hours per week. Procedures are in place to minimize the number of employees who go over this threshold. However, employees do utilize overtime to supplement their income and will, in some cases, volunteer for extra hours to have the opportunity to increase their earnings.

Effective August 1, 2017 the company implemented a policy whereby no employee in the manufacturing operations will work more than 60 hours per week.

Planned completion date

09/08/18

Company Action Plan Update

New policy language implemented prohibiting work weeks in excess of 60 hours.

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory does not translate material safety data sheets (MSDS) and safe operating procedures (SOPs) in to the languages spoken by workers.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.10 and HSE.14)

Recommendations for Immediate Action

Provide MSDS and SOPs in all of the languages spoken by workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The company will take action to ensure Spanish translations of the material safety data sheets (MSDS) and safe operating procedures (SOPs) are supplied to the employees.

Planned completion date

09/08/18

Company Action Plan Update

Company is working on translation of materials into Spanish.

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

Although supervisors are trained in many functions, at the time of the assessment they were not receiving specific training on environmental protection.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark 17.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The company will engage its internal resources to review the FLA Workplace Code and develop appropriate training for supervisors specific to environmental protection.

Planned completion date

09/08/18

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. Workers receive informal ongoing and regular communication on all Employment Functions, with the exception of Freedom of Association.
2. Training is not conducted in the language spoken by the majority of workers and no effort is made to ensure that all workers understand the training.
3. The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, and ER.28; Health, Safety & Environment Benchmarks HSE.6, HSE.9, and HSE.14)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Per the auditor, "In the first numerical finding under Finding 6 in the FLA report, the word "any" is incorrectly used. HCP does provide routine updates on the employment functions, manifested in huddles, with the exception of Industrial Relations and Freedom of Association.

The company has training available in Spanish and will offer the appropriate version to the employees per their need.

The company does provide opportunities for employees to provide input on local plant policy and procedures. For example, in regards to production, the plant had two different teams in 2016 working on procedures for work process. They had a Checkfolio/DCIS team and an Imaggia Team. The work teams had representation from all three shifts, maintenance, process quality, and plant leadership. This was an opportunity for employees to provide input/feedback for the manufacturing procedures. In addition, when employees complete their annual skill certification, they can (and do) provide feedback on the certification forms and hands-on demonstration requirements. The facility will continue to maintain this system of inviting employee teams to provide input on manufacturing procedures and process.

The company has an Open Door policy that allows for and encourages feedback from employees on issues that affect them. The employee handbook outlines for employees the process for bringing concerns, suggestions, or other input forward for consideration.

Planned completion date

09/08/18

Company Action Plan Update

Training offered in Spanish as needed.

Employees are continuing to be invited to provide input through various channels on work processes and policy.

FINDING NO.6

NOTABLE FEATURE

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

The company has a Diversity and Inclusion Council which it uses in its factories to "encourage, strengthen, and celebrate diversity in the workplace and foster an environment in which all employees can contribute 100% of their potential." Employees volunteer to join the council and attend training sessions and meetings to address workplace issues. The Council currently offers eight educational opportunities for employees that are delivered throughout the year using various learning methods. Training is provided during work hours and is compensated.