



COMPANIES: Rawlings Sporting Goods Company, Inc.

COUNTRY: China

ASSESSMENT DATE: 07/08/19

ASSESSOR: Openview

PRODUCTS: Other

NUMBER OF WORKERS: 300

## FLA Comments

This report was submitted to the FLA and the FLA affiliated company by the assessor. Despite deadline reminders and extensions for submission of a corrective action plan, the FLA has not received a plan to address the risks and noncompliances raised in the report. Therefore, the report is posted in its current state and will be updated once a corrective action plan has been submitted to and reviewed by the FLA.

## 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.

FLA Code Element	Number of Violations
Compensation	2
Hours of Work	1
Employment Relationship	21
Health, Safety, and Environment	15
Freedom of Association	3

## Findings and Action Plans

### FINDING NO.1

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Recruitment, Hiring & Personnel Development

##### Finding Explanation

1. The factory has not hired any disabled workers, which is a violation of legal requirements that state at least 1.5% of the total workforce should be composed of disabled workers. Additionally, the factory does not contribute to the Employment Security Fund in lieu of employing disabled workers as allowed under the local law. [ND.2]

2. The factory has not conducted performance reviews for workers. [ER.29.1]

3. Workers do not receive a copy of the workplace rules or written documentation that substantiates all the issues covered in orientation. [ER.15.3]

##### Local Law or Code Requirement

Regulations on the Employment of Persons with Disabilities, Article 8. FLA Workplace Code (Non-discrimination Benchmark ND.2; Employment Relationship Benchmarks ER.15 and ER.29)

### FINDING NO.2

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. The factory does not provide social insurance to all eligible workers. According to social insurance receipt and name list for June 2019, 183 out of 393 workers (47%) were provided with work-related injury, maternity, pension, unemployment and medical insurances. The factory has provided commercial accidental injury insurance to 210 workers that is valid from February 27, 2019 to February 26, 2020 and has a maximum benefit amount of CNY 80,000 (USD 11,627) per worker. [C.1]

2. The contribution base for the three types of social insurances (including pension, unemployment and medical insurance) is not in line with legal requirements. The factory contributes to pension and unemployment insurances based on local minimum requirement of CNY 1,700 (USD 247) per month and medical insurance based on CNY 3,234 (USD 470) per month, which is not in compliance with legal requirement of contribution based on worker's average monthly wage of previous year. About 60% of workers' average monthly wage of previous year ranged from CNY 3,234 (USD 470) to CNY 4,000 (USD 581). [C.10.1]

3. The factory only contributes to Housing Provident Fund for 24 out of 393 workers (6%). [ER.22.1]

#### Local Law or Code Requirement

The China Labor Law, Article 72; Social Insurance Law of the PRC, Articles 12 and Article 58; Regulations on Management of Housing Provident Fund, Articles 2, Article 3 and Article 15. FLA Workplace Code (Employment Relationship Benchmark ER.22; Compensation Benchmarks C.1 and C.10)

#### Recommendations for Immediate Action

1. Provide social insurance to all eligible workers.
2. Contribute to social insurance based on worker's average monthly wage of previous year.
3. Provide all workers with legally required Housing Provident Fund.

## FINDING NO.3

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

#### Finding Explanation

1. According to the time records for the period from July 2018 to July 07, 2019 and from worker interviews, 90% of workers' monthly overtime hours exceeded 36 per month in all the reviewed months, with a maximum of 82 overtime hours in March 2019. [HOW.1.1]
2. The factory production plan is based on 48 to 58 hours per week. Factory management sets production targets and production system at a level that workers need to work 8 to 18 overtime hours per week. [ER.24]
3. Based on document review and interviews with workers and management, the factory does not conduct analysis of working hours with the aim to progressively reduce excessive hours of work. [HOW.1.2]

#### Local Law or Code Requirement

China Labor Law, Article 41. FLA Workplace Code (Employment Relationship Benchmark ER.24, Hours of Work Benchmark HOW.1)

#### Recommendations for Immediate Action

1. Ensure overtime does not exceed legal limit of 36 hours per month.
2. Set production plan based on regular working hours of 8 hours per day.

## FINDING NO.4

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Industrial Relations

#### Finding Explanation

1. FLA Comments: 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

FLA Workplace Code (Freedom of Association Benchmark FOA.2)

## FINDING NO.5

### 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 or receive workers' input 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.1.3]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

## FINDING NO.6

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Grievance System

Finding Explanation

1. Although the factory has a confidential grievance mechanism in place, management only has one grievance record on file in the past 12 months. Interviews with workers and management note that some grievances have been raised and handled verbally or through meetings with workers, but no records are maintained. Worker interviews indicate that workers are aware of the grievance mechanism. [ER.25.2]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25)

## FINDING NO.7

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The disciplinary system does not include a third party witness or appeal process. [ER.27.4]
2. Workers do not sign written records of disciplinary actions taken against them. [ER.27.3.3]
3. Workers are not informed when a disciplinary procedure has been initiated against them. [ER.27.3.1]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27)

## FINDING NO.8

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The factory does not provide personal protective equipment (PPE) to fire brigade to fight fires, including breathing apparatus, firefighter uniform, fire fighter helmet and fire fighter gloves. [HSE.5.1]
2. Two out of eight evacuation aisles in the sewing workshop are not marked on the floor to indicate exit route. [HSE.5.1]
3. The workstations of 10% of riveting workers and 5% of sewing workers are blocked with products and a workbench. [HSE.5.1]
4. Two out of ten workers in the riveting section which has a high level of noise are not wearing earplugs during work, although the factory provided earplugs to workers. [HSE.8]
5. The factory does not take steps to reduce repetitive-motion stress or injuries. There are no removable armrests or proper backrests on the chairs for workers working in the sitting position and no anti-fatigue mats for workers working in the standing position. [HSE.17.1]

#### Local Law or Code Requirement

Code of Design on Building Fire Protection and Prevention, Article 10.3.5; China Fire Prevention Law, Article 28; Law of the China on Work Safety, Article 42. FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.5, HSE.8 and HSE.17)

#### Recommendations for Immediate Action

1. Provide appropriate personal protective equipment (PPE) to fire brigade to fight fires.
2. Mark evacuation aisles in sewing workshop to indicate exit route.
3. Ensure workstations and evacuation aisles are free from obstruction.
4. Train and monitor workers in riveting section to wear earplugs properly.

## FINDING NO.9

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The traffic lanes and walking paths are not clearly marked in the factory compound. [HSE.14.1]
2. The factory uses a drinking water bottle as a chemical dispensing container in the warehouse. No safety label is posted on the chemical container. [HSE.9.1]
3. The factory does not post warning signs near the cargo elevators to avoid the risk of workers using it for transportation. [HSE.14.1]
4. The factory has not installed safety covers for one electrical panel in the fire control room. [HSE.13]
5. The factory has been using one compressed gas cylinder with volume of one cubic meter and nominal pressure of 0.8 MPa since 2005, which is a Simple Pressure Vessel. The factory has not verified if the compressed gas cylinder has exceeded its lifetime (normally the lifetime of this kind of compressed gas cylinder is not more than 8 years), nor conducted regular inspection with the legal authority, which violates the Safety and Technical Regulation. [HSE.14.1]

#### Local Law or Code Requirement

Regulation of Chemical Safety Usage in Workplace, Article 19; Electricity Safety Guidelines, Article 5.1.2; Simple Pressure Vessels Safety and Technical Regulation, Article 45. FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.9, HSE.13 and HSE.14)

#### Recommendations for Immediate Action

1. Clearly mark the traffic lanes and walk paths in the factory compound.
2. Use appropriate containers for chemicals and post safety labels on chemical containers.
3. Post warning signs near cargo elevators to avoid workers using it for transportation.
4. Install safety covers for the electrical panel in fire control room.
5. Verify the lifetime of the compressed gas cylinder and conduct regular inspections accordingly.

## FINDING NO.10

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory does not periodically test the lightning protection system in the production and office buildings. [HSE.13]
2. The factory has not conducted the pre-assessment of occupational disease hazards, assessment of the effects of occupational disease hazards or assessment of current conditions of occupational disease hazards since construction was completed in 2005. [HSE.1]
3. The canteen does not keep food samples for at least 48 hours as per local law. [HSE.19]
4. All three kitchen staff were not wearing hairnets, gloves or aprons while preparing food. [HSE.22.1]
5. The factory does not provide safety information to contractors. [HSE.1]

##### Local Law or Code Requirement

Technical Specifications for Inspection of Lightning Protection System in Building, Article 6; Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, Article 17 and Article 18; The Food Safety Operation Specifications for Catering Service, Article 7.9.2; China Law on Food Safety, Article 33. FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.13, HSE.19 and HSE.22)

##### Recommendations for Immediate Action

1. Test the lightning protection system periodically and maintain test reports.
2. Keep food sample as per legal requirement of at least 48 hours.
3. Train and monitor food service providers to wear hairnets, gloves and aprons while preparing food.

## FINDING NO.11

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Policies & Procedures (Macro)

##### Finding Explanation

1. The factory does not have written policies or procedures on Personnel Development, which should include:
  - a) Policies and procedures that encourage ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers. [ER.28.1]
  - b) Policies and procedures on performance reviews that include steps and processes, linkages to job grading, nondiscrimination, written feedback, and compliance with legal requirements. [ER.29.1]
  - c) Policies and procedures on promotion, demotion and job reassignment. [ER.30.1]
2. The factory does not have a written policy on harassment or abuse, including a system to discipline supervisors, managers, and workers who engage in any form of harassment or abuse. [ER.1.1]
3. The factory does not have written policies or procedures governing any aspect of retrenchment. [ER.32.1]
4. The disciplinary procedures do not include worker's right to appeal the disciplinary action or workers ability to have a third party witness during the imposition of disciplinary actions. [ER.27.4]
5. The factory does not have procedures for workers to raise health, safety and environmental concerns or indicating protection against retaliation for workers who raise health, safety and environmental concerns. [ER.31.2]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.27, ER.28, ER.29, ER.30, ER.31 and ER.32)

## FINDING NO.12

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## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Training (Macro)

#### Finding Explanation

1. The factory does not provide ongoing training to workers on Personnel Development, Retrenchment and Industrial Relations. [ER.1.2]
2. The factory does not provide specific training to relevant supervisors on all Employment Functions. [ER.17.1]

#### Local Law or Code Requirement

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