

BUILDING A CULTURE OF WORKFORCE COMPLIANCE

Navigating Labor Compliance Challenges and Best Practices for Industry Integrity

WHEN YOU ARE FORCED TO WORK AGAINST YOUR WILL

If you are made to work against your will for little or no pay, you may be a victim of human trafficking.

1-888-373-7888



CUANDO USTED ES FORZADO A TRABAJAR EN CONTRA DE SU VOLUNTAD

1-866-347-2423

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Si usted trabaja en contra de su voluntad por muy poco o sin pago, usted puede ser una víctima de tráfico humano.



Collaboratively authored by Fortrex subject-matter experts

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INTRODUCTION

In today's ever-evolving business landscape, compliance issues have become increasingly prevalent across various industries, posing significant challenges for organizations worldwide. Non-compliance, whether due to regulations or ethics, can lead to serious consequences: legal liability, reputational damage among customers, shareholders, and stakeholders, and financial losses. Establishing a strong culture of workforce compliance is crucial for maintaining industry integrity and achieving sustainable growth.

Within the sanitation industry, compliance challenges range from labor practices and environmental regulations to food safety standards and data privacy laws. Understanding the nuances of these compliance requirements is essential for organizations to develop tailored strategies and mitigate risks effectively. By examining common workforce compliance challenges and industry-specific vulnerabilities, leaders can gain a comprehensive understanding of compliance landscape and proactively address emerging threats.

This whitepaper aims to explore the details of navigating workforce compliance challenges within the sanitation industry, offering valuable insights, lessons learned, and best practices to guide industry leaders toward effective compliance governance and ethical conduct.





BACKGROUND

Fortrex underwent significant changes in 2023. After being fined by the U.S. Department of Labor for employing unauthorized underage employees, Fortrex had to reconcile its legacy compliance programming, which included government-sanctioned best practices and cutting-edge technology like biometrics timekeeping systems, with a new compliance landscape that required new strategies. This realization, driven by the discovery that identity theft, circumventing E-Verify, was the primary cause of the violations, launched a journey of innovation and improvement across all functions of Fortrex's business. I joined the Fortrex team in 2023 to lead our compliance programs and help transform Fortrex's culture.

Compliance has always been central to Fortrex's operations, deeply ingrained in our comprehensive plan and code of conduct. From top-tier management to frontline workers, we enforce a zero-tolerance policy against underage employment.

Beyond internal adjustments, we've engaged with industry peers, customers, and nongovernmental agencies to combat child labor collaboratively. We've also invested in local initiatives to support and protect vulnerable children in the communities where we work.

Throughout our compliance journey, we've learned a lot. Here are some valuable insights and best practices that have shaped our approach to workforce compliance.



PREPARE RESPONSE STRATEGIES

Organizations must create proactive, preventative strategies addressing compliance risks and safeguarding their reputation. From crisis management protocols to customer engagement initiatives, companies can leverage a range of tools and resources to navigate compliance challenges with resilience and integrity.

IDENTIFY AND ASSESS RISKS

Before embarking on any response strategies, it is best to first conduct a thorough assessment of risks. This initial step involves identifying both company-specific and non-company-specific risks by engaging with relevant stakeholders and conducting comprehensive evaluations. By actively seeking out potential compliance issues and understanding the unique challenges facing the organization, companies can develop targeted strategies to address vulnerabilities effectively.

Through this assessment process, organizations can gain valuable insights into areas where compliance may be lacking or where potential risks exist. By analyzing past incidents, gathering feedback from employees, and staying informed about industry regulations, companies can identify areas for improvement and tailor their response strategies accordingly.

HAVE A COMPANY CRISIS MANUAL

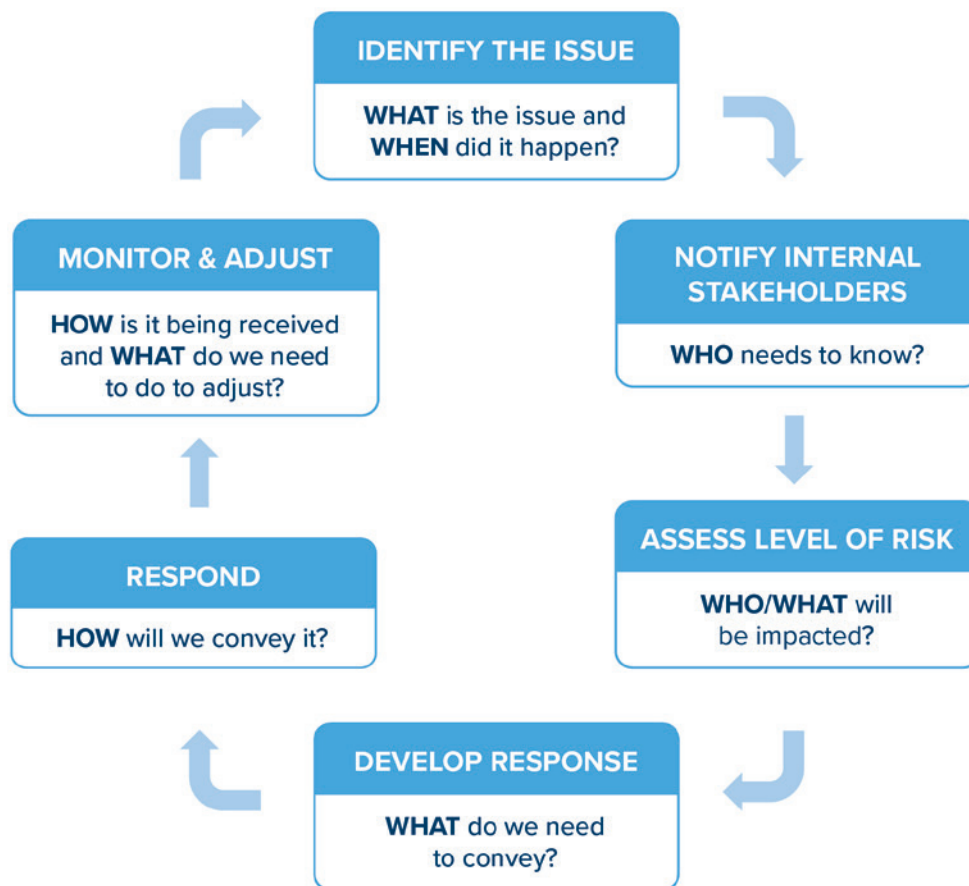
No matter how in-depth your assessment and programming are, there is no guarantee that you will identify every internal and external compliance risk, nor will you be able to continuously adapt your programming in real-time as the environment in which you operate changes.

As a result, organizations must have pre-scripted, incident and crisis responses ready. This includes developing a Company Crisis Manual that provides clear guidelines for managing compliance crises effectively. The manual should outline detailed procedures and protocols, including escalation paths, the roles and responsibilities of key stakeholders, and predefined communication strategies.

Organizations should engage in regular testing and tabletop exercises to simulate crisis scenarios and evaluate the effectiveness of their response strategies. By actively testing their crisis manual in various scenarios, organizations can identify weaknesses and proactively address them before a real crisis occurs. Additionally, in writing and planning the crisis manual, organizations should consider all the aspects they can proactively fix to avoid crises in the first place.

Be sure to review the crisis manual at least twice a year to ensure its relevance and effectiveness. This periodic review allows organizations to identify any necessary updates or modifications to workflows, ensuring that the manual remains current and actionable. By proactively maintaining and revising the crisis manual, organizations can enhance their preparedness to address compliance crises and minimize potential disruptions to their operations.





BE PROACTIVE WITH COMMUNICATION

Implementing proactive customer communication strategies is crucial for addressing compliance concerns transparently and promptly. This approach may involve establishing dedicated communication channels for customers to report compliance-related issues, providing regular updates on corrective actions taken, and soliciting feedback to continuously improve compliance practices.

At Fortrex, we recognized the importance of keeping our customers informed and minimizing the spread of misinformation. To achieve this, we collaborated closely with our customer relations teams and operational leadership teams. Together, we devised a multi-faceted communication strategy that ensured our customers were well-informed about the corrective actions implemented in response to compliance concerns. This strategy included various communication channels, including email updates, FAQ documents, and in-person meetings. By leveraging these communications, we proactively engaged with our customers, especially during periods of heavy media coverage or heightened scrutiny. This proactive approach not only fostered transparency, but also demonstrated our commitment to addressing compliance issues promptly.



ENHANCING COMPLIANCE MEASURES

Elevating compliance measures requires a multifaceted approach that encompasses organizational culture, governance structures, and regulatory frameworks. By embedding compliance into the company’s culture and establishing clear lines of accountability, organizations can foster a culture of integrity and ethical conduct. This section explores best practices for enhancing compliance measures, including the implementation of robust compliance frameworks, the appointment of a dedicated compliance team, and the integration of compliance into strategic decision-making processes.

EVALUATE YOUR GOVERNANCE STRUCTURE

Conduct a thorough evaluation of your organization’s governance structure to identify strengths and weaknesses in its ability to support compliance efforts effectively. Assess whether governance methods such as board oversight, committee structures, and decision-making processes align with compliance objectives and regulatory requirements.

ASK YOURSELF THESE QUESTIONS...



ESTABLISH SPECIALIZED COMMITTEES

Consider establishing specialized committees focused specifically on compliance-related matters. These committees, either at the board level or executive level, can provide oversight, guidance, and expertise in key areas such as regulatory compliance, risk management, and ethical conduct. Ensure that these committees are comprised of individuals with relevant experience and expertise in compliance matters.

CREATE INDEPENDENT COMPLIANCE FUNCTIONS

Enhance effectiveness by creating dedicated compliance functions that report directly to a dedicated compliance leadership role. These independent compliance units should have clear mandates, resources, and authority to oversee compliance activities across the organization. By centralizing compliance responsibilities under a dedicated compliance leader, organizations can streamline decision-making, enhance accountability, and ensure consistent adherence to compliance standards.

Before I joined the Fortrex team, compliance was a sub-function within the Human Resources Department. Recognizing the importance of ensuring compliance across all aspects of our organization, one of the first things we did was establish compliance as its own dedicated department. This initiative involved assembling a specialized team prepared to meet the elevated standards of compliance we aimed for.

BUILD A COMPREHENSIVE COMPLIANCE PLAN

Your assessment lays a foundation for developing a comprehensive Compliance Plan tailored to your organization. This plan should include various components such as regular risk assessments, compliance training programs for employees, and robust monitoring and auditing functions to detect and address potential compliance issues proactively.

For instance, at Fortrex, we implemented a 20-point Remediation Plan designed to drive compliance across multiple areas, including corporate governance, new processes, and the establishment of a culture of compliance. By addressing these key areas, we aimed to enhance our compliance programs and ensure alignment with industry standards.

To help with transparency and accountability, we shared this plan with our customers and made it available to the general public on our website. This proactive approach not only demonstrated our commitment to compliance but also ensured that all team members and stakeholders were aware of the compliance initiatives underway. By having a centralized, comprehensive plan in place, we could effectively coordinate efforts and drive progress toward our compliance objectives.



COLLABORATION AND PARTNERSHIPS

Collaboration and partnerships play a crucial role in fostering a culture of compliance and promoting industry-wide integrity. By engaging with stakeholders, including local communities, regulatory bodies, and industry peers, organizations can leverage collective expertise and resources to address compliance challenges effectively. From community engagement initiatives to regulatory advocacy efforts, organizations can drive positive change and promote ethical conduct through strategic collaborations and partnerships.

ENCOURAGE ACTIVE REPORTING OF CONCERNS

Encouraging active reporting of concerns is essential for fostering a culture of transparency and accountability within an organization. Employees, customers, and community members should feel empowered to report instances of misconduct, unethical behavior, or compliance violations anonymously. To facilitate this, organizations should provide multiple channels for reporting, such as hotlines, anonymous online platforms, or dedicated email addresses, to ensure accessibility and confidentiality.

At Fortrex, our commitment to compliance is exemplified through the “SPEAK UP: See Something, Say Something” program. This program is rooted in community awareness, particularly regarding the safety of children, and aims to keep communication channels open to ensure that support is readily available to those who may see any signs of concern. We actively encourage teachers, local law enforcement, community members, and Fortrex team members to serve as the eyes and ears of our neighborhoods. By doing so, we reinforce the importance of reporting in safeguarding our communities and ensuring compliance with safety standards.

SPEAK UP

SEE SOMETHING, SAY SOMETHING.

Do you have a concern about child labor in your community?

Please report it in one of the following ways:

Go online to <https://WECARE.FORTREXSOLUTIONS.COM>
or Call 1-844-880-0009

Anonymous, Fast, Confidential, Easy to Use



HABLE MÁS FUERTE

SI VE ALGO, DIGA ALGO

¿Tiene usted preocupaciones sobre el trabajo infantil en su comunidad?

Por favor repórtelo en una de las siguientes maneras:

Vaya a <https://WECARE.FORTREXSOLUTIONS.COM>
o llame al 1-844-880-0009

Anónimo, Rápido, Confidencial, Fácil de usar



EXTEND YOUR REACH WITH COMMUNITY ENGAGEMENT

Establishing a dedicated charitable fund is a proactive way for organizations to support community engagement initiatives and philanthropic efforts. By allocating resources towards projects and programs that address key social and environmental issues in the communities where the organization operates, companies can make a tangible impact and foster positive change.

At Fortrex, we recognize the importance of investing in our communities and are committed to reducing the prevalence of child labor while supporting the well-being of children. That's why we have established a \$10 million charitable fund to amplify ongoing initiatives in the communities where we live and work. This fund will be used to support organizations that provide essential community services, including legal aid and education, poverty reduction initiatives, access to education, and access to health services.

By collaborating with local stakeholders, non-profit organizations, and community leaders, we can identify priority areas for investment and maximize the impact of our charitable contributions. This approach allows us to build trust, strengthen relationships, and demonstrate our commitment to corporate social responsibility and ethical conduct. Through active engagement and investment in local communities, we can make a meaningful difference and create lasting positive change.



To raise awareness with some schools in our service areas, we have provided teachers with hand sanitizer with a printed message on the label to “SPEAK UP” if they see something that doesn’t feel right. By collaborating with local teachers, we aim to create a stronger network of support and ensure compliance with safety standards.

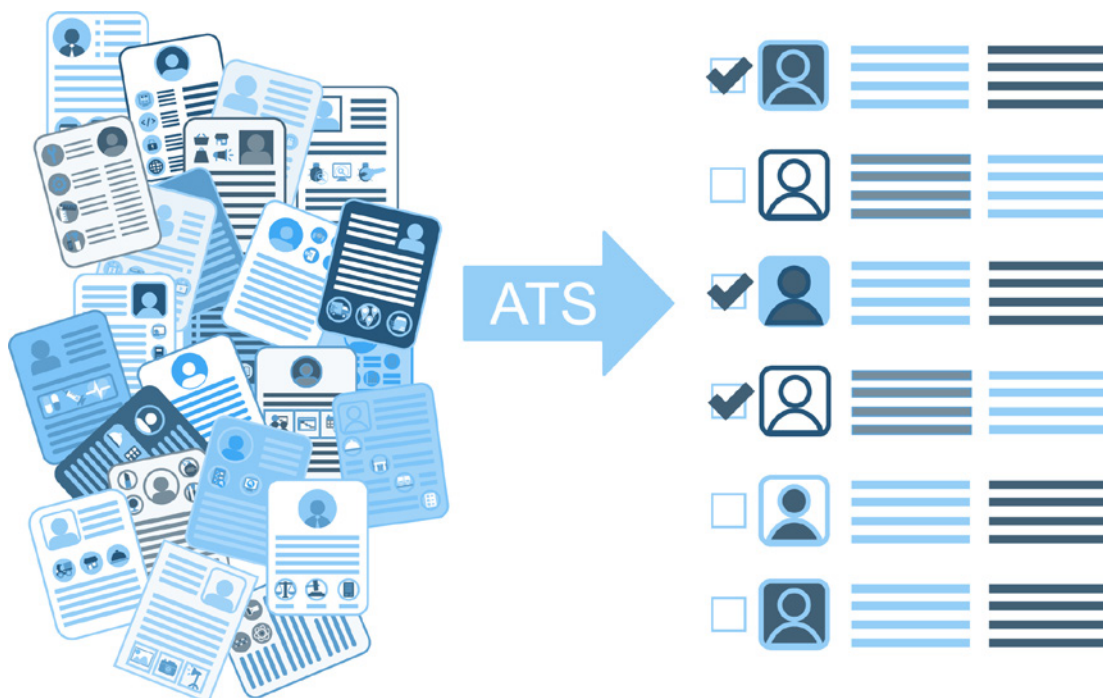


LEVERAGING TECHNOLOGY

Compliance professionals must bring the same technological savvy that operators across the business bring to bear on questions of efficiency. Adopting new technology can offer unprecedented efficiencies in a compliance program, and provide granular, actionable metrics for the business. From advanced data analytics tools to automated compliance monitoring systems, organizations can harness the power of technology to stay ahead of regulatory requirements and mitigate workforce compliance risks effectively.

APPLICANT TRACKING SYSTEM

For better workforce management, consider implementing an Applicant Tracking System (ATS) which can significantly enhance compliance efforts in recruitment and hiring processes. An ATS streamlines the hiring process by automating job postings, candidate screening, and interview scheduling while maintaining compliance with relevant regulations such as equal employment opportunity (EEO) laws and data privacy requirements. Additionally, an ATS provides audit trails and documentation, facilitating compliance with regulatory reporting and record-keeping obligations.



VERIFICATION PROGRAMS

Utilize E-Verify, an electronic employment eligibility verification system operated by the Department of Homeland Security (DHS), in conjunction with the ICE Mutual Agreement between Government and Employers (IMAGE) Program to ensure compliance with immigration laws and regulations.

E-Verify enables employers to verify the employment eligibility of newly hired employees electronically, reducing the risk of hiring unauthorized workers and potential penalties for non-compliance. Participation in the IMAGE Program further demonstrates a commitment to maintaining a lawful workforce and complying with immigration-related requirements.

Additionally, Fortrex has been a long-time user of sophisticated biometric timeclock systems. As part of the onboarding process, photographs of all new hourly employees are taken from multiple angles and uploaded to the system. These individuals are then compared to those already existing within Fortrex's database, which would flag any duplicates for further review. Every time someone clocks in or out, the system captures a new photo of the employee and compares it to the ones in the database to confirm the individual who showed up for work is the same individual who had been hired and verified for work.



PREDICTIVE DATA AND ANALYTICS

Collaborate with experts specializing in data analytics to develop innovative tools and solutions that enhance workforce compliance monitoring and reporting capabilities. By leveraging advanced analytics techniques, such as predictive modeling, organizations can proactively identify compliance risks, detect patterns of non-compliance, and prioritize corrective actions. These data-driven insights enable organizations to make informed decisions, allocate resources effectively, and continuously improve compliance processes to stay ahead of evolving regulatory requirements.

Fortrex used data to create a heat-map of the United States that indicated the hot spots for potential labor compliance risks, based on data collected and published by various state agencies and the U.S. Department of Health and Human Services.



TRAINING AND EDUCATION

Compliance programs are only as good as the employee who acts according to them. Creating awareness of and adherence to your compliance program requires engaging training and education. Ideally, this provides employees the “what” and the “why” for compliance and empower employees and leaders alike to uphold ethical standards and regulatory requirements. By investing in ongoing training programs and fostering a culture of continuous learning, organizations can instill a heightened sense of compliance awareness and accountability across their workforce.

CODE OF CONDUCT

Establishing a comprehensive Code of Conduct is foundational to building a culture of integrity and ethical behavior within an organization. This Code serves as a guiding framework for decision-making and behavior by outlining clear expectations and standards for all employees. Within Fortrex, our Code of Conduct articulates our organization’s values, ethical principles, and compliance obligations, ensuring alignment across all levels of the workforce.

Central to our Code of Conduct is the integration of accountability mechanisms, including a clearly defined accountability matrix. This matrix outlines roles and responsibilities for compliance oversight and enforcement, specifying reporting channels and escalation procedures for addressing compliance concerns. By embedding accountability into our Code of Conduct, we reinforce a culture where integrity and compliance are not only valued but actively upheld by every member of our team.

Our Code of Conduct and Ethics serves as a compass, written generally enough to cover a variety of foreseen and unforeseen



circumstances, and specific enough to resonate with our employees in our culture. By adhering to the principles outlined in our Code, we ensure that every facet of our business aligns with a universal understanding of doing things the right way. In doing so, we not only uphold our commitment to compliance excellence but also foster a culture where integrity and ethical behavior are fundamental to our organizational identity.

CREATE UNITY ACROSS THE COMPANY

Introduce a pledge or mantra related to a policy that promotes personal accountability among team members. This should be something easy to understand across the entire organization. By declaring this commitment and integrating it into everyday practices, organizations demonstrate transparency and accountability in their efforts to promote responsible business practices.

At Fortrex, we implemented the “No Minors Pledge” to reinforce our commitment to ethical conduct and compliance with child labor laws. This pledge serves as a reminder to all team members that we prohibit the employment of minors in violation



of labor regulations, ensuring the protection of underage workers' rights and well-being. Each team member acknowledges the pledge, and it is reiterated in regular team meetings to reinforce its importance.

SPECIALIZED TRAINING FOR MANAGERS AND HIRING AUTHORITIES

Specialized training for managers is essential for ensuring they are equipped to handle the specific compliance responsibilities required in their roles. These training programs should be tailored to address the unique challenges faced by hiring managers, covering critical topics such as equal employment opportunity (EEO) laws, anti-discrimination policies, and proper candidate screening procedures. By incorporating both internal resources and external expertise, organizations can provide comprehensive training that empowers hiring managers with the knowledge and skills necessary to navigate compliance challenges effectively.

Over the past two years, we have significantly enhanced our manager training program by introducing specialized modules that delve into crucial compliance topics such as child labor laws, identity theft detection, and recognizing signs of human trafficking. These additions have augmented our training curriculum, offering managers an additional 8.5 hours of comprehensive training. By empowering managers with this specialized knowledge, we ensure they can approach the hiring process with confidence and diligence, thereby upholding our commitment to fair and lawful employment practices. Through continuous improvement of our training programs, we strive to cultivate a workforce that is well-informed and adept at upholding compliance standards across all aspects of our operations.

ONGOING COMMUNICATION

Using a multi-channel approach to communicate compliance updates is crucial for ensuring that every team member remains informed and engaged. Video messages from leadership provide a personal touch and convey the importance of compliance initiatives, fostering a sense of connection and accountability. Email updates offer a direct and efficient way to deliver timely information to employees, ensuring that critical updates are received promptly. Utilizing the company intranet as a central hub for compliance resources and updates ensures that team members have easy access to relevant information whenever they need it. Additionally, distributing flyers or posters in common areas serves as a visible reminder of the importance of adherence to policies and procedures.

Fortrex employs various channels to reach our decentralized workforce. At the frontline of our operations, we use custom-designed t-shirts, posters, and pre-shift meeting messages to emphasize the importance of preventing child labor in each plant we serve. The evolution of our executive team, coupled with the evolving expectations and a deepened culture of compliance within Fortrex, prompted us to increase the frequency of townhall meetings. This ensured that the message from the top was consistently communicated and understood throughout every level of the organization. By providing employees with regular opportunities to hear directly from leadership and ask questions, these meetings not only fostered transparency but also boosted employee engagement and alignment with the company's overarching goals.



TRANSPARENCY AND ACCOUNTABILITY

Transparency and accountability are fundamental principles of effective compliance governance, underpinning organizational trust and integrity. By establishing robust reporting mechanisms and conducting regular audits, organizations can demonstrate their commitment to regulatory compliance and ethical conduct.

REGULAR AUDITS AND ENHANCED INVESTIGATIONS

Regular audits of compliance processes are essential for ensuring adherence to regulations and internal policies. These audits should cover all aspects of labor compliance, including verifying hiring processes, to identify and resolve areas of non-compliance proactively. Strengthening compliance investigations involves improving protocols, allocating resources wisely, and enhancing expertise dedicated to resolving issues effectively. By implementing standardized procedures, providing thorough training, and ensuring impartiality in investigations, organizations demonstrate a commitment to transparency and integrity.

CONTINUOUS IMPROVEMENT AND REMEDIATION

Implementing a culture of continuous improvement ensures that compliance processes evolve in response to changing regulations and organizational needs. Regular reviews of audit findings and compliance performance allow for the identification of areas for enhancement and remediation. By promptly addressing deficiencies and implementing corrective actions, organizations demonstrate a proactive approach to compliance.



CONCLUSION

As we conclude, it's essential to recognize that the journey toward workforce compliance excellence is ongoing. While we've outlined valuable insights and best practices gleaned from our experiences, the pursuit of compliance remains dynamic and ever evolving. By embracing a proactive mindset, fostering a culture of continuous improvement, and prioritizing transparency and accountability, organizations can navigate labor compliance challenges with confidence and integrity.

As Chief Compliance Officer of Fortrex, I am proud of the strides we've made in building a culture of compliance that permeates every aspect of our operations. Our journey is not over, but with a steadfast commitment to industry integrity and ethical conduct, we are ready to continue leading by example in the sanitation industry and beyond.

I invite industry leaders, stakeholders, and peers to join us on this journey as we collectively strive to uphold the highest standards of workforce compliance, integrity, and ethical behavior. Together, we can forge a path toward a future where compliance is not merely a regulatory obligation but a fundamental cornerstone of sustainable business practices. By uniting our efforts, we can foster positive change within the communities we serve, shaping a brighter and more responsible future for all.



Fortrex is the first line of defense in food safety. The company is a leading provider of sanitation solutions in North America, offering tech-forward innovation to drive growth by helping our customers identify and avoid preventable issues while delivering real-time results. We offer cost-effective solutions to our customers, while providing the highest-level of contaminant defense. Fortrex's team of skilled food sanitors, microbiologists, technical experts and engineers are committed to keeping USDA, FDA, and CFIA processing facilities clean, safe, and audit-ready.

For more information or to schedule a free plant sanitation assessment visit www.FortrexSolutions.com.

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