



2010

## FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

**COMPANY:** Franklin Sports, Inc.; Rawlings

**COUNTRY:** China

**FACTORY CODE:** 119021510661

**MONITOR:** Openview Source Ltd.

**AUDIT DATE:** June 21 – 22, 2010

**PRODUCTS:** Toy Balls

**PROCESSES:** Cutting, Printing, Sewing,  
Handmade, Rubber, Inspection, Packing

**NUMBER OF WORKERS:** 385



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**Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses**

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

**Noncompliance**

**Explanation:** Based on observation made through the review of social insurance receipts issued April 22, 2010, it was noted that the factory only provided pension, medical insurance, work-related insurance, and unemployment insurance for 260 and maternity insurance for 82 out of all 385 employees. It violated Article 73 of China Labor Law.

**Plan Of Action:** Franklin to: 1) explain to the factory the importance of social insurance compliance, 2) give the related information to factory management to study, 3) visit factory, 4) discuss and train the management when necessary. Franklin will fully check the insurance coverage through an internal assessment by deadline date, after the factory implements their action plan step by step. Rawlings agrees with Franklin’s plan of action and will support where needed.

**Deadline Date:** 04/30/2011

**Supplier CAP:** Factory top management is now well aware of the importance of workers’ benefits after audit and education. They are planning to achieve social insurance coverage for 90% of workers by the end of February 2011, targeting 95% by the end of March 2011 and 100% by the end of April 2011.

**Supplier CAP Date:** 04/30/2011

**Action Taken:** Franklin Sports Asia SA8000 certified staff member has given training to factory top management and visited factory for follow-up verification on July 16, 2010; November 25, 2010; and January 31, 2011. It was verified that the percentage of social insurance coverage is 75.6% in the facility (227 out of 300 employees) as of January 13, 2011.

**Plan Complete:** No

**Plan Complete Date:**

### **Wages, Benefits and Overtime Compensation: Training and Probation Wage**

WBOT.3 Where probation or training wages are legally allowed, no worker shall be paid a probation or training wage for more than three months cumulatively. (S)

#### **Noncompliance**

**Explanation:** Based on review of workers' labor contracts and interviews with management, it was found that the probation period for most workers was for 6 months of the 3-year labor contract. Note that compared to other workers, the disadvantages for workers under training/probation period may include: 1) they get less wages and benefits, although minimum wage is guaranteed; 2) they have less opportunity for promotion; and 3) they can be terminated more easily with a shorter notification time.

**Plan Of Action:** Franklin requires the factory to set up a standard policy of recruitment and to only use the local labor bureau approved labor contracts for all workers in the factory. Rawlings agrees with this plan of action and will support Franklin.

**Deadline Date:** 09/01/2010

**Supplier CAP:** Through the factory recruitment policy update, the probation period for the newly employed workers was revised to read 3 months and applied from July; the probationary period and rewards and punishment detail policy were amended in our worker handbooks starting July 2010. According to the rewards and punishment policy, a worker will not be dismissed from their probationary period without big violations exceeding the tolerance as stated in the punishment policy. All related documents were posted on the bulletin board inside our facilities.

**Supplier CAP Date:** 07/01/2010

**Action Taken:** Through documentation checking and worker reporting, Franklin Sports Asia staff confirmed on August 23, 2010 that the revised labor contract and the hiring regulations in worker's handbook both notified that the probation period for newly hired workers had been revised to read 3 months. The workers were aware of the handbook revision and details of rewards and punishment policy. There were no abnormal resignations found from related records. Revision slips with signature of employee were attached to the labor contracts of all current employees.

**Plan Complete:** Yes

**Plan** 08/23/2010

**Complete**

**Date:**

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### **Forced Labor: Employment Terms/Prohibitions**

F.4 There can be no employment terms (including in contracts or any other instruments or in any formal or informal recruitment arrangements) which: specify that employees can be confined or be subjected to restrictions on freedom of movement; allow employers to hold wages already earned; provide for penalties resulting in paying back wages already earned; or in any way punish workers for terminating employment. (P)

#### **Noncompliance**

**Explanation:** It was cited in factory's wage and payment regulations that if workers resign without 1 month's notice, the worker's wages for that notice period will be deducted as compensation. The actual practice was ended in 2010, but policy is still not cancelled.

**Plan Of Action:** Franklin requires factory to set up a standard policy of recruitment and only use the local labor bureau approved labor contracts for all workers in the factory. Franklin further requires factory to schedule internal training for management team, including HR personnel, to fully understand law and regulations. Rawlings agrees with this plan of action and will support Franklin.

**Deadline** 09/01/2010

**Date:**

**Supplier CAP:** The statement of the payment deduction as mentioned in the left grid on the worker's labor contract will be withdrawn and cancelled. The management team will set up training and meeting to better understand labor law and regulations, in order not to post any misleading policies.

**Supplier CAP** 08/23/2010

**Date:**

**Action Taken:** The statement of payment deduction on the worker's labor contract has been withdrawn and cancelled. The regulation of payment deduction for resigning without 1 month's notice in the labor contract has been modified in accordance with law and regulations. After further review of the related documentation and interviews with workers, this was verified and improved by Franklin Sports Asia staff on August 23, 2010.



**Plan Complete:** Yes

**Plan Complete Date:** 08/23/2010

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### **Freedom of Association: Right to Freely Associate**

FOA.2 Workers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers. (S)

#### **Noncompliance**

**Explanation:** [FLA Comment:](#) The Chinese constitution guarantees Freedom of Association (FOA); 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 ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of FOA, 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. However, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The Amended Trade Union Act of Oct. 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. Trade unions also have an enhanced role in dispute resolution. In Dec. 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.

**Plan Of Action:** Franklin requires factory to recognize and respect the right of employees to freedom of association and collective bargaining and to set up a statement allowing and supporting workers for their wanted organization or association. Both Franklin and Rawlings require [Factory name] to comply with FLA FOA policy. FOA policy is included in our vendor guide and has been provided to post in local language. Rawlings will support Franklin and factory top management in the communication of and assistance in this manner.



**Deadline** 09/01/2010  
**Date:**

**Supplier** Although no trade union has been built in our facility up to this moment, the factory has announced to workers (through meeting and bulletin) their encouragement in workers selecting their own worker representatives. These representatives are granted a right to communicate with factory top management or to report to the local authority any conflicts or complaints on the workers' behalf directly.  
**CAP:**

**Supplier CAP** 08/10/2010  
**Date:**

**Action** After interview with workers, Franklin Sports Asia staff confirmed on August 10, 2010 the above supplemented statement is true. Freedom of association is included in the COCs of ICTI (International Council of Toys Industries) and FLA, which are posted inside the factory facilities in local language. The representatives have been selected. The worker representatives were selected through a secret ballot by all workers, without management's involvement. Factory top management is now collecting all employee comments and trying to offer assistance to workers and their representatives in setting up their own trade union and registering into local official trade union.  
**Taken:**

**Plan** No  
**Complete:**

**Plan**  
**Complete**  
**Date:**

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## Freedom of Association: Right to Strike/Sanction for Organizing or Participating in Legal Strikes

FOA.16 Employers shall not impose any sanction on workers organizing or having participated in a legal strike. (S)

### Noncompliance

**Explanation:** It was written in workers' labor contracts that workers who instigated a strike or work stoppage would be fired without compensation.

**Plan Of Action:** Franklin requires the factory to comply with FLA and Franklin FOA policy and to set up a statement allowing and supporting the workers for their wanted organization or association. The labor contract should be amended to comply with the FOA policy. Rawlings requires [Factory name] to comply with FLA FOA policy.

**Deadline Date:** 09/01/2010

**Supplier CAP:** The importance of workers' rights will be addressed to all factory management including HR. The statement as mentioned in the left grid in worker's labor contract will be withdrawn and cancelled.

**Supplier CAP Date:** 08/23/2010

**Action Taken:** Revised labor contract noting the aforementioned statement has been withdrawn and cancelled. After further verification on the documentation, such violation has been corrected and announced to all workers. This has been confirmed by Franklin Sports Asia staff on August 23, 2010. The factory also provided training to the management team, especially HR personnel.

**Plan Complete:** Yes

**Plan Complete Date:** 08/23/2010

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### **Harassment or Abuse: Discipline/Worker Awareness and Participation of Workers**

H&A.6 Workers must be informed when a disciplinary procedure has been initiated against them. Workers have the right to participate and be heard in any disciplinary procedure against them. Employers shall maintain written records of all disciplinary actions taken. Workers must sign all written records of disciplinary action against them. Such records must be maintained in the worker's personnel file. (P)

#### **Noncompliance**

**Explanation:** It was confirmed through records review and management interviews that workers did not sign on the written records of disciplinary action against them.

**Plan Of Action:** Franklin requires the factory to assure workers' awareness of disciplinary actions and that workers will sign memorandum of understanding. Rawlings agrees to this plan and will support Franklin if necessary.

**Deadline Date:** 09/01/2010

**Supplier CAP:** Factory asks workers to sign on a written record when disciplinary actions arise, after the disciplinary action is conceded and confessed by the workers. Factory administration department will communicate with the worker representatives for any new disciplinary policy or communicate with the workers prior to any disciplinary actions being taken.

**Supplier CAP Date:** 09/01/2010

**Action Taken:** Examples of written record of disciplinary action signed and confessed by the workers have been provided in uploaded CAP document. After further verification on the documentation by Franklin Sports Asia staff August 16, 2010, such violation has been corrected and announced to all workers. The records of signed disciplinary policies and notifications are available.

**Plan Complete:** Yes

**Plan Complete Date:** 08/16/2010



**Code Awareness:**

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

**Noncompliance**

**Explanation:** Based on on-site observations and worker and management interviews, it was noted there were no Codes of Conduct (COC) for Rawlings and Franklin Sports posted; workers were not orally informed of code provisions at time of induction and on an ongoing basis.

**Plan Of Action:** Franklin will provide their Code of Conduct and the Code of Conduct of ICTI (International Council of Toys Industries) to factory and require them to be posted for workers in local language. Rawlings will provide Code of Conduct to factory for posting.

**Deadline Date:** 09/01/2010

**Supplier CAP:** The ICTI (International Council of Toys Industries) Code of Conduct had been posted in conspicuous areas inside our facility and every worker was orally informed of ICTI Code of Conduct. Every worker was as well given an ICTI "What You Should Know Card" under ICTI requirements. Rawlings and Franklin Sports' Codes of Conduct were not provided and not available while the FLA IEM audit was conducted. The COCs of ICTI (International Council of Toys Industries), FLA and Franklin will be permanently posted inside factory facilities. We also provided education and training on the COCs to all workers.

**Supplier CAP Date:** 08/16/2010

**Action Taken:** The COCs for Franklin Sports and Rawlings have been posted on the bulletin boards inside of our facilities, and records for the education and training on COCs for all workers were provided.

**Plan Complete:** Yes

**Plan Complete Date:** 08/16/2010

**Code Awareness:**

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

**Noncompliance**

**Explanation:** Based on documents review and worker and management interviews, it was found that there was no confidential noncompliance reporting mechanism which allowed factory workers to contact the FLA companies, Rawlings and Franklin Sports.

**Plan Of Action:** Both Franklin and Rawlings provided our contact information to the factory and require the factory to post it for all workers.

**Deadline Date:** 09/01/2010

**Supplier CAP:** The confidential noncompliance reporting mechanism for both Rawlings and Franklin Sports should be stated in the Codes of Conduct. Factory will orally inform our workers and post codes in their facility as soon as they receive them from Rawlings and Franklin Sports. ICTI's confidential noncompliance reporting mechanism has been clearly indicated in the "What You Should Know Card" factory workers are fully aware of the reporting mechanism and contact channel provided in "What You should Know Card."

**Supplier CAP Date:** 08/16/2010

**Action Taken:** Workers can either submit suggestions to "comment box" confidentially or report to our top management directly for any noncompliance issues raised. Worker is able to access reporting access/channel through information on the Codes of Conduct posted. Franklin Sports Asia Ltd provided supplier with the contact telephone number and email address on August 16, 2010; this information allows all workers to report any conflict or complaint when supplier's internal grievance channel fails. Also, Rawlings has now provided their contact information to factory workers for any noncompliance reporting.

**Plan Complete:** Yes

**Plan Complete Date:** 08/16/2010

### Health and Safety: Worker Consultation

H&S.4 The health and safety policy shall be developed and implemented in consultation with workers or their representatives. (P)

#### Noncompliance

**Explanation:** Worker and management interviews revealed that the health and safety policy was not developed and implemented in consultation with workers or their representatives.

**Plan Of Action:** The factory has been advised to provide more open communication with worker's health and safety policies during interviews and hiring practices. Worker representatives should also be consulted on this policy to effectively communicate with all employees. Rawlings agrees with this plan and will support Franklin where necessary.

**Deadline Date:** 09/01/2010

**Supplier CAP:** Starting from July, the worker representatives will be invited to attend the health and safety policy periodical meeting. All new health and safety policies will be consulted with workers before being developed and implemented.

**Supplier CAP Date:** 09/01/2010

**Action Taken:** Meetings have been periodically held. The meeting reports for July 28, September 24.

**Plan Complete:** Yes

**Plan Complete Date:** 08/30/2010

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## Health and Safety: Permits and Certificates

H&S.8 The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal. (P)

### Noncompliance

**Explanation:** Based on documents review and management interviews, it was noted that:

1. There were no Fire Safety Inspection Certificates for all buildings in the facility.
2. There were no Structure Safety Certificates for all buildings in the facility.
3. There was no waste discharge permit present.

The above practices violated Article 13 of the China Fire Prevention Law, Article 61 of the China Construction Law and Article 20 of the China Law on Prevention and Control of Water Pollution (2008), respectively.

**Plan Of Action:** Franklin will advise factory to ensure that certifications and permits are on hand. Rawlings agrees with Franklin's plan of action and will support.

**Deadline Date:** 09/01/2010

**Supplier CAP:** As the facility was built and leased by the management bureau of the local county committee, factory is negotiating with them to see if the Fire Safety Inspection Certificate and Structure Safety Certificate for buildings could be provided soon. Factory has been working with an accredited consultant on the possibility of securing a waste discharge permit based on the facility.

**Supplier CAP Date:** 09/01/2010

**Action Taken:** It was observed when discussing certificates with the local county committee that the certificates were not required 20 years ago. They are unable to reissue the permits. After further evaluation, Franklin Sports Asia staff confirmed that fire safety equipment and facility infrastructure safety meet the minimum requirements and standards on September 1, 2010.

**Plan Complete:** No

**Plan  
Complete  
Date:**

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### **Health and Safety: Evacuation Requirements and Procedure**

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

#### **Noncompliance**

**Explanation:** On-site observation found out that:

1. The fire alarm in the workshop 1 was not functional. It violated Article 16 of China Fire Prevention Law.
2. Flammable materials stored under stairwells on first floor of production workshop. It violated Article 7.4.1 of Code of Fire Safety on Building Design (GB50016-2006).
3. There were no emergency lights and exit marks in 1 out of 2 canteen exits and in all exits of sampling and cotton insertion rooms. It violated Article 11.3.1 of the Code for Design of Building Fire Protection and Prevention (GB50016-2006).

**Plan Of Action:** Franklin requires the factory to set up a policy and process to inspect the building's safety equipment, including fire alarms and emergency exit lights; factory is to also have a plan of corrections. Rawlings agrees with the plan of action and will support Franklin.

**Deadline Date:** 09/01/2010

**Supplier CAP:**

1. The fire alarm in workshop 1 will be repaired and functionally works.
2. Flammable materials stored under the stairwells on the first floor of production workshop 2 will be removed and the stairwells will stay clear.
3. Emergency lights and exit marks in 1 out of 2 canteen exits and in all exits of sampling and cotton insertion rooms will be added and installed.



**Supplier CAP** 09/01/2010

**Date:**

**Action  
Taken:**

1. Image provided in CAP identifies fire alarm has been fixed.
2. Image shows flammable materials observed under stairwells on first floor of product workshop have been removed and stairwells are now clear. After further investigation, the noncompliance has been improved; the factory has a maintenance policy to ensure all the equipment and gear is functional by Franklin Sports Asia staff on August 16, 2010.

**Plan  
Complete:** Yes

**Plan  
Complete  
Date:** 08/16/2010

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## Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

### Noncompliance

**Explanation:** On-site observations revealed that:

1. Some drinking water cups were used as chemical containers in packing workshop and 80% of chemical containers in production workshops had no label. It violated Article 12 of the Regulations on Safety in Workplaces Where Chemicals Are Used.
2. There were no second containers for chemicals stored in the chemical warehouse. It violated Article 16 of Regulations on Safety Administration of Hazardous Chemicals.

**Plan Of Action:** Franklin requires factory to not use any apparatus which may cause confusion to workers, e.g., disposable drinking cups, in any production or workshop environment. Proper handling for all apparatus must be followed with proper instructions to workers. Rawlings agrees with Franklin's plan and will support where needed.

**Deadline Date:** 09/30/2010

**Supplier CAP:** 1. All workers will be informed and educated that no drinking water cups can be used as chemical containers in packing workshop and that our supervisor will be checking the production lines on a daily basis. All the chemical containers in production workshops were completely labeled from July.

2. The second containers for chemicals stored in the chemical warehouse will be put into construction as soon as they can.

**Supplier CAP Date:** 09/30/2010





**Action Taken:** Improvements have been completed on all issues from July 1 to September 30.

July 1: Containers have been labeled with ingredient information. MSDS and warnings are either directly applied to containers or on file.

September 30: Extra warehouse space prepared to store chemicals and made of suitable concrete flooring. (Images for all in uploaded CAP.) After further review, CAP is completed; factory has a training record and instruction educational guideline for workers to follow.

**Plan Complete:** Yes

**Plan Complete Date:** 09/30/2010

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### Health and Safety: Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

#### Noncompliance

**Explanation:** Based on on-site observations, document review and interviews with supervisors, it was noted that there was no MSDS for "Mangana," a chemical used in production; MSDS for some other chemicals were incomplete, such as no ingredients for Isophorone, CoH2(NO2) 3CH3, CH3C6H5, etc. It violated Article 12 of Regulations on Safety in Workplaces Where Chemicals Are Used.

**Plan Of Action:** Franklin requires factory to make all related documents, including MSDS, available and on file, and to conduct training for related workers. Rawlings agrees with Franklin's plan and will support if needed.

**Deadline Date:** 09/01/2010

**Supplier CAP:** Chemicals short of MSDS and ingredient information will be added up and supplemented before August 1, 2010.



**Supplier CAP** 08/01/2010

**Date:**

**Action Taken:** All chemicals now have labels applied which are easily available or on file. After further review, the CAP is completed and factory has a checking record and instruction guideline for workers to follow; the training record is also available.

**Plan** Yes

**Complete:**

**Plan** 08/16/2010

**Complete**

**Date:**

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### **Health and Safety: Machinery Maintenance and Worker Training**

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

#### **Noncompliance**

**Explanation:** On-site observations revealed that:

1. About 60% of needle guards for sewing machines in the factory were not in the working position.
2. There was no safe cover for 2 sewing machines with rotating belts in the sampling workshop. These practices violated Article 6.1.6 of General Rules of Design on Health and Safety of Production Facility (GB5083-1999).

**Plan Of Action:** Franklin requires the factory to establish instructions to assure all machines, and sewing machines in particular, have proper safety equipment applied. More diligent monitoring should be addressed with supervisors. Rawlings agrees with Franklin's plan and will support where needed.

**Deadline** 09/01/2010

**Date:**



**Supplier CAP:** 1. All needle guards for sewing machines will be required to be put in the working position right after FLA audit; factory will be having ongoing checks on a daily basis.  
2. The safe covers for 2 sewing machines with rotating belts in the sampling workshop will be installed on June 30, 2010.

**Supplier CAP Date:** 09/01/2010

**Action Taken:** Factory has placed needle guards on sewing machines. Supervisors monitor this on a daily basis. All rotating belts have been installed. Images have been previously provided. This was confirmed by Franklin Sports Asia staff on August 16, 2010.

**Plan Complete:** Yes

**Plan Complete Date:** 08/16/2010

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## Health and Safety: Medical Facilities

H&S.21 Medical facilities shall be established and maintained in factories as required by applicable laws. Medical staff shall be fully licensed and recognized under applicable local rules and regulations. An appropriate number of medical staff shall be on duty during all working hours, including any type of overtime, as required under local law. An appropriate stock of medical supplies shall be maintained at all times. Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner. (P)

### Noncompliance

**Explanation:** Based on interviews with workers and management, it was noted that the factory did not provide occupational safety and health examinations for workers involved in the use of hazardous chemicals. It violated Article 54 of China Labor Law and Article 32 of China Law on Prevention and Control of Occupational Diseases.

**Plan Of Action:** Franklin requires the factory to fully comply with the China Labor Law and provide occupational safety and health examinations for all workers involved in the use of hazardous chemicals at fixed periods. Rawlings supports Franklin's plan and will support where needed.

**Deadline Date:** 10/31/2010

**Supplier CAP:** Factory will in turn arrange sending workers involved in the use of hazardous chemicals to the certified hospitals for occupational safety and health examinations from July to October (low season). Some examples for health examination reports are attached for reference. Factory will arrange all workers involved in the use of hazardous chemicals for health examinations by the end of 2010.

**Supplier CAP Date:** 10/31/2010

**Action Taken:** August 23: Health examinations for workers involved in the use of chemicals are now prioritized.

September 27: Health examinations are now documented for all workers. After further interviews with the workers, some workers had taken the health examination and some will be taken. Health records had been previously provided.

**Plan Complete:** Yes

**Plan** 09/27/2010

**Complete**

**Date:**

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### Health and Safety: Sanitation in Factory Facilities

H&S.22 All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations. (S)

#### Noncompliance

**Explanation:** On-site observations revealed that about 5 privacy doors of toilets in the production workshops were damaged.

**Plan Of Action:** Factory requires the factory to establish a process for timely inspecting all equipment for workers. Temporary curtains must be put up immediately. Permanent doors must be installed and properly monitored for function and cleanliness. Rawlings agrees with Franklin's plan and will support as needed.

**Deadline** 09/01/2010

**Date:**

**Supplier CAP:** Factory will get the privacy doors for toilets in the production workshops well repaired before August 31, 2010.

**Supplier CAP** 09/01/2010

**Date:**

**Action Taken:** The privacy doors have been installed and monitoring for proper function is conducted regularly. After checked, the doors of toilets have been fixed and maintained in good function by Franklin Sports Asia staff on August 23, 2010.

**Plan** Yes

**Complete:**

**Plan** 08/23/2010

**Complete**

**Date:**

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### Health and Safety: Sanitation in Dormitories

H&S.28 All dormitories shall be kept secure, clean and have safety provisions (such as fire extinguishers, first aid kits, unobstructed emergency exits, emergency lighting etc.). Emergency evacuation drills shall also be conducted at least annually. (S)

#### Noncompliance

**Explanation:** Based on on-site observations and interviews with factory management, it was found that there were 4 bedrooms (2 supervisors lived in 2 of these rooms) located beside the printing workshop, on the 3rd floor of the rubber department where there weren't any fire fighting facilities. It violated Article 7.4.1 of Code of Fire Safety on Building Design (GB50016-2006).

**Plan Of Action:** Franklin requires the factory establish a policy to control the living and production areas; proper fire safety equipment and systems should be in place. We require the factory to move employees from workshop area; the safety of workers must be addressed as a priority. Rawlings agrees with Franklin's plan and will support as needed.

**Deadline Date:** 09/01/2010

**Supplier CAP:** All the fire fighting facilities in the mentioned locations will be installed before August 31, 2010.

**Supplier CAP Date:** 09/01/2010

**Action Taken:** All fire fighting equipment has been installed. After checked, there are no employees living in the above-mentioned facility and fire fighting equipment has also been installed.

**Plan Complete:** Yes

**Plan Complete Date:** 08/16/2010

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## Health and Safety: Other - Health and Safety

Other

### Noncompliance

**Explanation:** Based on review of records and interviews with management and workers, it was noted that factory did not conduct air quality testing for workshops involved in use of chemicals. It violated Article 15 of Regulations on Safety in Workplaces Where Chemicals Are Used.

**Plan Of Action:** Franklin requires the factory to have air quality testing conducted yearly. Rawlings agrees with Franklin's plan and will support if needed.

**Deadline Date:** 09/01/2010

**Supplier CAP:** We have contacted the certified environmental consultant to conduct air quality testing in the workshops where testing is required.

**Supplier CAP Date:** 09/01/2010

**Action Taken:** Air quality tests have been conducted and a contract has been signed with an environmental consultant. Air quality testing reports have been previously provided.

**Plan Complete:** Yes

**Plan Complete Date:** 08/30/2010

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## Hours of Work: General Compliance Hours of Work

HOW.1 Employers shall comply with all local laws, regulations and procedures concerning hours of work, public holidays and leave. (S)

### Noncompliance

**Explanation:** Based on the review of time records from May 2009 to June 2010, and information gathered from workers and management, it was confirmed that almost all workers worked more than 60 hours per week; they worked up to 80 hours in peak season, such as in the months of May to October 2009 and January to April 2010. It violated Article 41 of the China Labor Law.

**Plan Of Action:** Franklin requires the factory to fully comply with Franklin's Code of Conduct and China Labor Law on working hours. We require the factory to improve production line efficiency, to add new workers, and to gradually reduce the overtime in peak season in order to comply with China Labor Law. Rawlings also has this in our Code and will work with Franklin should they feel it necessary for us to further communicate this.

**Deadline Date:** 04/30/2011

**Supplier CAP:** Factory will try to gradually decrease the working hours and ensure that all working hours will be monitored and controlled starting July 2010, using a self-control grid. Factory will have 280-310 workers in peak season from December to next April while keeping 240-260 workers in low season during May to November. In February 2011, the average working hours were 66 hours per week. From March to May, factory can control decreasing weekly working hours from 66 hours to 60 hours, and after that the working hours will be less than 60 hours per week.

**Supplier CAP Date:** 04/30/2011

**Action Taken:** After discussion with the factory top management team, Franklin Sports Asia agreed that the factory is to set a target of 60 working hours per week in the improvement schedule in the peak season. As in the low season, the working hours will be controlled within the limit. The factory's self-assessment control grid was reviewed; it is confirmed through workers' reports and related time records that the total quantity of workers is increasing in recent season. The approval letter from local Labor Bureau for composite working hours on a yearly basis was available.

**Plan Complete:** No



**Plan  
Complete  
Date:**

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### **Hours of Work: Rest Day**

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

#### **Noncompliance**

**Explanation:** Based on the review of time records from May 2009 to June 2010, it was confirmed that 80% of workers had no day off in seven about once per month during peak season, such as in the months of May to October 2009 and January to April 2010. It violated Article 38 of the China Labor Law.

**Plan Of Action:** Franklin requires the factory to fully comply with Franklin's Code of Conduct and China Labor Law on working hours. The factory must develop a plan to gradually reduce overtime in peak season in order to comply with China Labor Law. Rawlings also has this in our Code and will work with Franklin should they feel it necessary for us to further communicate this.

**Deadline Date:** 04/30/2011

**Supplier CAP:** The improvement is in gradual progress and is a prioritized ongoing effort. Factory is trying to recruit more workers in place for production and is planning to procure more automatic production equipment to let workers obtain more rest time if possible. The ultimate goal factory is working towards is making sure that workers will be having at least one day off in seven days.

**Supplier CAP Date:** 04/30/2011



**Action Taken:** Improvements in working hours and in providing days off have been progressing monthly. This is also being monitored for ICTI CARE certification to meet the other compliance licensing program. (CAP has links to files included for reference.) After review, factory has established a working hour policy gradually minimizing the working hours per week, making sure all workers will be having one day off in seven before February 28, 2010. Factory also has a hiring plan to recruit more workers into production lines after the 2011 Chinese New Year.

**Plan Complete:** No

**Plan Complete Date:**

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