



2011

## FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL VERIFICATION REPORT\*

**COMPANY:** Milliken Company  
**COUNTRY:** United States  
**FACTORY CODE:** 760082449HV  
**MONITOR:** Accordia Global Compliance  
Group  
**AUDIT DATE:** August 24, 2011  
**PRODUCTS:** Floor Mats  
**PROCESSES:** Cutting, Packing, Trimming  
**NUMBER OF WORKERS:** 45

**FLA Comment:** This report was submitted with a corresponding corrective action plan to the FLA and was reviewed by FLA staff. In an effort to improve the effectiveness of remediation, the FLA has provided feedback and recommendations to the company, however the recommendations have not been agreed or incorporated by the company. The report is posted in its current state and is considered finalized. Updates on the progress of the corrective action will be posted when received by the company.

\*To read the original IEM report of this factory, please visit the FLA website [here](#).  
For an explanation on how to read this report, please visit the FLA website [here](#).



**CONTENTS:**

Harassment or Abuse: Discipline/Review of Disciplinary Action.....3  
Hours of Work: Other - Hours of Work .....5

### **Harassment or Abuse: Discipline/Review of Disciplinary Action**

H&A.3 The disciplinary system shall include possibilities for workers to have disciplinary action imposed on them reviewed by someone at a higher managerial position than the manager who imposed the disciplinary action. In addition, such a system shall include the ability of a worker to appeal and/or question any disciplinary action against him or her and/or have a third party of his or her choice present when the disciplinary action is being imposed. (P)

#### **Noncompliance**

**Explanation:** The ability of a worker to appeal a disciplinary action taken is not stated in the disciplinary program or in the disciplinary action form used by the company.

**Plan Of Action:** While the ability of a worker to appeal a disciplinary action is not explicitly stated in the vision document which all associates sign each year, it is implied. Appeals processes are explicit in the HR guidelines for disciplinary action, which is the disciplinary action form used by the company. The division HR director will review the HR Manual with Plant HR personnel, and make recommendations for revisions to Annual Training schedule to include HR Issue Updates and Reminders.

**Deadline Date:** 02/19/2010

**Supplier CAP:** The employment Manager reviewed the necessary Corporate HR Manual policies with Plant HR personnel

**Supplier CAP Date:** 03/05/2010

**Action Taken:** Milliken & Company has a grievance policy. In this policy, an associate has the opportunity to get a satisfactory answer to complaints, problems and misunderstandings without fear of recrimination or being subjected to disciplinary action. The policy clearly defines the proper channels that are followed. Associates have the right to process grievances as far as they wish and they may drop the complaint at any stage at their discretion. However, the Human Resource Manager must make sure the associate is fully satisfied before closing the case. Feedback is provided to the associate. This policy has been in effect.

**Plan Complete:** Yes

**Plan Complete Date:** 06/15/2012

**Action Verified:** No

**Action Verified Text:** PENDING:

Management stated that the disciplinary program and the disciplinary action forms were reviewed, but the policy remains unchanged. The monitor did not feel the existing policy is the same as an explicit, well-communicated remedy for workers who wish to appeal a company action. Monitor views the existing policy as too ambiguous. Management considers that workers have several tools that they can use to appeal a disciplinary action including the following:

- a. Using the confidential reporting mechanism whereby workers can report issues and problems.
- b. By receiving annual training on disciplinary procedures.

**Action Verified Date:** 08/24/2011

**Follow-up Plan of Action:** Milliken & Company conducts annual review of its company rules with its associates and will review the possibility of formalizing the benchmarking appeals process. Milliken & Company has a Grievance Policy. In this policy an associate has the opportunity to get a satisfactory answer to complaints, problems and misunderstandings without fear of recrimination or being subjected to disciplinary action.

The policy clearly defines the proper channels that are followed. Associates have the right to process grievances as far as they wish; they may drop the complaint at any stage at their discretion. However, the Human Resource Manager must make sure the associate is fully satisfied before closing the case. Feedback is provided to the associate.

## Hours of Work: Other - Hours of Work

Other

### Noncompliance

**Explanation:** Monitor's review of overtime records of a sample of workers (8) found that three workers worked beyond 60 hours per week (64, 80 and 68) for a two-week sample of payroll analyzed. All three workers are in the same production department where they apply backing to the product. The pay periods tested were November 3 - 9, 2008 and September 14 - 20, 2009. These months are during the peak season, as reported by management. The overtime was deemed necessary to meet cyclical production demand during these months.

**Plan Of Action:** This issue surfaced during the last audit of the factory in 2008. Corrective Action procedure was not put into place before the November 3-9, 2008 time frame, therefore it is not surprising that this issue was discovered at another location at that time. The longer overtime hours were from the 2008 sample.

The overtime CAP was completed in early 2009. While there were overtime hours in the September 14-20, 2009 sample, they were not extreme, they were deemed necessary by the management. To meet production demand, and they were voluntary. To further address the issue, the factory's HR team will communicate the previous CAP to HR personnel in other plants, and develop a plan of action to proactively communicate all types of audit results (OSHA VPP, Internal Company Safety, FLA, etc.)

**Deadline Date:** 02/19/2010

**Supplier CAP:** The factory's policy and CAP distributed to other plant HR personnel.

**Supplier CAP Date:** 03/19/2010

**Action Taken:** This factory has returned to a 2 shift rotation; working 48 hours then 40 hours and also has the mini-shift, which works 4 hours four to five days a week. Most of the associates are now working only in the mat area. This will reduce the overtime hours. The majority of the overtime hours were due to associates voluntarily working at other locations.

**Plan Complete:** Yes

**Plan Complete Date:** 06/15/2012

**Action Verified:** No

**Action Verified Text:** PENDING:

As of June 2010, the facility went from 2 rotating shifts to 2.5 shifts as follows: one shift would work 48 daytime hours (10 hours Monday through Thursday and 8 hours on Friday); the following week, they work 40 night hours (10 hour every night). There is an additional mini-shift that works 6pm to 10pm every day Monday through Thursday. This change was made in an attempt to manage overtime hours. Milliken has also implemented a new operating system that they claim helps them manage overtime hours. However, monitor's review of overtime records for 41 workers over a four-month period, shows workers continue working in excess of 60 hours per week.

Four months of records were reviewed for all 41 workers at the facility.

October 2010 (peak season) = 8 out of 41 employees worked in excess of 60 hours. Their respective overtime hours were: 61 – 64.5 – 70 – 70 – 70 – 70 – 70 – 66 (hours).

February 2011 (peak season) = 3 out of 41 employees worked in excess of 60 hours. Their respective overtime hours were: 73 – 78 – 74 (hours).

May 2011 (low season) = 1 out of 41 employees worked in excess of 60. Their respective overtime hours were: 62 (hours).

August 2011 (low season) = No overtime over 60 hours was recorded.

One contributing factor for the increased overtime from October 2010 to April 2011 is that a sister plant needed temporary help and this factory had a process where workers could sign up for voluntary overtime at the sister factory. In this case, the hours were recorded, tracked and paid by the factory.

**Action Verified Date:** 08/24/2011



**Follow-up Plan of Action:** The factory has returned to a 2-shift rotation, with workers working 48 hours then 40 hours. There is also the mini shift, where workers work 4 hours four to five days a week. Most of the associates are now working only in the mat area, which will reduce the overtime hours.

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