



2009

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Wilson Sporting Goods
COUNTRY: China
FACTORY CODE: 830015340H
MONITOR: Level Works Limited
AUDIT DATE: November 10-11, 2009
PRODUCTS: Balls
PROCESSES: Cutting, Sewing, Printing,
Rubber Compounding, Endothecium,
Assembly, Packing, etc.
NUMBER OF WORKERS: 4078



CONTENTS:

Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses	3
Freedom of Association: Right to Freely Associate	4
Freedom of Association: Employer Interference/Constitution, Elections, Administration, Activities and Programs	5
Code Awareness:	6
Health and Safety: Safety Equipment and First Aid Training	7
Health and Safety: Machinery Maintenance and Worker Training	8
Hours of Work: Overtime/Reduced Mandated Overtime	9



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: The last date for social insurance payment was October 27, 2009. As per the receipts, no worker had participated in childbearing insurance. However, the factory had obtained a written waiver from the [City name] social insurance bureau to prove that they were in compliance with the local laws.

Legal Reference: PRC Labor Law, Article 72

Plan Of Action: Since maternity insurance is still not available from the local insurance bureau just as in many other cities in China, our factory has some protection for female staff and workers, such as paid maternity leave, a nursing room, pregnancy period, the limitation of working hours limits and so on. Factory will have all of the workers participate in the maternity insurance as soon as it is available from the local insurance bureau.

Status: Continuous improvement

Deadline Date: 07/02/2010

Action Taken: As the maternity insurance is still not available from the local insurance bureau, the factory still cannot participate in the maternity insurance for workers.

Status: Continuous improvement

Plan Complete: No

Plan Complete Date:

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: Factory has planned the time frame to re-recommend and re-elect their union member representatives as below:

- a) July 27 – July 31, 2010: Promotion of the union election proposal;
- b) August 2 – August 15, 2010: Election of the workers' representatives from normal workers (open to all workers for election);
- c) Beginning from September 2010, there will be an open worker union representative meeting once per month.

Deadline Date: 09/30/2010



Action Taken: Factory has planned the time frame to re-recommend and re-elect their union member representatives as below:

- a) July 27 – July 31, 2010: Promotion of the union election proposal;
- b) August 2 – August 15, 2010: Election of the workers' representatives from normal workers (open to all workers for election);
- c) Beginning from September 2010, there will be an open worker union representative meeting once per month.

Plan Complete: No

Plan Complete Date:

Freedom of Association: Employer Interference/Constitution, Elections, Administration, Activities and Programs

FOA.5 Employers shall not interfere with the right of workers to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities and to formulate their programs. (S)

Noncompliance

Explanation: The workers did not have full freedom to elect their representatives. The union representatives need to be approved by factory management first in order to be nominated. All of the union representatives were management staff (at least in a team leader position). No production worker was elected as union representative.

Plan Of Action:

1. Factory is planning to have workers re-recommend and re-elect their representatives for union members;
2. Will make sure the election process is open to all workers.

Deadline Date: 09/30/2010



Action Taken: 1. Factory is planning to have workers re-recommend and re-elect their representatives for union members;

2. Will make sure the election process is open to all workers.

Plan Complete: No

Plan Complete Date:

Code Awareness:

GEN.1 Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.

Noncompliance

Explanation: Wilson's Code of Conduct was not posted out in the factory.

Plan Of Action: Post Wilson's Code of Conduct on the public notice board in the workshops.

Deadline Date: 11/15/2009

Action Taken: Wilson's Code of Conduct has already been posted on the public notice board in the workshops.

Plan Complete: Yes

Plan Complete Date: 11/15/2009

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: 1. It was noted that 3 first aid boxes were empty in the workshops.

2. It was noted that at least 5 fire extinguishers and 2 fire hydrants were blocked by goods in the workshops.

Legal Reference: Code for Design of Extinguisher Distribution in Buildings (GB 50140-2005), Article 5.1.1

Plan Of Action:

1. All of the first aid kits in the workshops are open without a lock; workers can freely get to the materials in the kits. Factory clinic updates the kits, filling them every morning. Also, the factory clinic is available near the workshops. Factory will keep continuous improvement to keep the kits full at all times.

2. Clear all the goods blocking nearby fire equipment in the facility. To keep the fire equipment unblocked, factory improved marks/labels on fire equipment, making them more legible.

3. Factory Health, Safety and Environmental (HSE) team organized basic fire fighting technique training to workers this May. Organized usage of first aid training to workers was this June.

4. All new employees must be trained on first aid kit usage and basic fire fighting techniques in the new employees training class.

**Deadline
Date:** 06/30/2010

- Action Taken:**
1. All of the first aid kits in the workshops are open without a lock; workers can freely get to the materials in the kits. Factory clinic updates the kits, filling them every morning. Also, the factory clinic is available nearby the workshops. Factory will keep continuous improvement to keep the kits full at all times.
 2. Already cleared all the goods blocking all the fire equipment in the facility. To keep the fire equipment unblocked, the factory improved marks/labels on fire equipment, making them more legible.
 3. Factory HSE team organized basic fire fighting techniques training to workers this May. Organized usage of first aid training to workers was this June.
 4. All new employees have been trained on first aid kit usage and basic fire fighting techniques in the new employees training class.

Plan Complete: Yes

Plan Complete Date: 06/30/2010

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: It was noted that at least 2 sewing machines were found to be without safety belt guards.

Legal Reference: Safety Manufacturing Law, Article 29

- Plan Of Action:**
1. Check all sewing machines in the facility, immediately improve those without safety belt guards.
 2. Will review machines periodically to make sure they are in good condition.

Deadline 11/30/2009
Date:

Action Taken: 1. Has already checked all sewing machines in the facility, for the ones without safety belt guards and improved them immediately.
2. Has reviewed machines periodically to make sure they are in good condition.

Plan Yes
Complete:

Plan 11/30/2009
Complete
Date:

Hours of Work: Overtime/Reduced Mandated Overtime

HOW.8 The employer shall demonstrate a commitment to reduce overtime and to enact a voluntary overtime system, including for overtime mandated to meet extraordinary business circumstances. (P)

Noncompliance

Explanation: Through review of the barcode attendance records from November 2008 to November 2009, around 98% of workers from all factory workshops had worked overtime hours in excess of 36 hours per month. The maximum overtime hours per month was 92 hours in August 2009.

Legal Reference: PRC Labor Law, Article 41.



**Plan Of
Action:**

1. Since starting production in May 2008, the factory complies with the below working hour policy. We will strictly enforce this policy to control working hours:

- a) Maximum 60 hours per week (including overtime and weekend working hours);
- b) One day off in every 7 days;
- c) No more than 3 hours OT per day from Monday to Friday;
- d) Fully pay workers OT;
- e) Workers voluntarily work OT.

2. We have taken measures to lower the overtime hours including:

- a) Conducting production engineering review to improve the efficiency;
- b) Coordinating with the sales team to better arrange orders to avoid overtime hours;
- c) Employing more workers if it is necessary.

**Deadline
Date:**

07/02/2010

Action Taken:

1. Since starting production in May 2008, the factory has complied with the below working hour policy. This policy had been already a public notice to workers:

- a) Maximum 60 hours per week (including overtime and weekend working hours);
- b) One day off in every 7 days;
- c) No more than 3 hours OT per day from Monday to Friday;
- d) Fully pay workers OT;
- e) Workers voluntarily work OT.

2. In August 2009, there are a total of 31 days this month, 21 working days and 5 Saturdays. Total OT in this month is: $2H(OT)/day * 21 + 10 H(OT)/Saturday * 5 = 92H$

Remarks:

1. The factory always complies with the mentioned working hour policy. Only for those events which are generally beyond factory's control (such as heavy snow/storm, power shortage), the factory will flexibly arrange the working hours and communicate with workers in advance.

2. In June, July and August, which is Wilson product's American Football peak season, workers in American Football work 11 hours a day.

**Plan
Complete:**

No



**Plan
Complete
Date:**
