



FAIR LABOR
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INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Milliken Company
COUNTRY: United States
ASSESSMENT DATE: 11/15/16
ASSESSOR: Miriam Rodriguez
PRODUCTS: Apparel
NUMBER OF WORKERS: 29

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

1. The policy on performance reviews does not include steps and processes, demonstrate linkages to job grading, prohibit discrimination, or provide written feedback. Furthermore, there is no written policy or procedure that ensures compliance with legal or FLA Code in the Personnel Development policies and procedures.
2. The factory follows escalating disciplinary procedures with verbal and written warnings, and suspension. However, there is no policy or procedure, nor are workers apprised of their right to appeal disciplinary actions.
3. The factory has no system in place to review the performance of new employees during their probationary period. It should be noted that the turnover rate at the factory is 50%. It is common that new workers stay at this factory for a short period of time, on average 2-3 months, and leave for work in adjacent factories that pay more and offer more benefits.
4. The factory does not have written policy or procedures on Industrial Relations. As there are no formalized procedures, the factory does not communicate such policies nor does it ensure Industrial Relations or Freedom of Association in the factory. Furthermore, the factory has not updated such policies according to changes in local law, regulations or FLA Code, nor is there a defined review period to do so.
5. The company has a written policy, procedures and documentation in place for Termination & Retrenchment, however, their policy on Retrenchment does not include details on calculating final payouts. The Termination & Retrenchment policy does not outline a communication plan nor asks for worker feedback.
6. The factory has no policy or procedure that covers child or forced labor.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER. 1.3, ER.2, ER.19.1, ER.27.4, ER.29, ER.30.1.1, and ER.32.1, ER.32.5; Nondiscrimination Benchmark ND.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Management person responsible for Human Resources lacks knowledge and training in FLA requirements. She is self-taught but lacks of experience in human resource management and personnel administration. The factory is a small, family-owned business that is operated by a husband/wife team. The wife, Ms. West, has accepted the role for HR and compliance. Franklin appointed AGC, a professional global compliance company to provide advice as well as training, education and support to strengthen existing policies and practices, implement procedures to meet FLA compliance requirements and improve overall compliance objectives.

1. Will make changes/improvements to the performance review policy to show linkage to job grades, avoiding discrimination and to provide feedback to workers with assistance from AGC. A written policy will also be established to ensure compliance with legal or FLA code.
2. A documented procedure and an appeal process will be developed and implemented for workers to utilize.
3. Will develop and implement a probationary period performance review procedure in collaboration with AGC.
4. Review present policies and procedures in view of the FLA Benchmark requirement for Industrial Relations ER25.1 to ER25.3 and Freedom of Association (Code Element VI). Will Update policies to assure that local law, regulations and FLA Code changes are reflected.
5. Review the policies and procedures with AGC's assistance to include calculations of final payouts as well as a communication plan/feedback.
6. Develop and implement policies for a) Child Labor and b) Forced Labor with AGC's assistance. Communicate the policy to hiring staff, supervisors and workers.

Company Action Plan Update

07/21/17 : 1. The EE Performance Appraisal Policy was established. See attached. 2. Disciplinary Procedure with Appeal Process was established. See attached. 3. EE Probationary Performance Appraisal Policy was established. See attached. 4. Industrial Relations Policy was established. See attached. 5. A statement was added to the Employee Handbook that addresses the calculation of the final day. See attached edited Employee Handbook. 6. Child Labor and Forced Labor Policy was established. See attached.

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The current Environmental Policy has not been fully implemented. It states the person accountable for Environmental Protection in the factory but this role has not been communicated to workers.
2. The factory has not completed an environmental impact assessment.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.2; Health, Safety and Environment Benchmark HSE.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Will fully review the present policy on Environment with AGC's assistance to determine what areas are not fully implemented. Will make changes when needed to ensure workers are communicated with.
2. AGC plans to conduct an environmental impact assessment on May 2.

Company Action Plan Update

07/21/17 : 1. Facility has prepared a posting and posted it in the factory communication board for workers to see. It is the Environmental Policy with the assignment of Donnie West as the responsible person. See attached for the posting. 2. The Environmental Impact Assessment was conducted by AGC on May 9, 2017. See attached.

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The employee handbook and other documents that are given to employees include policies and procedures on all the Employment Functions, except for Industrial Relations, forced labor and child labor. Employees do not receive any initial training, such as orientation training, on any of the Employment Functions. The factory provides no training on the FLA Code at any time during the employee's life cycle.

2. Supervisors are not provided any specialized training that would better enable them to properly communicate the factory's policies and procedures to workers. The factory does not provide supervisors with specialized training on the following Employment Functions: Industrial Relations, Compensation, Grievance System, Termination & Retrenchment, and Environmental Protection.
3. The factory has no policies or procedures in place that addresses and ensures workers receive ongoing training on the following Employment Functions: Recruitment & Hiring, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, and Environmental Protection.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.15.1, 15.2, ER.17.1, ER. 17.3, and ER.25.1, ER.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Will incorporate policies and procedures for Industrial Relations, forced labor and child labor to the employee handbook. AGC plans to provide FLA Code training to all employees on May 2.
2. Will develop a training for supervisors to allow them to have the ability to communicate policies and procedures to workers related to Industrial Relations, Compensation, Grievance System, Termination and Retrenchment and Environmental Protection.
3. Will develop worker training (PowerPoint presentation) on the factory's policies for Recruitment & Hiring, compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, and Environmental Protection.

Company Action Plan Update

07/21/17 : 1. Industrial Relations Policy was established. See attached. 2-3: The training for FLA Code of Conduct was given by AGC via on-site Power Point training on May 9, 2017. See attached training sign up form. Supervisors were also trained on the new policies on July 11, 2017.

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Compensation

Finding Explanation

Although workers are correctly compensated and paid on time, the factory lacks a system whereby workers sign off on accuracy and/or receipt of their compensation.

Local Law or Code Requirement

FLA Workplace Code (Compensation Benchmark C.14.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Will design and implement a confirmation record to be used by workers to acknowledge the accuracy of their compensation.

Company Action Plan Update

07/21/17 : On May 9, 2017 facility has implemented a signoff for when workers receive their pay and they confirm their weekly pay as accurate when received. See attached signoff form.

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

The factory has no system in place that tracks documentation on grievances, responses thereof, witnesses when required, or signatures by any party.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Will develop a grievance tracking procedure and document that includes systems for responding, witnesses and signature.

Company Action Plan Update

07/21/17 : The Grievance Tracking Procedure and Form was established. See attached.

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not provided any formalized training on Personal Protective Equipment (PPE) training to workers or supervisors, nor is PPE consistently used by all workers, this includes workers that use aerosol solvents.
2. Supervisors with specific responsibilities have not received any specialized Safety Data Sheets training on chemicals used in their departments.
3. Workers in all operations from assembly (five workers) to machine operations (13 workers) experience repetitive motion throughout their daily routines and operations. The factory has not taken any measures to reduce the potential of musculoskeletal strains on hands for assembly area workers, or arms for machine operations. Furthermore, individual workstations, in particular in assembly, are not adjustable to fit individual workers.
4. The factory recently installed a fire alarm system per recommendation from a third-party auditor. However, a comprehensive fire risk assessment is still required, as none had yet been conducted; there has been no follow up from the factory to address high-risk areas.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1; ER.16; Health, Safety & Environment Benchmarks HSE.1; HSE.5.1, HSE.7, HSE.8, and HSE.17.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1 & 2. Will contact our Insurance Co. (Worker's compensation carrier) to arrange a training in Hazardous Communication for workers and supervisors.
3. AGC will help to review operation to identify operations in question and make needed ergonomic adjustments.
4. AGC plans to perform a fire risk assessment on May 2.

Company Action Plan Update

07/21/17 : 1-3: Factory did the training with the insurance company. See attached for training documents. 4. The Fire Risk Assessment was conducted on May 9, 2017.

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. One worker in the assembly area sits adjacent to a compressor that has noise levels presumably above 85dBa. The factory has not performed a legally required audiometric testing in all areas of the factory. In the absence of an audiometric device, the auditor used the 'rule of thumb' law, where it was necessary to speak in a louder than normal volume in order to be heard. The factory acknowledged the presumed risk to the assembler (one worker) and opted to move the compressor to a more isolated area.
2. The eye wash station is hard to access and is not in the right location. It is located in the break room away from the floor operations.

Local Law or Code Requirement

OSHA Regulations 29 CFR 1910.95(c)(1) and (c)(2); FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.6, HSE.7)

Recommendations for Immediate Action

1. Ensure that the factory performs the legally required audiometric test in all areas of the factory.
2. Ensure that eye wash stations are in appropriate locations with easy access.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will perform a noise level survey by OSHA.
2. Additional bottles will be added to the floor operations.

Company Action Plan Update

07/21/17 : 1. Completed an OSHA directed voluntary noise survey and no findings were raised to indicate that noise levels were beyond 85 dba for time weighted 8 hours. OSHA did the survey and report is attached.

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. Outside of a basic orientation training that includes an overview of the Employee Handbook, there is no specific communication to the general workforce on policies and procedures of the following Employment Functions: Industrial Relations, Compensation structures and payment schemes, Grievance System, and Environmental Protection.
2. The factory inconsistently and only sporadically communicates its policies and procedures on Hours of Work, Factory Rules and Regulations and updates to the general workforce.
3. Workers are not apprised of the person with ultimate accountability for Industrial Relations in the factory.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1; ER.1.3, ER.16.1, and ER.25.3.2, Compensation Benchmark C.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1&2&3: They seem to be same findings as before. Will develop communication of policies and procedures to workers, and develop training & communication protocol for regular training.

Company Action Plan Update

07/21/17 : The FLA Code of Conduct training was done on May 9, 2017, new policy training was also done on July 11, 2017. See attached sign up sheets. The Industrial Relations Policy was established and posted in the public area. See attached.