



COMPANY: Wilson Sporting Goods Co.
COUNTRY: China
ASSESSMENT DATE: 11/19/14
MONITOR: FLA Assessor Team (China)
PRODUCTS: Equipment
PROCESSES: Full [= full package]
NUMBER OF WORKERS: 2443
NUMBER OF WORKERS INTERVIEWED:
ASSESSMENT NUMBER: AA0000000569

What's Included in this Report

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Understanding this Assessment Report

This is a report of a workplace assessment conducted by Fair Labor Association assessors following FLA's Sustainable Compliance methodology (SCI), which evaluates a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle.

This report identifies violations and risks of noncompliance with the Fair Labor Association Workplace Code of Conduct in its assessment of the employment functions, and includes a description of the root causes of violations, recommendations for sustainable and immediate improvement, and the corrective action plan for each risk or violation as submitted by the company. This document is not a static report; rather, it reflects the most recent progress updates on remediation in the "Progress Update" section for each finding.

Glossary

De minimis: A de minimis factory is a factory (1) with which the Company contracts for production for six months or less in any 24-month period; or (2) in which the Company accounts for 10% or less of the annual production of such facility. The FLA Charter states that in no event shall de minimis facilities constitute more than 15% of the total of all facilities of a Company, and the list of facilities designated as de minimis by a Company is subject to the approval of the FLA. Please note that collegiate-producing factories cannot count as de minimis.

Facility performance: how a facility rates in terms of a particular employment or management function, with 100% being the best possible score.

Fair labor standards: the minimum requirement for how workers should be treated in a workplace, as outlined in the [FLA Workplace Code of Conduct](#).

Employment life cycle: all aspects of an employee's relationship with the employer, from date of hire to termination or end of employment.

Code violation: failure to meet standards outlined in the FLA Workplace Code of Conduct in the workplace implementation of employment or management functions.

Employment Functions: The different components of the relationship between management and employees in a factory. An employment function is a process regulating an aspect of the employment relationship, such as the recruitment of workers. All employment functions together constitute the employment relationship between an employer and an employee.

1. Recruitment, Hiring & Personnel Development (e.g., performance reviews)
2. Compensation (e.g., wages, health care)
3. Hours of Work (e.g., overtime, documentation of working hours)
4. Industrial Relations (e.g., collective bargaining agreements)
5. Grievance System (e.g., worker communication with management)
6. Workplace Conduct & Discipline (e.g., discrimination, harassment)
7. Termination & Worker Retrenchment (e.g., downsizing, resignation)
8. Health & Safety (e.g., exposure to chemicals)
9. Environmental Protection (e.g., energy saving)

Management functions: violations or risks related to an employment function could be caused by the absence – or a problem in the operation – of any one of the management functions or in more than one.

1. Policy
2. Procedure
3. Responsibility & Accountability
4. Review Process
5. Training
6. Implementation
7. Communication & Worker Involvement
8. Support & Resources (only for the in-depth level)

Finding: indicators of potential gaps between desired and actual performance of the workplace on different employment functions.

Finding type

- **Immediate action required:** discoveries or findings at the workplace that need immediate action because they not only constitute an imminent danger, risk the workers' basic rights, threaten their safety and well-being or pose a clear hazard to

the environment, but also are clear non-compliances with the FLA Workplace Code of Conduct and local laws. Examples include a finding by the assessor that crucial fire safety elements are not in place or that there is underpayment of wages and/or worker entitlements or that there is direct discharge of waste water, etc.

- *Sustainable improvement required*: findings that require sustainable and systematic actions. The factory will be asked to tackle the underlying root causes and to do so in a long-term and systematic manner to bridge the gap between actual and desired performance. Examples include a finding by the assessor that there is lack of termination policies and procedures in the workplace, lack of grievance system, etc.
- *Notable feature*: indicates a remarkable feature or best practice at a workplace. Examples might include workers' wages and benefits that are significantly above the industry average, or community benefits such as free daycare.

Local law or Code Requirement: applicable regulations and standards in a workplace, which serve as the basis for an assessment, as per local law or FLA Workplace Code of Conduct. When these two do not concur, the stricter of the two standards applies.

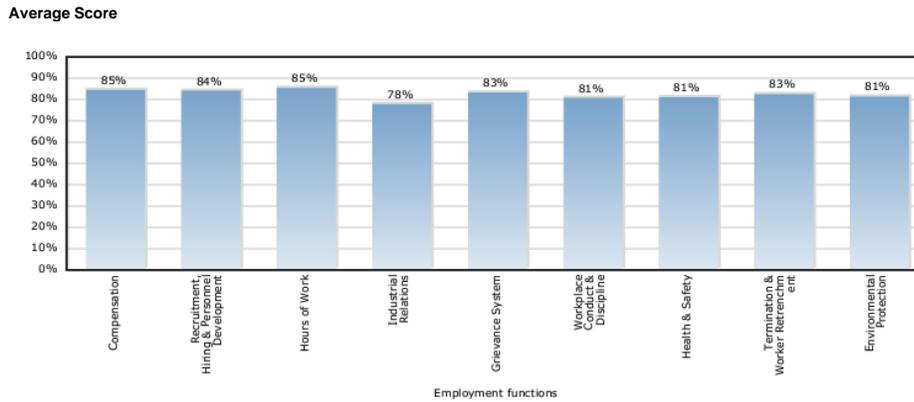
Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that the worker did not use the hearing protection equipment because such equipment was not provided by management. However, upon a more thorough evaluation of available information, the assessor might find that the worker was indeed supplied with hearing protection equipment and with written information about the importance of wearing hearing protection, but was not trained on how to use the equipment and that use of the equipment was not enforced in a consistent manner by management.

Company action plan: a detailed set of activities outlined by the sourcing company and/or direct employer to address FLA findings.

Factory Profile

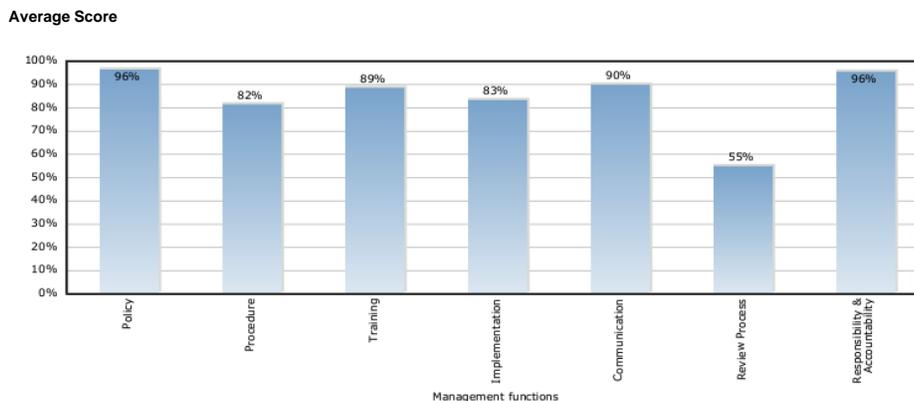
Score by Employment Function

Scores indicate a factory's performance related to a specific employment function based on an FLA assessment. A score of 100 percent indicates flawless operation of an employment function. A score of less than 100 percent indicates need for improvement.



Score by Management Function

Scores indicate a factory's performance related to a specific management function based on an assessment conducted for FLA by independent, accredited assessors. A score of 100 percent indicates flawless operation of a management function. A score of less than 100 percent indicates need for improvement.



Score Summary

Scores indicate the strength of management functions as they relate to different elements of the employment relationship (employment functions). For example (reading left to right), a score of 100 percent in the cell on the top left corner would indicate the existence of appropriate policies related to recruitment, hiring and personnel development.

Management Functions	Recruitment, Hiring & Personnel Development	Compensation	Hours of Work	Industrial Relations	Grievance System	Workplace Conduct & Discipline	Termination & Worker Retrenchment	Health & Safety	Environmental Protection
Policy	100%	83.33%	100%	100%	100%	100%	100%	100%	100%
Procedure	76.67%	100%	80%	0%	100%	66.67%	50%	83.82%	90%
Responsibility & Accountability	83.33%	75%	83.33%	66.67%	75%	75%	75%	66.67%	66.67%
Review Process	0%	100%	100%	50%	50%	0%	50%	66.67%	66.67%
Training	92.86%	100%	100%	50%	100%	75%	66.67%	82.67%	87.5%
Implementation	84.5%	85.71%	82.76%	81.82%	83.33%	87.5%	100%	79.86%	79.6%
Communication	83.33%	100%	100%	50%	75%	91.67%	100%	83.33%	100%

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	Violations
Compensation	3	General Compliance Compensation Deposit of Legally Mandated Deductions Training and Probation Wage
Employment Relationship	13	General/Human Resource Management Systems Terms and Conditions/Communication General/Documentation and Inspection Administration of Fringe Benefits/Holidays, Leave, Legal Social Benefits and Bonuses Administration of Hours/Production and Incentive Schemes Industrial Relations Work Rules and Discipline Skills Development/Management of Performance Reviews Recruitment and Hiring/Employment Decisions Skills Development/Promotion, Demotion and Job Reassignment Health, Safety, and Environmental Management System/Policies and Procedures Termination and Retrenchment/General Policies and Procedures Recruitment and Hiring/Proof of Age Documentation
Forced Labor	1	Freedom of Movement/Workers Ability to Terminate
Freedom of Association and Collective Bargaining	3	Employer Interference Employer Interference/Constitution, Elections, Administration, Activities and Programs Right to Freely Associate
Harassment and Abuse	1	Discipline/Monetary Fines and Penalties
Hours of Work	2	Protected Workers (Women and Young Workers)/Regulations on Hours of Work Overtime/Calculation over Period Longer than One Week
Health, Safety and Environment	13	General Compliance Health, Safety, and Environment Material Safety Data Sheets/Workers Access and Awareness Ventilation/Electrical/Facility Installation and Maintenance Ergonomics Sanitation in Workplace Facilities Drinking Water Dormitory Facilities Notification and Record Maintenance Permits and Certificates Evacuation Requirements and Procedure Safety Equipment and First Aid Training Personal Protective Equipment Chemical Management and Training
Non-Discrimination	2	General Compliance Nondiscrimination Recruitment and Employment Practices/Job Advertisements, Job Descriptions and Evaluation Policies

Findings and Action Plans

FINDING NO.1

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Immediate Action Required

Finding Explanation

1. There are policies and procedures regarding Personnel Development and skill development. However, the factory does not have policies and procedures for conducting performance reviews that include the steps and processes, and does not regularly conduct performance reviews for employees linked to job grading. There are a few examples of promotion without performance reviews necessary for transparency and accountability.
2. The factory does not provide ongoing training on the following Employment Functions: Termination & Retrenchment, Workplace Conduct & Discipline, Industrial Relations, Health & Safety, Grievance System.
3. The factory posts online recruitment advertisements with discriminative clauses, such as age and gender requirements. The factory requires applicants to be between 18 and 35 years old and female for the Corporate Social Responsibility (CSR) personnel and sales staff positions.
4. The factory does not hire any disabled workers, which violates legal requirements, which require that at least 1.5% of the total workforce be comprised of disabled workers. Although the factory contributes to the Employment Security Fund in lieu of employing disabled workers, as allowed under the local law, this practice carries the risk of discrimination based on FLA Workplace Code & Benchmarks.
5. The factory retains possession of all workers' health examination reports upon hiring, however, the workers should keep these reports as they pay for the health examination fees themselves.
6. The factory has a probation period of six months, which exceeds the 3-month limit as per FLA benchmarks.
7. The factory repeats probation terms for workers returning for employment. According to applicable legal requirements, returning employees should not be subject to additional probation terms at the same workplace.

Local Law or Code Requirement

Labor Law of PRC (1995), Articles 8 and 12; Regulations on the Employment of Persons with Disabilities, Articles 8 and 9; Property Law of PRC (2007), Article 39; Provisions on the Supervision; Labor Contract Law of PRC (2008), Article 19; FLA Workplace Code and Benchmarks (Employment Relationship Benchmarks ER.1.2, ER.3.2, ER.15.2, ER.29, and ER.30; Nondiscrimination Benchmarks ND.1 and ND.2.1; Compensation Benchmark C.3)

Recommendations for Immediate Action

1. Remove the discriminatory clauses regarding age and gender from the online job advertisements. Ensure that recruitment decisions are based solely on the candidates' qualifications.
2. Return original health examination reports to workers and compensate the workers for health examinations.
3. Reduce the probation period to three months, as required by FLA Benchmarks.
4. Cease the practice of setting repeated probation periods for returning workers.

COMPANY ACTION PLANS

1. Remove the discriminatory clauses regarding age and gender from the online job advertisements. Ensure that recruitment decisions are based solely on the candidates' qualifications.

Action plan status: Completed

Planned completion date: 12/01/14

Progress update: 09/24/15 : Description about age and gender has been removed from all job ads on 1st Dec, 2014

Completion date: 12/01/14

2. Return original health examination reports to workers and compensate the workers for health examinations.

Action plan status: Completed

Planned completion date: 12/31/14

Progress update: 09/24/15 : The factory has already given back all the medical reports to the employees.

Completion date: 12/31/14

3. Cease the practice of setting repeated probation periods for returning workers.

Action plan status: Completed

Planned completion date: 01/01/15

Progress update: 09/24/15 : 1. HR staff check the job applicant's ID number and name to verify whether he/she worked for the factory before. 2. The factory will not set probation period to those applicants who have been worked for the factory before.

Completion date: 01/01/15

4. The factory agree to change the probation period to not longer than 3 months. This will be effective from SEPT 1st. The factory is now working with the change and will send us supporting documents once available.

Action plan status: Completed

Planned completion date: 09/01/15

Progress update: 09/24/15 : The factory agree to change the probation period to not longer than 3 months. This will be effective from SEPT 1st. The factory is now working with the change and will send us supporting documents once available.

Completion date: 09/01/15

5. The factory established a fair and transparent appraisal procedure. Either the department or the employees him/herself may apply for promotion through the human resources department. The HR department centralize all the application, offer trainings to applicants. The applicants who passed the test will be promoted to fill those vacancy. Supporting Doc: 01

Action plan status: Completed

Planned completion date: 08/19/15

Progress update: 09/24/15 : The factory established a fair and transparent appraisal procedure. Either the department or the employees him/herself may apply for promotion through the human resources department. The HR department centralize all the application, offer trainings to applicants. The applicants who passed the test will be promoted to fill those vacancy. Supporting Doc: 01

Completion date: 08/19/15

6. The factory now strengthen employees' training (in-job training and orientation). Supporting Doc: 02-1 ; 02-2 , 02-3

Action plan status: Completed

Planned completion date: 08/19/15

Progress update: 09/24/15 : The factory now strengthen employees' training (in-job training and orientation). Supporting Doc: 02-1 ; 02-2 , 02-3

Completion date: 08/19/15

7. 1. The factory committed to comply with the "Policy on hiring disable personnel" ();
2. Currently, there are 10 employees with disability working for Smartball (one of them with certificate of disability (), the portion of workers with disability represent 0.4% of the total workforce. Supporting Doc: 03-1 ; 03-2

Action plan status: In Progress

Planned completion date: 12/31/17

Progress update: 09/24/15 : Smartball will hire more disable workers through the labor union, local association for disability and the local government. They have planned to achieve 1.5% target by 2017.

FINDING NO.2

COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory does not pay into the legally required Housing Provident Fund for workers.
2. 90% of the workers' actual earnings were higher than the contribution base used in calculating the pension, medical, unemployment, and maternity insurance contributions made in 2013. The number decreased to 80% in 2014.
3. 55% of the workers' actual earnings were higher than the contribution base used in calculating the work-related injury insurance contributions made in 2013. The number has decreased to 40% since the beginning of 2014.
4. The factory does not provide pension, unemployment, and medical insurance for 0.5%, 0.1%, and 0.3% respectively of the employees, but the former employers of the concerned workers have agreed to continue to contribute to relevant social insurance schemes for these workers.
5. Interviews with managerial staff revealed that the factory only provides prenatal health examination leave for two hours. If pregnant employees exceed the two hours, they can only request annual leave for prenatal examination, which violates the local law.
6. The factory provides High Temperature Allowance to certain employees. However, the factory does not have a system to track workplace temperature at all working stations. Hence, some workers who work in high temperature areas are not able to receive High Temperature Allowance as required by local law.

(Note: At the time of assessment the factory adopted a plan to retroactively pay the high temperature allowance for all workers in December 2014.)

Local Law or Code Requirement

Regulation on Jiangxi Province Housing Provident Fund Deposit Management, Articles 4 and 11; Social Insurance Law of PRC, Articles 12, 23, 35 and 44; Workplace Special Protection Regulation for Female Workers, Article 6; Notice on Adjustment of High Temperature Allowance of Jiangxi Province (2012); FLA Workplace Code (Employment Relationships Benchmark ER.22.1; Compensation Benchmarks C.1 and C.10)

Recommendations for Immediate Action

1. Provide the legally required prenatal leave for eligible employees.
2. Track and monitor high temperature in all affected areas. Ensure that all workers in high temperature areas receive the High Temperature Allowance.

COMPANY ACTION PLANS

1. Provide the legally required prenatal leave for eligible employees.

Action plan status: Completed

Planned completion date: 12/05/14

Progress update: 09/24/15 : Female worker's antenatal care is now counted as working hours. Please refer to the supporting.
Completion date: 12/05/14

2. Track and monitor high temperature in all affected areas. Ensure that all workers in high temperature areas receive the High Temperature Allowance.

Action plan status: Completed
Planned completion date: 12/31/14
Progress update: 09/24/15 : 1. The factory follow the legal requirement, take the temperature of each workshop (between 10a.m. to 3p.m.), and through employees' election to define the benchmark of "High temperature". 2. High Temperature allowance of 2014 have been paid back to the workers. Please refer to the attachemnt
Completion date: 12/31/14

3. The factory has planned paying the housing provident fund based on total wage (including the overtime wage & bonus) of each employee from 2017 March.

Action plan status: Planned
Planned completion date: 03/31/17

4. The factory has planned paying the social insurance (employer's contribution) based on the total wage (including the overtime wage & bonus) of each employee from 2017 March. Supporting Doc 06 2015-2017

Action plan status: Planned
Planned completion date: 03/31/17

5. Since the social insurance of the said employees are now paid by their former employers, the factory is not able to pay for these workers due to the restriction of the national social insurance system. The factory will contact the social insurance bureau to see if they and those former employers can pay the social insurance at the same time. If the social insurance bureau approved the factory make the contribution, the factory is willing to pay and expand the social insurance coverage immediately.

Action plan status: Completed
Planned completion date: 08/19/15
Progress update: 09/24/15 : Owing to the policy change by the Chinese government (), some workers (and their former company) have already paid their social insurance till the retirement age. Smartball is unable to make the contribution through the existing social insurance system. Enclosed with 2 supporting for reference.
Completion date: 08/19/15

FINDING NO.3

HOURS OF WORK

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Production plans regularly include ten hours of daily work and six days of overtime per week. In addition, the monthly performance evaluation forms show required full attendance days 26 days per month. Furthermore, the definition of full attendance in the new employee training material is ten hours a day and six days per week. However, in practice, the full attendance bonus is based on the correct calculation of eight daily hours and five days per week.
2. From October 2013 to October 2014, 95% of the employees worked excessive overtime, exceeding the monthly limit of 36 hours, violating Chinese Labor Law. In addition, the maximum monthly overtime reached up to 92 hours in May and August 2014.
3. The factory obtained a Cumulative Working Hour System Waiver (CWHS) in 2013 and 2014, which allows the factory to have 432 hours overtime per year. However, the total overtime of the first ten months of 2014 already reached 642 hours, exceeding the limit allowed under CWHS waiver.
4. Employees who are seven-months pregnant work overtime on Saturdays and two hours overtime on weekdays.
5. The factory has two operators working every day without a rest-day at the treatment plant, violating local law and FLA requirements that require at least 24 consecutive hours of rest in a seven-day work period.

Local Law or Code Requirement

Labor Law of PRC, Article 41; Workplace Special Protection Regulation for Female Workers, Article 6; FLA Workplace Code (Employment Relationship Benchmark ER.24; Hours of Work Benchmarks HOW.4.1 and HOW.7; Forced Labor Benchmark F.7.5)

Recommendations for Immediate Action

1. Ensure that workers do not work more than the legal limit of 36 hours of overtime per month.
2. Establish a system to identify pregnant/nursing employees, and ensure that they do not work more than eight hours per day and five days per week.
3. Ensure that workers receive at least one day off in every seven-day work period.

COMPANY ACTION PLANS

1. Discuss and obtain consensus from labor union for extending the working hours.
2. Employees work overtime are on voluntary basis.
3. Overtime compensation comply with the law is guaranteed.

Action plan status: In Progress

Planned completion date: 12/31/15

Progress update: 09/24/15 : The factory has a close monitoring to the working hours. Based on the factory record, since 2015 JAN to JUL, 18.78% of the total workforce comply with CWHS, and the factory committed to make continuous improvement to comply with the legal requirement on working hours.

2. Establish a system to identify pregnant/nursing employees, and ensure that they do not work more than eight hours per day and five days per week.

Action plan status: Completed

Planned completion date: 12/05/14

Progress update: 09/24/15 : The factory has established a system to identify pregnant/nursing employees, and ensure that they do not work more than eight hours per day and five days per week. HR staff will continue to monitor all the pregnant workers to ensure their working time is 8 hours per day, 5 days per week.

Completion date: 12/05/14

3. The factory strive to limit the working hours within 60 per week; daily overtime within 3 hours a day; and one full day rest

(24 hours) for every 7-day work period.

Action plan status:	Completed
Planned completion date:	08/19/15
Progress update:	09/24/15 : The factory has now rectify the factory rule and the employees' handbook on working hours, i.e. working hours other than "8 hours/5days a week" are overtime; The factory guaranteed 1 full day rest for 6 consecutive working days in the factory policy and posted at the bulletin board. Supporting Doc 10-1 ; 10-2 1; 10-3
Completion date:	08/19/15

4. The factory used to calculate the full attendance bonus based on eight daily hours and five days per week. The factory noticed the typo error and now revised the performance evaluation forms by stating the correct calculation based on 21.75 days. This revision has been posted on the bulletin board. Meanwhile, the factory added the correct calculation of the full attendance bonus in the labor contract. Supporting Doc. 1)09 ; 09 -1; 09 -2; 09 -3

Action plan status:	Completed
Planned completion date:	09/11/15
Progress update:	09/24/15 : Smartball will make sure OT does not include in production planning. Smartball will collect overtime application from the workers. Smartball will make sure all workers rest on statutory holidays & company holidays. Attached a sample of OT application with employees' written consensus for reference.
Completion date:	09/11/15

FINDING NO.4

TERMINATION & RETRENCHMENT

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory's written policies and procedures do not govern all modes of termination, and they lack a retirement procedure outlining all steps of the retirement process. In addition, the factory does not provide any ongoing training to employees on termination and retrenchment, and does not periodically review its policies and procedures.
2. The Termination Management Procedure, Article 5.8.3 states: "If the termination of employment relationship is caused by the employee's disciplinary breach or damaging of factory's property or equipment, 20% of the wage will be deducted". This practice creates the risk of workers overcompensating the factory. However, in practice, this procedure is not implemented.

Local Law or Code Requirement

Payment of Wages Tentative Provisions, Article 16; FLA Workplace Code and Benchmarks (Employment Relationship Benchmark ER.32.1)

Recommendations for Immediate Action

1. Revise policies and procedures on termination to ensure fair compensation for the factory's property loss and transparency.

COMPANY ACTION PLANS

1. Revise policies and procedures on termination to ensure fair compensation for the factory's property loss and transparency.

Action plan status:	Completed
Planned completion date:	06/17/15
Progress update:	09/24/15 : 1. The factory management has revised #5.8.3 about factory property loss in the employment termination policy. 2. The revised policy was posted at the bulletin board inside the workshops. 3. The factory will have an announcement to all workers about the revised policy.
Completion date:	06/17/15

2. The factory has now established a retirement procedure in written and stated 1) the labor contract end at the employees reach the age of retirement; 2) the production department will receive notification from HR department 1-month before the retirement to ensure a smooth transition and the contract termination process comply with the law. Supporting doc 11

Action plan status:	Completed
Planned completion date:	08/19/15
Progress update:	09/24/15 : The factory has now established a retirement procedure in written and stated 1) the labor contract end at the employees reach the age of retirement; 2) the production department will receive notification from HR department 1-month before the retirement to ensure a smooth transition and the contract termination process comply with the law. Supporting doc 11
Completion date:	08/19/15

FINDING NO.5

INDUSTRIAL RELATIONS

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory has a trade union under the ACFTU (All China Federation of Trade Unions) that was established in 2008. The factory management automatically enrolls all workers as trade union members without workers' consent. None of interviewed workers knew whether or not they are members of the trade union.
2. The factory management fills all committee member positions of the trade union. In addition, the factory does not maintain any election records to demonstrate that workers independently elect committee members. Interviewed workers stated that they had not participated in any union member elections.
3. 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.

Local Law or Code Requirement

Recommendations for Immediate Action

1. Ensure voluntary worker participation in the trade union without management interference.
2. Ensure that workers independently elect committee members of the trade union.

COMPANY ACTION PLANS

1. Ensure voluntary worker participation in the trade union without management interference.

Action plan status: Completed

Planned completion date: 12/01/14

Progress update: 09/24/15 : From 1 December 2014, all newly hired employees will be asked whether they would like to join the labor union of the factory. If Yes, they will be requested filling in the enrollment form.

Completion date: 12/01/14

2. 1. The factory will check whether the newly hired employees are willing to join the labor union.
2. The factory will ask who join the union filling in the enrollment form.
3. All workers will be given a brochures about grievance procedure, with the contacts and structure of the labor union.
4. The factory will assess employees' understanding about the labor union on a regular basis.
5. The labor union will hold a full election in 2017.

Action plan status: Completed

Planned completion date: 08/26/15

Progress update: 09/24/15 : "Without management interference" now embed in the factory policy. Supporting Doc: 12

Completion date: 08/26/15

FINDING NO.6

GRIEVANCE SYSTEM

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory posts a list of 12 grievance channels, such as production supervisors, production administration officers, different types of suggestion boxes, the union committee, worker representatives, hotline, email and other channels. However, all interviewed workers are only aware of two kinds of channels; directly lodging grievance through the production supervisors and production administration officers. All written grievances are only submitted through one grievance channel, the production administration officers. In case of sensitive grievance issues, workers are not comfortable to directly report grievances to their supervisors, but are not aware of the other grievance channels.
2. The factory only partially maintains documentation in relation to the grievance processes.

Local Law or Code Requirement

FLA Workplace Code and Benchmarks (Employment Relationship Benchmarks ER. 2.1, ER.16, and ER. 25.3.2)

COMPANY ACTION PLANS

1. 1. Strengthen propaganda to employees, e.g. training for those newly hired employee training, training regular employees once a year. The trainings will cover employees' complaint policies and procedures, different grievance channels, to ensure that the workers can express their opinion on their will.
2. Employee handbook and HR0015 procedure files have a litter different, and now has unified specification of 12 kinds of

communication channels of compliant.

3. Issued complaint and union message advertising brochures to all employees. In the meantime, everybody will be tested for their understanding. Those with high score, will receive a gift as reward.

4. Issued the complaint and the union information pamphlets for effectiveness evaluation

Action plan status: Completed

Planned completion date: 08/26/15

Progress update: 09/24/15 : "To maintain all grievance records" now embed in the factory policy.
Supporting Doc: 13

Completion date: 08/26/15

FINDING NO.7

WORKPLACE CONDUCT & DISCIPLINE

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory does not have written procedures on disciplinary measures, leading to inconsistent and unfair practices. For example, based on document reviews and interviews with factory management, the factory does not record all disciplinary violations. If the factory's production needs are high, the factory management only verbally warns the employee for the misconduct, instead of issuing a written warning.
2. The factory imposes monetary penalties (10-20 CNY/1.6-3.2 USD for each instance) as a disciplinary measure for poor behavior. The factory has no policies and procedures on disciplinary measures against abusive workers, supervisors, or managers.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27.1 and ER.27.2; Harassment and Abuse Benchmarks H/A.2 and H/A.11)

Recommendations for Immediate Action

1. Cease imposing monetary penalties as a disciplinary measure.

COMPANY ACTION PLANS

1. Actually, the factory did not exercise the deduction policy, and no one was being deducted before. The factory has now revised the factory policy.

Action plan status: Completed

Planned completion date: 12/01/14

Progress update: 09/24/15 : The factory will strengthen the communication with the workers

Completion date: 12/01/14

FINDING NO.8

HEALTH, SAFETY & ENVIRONMENT

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory does not conduct air quality tests for two rubber-mixing machines that generate dust discharge. Without adequate air quality tests, the factory is not able to evaluate if the air emissions meet the legal limit.

- The license for the contracted hazardous waste handler is expired. Therefore, all the hazardous waste in the hazardous waste warehouse has been stored there for more than three months, awaiting disposal and approaching the maximum storage capacity, with some hazardous waste blocking the ventilation window.
- The factory has garbage cans that are dedicated and labeled for temporary hazardous waste storage and non-hazardous industrial waste outside of each production building. However, the non-hazardous industrial waste outside the rubber mixing building is stored in a garbage can for hazardous waste while hazardous waste is stored in garbage cans for industrial waste. As a result, the factory has a negative impact on the surrounding environment.
- The factory does not completely manage the environmental impact of the chemicals used in their facilities. Not all chemicals are properly stored, and chemical storage containers are not in good condition.

Local Law or Code Requirement

Prevention and Control Law of Atmospheric Pollution 2000, Articles 13 and 36; Prevention and Control Law of Environmental Pollution, Solid Waste 2004, Articles 57 and 58; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4, and HSE.9; Employment Relationship Benchmark ER.31)

Recommendations for Immediate Action

- Conduct air emission quality tests for the two rubber mixing machines.
- Immediately hire a substitute hazardous waste handler with a valid license to dispose of hazardous waste.
- Ensure that the different types of wastes are stored in the correct dedicated storage areas.

COMPANY ACTION PLANS

- The factory conducted the testing in April 2015. Please refer to the attached inspection report. Please check the full set document. Supporting doc: 15 (1); 15 (2); 15 (3); 15 (4); 15

Action plan status:	Completed
Planned completion date:	04/01/15
Progress update:	09/24/15 : The factory conducted the testing in April 2015. Please refer to the attached inspection report. Please check the full set document. Supporting doc: 15 (1); 15 (2); 15 (3); 15 (4); 15
Completion date:	04/01/15

- Immediately hire a substitute hazardous waste handler with a valid license to dispose of hazardous waste.

Action plan status:	Completed
Planned completion date:	03/01/15
Progress update:	09/24/15 : The factory has already signed a contract with certified hazardous waste disposing company. Enclosed with the disposal contract, Disposal permit & transfer permit.
Completion date:	03/01/15

- Ensure that the different types of wastes are stored in the correct dedicated storage areas.

Action plan status:	Completed
Planned completion date:	12/31/14
Progress update:	09/24/15 : Different types of waste, living waste, hazardous waste, recyclable & non-recyclable waste are now stored in dedicated storage areas/rubbish bins, with different color codes (Red, Green, yellow, etc.) Besides, the factory will ensure hazardous waste are collected by certified

disposing company, by keep the transfer manifest for each collection.

Completion date: 12/31/14

4. The factory finished writing a chemical management training manual in April 2015 , and will strengthen the training to management and the chemical operators. Supporting doc: 16 (1); 16 (2); 16 (3); 16 (4); 16 (5); 16

Action plan status: Completed

Planned completion date: 08/19/15

Progress update: 09/24/15 : [Wilson AUG26, CAP for #4] The factory finished writing a chemical management training manual in April 2015 , and will strengthen the training to management and the chemical operators. Supporting doc: 16 (1); 16 (2); 16 (3); 16 (4); 16 (5); 16

Completion date: 08/19/15

FINDING NO.9

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Most of the emergency exits in the buildings of Zone B are sliding doors and do not open outwards. The factory has a clear policy that doors must be open during working hours, and installs lockers to prevent closing. However, at the time of assessment almost none of the doors had lockers, and the doors were closed. This increases the risk of unsafe emergency evacuation; especially during the winter when workers slide the doors close due to low outside temperatures.
2. The factory does not include all employees in fire drills. The factory has four shifts for different production departments; however, fire drills are usually conducted in the morning, covering the morning and regular shifts. Hence, fire drills do not include approximately 40-50 workers, who work afternoon and night shifts.
3. There is no sprinkler system in three warehouses at zone C, and another warehouse at zone C only has a partially installed sprinkler system. The factory recently opened these warehouse areas based on its production needs. As per legal requirements, any restructuring of production buildings needs to be re-evaluated in terms of fire prevention design. These newly opened warehouse areas reach 1,000 m², which legally requires the full installation of a sprinkler system.

Local Law or Code Requirement

Code of Design on Building Fire Protection and Prevention, GB50016, Articles 7.4.12.1 and 8.5.1 Section 2 and FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5.1, and HSE.5.2)

Recommendations for Immediate Action

1. Implement a system to ensure all emergency exit doors are open during working hours.
2. Conduct fire drills that include all workers in all shifts.
3. Install the legally required sprinkler systems in all applicable warehouse areas.

COMPANY ACTION PLANS

1. Implement a system to ensure all emergency exit doors are open during working hours.

Action plan status: Completed

Planned completion date: 01/01/15

Progress update: 09/24/15 : All the main emergency exit doors of the warehouse are now outward open. Please refer to the supporting
Completion date: 01/01/15

2. Conduct fire drills that include all workers in all shifts.

Action plan status: Completed

Planned completion date: 12/31/14

Progress update: 09/24/15 : Ensure all workers (of different shifts) participate fire drill at least twice per year. The factory arranged a fire drills for those night shift employees in DEC 2014. Please refer to the attachment.

Completion date: 12/31/14

3. Install the legally required sprinkler systems in all applicable warehouse areas.

Action plan status: Completed

Planned completion date: 03/31/15

Progress update: 09/24/15 : The factory has already installed automatic fire extinguisher system inside the warehouse

Completion date: 03/31/15

FINDING NO.10

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory uses a highly toxic chemical as a cleaner, which contains 99.9% n-Hexane (CAS No. 110-54-3). The factory's daily consumption averages 140-200 kg, increasing the exposure health risks.
2. The factory's glue mixing area at the maintenance tool workshop does not have fire fighting equipment, eyewash facilities, or secondary containment. In addition, the Personal Protective Equipment (PPE) is not effective in protecting workers from identified hazards.
3. The factory does not label, or have MSDS, for a chemical in the glue mixing area, which is used to make different ink colors. Although the factory subsequently obtained the MSDS from the supplier, it only contains 8 sections instead of the legally required 16.
4. There are no MSDS for two other chemicals used as paints and diluter in the mechanic crafting workshop.
5. At the foaming process area, there is no secondary containment or MSDS available for a releasing chemical.
6. The restricted area in the laminating production building does not have a MSDS or secondary containment for a chemical used for the purpose of cleaning screen-printing plates.

Local Law or Code Requirement

Regulations on the Safety Administration of Dangerous Chemicals (2011), Article 20; Safety data sheet for chemical products – Content and order of sections, GB16483 – 2008; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.6, and HSE.10)

Recommendations for Immediate Action

1. Cease the practice of using the chemical that contains 99.9% n-Hexane. Seek a substitute chemical with low hazardous substances.
2. Ensure that, and monitor, all chemical storage areas have adequate fire fighting equipment, MSDS, eyewash facilities, and secondary containment.

COMPANY ACTION PLANS

1. Cease the practice of using the chemical that contains 99.9% n-Hexane. Seek a substitute chemical with low hazardous substances.

Action plan status: Completed
Planned completion date: 03/20/15
Progress update: 09/24/15 : The factory is now using heptanes to replace N-hexane.
Completion date: 03/20/15

2. Ensure that, and monitor, all chemical storage areas have adequate fire fighting equipment, MSDS, eyewash facilities, and secondary containment.

Action plan status: Completed
Planned completion date: 12/31/14
Progress update: 09/24/15 : HSE department of the factory cross-checked all the fire fighting equipments, secondary containment, MSDS, eye wash facilities are in place. This checking will be performed on a monthly basis.
Completion date: 12/31/14

FINDING NO.11

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory does not provide workers with pre-employment occupational health examinations, violating legal requirements that stipulate that workers who are exposed to hazards are entitled to receive pre-employment, on-the-job, and pre-departure occupational health examinations at the employer's expense.
2. During the recruitment process, the factory informs applicants in writing about the exposure to occupational disease hazards. However, the factory does not specifically indicate the types of occupational disease hazards, violating legal requirements.
3. The factory's leather and rubber production section has serious occupational hazards; however, the factory has not enlisted the services of an occupational health technical service institution to evaluate the occupational hazards. Local law requires that risk areas have to be evaluated at least once every three years.
4. The factory does not properly maintain the vulcanizing and skiving machines, resulting in high noise levels between 85-95 dB (A). In addition, the factory does not provide workers with any PPE (earplugs).
5. Furthermore, worker interviews and observations found that the factory does not provide workers handling heavy molds with PPE (safety boots) against the risk of dropping.
6. In addition, the factory does not provide adequate PPE at the hazardous waste warehouse; there are only masks, but no other PPE such as gloves and protective aprons. (Note: At the time of assessment, the factory was in the process of purchasing adequate PPE)
7. Most of the eyewash facilities are malfunctioning. As a result, workers have to manually activate the motor of eyewash facilities in order to reach required water pressure to wash eyes, increasing health risks in case of an emergency.

Local Law or Code Requirement

Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, Articles 34 and 36; Provisions on the Supervision and Administration of Occupational Health at Work Sites 2012, Articles 16,17, 20, and 30; Risk Classification Directory of Occupational Disease for Construction Project (2002), No.7 and 16-high risk industry (leather and rubber products); FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.7, and HSE.13)

Recommendations for Immediate Action

1. Hire an authorized institute, with a valid license, to conduct all types of occupational health assessments.

2. Inform workers in writing about specific occupational disease hazards they will be exposed to.
3. Provide adequate PPE for all workers in risk areas, such as earplugs for workers in the areas of vulcanizing and skiving, safety boots for workers handling molds, and gloves and protective aprons at the hazardous waste warehouse.
4. Immediately repair and maintain eyewash facilities.

COMPANY ACTION PLANS

1. Factory has assigned a third party company (Shenzhen HuaCe company) to perform the occupational health potential hazardous ongoing testing annually. Enclosed with the inspection report.

Smartball will contact certified 3rd party to perform occupational disease hazards evaluation no later than June 2016.

Action plan status: Planned

Planned completion date: 06/30/16

2. Inform workers in writing about specific occupational disease hazards they will be exposed to.

Action plan status: Completed

Planned completion date: 12/03/14

Progress update: 09/24/15 : From 3 Dec 2014, Factory has started to inform all employees relevant post the occupational hazard factors in written.

Completion date: 12/03/14

3. Provide adequate PPE for all workers in risk areas, such as earplugs for workers in the areas of vulcanizing and skiving, safety boots for workers handling molds, and gloves and protective aprons at the hazardous waste warehouse.

Action plan status: Completed

Planned completion date: 12/20/14

Progress update: 09/24/15 : The factory took immediate corrective action by provide PPE (3M brand) to workers who are exposed to occupation hazard.

Completion date: 12/20/14

4. Immediately repair and maintain eyewash facilities.

Action plan status: Completed

Planned completion date: 12/31/14

Progress update: 09/24/15 : Eye wash facilities have been checked and repaired maintainence team. Please refer to the attached photo.

Completion date: 12/31/14

5. The factory established a procedure on occupation health assessment management. The factory guaranteed to pay the cost of the Occupation health assessment. Supporting Doc 18

Action plan status: Completed

Planned completion date: 08/19/15

Progress update: 09/24/15 : The factory established a procedure on occupation health assessment management. The factory guaranteed to pay the cost of the Occupation health assessment. Supporting Doc 18

Completion date: 08/19/15

FINDING NO.12

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Due to improper maintenance of toilet facilities, workers have to fetch water in order to flush toilets. Around 80% of the toilets have this issue.
2. Cooking is allowed in the dormitory; this poses a fire risk, and violates the local regulations.
3. Boiled water machines have filters installed; however, there are no maintenance records to demonstrate that filters are regularly replaced. Transparent tubes showed that most filters are dark, posing a risk of poor water quality. In addition, the factory only conducts drinking water tests once a year.
4. Approximately 80% of all work areas, such as the sewing, screen-printing, cutting, and vulcanizing areas have illumination levels ranging from 60 to 160 lux, while illumination should be at least 300lux.
5. None of the first-aid kits are re-stocked in a timely manner. Five out of eight first-aid kits are not fully stocked, according to the medical supplies inventory inside the kits.

Local Law or Code Requirement

Standard for Lighting Design of Buildings GB50034-2004, Sheet 5.3.1, Part 6 (Rubber Industry); Standard for Fire Safety Management of Assembly Occupancies GA654-2006, Article 8.8.5; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.6.1, HSE.13, HSE. 19, HSE.23.1, and HSE.25)

Recommendations for Immediate Action

1. Repair all the malfunctioning toilets.
2. Ensure that the filters of the boiled water machines are regularly replaced. Keep maintenance records on-site.
3. Ensure that all first-aid kits are fully stocked at all times. Assign a staff member responsibility for this task.

COMPANY ACTION PLANS

1. Repair all the malfunctioning toilets.

Action plan status: Completed

Planned completion date: 12/31/14

Progress update: 09/24/15 : The factory checked to ensure all automatic flush toilets are now operate properly. Besides, the factory assigned staffs clean the toilet twice a day.

Completion date: 12/31/14

2. Ensure that the filters of the boiled water machines are regularly replaced. Keep maintenance records on-site.

Action plan status: Completed

Planned completion date: 12/05/14

Progress update: 09/24/15 : HSE personnel will replace the filter of the boiler regular, and keep the records with the maintenance card.

Completion date: 12/05/14

3. Ensure that all first-aid kits are fully stocked at all times. Assign a staff member responsibility for this task.

Action plan status: Completed

Planned completion date: 12/05/14

Progress update: 09/24/15 : Each work floor will be placed with 3 first-aid box. Certified first-aid staffs will check the supplies regularly. The factory planned to apply 6S concept to ensure first-aid kits are tidy and well stocked.

Completion date: 12/05/14

4. Cooking is prohibited in the dormitory area. The factory now ask the security guard perform regular fire safety checking in dormitory. Meanwhile, the factory assign certified catering service for employees who are living in the dormitory. Supporting doc 19 (1) ; 19

Action plan status: Completed

Planned completion date: 08/19/15

Progress update: 09/24/15 : Cooking is prohibited in the dormitory area. The factory now ask the security guard perform regular fire safety checking in dormitory. Meanwhile, the factory assign certified catering service for employees who are living in the dormitory. Supporting doc 19 (1) ; 19

Completion date: 08/19/15

5. Those area with light less than sufficient, the factory installed 25 watt light as supplement. Supporting Doc. 20

Action plan status: Completed

Planned completion date: 08/19/15

Progress update: 09/24/15 : Those area with light less than sufficient, the factory installed 25 watt light as supplement. Supporting Doc. 20

Completion date: 08/19/15

FINDING NO.13

HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Many workstations, such as the cutting, vulcanizing, and high frequency machine (tall type) areas, require workers to stand throughout the workday. However, the factory does not manage ergonomic risks for workers, e.g. providing anti-fatigue mats, ergonomic breaks, and exercises).
2. None of the chairs at the production areas are ergonomically adjustable or have backrests to minimize bodily strains.
3. Workers who operate pedal-equipped, high frequency machines (short type) have to repetitively step hard on the pedals (once per 10-15 seconds). The factory does not take proactive steps to reduce these repetitive motions and workers reported leg strains.
4. The factory does not provide applicable workers with proper training on lifting techniques and handling heavy goods and tools.
5. The factory does not keep all work-related injury, illness, and accident/incident records (minor and near-miss cases). Workers are not required to explain their need for medical supplies when they take them from first-aid boxes.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.3.2 and HSE.17)

COMPANY ACTION PLANS

1. Workers of the ultra-sonic section were offered with an anti-fatigue mat to make them feel more comfortable.
2. The factory deliver the tips & knowledge about the ergonomic information to employees in cutting section

Action plan status: In Progress
Planned completion date: 12/31/15
Progress update: 09/24/15 : The factory has offered cushion & mats to those workers who have to stand while working. Besides, the factory setup two sewing lines with backrest for testing. The factory would apply backrest to all sewing line after the evaluation.

2. Has been planning a demonstration line to production workshop currently, set the adjustable seat for employees.

Action plan status: In Progress
Planned completion date: 12/31/15
Progress update: 09/24/15 : The factory has offered cushion & mats to those workers who have to stand while working. Besides, the factory setup two sewing lines with backrest for testing. The factory would apply backrest to all sewing line after the evaluation.

3. The factory is now studying the measure of the 10-15 minutes break (rest period) to reduce the fatigue of the repetitive motion

Action plan status: Planned
Planned completion date: 11/30/15

4. The factory has entrusted a third party company with the heavy lifting operation. The workers of the factory is only responsible for packaging and light weight lifting. lifting skill training will be offered annually.

Action plan status: Planned
Planned completion date: 10/31/15

5. The factory does not keep all work-related injury, illness, and accident/incident records (minor and near-miss cases). Workers are not required to explain their need for medical supplies when they take them from first-aid boxes.

Action plan status: In Progress
Planned completion date: 07/31/15
Progress update: 09/24/15 : Factory documented logs about occupation injury or diseases, and keep records in the medical care room. The personnel (certified) of the clinic take care of the injury log, the supplies and refill of the first-aid kits.

FINDING NO.14

REVIEW PROCESS (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory conducts regular reviews of certain Employment Functions: Compensation, Hours of Work, Environment and Health & Safety. However, the factory management does not review policies and procedures on the following Employment Functions: Recruitment, Hiring & Personnel Development, Industrial Relations, Grievance System, Workplace Conduct & Discipline, and Termination & Retrenchment.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3 and ER.30.2)

COMPANY ACTION PLANS

1. The factory started review the 6 HR modules since MAR, and will regularly on JUN, SEPT, DEC, i.e. 4 times per year) The management will setup improvement projects based on the evaluation.

Action plan status: Planned

Planned completion date: 07/31/15

FINDING NO.15

COMPENSATION

FINDING TYPE: Notable Feature

Finding Explanation

1. The factory grants monetary incentives (one time benefit of CNY 1,000-3,000) to employees whose children are enrolled in universities.

FINDING NO.16

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory has written policies and procedures on hiring, such as HR staff members checking workers' background and copying workers' ID during the hiring process. However, during the assessment, one worker was not registered and did not have an official ID. Interviews with the factory management, supervisor, and the worker revealed that the supervisor directly hired this worker in order to substitute an open position, due to a worker leaving without notifying the HR department. This case demonstrates gaps in the factory's hiring management system.

Local Law or Code Requirement

FLA Workplace Code and Benchmarks (Employment Relationship Benchmark ER.4.1)

Recommendations for Immediate Action

1. Remove the worker without documents from the position until the factory obtains the worker's ID and other documents, e.g., signed employment contract, personnel file, age document.
2. Designate one HR staff member to accompany this worker to go back to the worker's hometown to obtain the valid ID documents.
3. Provide on-going training on the factory's hiring policies and procedures for all supervisors.

FINDING NO.17

INDUSTRIAL RELATIONS & WORKER INTEGRATION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not communicate its policies and procedures to the general workforce on an ongoing basis regarding Industrial Relations. While the factory provides an orientation process during which all new employees are informed about some of the factory's rules and practices, there is no planned follow-up training to communicate updates.
2. The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/or receive worker input/feedback on the creation, implementation, and revision of its policies and procedures. Workers are neither systematically integrated nor consulted in the decision-making processes.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.16.1, and ER.25.2)