



FAIR LABOR
ASSOCIATION[®]

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Rawlings Sporting Goods Company, Inc.

COUNTRY: China

ASSESSMENT DATE: 12/06/18

ASSESSOR: Openview

PRODUCTS: Balls

NUMBER OF WORKERS:

FLA Comments

Beginning in 2017 Rawlings affiliation with the FLA changed, such that they are no longer subject to independent external assessment. Therefore, the report is posted in its current state and no corrective action plan will be added to the report.

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

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory's job application forms include questions regarding the applicant's marital status, which may lead to discrimination during the Recruitment & Hiring processes. [ER.3, ND.2]
2. The factory does not employ any disabled workers. Local law states that at least 1.5% of the total workforce should be composed of disabled workers. Although the factory contributes to the Employment Security Fund in lieu of employing disabled workers as allowed under local law, this practice carries the risk of discrimination based on FLA Workplace Code and Benchmarks. [ER.3, ND.2]
3. The factory does not have written policies and procedures outlining the process for performance reviews; therefore, the factory does not conduct regular performance reviews for any workers. [ER.1, ER.29]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.3, and ER.29; Non-Discrimination Benchmark ND.2)

Recommendations for Immediate Action

1. Remove the question regarding marital status from the job application forms. Ensure the Recruitment & Hiring processes are not discriminatory.

FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The social insurance contributions are not calculated correctly. Contributions to social insurance should be based on a worker's actual monthly wages from the previous year. Workers' wages ranged from CNY 3,700 (USD 537) to CNY 4,200 (USD 609) per month; however, the factory calculates the contributions to the five types of insurance using the local minimum contribution base, which was CNY 2,906 (USD 450) per month before July 2018 and is currently CNY 3,100 (USD 422). [ER.22, C.1, C.10]
2. There is no evidence of personal income tax deductions in the factory's payroll documents or on the workers' pay stubs. The workers and management staff interviewed by assessors stated that they do not pay personal income taxes. About 90% of employees' wages are

higher than CNY 3,500 (USD 508) per month, and anyone who makes more than this amount is required to pay personal income taxes. The personal income tax threshold increases to CNY 5,000 (USD 726) in October 2018; since all of the factory's employees' wages fall below this threshold, they are not required to pay income taxes starting in October 2018. [C.1, C.10]

3. Although the factory has procedures on legally required paid leave, including sick leave, maternity leave, paternity leave, marriage leave, funeral leave, prenatal check-up leave, and breastfeeding leave, none of the workers interviewed by assessors were aware of these benefits and none of them had received these benefits in the past 12 months. [ER.22, HOW.1, HOW.16, C.17]

4. The factory does not pay into the Housing Provident Fund for any workers. [ER.22, C.1, C.10]

5. The ongoing training provided to workers on Compensation does not cover the legally required forms of paid leave (i.e. sick leave, maternity leave, paternity leave, marriage leave, funeral leave, prenatal check-up leave, and breastfeeding leave). [ER.1, ER.15]

Local Law or Code Requirement

Labor Law of the People's Republic of China, Article 72; Social Insurance Law of the People's Republic of China, Articles 12, 23, 35, 44 and 53; Regulations on Management of Housing Provident Fund, Articles 3, 15 and 16; Law of the People's Republic of China on Income Tax, Articles 2 and 3; Regulation of Guangdong Province on the Payment of Wages, Article 19; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, and ER.22; Compensation Benchmarks C.1, C.10, and C.17; Hours of Work Benchmarks HOW.1 and HOW.16)

Recommendations for Immediate Action

1. Base social insurance contributions on workers' actual monthly wages from the previous year, as legally required.
2. If an factory employee's wages are higher than the legal threshold, deduct personal income taxes from their wages as legally required.
3. Provide workers all legally required forms of paid leave, including sick leave, maternity leave, paternity leave, marriage leave, funeral leave, prenatal check-up leave, and breastfeeding leave.

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. According to worker interviews and the time records from November 2017 to November 2018, 80% of workers' monthly overtime hours exceeded the legal limit of 36 hours per month during all months in the review period, with a maximum of 88.5 monthly overtime hours in June 2018. [HOW.1, HOW.8]

2. The factory's production plan always includes overtime. As a general practice, the plan is based on 60 hours of work per week, including 40 regular hours and 20 overtime hours. [HOW.8]

3. Management does not regularly analyze the factory's hours of work with the goal of progressively reducing excessive hours of work. [HOW.1]

Local Law or Code Requirement

Labor Law of the People's Republic of China, Article 41; FLA Workplace Code (Hours of Work Benchmarks HOW.1 and HOW.8)

Recommendations for Immediate Action

1. Do not allow workers' overtime hours to exceed 36 hours per month.
2. Do not include overtime in the production plan.

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The factory has a trade union under the ACFTU (All-China Federation of Trade Unions) that was established in January 2015. Instead of being directly elected by workers, a total of six union representatives (including the union chairman) are nominated by factory management, and three of six union representatives are members of the management staff. [FOA.1, FOA.10, FOA.11]

2. Factory management automatically enrolls all workers as trade union members without workers' consent. None of the workers

interviewed by assessors knew if they are members of the trade union. [FOA.2]

3. The factory does not provide office space or the necessary office equipment to the union to enable the union to conduct daily meetings and perform its functions. [FOA.1, FOA.15]

4. The factory does not bargain with the legally-recognized trade union. [FOA.17]

5. The factory does not provide ongoing training to workers on Industrial Relations. [ER.1, ER.15]

6. FLA Comment: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All-China Federation of Trade Unions (ACFTU). According to the International Labor Organization (ILO), many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations' mechanisms. The Amended Trade Union Act of October 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements. [FOA.2]

Local Law or Code Requirement

Trade Union Law of the People's Republic of China, Articles 9 and 45; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.15; Freedom of Association Benchmarks FOA.1, FOA.2, FOA.10, FOA.11, FOA.15, and FOA.17)

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The factory does not maintain any records of disciplinary actions. [ER.2, ER.27]

2. Disciplinary actions are not witnessed by a third-party during imposition. [ER.27]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.27)

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The facility provided earplugs to the worker in the silk screen washing section, but the worker did not wear the earplugs when using the high pressure air gun. [HSE.8]

2. The men's restrooms and showers on the first floor of the dormitory building are covered with dirt and mold. [HSE.19, HSE.20, HSE.25]

3. There is no rescue equipment (e.g. a respirator and lifting equipment) available for workers near confined spaces. [HSE.6]

4. There is no sign posted on the cargo elevator prohibiting human transport. [HSE.14]

5. The factory does not conduct pre-employment or post-employment occupational health checkups for workers exposed to chemicals, dust, or noise. [HSE.1]

6. The Occupational Disease Hazard Factor Test results are not available to workers. [HSE.1, HSE.2]

7. Each confined space does not have signs indicating it as such. [HSE.14.3]

8. There is no soap in the dormitory for showers or hand washing. [HSE.20]

Local Law or Code Requirement

Law of the People's Republic of China on Work Safety, Article 42; Interim Provisions on the Safety Management and Supervision of Limited Space Operations of Industrial and Trade Enterprises, Article 21; Law of Prevention and Control of Occupational Diseases, Article 35; Provisions on the Supervision and Administration of Occupational Health at Work Sites, Article 20; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.2, HSE.6, HSE.8, HSE.14, HSE.19, HSE.20, and HSE.25)

Recommendations for Immediate Action

1. Train the worker from the silk screen washing section on the proper use of earplugs. Monitor to ensure compliance.
2. Clean the men's restrooms and showers on the first floor of the dormitory building.
3. Ensure that rescue equipment is available when workers enter confined spaces.
4. Post a sign on the cargo elevator prohibiting human transport.
5. Conduct pre-employment and post-employment occupational health checkups for workers exposed to chemicals, dust, and noise.
6. Make the Occupational Disease Hazard Factor Test results available to workers.

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. A large amount of printing ink is stored in the room on the top floor of the production building. This room does not have explosion-proof switches, light, an exhaust fan, emergency lighting, an exit sign, a fire extinguisher, Material Safety Data Sheets (MSDS), or an eye wash station. [HSE.5, HSE.6, HSE.9, HSE.10]
2. Used silk screens and empty paint cans are stored on the roof of the production building without proper protection from the weather and sunlight. [HSE.1, HSE.9]
3. There are no aprons for blocking leaks installed in the hazardous waste warehouse. [HSE.1, HSE.9]
4. None of the MSDS in the factory include company identification. Furthermore, five out of six do not include complete information on the chemicals' ingredients. [HSE.10]
5. There is no spill response equipment in the chemical storage areas and that chemical spills are not cleaned up properly. [HSE.9.1]

Local Law or Code Requirement

Regulation for Safety of Dangerous Chemical, Article 20; Regulation of Chemical Safety Usage in Workplace, Article 12; Standard for Pollution Control on Hazardous Waste Storage, Articles 6.2.4 and 6.2.5; Safety Data Sheet for Chemical Products - Content and Order of Sections, Article 4.1; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.5, HSE.6, HSE.9, and HSE.10)

Recommendations for Immediate Action

1. Install explosion-proof switches, lighting, exhaust fan, emergency light, and exit sign in the room on the top floor of the production building. Also install fire extinguishers, post the relevant MSDS, and install an eye wash station in the room.
2. Store waste silk screens and empty ink containers in the hazardous waste warehouse.
3. Install aprons to block leaks in the hazardous waste warehouse.
4. Obtain complete MSDS for all chemicals from the factory's chemical suppliers.

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not commissioned a government-accredited third party expert to conduct a Pre-Assessment of Occupational Disease Hazards, an Assessment of Effects of Occupational Disease Hazards Control, or an Assessment of Current Condition of Occupational Disease Hazards. [HSE.1]
2. The factory has not conducted a Safe Production Condition Assessment. [HSE.1]
3. The factory does not track or conduct statistical analyses of worker illnesses. [HSE.3]
4. The factory is not taking steps to reduce repetitive-motion stress or injuries. Seated workers do not have adjustable workstations or chairs with removable armrests or proper backrests. The standing workers do not have anti-fatigue mats. [HSE.17]
5. The factory's Health & Safety policies and procedures are missing the following components which are necessary to identify and minimize the risks posed by production processes:
 - a. Steps for workers to raise health and safety concerns;
 - b. Protection against retaliation for workers who raise health and safety concerns;
 - c. Steps to ensure that all personnel, visitors, contractors, and service providers are safely evacuated in the event of an emergency;
 - d. Steps to ensure that all special categories of workers and children in childcare facilities are safely evacuated in the event of an emergency;
 - e. Steps for reporting death, injury, illness, and other health and safety issues;
 - f. The precautions people must take prior to and upon entry and stay in each confined space;
 - g. Guidance documents for external contractors and service providers concerning health and safety;
 - h. A list of equipment and machines that require lockout-tagout;
 - i. A list of confined spaces in the factory. [ER.1, ER.31]
6. Workers who lift heavy objects are not trained on proper lifting techniques. [ER.1, HSE.17]

Local Law or Code Requirement

Provisions on the Supervision and Administration of Occupational Health at Work Sites, Article 20; Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, Articles 17 and 18; Supervision and Management Measure of the "Three Simultaneities" for Safety Facilities at Construction Projects, Article 9; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.3, and HSE.17)

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. The factory has not established policies or procedures on Personnel Development or Termination & Retrenchment. [ER.1, ER.19, ER.28, ER.29, ER.30, ER.32]
2. The factory does not have procedures to regulate disciplinary measures. [ER.1, ER.27]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.19, ER.27, ER.28, ER.29, and ER.30)

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The factory does not provide specific training to relevant supervisors on Industrial Relations, Grievance System, or Environmental Protection. [ER.1, ER.17]
2. Workers receive no written documentation to substantiate all topics covered during orientation training, including a copy of the

workplace rules. [ER.15]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, and ER.17)

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. 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 and/or feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. [ER.1, ER.25]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.25)

FINDING NO.12

NOTABLE FEATURE

FINDING TYPE: Compensation

Finding Explanation

1. The factory provides workers three free meals per day and free dormitory housing.

FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The inspection report issued on September 28, 2018 indicates that the emission concentration of the kitchen fumes exceeds the legal limit. In addition, the report states that the wastewater from the kitchen exceeds legal limits on four of nine inspection items. [HSE.1]

2. The factory's Environmental Inspection Assessment did not include the kitchen and canteen. [HSE.1]

3. The factory's Environmental Protection policy and procedures are missing the following components:

- a. Steps for workers to raise environmental concerns;
- b. Steps for reporting environmental emergencies;
- c. Protection against retaliation for workers who allege environmental violations. [ER.1, ER.31, HSE.5]

Local Law or Code Requirement

China Law of Prevention and Treatment of Air Pollution, Article 36; China Law of Prevention and Treatment of Water Pollution, Article 30; China Environmental Impact Assessment Law, Article 24; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31; Health, Safety & Environment Benchmarks HSE.1 and HSE.5)

Recommendations for Immediate Action

1. Immediately address the air and wastewater emissions from the kitchen that exceed legal limits.

FINDING NO.14

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The explosion-proof light in the cotton storage room is covered with cotton. [HSE.13]
2. The emergency alarm does not have a backup battery. [HSE.5]
3. The lightning protection system is not inspected annually. [HSE.1, HSE.13]
4. Management has not commissioned a fire risk assessment by a third-party expert. [ER.31.2]
5. The fire brigade's equipment is not adequate as there's no fire-proofed clothing or fire axes. [HSE.6]

Local Law or Code Requirement

Rules on Administration of Fire Safety in Warehouses, Article 39; Code of Design on Building Fire Protection and Prevention GB50016-2014, Article 10.1.6; Technical Specifications for Inspection of Lightning Protection System in Building, Article 6; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.5, and HSE.13)

Recommendations for Immediate Action

1. Remove the cotton from the explosion-proof light in the cotton storage room. Monitor the area to ensure that it remains clear.
2. Install a backup battery for the emergency alarm system.
3. Inspect the lightning protection system annually.
4. Provide fire-proofed clothing and fire axe for fire brigade.