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## INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Acushnet Company  
COUNTRY: United States  
ASSESSMENT DATE: 08/18/16  
ASSESSOR: Miriam Rodriguez  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 390

## 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: Recruitment, Hiring & Personnel Development

##### Finding Explanation

1.Temporary workers hired through the employment agency do not have a direct employment relationship with the factory. At the time of the assessment, there was only one employee from a temporary agency out of 285 manufacturing employees. However, the factory has standard contract language with its employment agency ensuring equality of compensation and workplace standards as set under the FLA Workplace Code.

2,The factory has limited personnel files for active temporary agency workers assigned to the factory. The factory keeps documents related to trainings and time clock registers. However, the temporary agency, maintains the permanent personnel files for temporary workers.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.6.1, and ER.11.5)

#### COMPANY ACTION PLANS

##### Action Plan no 1.

##### Description

1.1 - No response needed

1.2 - Acushnet Company does not employ these temporary workers which are employed by the temporary employees agency; accordingly, it is not appropriate for Acushnet to retain personnel files for these persons.

##### Company Action Plan Update

1.1 - No response needed

1.2 - Acushnet Company does not employ these temporary workers which are employed by the temporary employees agency; accordingly, it is not appropriate for Acushnet to retain personnel files for these persons.

### FINDING NO.2

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Compensation

#### Finding Explanation

Seniority and fringe benefits are only provided to permanent workers. Interviews with factory management confirmed that workers are converted to Acushnet's payroll after 90 days. For the calendar year 2016, approximately four workers became full time employees in March 2016. However, for workers who are converted to the factory's payroll as permanent employees, their seniority is dated to the first day as a permanent employee, rather than their first day as a temporary worker at the factory. This practice is contrary to the FLA compliance benchmarks stipulating that for any temporary worker who becomes a permanent employee, seniority and other fringe benefits eligibility must be dated from the first date as a temporary worker.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

Review findings

##### Company Action Plan Update

Acushnet Associates with regular or temporary status are eligible to participate in the full benefit platform with seniority and service date established with the date they become active on Acushnet Company payroll. Agency Temporaries are employees of the agency and are provided with benefits and service as established by them. Conversion from Agency employee to Acushnet Company associate is not automatic but based on forecasted production requirements. Benefit eligibility upon employment with Acushnet are administered consistent with language in our ERISA compliant plans.

### FINDING NO.3

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Hours of Work

#### Finding Explanation

1.Management does not maintain records identifying all female workers, such as pregnant or nursing mothers, who are entitled to legal protections concerning work hours, as per the Fair Labor Standards Act. However, factory management provides access to the nurse's office for any female employee who requests such accommodations.

2.From July 2015 to August 2016, there were three instances of workers working in excess of 60 hours of work per week. During the two weeks from May 30th to June 12th, 2016, one employee worked 21 hours of overtime per week for a total of 61 hours each week. In the week of July 27th, 2015, one employee worked 67 hours.

#### Local Law or Code Requirement

Fair Labor Standards Act (FLSA), Section 7(R); FLA Workplace Code (Hours of Work Benchmark HOW.1.3 and HOW.5.1)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

Review findings and create response.

##### Company Action Plan Update

3.1 - Acushnet Company does not ask female workers if they are pregnant and/or nursing. Acushnet Company's practices and procedures comply with all federal and state laws, including the Fair Labor Standards Act and also comply with the Acushnet Company Supplier Citizenship Policy.

3.2 - As noted in the report, instances of Acushnet Company employees working more than 60 hours per week are very rare and occur only in unusual circumstances. Acushnet Company's practices and procedures comply with all federal and state laws, including the Fair Labor Standards Act and also comply with the Acushnet Company Supplier Citizenship Policy.

### FINDING NO.4

### SUSTAINABLE IMPROVEMENT REQUIRED

## FINDING TYPE: Workplace Conduct & Discipline

### Finding Explanation

- 1.The disciplinary procedures do not include a third party witness during imposition or an appeal process.
- 2.The factory does not ensure all workplace conduct and discipline procedures are updated according to local laws and FLA Code requirements.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1 and 27.4)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Review FLA Findings and provide response

#### Company Action Plan Update

Acushnet Company's practices and procedures comply with all federal and state laws, including the Fair Labor Standards Act and also comply with the Acushnet Company Supplier Citizenship Policy.

Acushnet Company periodically reviews its practices and procedures to ensure continued such compliance.

## FINDING NO.5

## SUSTAINABLE IMPROVEMENT REQUIRED

## FINDING TYPE: Industrial Relations

### Finding Explanation

1. The factory has not developed policies or procedures for Industrial Relations & Freedom of Association. The factory management has posted the National Labor Relations Board (NLRB) poster in the main employee lunchroom, however has not communicated to workers its presence.
2. The factory has not included Industrial Relations & Freedom of Association in the new hire orientation and annual training for workers.
3. Management does not conduct or provide training for supervisors on policies, procedures, and applicable legal provisions for Industrial Relations & Freedom of Association.
4. Since the factory lacks policies on Industrial Relations & Freedom of Association, management does not regularly communicate with workers on this policy, nor does it have established procedures to consult with any workers' representatives.
5. Since the factory lacks policies on Industrial Relations & Freedom of Association, management has not conducted a periodic review of the related policy and procedures.
6. Since the factory lacks policies on Industrial Relations & Freedom of Association, management has not developed procedures to discuss layoff or retrenchment procedures with worker representatives.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.1.2, ER.1.3, ER.3.2, ER.15.1, ER.16.1, ER.17.1, ER.26, and ER.32.3)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Review FLA findings and provide response

#### Company Action Plan Update

Acushnet Company's practices and procedures comply with all federal and state laws, including the Fair Labor Standards Act and also comply with the Acushnet Company Supplier Citizenship Policy. As noted in Finding 7 below "Ball Plant II continues to have strong employee involvement."

## FINDING NO.6

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

The factory provides all Personal Protective Equipment (PPE) to workers – including safety glasses, hearing protection, and gloves – except for safety shoes. The factory has negotiated with a third party vendor and offers the safety shoes at discounted prices (ranging from USD 59.99 to over USD 200.00). The factory pays up to \$100.00 of the cost of a pair of safety shoes and the worker is responsible for any cost over the \$100.00, which they can pay through a payroll deduction from the weekly paycheck. This practice is contrary to the FLA compliance benchmarks.

#### Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmark HSE.7)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

review FLA findings and provide response

#### Company Action Plan Update

Acushnet Company has an extensive Personal Protective Equipment (PPE) program. Associates are provided with an annual allowance of \$100 for safety shoes and \$40 for safety glasses. The program provides an opportunity for Acushnet Associates to personally select from a wide variety of style options in both products. To the extent their selected option costs more than the allowance the associate is responsible for the balance. More than 50% of the styles offered cost less than allowance with the associates incurring no additional costs.

## FINDING NO.7

### NOTABLE FEATURE

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. Acushnet Company (Ball Plant II) has been approved to participate in the OSHA VPP Star Program, which is an OSHA Cooperative Program. The Voluntary Protection Programs (VPP) promotes effective worksite-based safety and health. In the VPP, management, labor, and OSHA establish cooperative relationships at workplaces that have implemented a comprehensive safety and health management system. Approval into VPP is OSHA's official recognition of the outstanding efforts of employers and employees who have achieved exemplary occupational safety and health. Acushnet has received recognition in this program for several years. The most recent VPP review was conducted in April 2016. The review included such information as: (a) The factory was noted to have very good housekeeping practices, (b) the factory does not use chemicals considered to be highly hazardous and in sufficient quantity to place the factory under the Process Safety Management (PSM) Standard, (c) a thorough review of records and interviews with employees confirmed that there is no concern of under-reporting of injuries or illnesses at this factory, (d) there have been no fatalities or OSHA inspection activity (due to a critical accident or death) at this factory within the past five years. The factory maintains an excellent relationship with its local OSHA Area and Regional offices, and (e) management continues to be committed to Health & Safety and participating in the VPP.
2. The Leadership Team meets daily to review relevant safety topics. Additionally, the Leadership Team meets weekly with the corporate safety manager to discuss any open safety incidents and safety items.
3. The Plant Manager, along with the Leadership Team, conducts daily safety walkthroughs and monthly worker update meetings which include current safety performance and safety goals.
4. Ball Plant II continues to have strong employee involvement. All employees are encouraged to participate in teams, as well as bring forward safety ideas and/or concerns. The factory utilizes safety boards, monthly update meetings, monthly newsletters, and safety meetings to ensure all workers have the opportunity to be involved.
5. In order to enhance worker involvement and team efforts, the Ball Plant II Safety Engineer spent time at LL Bean, another VPP Star factory, to learn other ways of worker involvement and to bring back new ideas and concepts that are successfully implemented.
6. The factory communicates with workers on addressing observed health and safety hazards in the workplace. The site has also communicated to workers their right to contact OSHA to address a complaint. The site has not had any OSHA Whistleblower investigation activities within the past five years.
7. The factory has excelled in engineering out occupational noise exposures.