



2011

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL VERIFICATION REPORT

COMPANY: Riddell, Inc.
COUNTRY: China
FACTORY CODE: 230015118HV
MONITOR: Openview Service, Ltd.
AUDIT DATE: July 27, 2011
PRODUCTS: Plastic Products
PROCESSES: Full
NUMBER OF WORKERS: 1200

*To read the original IEM report of this factory, please visit the FLA website [here](#).
For an explanation on how to read this report, please visit the FLA website [here](#).



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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 the review of social insurance contribution record of March 2009, the factory had covered only 658 employees under the retirement insurance, 7 employees under the medical and maternity insurances, 1,070 employees under industrial injury and accident insurance, while no unemployment insurance was provided to workers. Factory provided waiver from local social insurance bureau on January 2, 2009 for review.

In accordance with Article 73 of the Labor Law of the People's Republic of China, employees shall, in accordance with the law, be entitled to social insurance benefits under the following circumstances: (1) retirement; (2) illness or injury; (3) disability caused by work-related injury or occupational disease; (4) unemployment; and (5) maternity.

Plan Of Action: Q3 factory visit is planned for this year. [Factory] has collaborated with Riddell on all reported FLA audit issues. They have further improved their daily operations by ensuring that policies & procedures are in place and enforced; workers are properly trained (supported by documented records) and appropriate staff members of the recently developed CoC Audit Team perform regular internal audits with tracking. Riddell will review / monitor their progress at quarterly intervals (or sooner if required).

Deadline Date: 10/15/2013

Supplier CAP: As a result of the financial tsunami, local government has relaxed the social insurance program. We have since adjusted and complied according to the waiver rather than the original law. In fact, the waiver required us to cover only 200 employees with retirement insurance, and we have covered 658 workers due to past execution. We will exert additional efforts to readjust should there be any change in the local policies. The unemployment insurance law, as we understand, requires unemployment insurance for only [city name] residents; there is no need for workers with registered residence in other provinces or cities. We have only 6 employees who are [city name] residents and they are all covered with the stipulated unemployment insurance. Note: Though no request was made to review those insurance documents on the day of the audit, we are happy to submit them on future request.

Supplier CAP Date: 05/01/2009

Action Taken:

1. Retirement - [City name] obtained a waiver from the local government bureau, exempting the company from the responsibility of providing retirement insurance to its employees, provided that the employee chooses not to participate in the national retirement insurance program. [Company name] has exercised their right of exemption accordingly in those cases where the employee has elected not to participate.
2. Accidental Injury - [Company name] provides this insurance to all full-time employees as required by China Labor policy.
3. Medical Insurance - [Company name] provides this insurance to all full-time employees as required by China Labor policy.
4. Maternity Leave - The local labor law requires that local employers provide all workers who are permanent residents of the greater [city name] area with this benefit. Coverage for all other workers with permanent residency elsewhere is not mandatory. [Company name] provides this benefit according to the requirements of the local law.
5. Unemployment Insurance - The local labor law requires that local employers provide all workers who are permanent residents of the greater [city name] area with this benefit. Coverage for all other workers with permanent residency elsewhere is not mandatory. [Company name] provides this benefit according to the requirements of the local law. Note: Any inconsistencies noted by the FLA audit team were inadvertent or were the result of miscommunication. It is the express policy and practice of [Company name] to cooperate with client auditors and comply with China law.



Plan Complete: Yes

Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text: Pending: Based on review, social insurance payment proof from July 2010 to July 2011, and interviews with management, it was noted the factory only provided pension, maternity insurance and unemployment insurance for some employees. There were 2,890 employees in the audit day. Factory had provided work-related injury insurance and medical insurance for all employees, while only 447 employees were covered by pension, 37 employees were covered by maternity insurance and 17 employees were covered by unemployment insurance. [Factory] revised its Annual Leave Policy to state that workers must arrange their annual holiday leave prior to resigning from [Factory name]. Any unused portion of earned leave credits at the time of resignation will be paid at the rate of 300% of wages, provided that the employee has previously requested leave but has been denied due to factory labor requirements or other reasons beyond the control of the employee. Document (Annex 1) sent to FLA for review.

Action Verified Date: 07/27/2011



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: [New Finding on July 25-27, 2011:](#) It was written in the annual leave policy that if workers gave up taking annual leave, they would be compensated at a normal payment rate, which violates the local law requirement: factory must pay workers at 300% of normal payment for untaken annual leave. Management and worker interviews also confirmed this practice. This violates Article 5 of the Regulations on Paid Annual Leave for Employees Root cause: The management was not aware of present legal regulations and did not pay enough attention to workers' benefits.

Plan Of Action: Contacted supplier. Mediated between supplier and the monitor to reach a clearer understanding. [Factory] has collaborated with Riddell on all reported FLA audit issues. They have further improved their daily operations by ensuring that policies & procedures are in place and enforced; workers are properly trained (supported by documented records) and appropriate staff members of the recently developed CoC Audit Team perform regular internal audits with tracking. Riddell will review / monitor their progress at quarterly intervals (or sooner if required).

Deadline Date: 10/15/2013

Supplier CAP:

Supplier CAP Date:



Action Taken: [Factory] has revised its Annual Leave Policy to state that workers must arrange their annual holiday leave prior to resigning from [Factory name]. Any unused portion of earned leave credits at the time of resignation will be paid at the rate of 300% of wages, provided that the employee has previously requested leave but has been denied due to factory labor requirements or other reasons beyond the control of the employee. Documents sent to the FLA for review.

Plan Complete: Yes

Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text:

Action Verified Date:



Wages, Benefits and Overtime Compensation: Employer Provided Services

WBOT.16 All workers have a right to use or not to use employer provided services, such as housing or meals. Deductions for services to workers shall not exceed the cost of the service to the employer. Employers must be able to demonstrate the accuracy or reasonableness of these charges. (P)

Noncompliance

Explanation: [New Finding on July 25-27, 2011:](#) Based on review of payroll records and interviews with workers, it was noted that accommodation fees were deducted from workers wages, regardless of whether they chose to live in dormitory or rent an apartment outside. Only workers who provided marriage certificates could apply for no wage deduction for living outside the factory dormitory.

Plan Of Action: Contacted supplier. Mediated between supplier and the monitor to reach an clearer understanding. [Factory] has collaborated with Riddell on all reported FLA audit issues. They have further improved their daily operations by ensuring that policies & procedures are in place and enforced; workers are properly trained (supported by documented records) and appropriate staff members of the recently developed CoC Audit Team perform regular internal audits with tracking. Riddell will review / monitor their progress at quarterly intervals (or sooner if required).

Deadline Date: 10/15/2013

Supplier CAP:

Supplier CAP Date:

Action Taken: [Factory] has revised the Housing Policy to state that all workers are free to live outside or in company's provided dormitories. For any decision changes, an employee may submit an accommodation application which will take effect on the 15th of the month following the application. Documents were sent to the FLA for review.

**Plan
Complete:** Yes

**Plan
Complete
Date:** 08/28/2013

**Action
Verified:** No

**Action
Verified
Text:**

**Action
Verified
Date:**

Wages, Benefits and Overtime Compensation: General Compliance Wages, Benefits and Overtime Compensation

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

Noncompliance

Explanation: Due to unreliable time and payment records, auditor could not verify whether the overtime wages were calculated at a premium rate and paid correctly to the workers. For instance, various records obtained from various sections showed that workers were working on many Sundays and Saturdays such as January 11, 2009 (Sunday), November 22, 2008 (Saturday), November 23, 2009 (Sunday), January 10, 2009 and January 17, 2009 (Sunday). However, corresponding time and payment records of respective workers showed that they were off on those days. In addition, it was noted that the information gathered during the workers interviews both on- and off-site presented discrepancies with the information reflected on the time and payment records provided during the audit. For instance, some workers reported that they were required to work on some Saturdays even during the low season, however, their corresponding time records showed that they were not required to work on any Saturday during the entire period. Some workers also admitted that they were required to work on Sunday occasionally for the past few months, however, their corresponding time records showed that they did not work on any Sunday. Hence, the time and payment records provided were unreliable.

Legal Reference: Article 44 of Labor Law of the People's Republic of China

Plan Of Action: Q3 factory visit is planned for this year.



Deadline Date: 08/15/2009

Supplier CAP: It has been a major challenge to the entire export manufacturing industry in China that there are a lot of different CoC requirements on top of the China Labor Law. We will strive to detect those gaps in details and work to satisfy all codes at the same time. In the past, it has been our emphasis on the International Council of Toy Industries (ICTI) requirement as the main framework under which our factory adheres to the "Combined Working Hours System" option as provided for by local China Labor policy which states that an employee may exceed 3 hours of overtime in a 24 hour period. Furthermore, the total hours worked in a 7-day period by a single hourly employee may exceed 60 hours, as long as the total overtime hours worked in a calendar year do not exceed 432 hours. We have always adopted the ICTI philosophy of continuous improvement. To maintain and submit genuine and accurate records of all sorts, even if they were non-compliant, is the backbone of the entire recording system. It was a misfortune that our staff has not been able to project our honest company philosophy, or that our records were not accurate enough to produce 100% consistency. Note: We truly believe that perhaps it is a good idea that if a factory is genuinely submitting its true picture to the auditors, it is fair for the factory to know where the inconsistencies were found so that we could at least explain and the auditors could evaluate according to their free minds. We have no idea which inconsistencies were found even up to now. It would help us better to plan a more effective CAP if we knew what went wrong.

Supplier CAP Date: 08/15/2009

Action Taken: 1. It is the express policy and practice of [Factory] to follow all China and local laws relative to wage and working hour requirements. Further, it is the policy and practice of [Company name] to keep and maintain accurate and complete records of all related transactions and to make them available in their entirety, without modification to government officials, auditing agencies and others that are approved by [Factory] management to view and possess information proprietary to the company. 2. Any inconsistencies noted by the FLA audit team were inadvertent or were the result of miscommunication. It is the express policy and practice of [Factory] to cooperate with client auditors and comply with China law.



Plan Complete: Yes

Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text: Completed: Based on payroll review and time records from July 2010 to June 2011 and interviews with workers and management, it was confirmed that overtime wages were calculated and paid to workers properly.

Action Verified Date: 07/27/2011

Wages, Benefits and Overtime Compensation: Minimum Wage

WBOT.2 Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher. (S)

Noncompliance

Explanation: Time and payment records were manipulated and unreliable, therefore the auditor could not verify whether the basic wages were properly calculated and paid to workers according to legal working hours and whether workers were properly paid the minimum wages. For instance, various records obtained from various sections showed that workers were working on many Sundays and Saturdays such as January 11, 2009 (Sunday), November 22, 2008 (Saturday), November 23, 2009 (Sunday), January 10, 2009 and January 17, 2009 (Sunday). However, corresponding time and payment records of respective workers showed that they were off on those days. In addition, it was also noted that the information gathered during the worker interviews both on- and off-site presented discrepancies with the information reflected on the time and payment records provided during the audit. For instance, some workers reported that they were required to work on some Saturdays even during the low season, however, their corresponding time records showed that they were not required to work on any Saturday during the entire period. Some workers also reported that they were required to work on Sunday occasionally for the past few months, however, their corresponding time records showed that they did not work on any Sunday. Hence, the time and payment records provided were unreliable.

Legal Reference: Article 48 of the Labor Law of the People's Republic of China

Plan Of Action: Q3 factory visit is planned for this year.

Deadline Date: 08/15/2009

Supplier CAP: Time and payment records were manipulated and unreliable, therefore the auditor could not verify whether the basic wages according to legal working hours were properly calculated and paid to the workers and whether workers were properly paid the minimum wages. For instance, various records obtained from various sections showed that workers were working on many Sundays and Saturdays such as January 11, 2009 (Sunday), November 22, 2008 (Saturday), November 23, 2009 (Sunday), January 10, 2009 and January 17, 2009 (Sundays). However, corresponding time and payment records of respective workers showed that they were off on those days. In addition, it was also noted that the information gathered during the workers interviews both on- and off-site presented discrepancies with the information reflected on the time and payment records provided during the audit. For instance, some workers reported that they were required to work on some Saturdays even during the low season, however, their corresponding time records showed that they were not required to work on any Saturday during the entire period. Some workers also admitted that they were required to work on Sunday occasionally for the past few months, however, their corresponding time records showed that they did not work on any Sunday. Hence, the time and payment records provided were unreliable. Legal Reference: Article 48 of the Labor Law of the People's Republic of China

Supplier CAP 08/15/2009
Date:

Action Taken:

1. It is the express policy and practice of Riddell to follow all China and local laws relative to wage and working hour requirements. Further, it is the policy and practice of Riddell to keep and maintain accurate and complete records of all related transactions and to make them available in their entirety, without modification to government officials, auditing agencies and others as approved by Riddell's management.
2. Any inconsistencies noted by the FLA audit team were inadvertent or were the result of miscommunication. It is the express policy and practice of Riddell to cooperate with client auditors and comply with China Law.

Plan Complete: Yes

Plan Complete Date: 08/28/2013



Action Verified: No

Action Verified Text: [Completed:](#) Based on payroll review and time records from July 2010 to June 2011 and interviews with workers and management, it was confirmed that the basic wages were properly calculated and paid to workers, and legal minimum wage was guaranteed.

Action Verified Date: 07/27/2011

Wages, Benefits and Overtime Compensation: Premium/Overtime Compensation

WBOT.10 The factory shall comply with all applicable laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days, and overtime. (S)

Noncompliance

Explanation: Due to unreliable time and payment records, auditor could not accurately verify workers' wage status at the facility. For instance, various records obtained from various sections showed that workers were working on many Sundays and Saturdays such as January 11, 2009 (Sunday), November 22, 2008 (Saturday), November 23, 2009 (Sunday), January 10, 2009 and January 17, 2009 (Sunday). However, corresponding time and payment records of respective workers showed that they were off on those days. In addition, it was also noted that the information gathered during the workers interviews both on-site and off-site presented discrepancies with the information reflected on the time and payment records provided during the audit. For instance, some workers reported that they were required to work on some Saturdays even during the low season, however, their corresponding time records showed that they were not required to work on any Saturday during the entire period. Some workers also admitted that they were required to work on Sunday occasionally for the past few months, however, their corresponding time records showed that they did not work on any Sunday. Hence, the time and payment records provided were unreliable.

Legal Reference: Article 44 of Labor Law of the People's Republic of China

Plan Of Action: Q3 factory visit is planned this year.

Deadline Date: 08/15/2009

Supplier CAP: Same CAP and explanation as in minimum wages issue. Further explanation is that our payment of wages was completely through the bank and the bank payment records could not be manipulated. It matched exactly to our wage records and the key is we have no complaints on pays being cut. It would be safe to conclude that our wage records were accurate in principle. You may even come and audit our financial accounts if necessary. It was inappropriate recording practice and human error that caused the misunderstanding. Anyway, we have that rectified now.

Supplier 08/15/2009
CAP Date:

Action Taken: 1. It is the express policy and practice of [factory] to follow all China and local laws relative to wage and working hour requirements. Further, it is the policy and practice of [Factory] to keep and maintain accurate and complete records of all related transactions and to make them available in their entirety, without modification to government officials, auditing agencies and others as approved by [Factory] management.

2. Any inconsistencies noted by the FLA audit team were inadvertent or were the result of miscommunication. It is the express policy and practice of [Company name] to cooperate with client auditors and comply with China law.

Plan Complete: Yes

Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text: Completed: Based on payroll review and time records from July 2010 to June 2011 and interviews with workers and management, it was confirmed that the factory paid for work on holidays, rest days, and overtime as per legal requirements. They paid workers 150, 200 and 300 percent of normal wage rate for overtime on normal working days, rest days and statutory holidays respectively.

Action Verified Date: 07/27/2011



Wages, Benefits and Overtime Compensation: False Payroll Records

WBOT.19 Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason. Payroll records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: Having compared the time and payment records provided with various production related records and information gathered during the worker interviews, it was noted that various inconsistencies existed. For instance, various records obtained from various sections showed that workers were working on many Sundays and Saturdays such as Jan 11, 2009 (Sunday), November 22, 2008 (Saturday), November 23, 2009 (Sunday), January 10, 2009 and January 17, 2009 (Sunday). However, corresponding time and payment records of respective workers showed that they were not working on those days. In addition, it was noted that the information gathered during the worker interviews both on- and off-site presented discrepancies with the information reflected on the time and payment records provided during the audit. For instance, some workers reported that they were required to work on some Saturdays even during the low season, however, their corresponding time records showed that they were not required to work on any Saturday during the entire period. Some workers also admitted that they were required to work on Sunday occasionally for the past few months, however, their corresponding time records showed that they did not work on any Sunday. Hence, time and payment records were unreliable and did not reflect workers' actual working hours, overtime and wages status at the facility.

Plan Of Action: Q3 factory visit is planned for this year.

Deadline Date: 08/15/2009

Supplier CAP: Same CAP and explanation as in minimum wages issue. Further explanation is that our payment of wages was conducted completely through the bank and the bank payment records could not be manipulated. It matched exactly to our wage records and the key is we have no complaints on pays being cut. It would be safe to conclude that our wage records were accurate in principle. You may even come and audit our financial accounts if necessary. It was inappropriate recording practice and human error that caused the misunderstanding. Anyway, we have that rectified now.



Supplier 08/15/2009
CAP Date:

Action Taken: 1. It is the express policy and practice of [Factory] to follow all national and local laws relative to wage and working hour requirements. Further, it is the policy and practice of [Factory] to keep and maintain accurate and complete records of all related transactions and to make them available in their entirety, without modification to government officials, auditing agencies and others as approved by [Factory] management.

2. Any inconsistencies noted by the FLA audit team were inadvertent or were the result of miscommunication. It is the express policy and practice of [Company name] to cooperate with client auditors and comply with China law.

Plan Complete: Yes

Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text: Completed: Based on review of payroll and time records from July 2010 to June 2011, production records, and interview with workers and management, it was confirmed that there was not any inconsistency identified during the audit. The payroll and time records were accurate.

Action Verified Date: 07/27/2011

Wages, Benefits and Overtime Compensation: Worker Wage Awareness

WBOT.22 Employers shall make every reasonable effort to ensure workers understand the wages, including the calculation of wages, incentives systems, benefits and bonuses they are entitled to in a factory and under applicable laws. To this end, employers shall communicate orally and in writing to all workers all relevant information in the local language or language(s) spoken by the workers, if different from the local language. (P)

Noncompliance

Explanation: [New Finding on July 25-27, 2011:](#) Although the factory had established the paid sick leave policy which was in compliance with the legal regulation, more than 80% of workers were not aware of this policy, and most of them thought that sick leave was not paid.

Plan Of Action: [Mediated between supplier and the monitor to better understand the issue.](#)

Deadline Date: [08/28/2013](#)

Supplier CAP:

Supplier CAP Date: [08/28/2013](#)

Action Taken: [For employees to more fully understand company policy, we will reinforce pre-work training in detail, and post our welfare policy at the canteen, dormitories and clocking m/c area. Documents were sent to FLA for review.](#)

Plan Complete: [Yes](#)

Plan Complete Date: [08/28/2013](#)

Action Verified: No

Action Verified Text:

Action Verified Date:

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: [New Finding on July 25-27, 2011:](#) As per factory rules, workers in probation period would be deducted 0 to 3 days' wage if the worker resigned suddenly, and other workers would be deducted 0 to 15 days' wage if the worker resigned suddenly.

Plan Of Action: Mediated between supplier and the monitor to obtain a clear understanding of the issue. [Factory] has collaborated with Riddell on all reported FLA audit issues. They have further improved their daily operations by ensuring that policies & procedures are in place and enforced; workers are properly trained (supported by documented records) and appropriate staff members of the recently developed CoC Audit Team perform regular internal audits with tracking. Riddell will review / monitor their progress at quarterly intervals (or sooner if required).

Deadline Date: 10/15/2013



**Supplier
CAP:**

**Supplier
CAP Date:**

Action Taken: [Factory name] has instructed its managers to discontinue the practice of informing employees that penalties may apply if proper notice is not given prior to resignation.

Plan Complete: Yes

Plan Complete Date: 08/28/2013

Action Verified: No

**Action Verified
Text:**

**Action Verified
Date:**

Forced Labor: Worker Ability to Terminate/Freedom of Movement

F.13 Employers shall not utilize practices that restrict a workers' ability to terminate his or her employment or freedom of movement. Examples of such practices include, but are not limited to: (the threat of) physical or mental coercion; requiring deposits; imposing financial penalties; requiring recruitment fees; setting production targets or piece rates at such a level that workers need to work beyond normal working hours (excluding overtime) as set under the FLA Code in order to make the legal minimum wage or the prevailing industry wage; and denying and hampering access to, and renewal of, identity papers and/or work permits or any other personal legal (identification) documents. (S)

Noncompliance

Explanation: [New Finding on July 25-27, 2011:](#) Based on review of payroll records, interviews with management and workers, it was noted that workers needed to pay RMB 33 for summer uniform or RMB 36 for winter uniform if they resigned within 1 year after joining the factory. This violates the Article 9 of China Employment Contract Law.

Plan Of Action: Mediated between supplier and the monitor to better understand the issue. [Factory] has collaborated with Riddell on all reported FLA audit issues. They have further improved their daily operations by ensuring that policies & procedures are in place and enforced; workers are properly trained (supported by documented records) and appropriate staff members of the recently developed CoC Audit Team perform regular internal audits with tracking. Riddell will review and monitor their progress at quarterly intervals (or sooner if required).

Deadline Date: 10/15/2013

Supplier CAP: [Factory] has revised its policy to provide uniforms to all workers free of charge. They need to return their uniforms when they terminate their employment.

Supplier CAP Date:



Action Taken: [Factory] has revised its policy to provide uniforms to all workers free of charge. They need to return their uniforms when they terminate their employment.

Plan Complete: Yes

Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text:

Action Verified 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; 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 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 does stipulate 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.

Plan Of Action: Q3 factory visit is planned for this year.

Deadline Date: 08/15/2009

Supplier CAP: Our factory adheres to Chinese Labor policy re. FOA.2 requirements of FLA. We may have to wait to see the new Chinese Law in this respect and adjust accordingly.

Supplier CAP Date: 08/15/2009

Action Taken: 1. It is the express policy and practice of [factory] to allow freedom of association and the right to form trade unions. In addition to regularly soliciting employee feedback in several different venues, [factory] conducts monthly meetings with employee representatives where comments, requests, suggestions and complaints are solicited and addressed. 2. Any inconsistencies noted by the FLA audit team were inadvertent or were the result of miscommunication. It is the express policy and practice of [Company name] to cooperate with client auditors and comply with China law. 3. It is the express policy and practice of [factory] to allow freedom of association and the right to form trade unions. In addition to regularly soliciting employee feedback in several different venues, [factory] conducts monthly meetings with employee representatives where comments, requests, suggestions and complaints are solicited and addressed. Any inconsistencies noted by the FLA audit team were inadvertent or were the result of miscommunication. It is the express policy and practice of [Factory name] to cooperate with client auditors and comply with China law.

Plan Complete: Yes

Plan Complete Date:

Action Verified: No

Action Verified Text: Ongoing: There was no formal trade union established in the factory. The factory had set up worker representative system. 6 worker representatives were elected by workers and have meetings with management periodically.

Action Verified Date: 07/27/2011

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: [New Finding on July 25-27, 2011:](#) It was written in Administration Penalty Regulations that workers who participated in strikes would be given a major demerit.

Plan Of Action: Mediated between supplier and the monitor to more clearly understand the issue. [factory] has collaborated with Riddell on all reported FLA audit issues. They have further improved their daily operations by ensuring that policies & procedures are in place and enforced; workers are properly trained (supported by documented records) and appropriate staff members of the recently developed CoC Audit Team perform regular internal audits with tracking. Riddell will review / monitor their progress at quarterly intervals (or sooner if required).

Deadline Date: 10/15/2013

Supplier CAP: [factory] has eliminated all references and practices of demerit or penalties imposed on employees participating in legal strikes from its Administration Penalty Regulations. Document (Annex 5) sent to FLA for review.

Supplier CAP Date: 08/28/2013

Action Taken: [factory] has eliminated all references and practices of demerit or penalties imposed on employees participating in legal strikes from its Administration Penalty Regulations. Documents were sent to the FLA for review.

Plan **Yes**
Complete:

Plan
Complete
Date:

Action **No**
Verified:

Action
Verified
Text:

Action
Verified
Date:

Harassment or Abuse: Discipline/Progressive Discipline

H&A.2 Employers shall have a written system of progressive discipline (e.g., a system of maintaining discipline through the application of escalating disciplinary action moving, for instance, from verbal warnings to written warnings to suspension and finally to termination). Any exceptions to this system (e.g., immediate termination for gross misconduct, such as theft or assault) shall also be in writing and clearly communicated to workers. (P)

Noncompliance

Explanation: Based on the review of the disciplinary records, factory rules, and interviews with factory management and workers, an improper termination process was found in the factory as workers were fired due to smoking in non-smoking areas (such as the dormitory) without previous warning or escalating disciplinary action taken.

Plan Of Action: The factory maintains a "zero tolerance" policy regarding smoking in non-designated smoking areas. Official policy, as approved by the local Chinese labor government agency, states clearly that any employee found smoking in a non-smoking area is subject to immediate termination. Furthermore, employees are warned during new hire orientation, as well as during ongoing training of this policy. However, we will add more smoking areas for workers, and communicate more on this issue in due course.

Deadline Date: 06/01/2009

Supplier CAP:

Supplier CAP Date: 06/01/2009

Action Taken: [Factory] will add more smoking areas for workers, and communicate more on this issue in due course.

Plan Complete: Yes



Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text: Completed: Based on on-site observation, the employer had added more smoking areas for workers and no workers would smoke in non-designated smoking areas.

Action Verified Date:

Harassment or Abuse: Discipline/Review of Disciplinary Action

H&A.3 The disciplinary system shall include possibilities for workers to have disciplinary action imposed on them reviewed by someone at a higher managerial position than the manager who imposed the disciplinary action. In addition, such a system shall include the ability of a worker to appeal and/or question any disciplinary action against him or her and/or have a third party of his or her choice present when the disciplinary action is being imposed. (P)

Noncompliance

Explanation: [New Finding on July 25-27, 2011:](#) The disciplinary system did not include possibilities for workers to have any disciplinary action imposed on them reviewed by someone at a higher managerial position than the manager who imposed the disciplinary action. Neither did it include the ability of a worker to appeal and/or question any disciplinary action against them and/or have a third party of the worker's choice present when the disciplinary action was being imposed.

Plan Of Action: Mediated between supplier and the supplier to more clearly understand the issue.

Deadline Date: 08/28/2013

Supplier CAP:

Supplier CAP Date: 08/28/2013

Action Taken: [Factory]'s current factory regulation states in Article 68, "Following disciplinary action of an employee by a supervisor, the employee has the right to appeal their case directly to the Administrative Manager. Such appeals must be in writing and must be submitted within three days following the disciplinary action." Document sent to FLA for review.

Plan Complete: Yes

**Plan
Complete
Date:**

Action Verified: No

**Action
Verified
Text:**

**Action
Verified
Date:**

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: [New Finding on July 25-27, 2011:](#) Based on disciplinary records review, it was noted that workers have not signed the written records of disciplinary action against them since February 2011.

Plan Of Action: [Mediated between supplier and the monitor to get a clearer understanding of the issue.](#)

Deadline Date: [08/28/2013](#)

Supplier CAP: [With immediate effect, all workers are required to sign confirmation of disciplinary action. Documents were sent to the FLA for review](#)

Supplier CAP Date: [08/28/2013](#)

Action Taken: [With immediate effect, all workers are required to sign confirmation of disciplinary action. Documents were sent to the FLA for review](#)

Plan Complete: [Yes](#)

Plan Complete Date: [08/28/2013](#)

Action Verified: No

Action Verified Text:

Action Verified Date:

Harassment or Abuse: Other - Harassment or Abuse

Other

Noncompliance

Explanation: On reviewing factory policy, it was noted that there was a clause of monetary fines; for instance, workers were subject to RMB 50 fines for breaching the regulations at the sewing section. However, workers reported that they were never subjected to any kind of fines in the factory and no record of fines was noted on the disciplinary records either.

Plan Of Action: Notified supplier.

Deadline Date: 06/01/2009

Supplier CAP: The example of the clause on monetary fines in the sewing department. was posted many years ago. It has been removed.

**Supplier
CAP Date:** 06/01/2009

**Action
Taken:**

**Plan
Complete:** Yes

**Plan
Complete
Date:** 08/28/2013

**Action
Verified:** No

**Action
Verified
Text:** Completed: Based on review of factory rules and regulations, it was noted there was no clause of monetary fines. There was a detailed disciplinary system in the factory including oral warning, serious warning, recording minor demerit, recording major demerit, and termination as disciplinary measures. Through disciplinary records review, and information gathered from workers and management, it was confirmed that the factory did not impose any monetary fine.

**Action
Verified
Date:** 07/27/2011

Child Labor: Employment of Young Workers

CL.6 Employers shall comply with all relevant laws that apply to young workers (i.e., those between the minimum working age and the age of 18) including regulations relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime. (P)

Noncompliance

Explanation: [New Finding on July 25-27, 2011:](#) 3 juvenile workers were identified during the audit. Based on review employee personal files, and interviews with workers and management, it was noted the factory did not arrange health examinations for these 3 juvenile workers according to legal requirement. This violates Article 6 of the Provision on Special Protection for Juvenile Workers and Article 65 of the China Labor Law

Plan Of Action: Mediated between supplier and the monitor to get a clearer understanding of the issue. [Factory] has collaborated with Riddell on all reported FLA audit issues. They have further improved their daily operations by ensuring that policies & procedures are in place and enforced; workers are properly trained (supported by documented records) and appropriate staff members of the recently developed CoC Audit Team perform regular internal audits with tracking. Riddell will review / monitor their progress at quarterly intervals (or sooner if required).

Deadline Date: 10/15/2013

Supplier CAP: A physical examination was done before, and now detailed medical examinations have been arranged for the 3 juvenile workers, medical expenses paid by the factory. Documents were sent to the FLA for review.

Supplier CAP Date: 08/28/2013

Action Taken: A physical examination was done before, and now detailed medical examinations have been arranged for the 3 juvenile workers, medical expenses paid by the factory. Documents were sent to the FLA for review.

Plan Yes
Complete:

Plan
Complete
Date:

Action No
Verified:

Action
Verified
Text:

Action
Verified
Date:

Non-Discrimination: Employment Decisions

D.2 All employment decisions shall be made solely on the basis of a person's qualifications, in terms of education, training, experience, demonstrated skills and/or abilities, as they relate to the inherent requirements of a particular job. (P)

Noncompliance

Explanation: Based on the review of job advertisements and worker interviews, sex restriction clauses were found on the factory's job advertisements.

Legal Reference: Article 12 of the Labor Law of the People's Republic of China, with regard to employment, workers shall not be discriminated against on the grounds of nationality, race, sex or religious belief.

Plan Of Action: Notify supplier immediately for discussion and CAP.

Deadline Date: 06/01/2009

Supplier CAP: Management's investigation discovered that the supervisor for the painting department had posted a recruitment flyer for "male" paint material prep technicians. Management has corrected the situation by retraining the individuals responsible for the deviation from policy which states that no employee (or prospective employee) shall be discriminated against on the basis of gender in regards to job placement within the company.

Supplier CAP Date: 06/01/2009

Action Taken: Management has corrected the situation by retraining the individuals responsible for the deviation from policy which states that no employee (or prospective employee) shall be discriminated against on the basis of gender in regards to job placement within the company.

Plan Complete: Yes



Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text: Pending: It was confirmed by factory walkthrough that there were gender and age limits (e.g. female for assembly department, female and 18 to 25 years old for QC department, 18 to 45 years old as normal requirement) in recruitment advertisements, which were posted at the entrance of factory gate and workshops. Update: Documents containing [factory]'s policy regarding non-discrimination were sent to the FLA.

Action Verified Date: 07/27/2011

Non-Discrimination: Recruitment and Employment Practices (Job Advertisements, Job Descriptions, Evaluation Policies)

D.3 Recruitment and employment policies and practices, including job advertisements, job descriptions, and performance/job evaluation policies and practices shall be free from any type of discriminatory bias. (S)

Noncompliance

Explanation: Based on review of job advertisements and worker interviews, sex restriction clauses were found on the factory's job advertisements.

Legal Reference: Article 12 of the Labour Law of the People's Republic of China, with regard to employment, workers shall not be discriminated against on the grounds of nationality, race, sex or religious belief.

Plan Of Action: Management has corrected the situation by retraining the individuals responsible for the deviation from policy which states that no employee (or prospective employee) shall be discriminated against on the basis of gender with regards to job placement within the company.

Deadline Date: 06/01/2009

Supplier CAP: Management's investigation discovered that the supervisor for the painting department had posted a recruitment flyer for "male" paint material prep technicians. Management has corrected the situation by retraining the individuals responsible for the deviation from policy which states that no employee (or prospective employee) shall be discriminated against on the basis of gender with regards to job placement within the company.

Supplier CAP Date: 06/01/2009

Action Taken: Pending: It was confirmed by factory walkthrough that there were gender and age limits (e.g. female for assembly department, female and 18 to 25 years old for QC department, 18 to 45 years old as normal requirement) in recruitment advertisements, which were posted at the entrance of factory gate and workshops.

Plan Complete: Yes

Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text: [Update:](#) Documents containing [factory]'s policy regarding non-discrimination were sent to the FLA.

Action Verified Date: 07/27/2011

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: During the walk-through and interviews with factory management and workers, it was noted that the Riddell CoC was not posted in the factory. Only factory regulations and other client CoC were available at the facility.

Plan Of Action: Notified supplier.

Deadline Date: 08/15/2009

Supplier CAP: Riddell CoC related to GEN.1 of FLA is now posted at the Employee Information Center. Factory policy related to workplace standards has been communicated to all employees and is posted at the Employee Information Center as well.

Supplier CAP Date: 08/15/2009

Action Taken: Riddell COC is properly displayed.

Plan Complete: Yes

Plan Complete Date: 08/28/2013



Action Verified: No

Action Verified: Pending: As confirmed by walkthrough, there was no Code of Conduct of Riddell Sports posted at the facility.

Text: Update: Ridell Workplace Code of Conduct related to GEN.1 of FLA is now posted at the Employee Information Center. The factory policy related to workplace standards has been communicated to all employees and is posted at the Employee Information Center as well. Re-obtained Riddell Sports' "Code of Conduct" and it has been posted.

Action Verified Date: 07/27/2011

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: During the walkthrough and interview with factory management and workers, it was noted that no Riddell CoC was posted in the factory. It was also observed that workers should be properly informed of workplace standards both orally and through the posting of standards in local languages. Efforts should also be taken to educate employees on the CoC on a regular basis.

Plan Of Action: Notified supplier.

Deadline Date: 08/15/2009

Supplier CAP: Riddell CoC related to GEN.1 of FLA is now posted at the Employee Information Center. Factory policy related to workplace standards has been communicated to all employees and is posted at the Employee Information Center as well.

Supplier CAP Date: 08/15/2009

Action Taken: Riddell COC is properly Displayed

Plan Complete: Yes

Plan Complete Date: 08/28/2013



Action Verified: No

Action Verified Text: Pending: As confirmed by walkthrough, there was no Code of Conduct of Riddell Sports posted at the facility. And based on interviews with workers and management, it was noted that workers were not informed about the workplace standards orally and through the posting of standards in a prominent place.

Update: Riddell Workplace Code of Conduct related to GEN.1 of FLA is now posted at the Employee Information Center. Factory policy related to workplace standards has been communicated to all employees and is posted at the Employee Information Center as well. Re-obtained Riddell Sports' "Code of Conduct" and it is now posted. Documents were sent to the FLA for review.

Action Verified Date: 07/27/2011

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: During the walkthrough and interview with factory management and workers, it was noted that no Riddell CoC was posted in the factory. Only factory regulations and other client CoC were available at the facility. No sign of secure communication channels to contact the company were posted at the facility either.

Plan Of Action: Q3 factory visit is planned for this year.

Deadline Date: 08/15/2009

Supplier CAP: Riddell CoC now posted at the Employee Information Center. The factory policy related to secure communications is now posted at the Employee Information Center as well.

Supplier CAP Date: 08/15/2009

Action Taken: [Factory] has posted the required information related to secure communication with Riddell on factory information bulletin boards. The posting includes the appropriate contact information, including names, phone numbers, email and postal address should an employee find it necessary to contact Riddell directly.



Plan Complete: Yes

Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text: Pending: As confirmed by walkthrough, there was no confidential noncompliance reporting mechanism which allowed factory workers to contact Riddell Sports.

Update: Riddell Workplace CoC is now posted at the Employee Information Center. Factory policy related to secure communications is now posted at the Employee Information Center as well. Re-obtained the Riddell Sports' Contact confidential complaint mechanism, to add to "Codes of Conduct" and to post. Documents were sent to the FLA for review.

Action Verified Date: 07/27/2011

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: [New Finding on July 25-27, 2011:](#) There was no Building Construction Review Certificates or Fire Safety Inspection Certificates for the flat packing material warehouse, which was constructed in 2000. Above certificates should have been obtained before the building was put into use as per legal requirement. Legal Reference: Article 13 of the China Fire Prevention Law and Article 61 of the China Construction Law.

Plan Of Action: Mediate between supplier and the monitor to get a clearer understanding of the issue.

Deadline Date: 08/28/2013

Supplier CAP: Packaging materials warehouse is a temporary structure and as such is not eligible for certification. Subsequent to complaint, [Factory] has purchased and is in the process of installing alarm devices as per fire protection regulations.

Supplier CAP Date: 08/28/2013

Action Taken: [Factory] has installed alarm devices as per fire protection regulations.

Plan Complete: Yes



Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text: Fire Safety inspections are conducted on a monthly basis by a 3rd party company. The August and September 2013 inspection reports were sent to the FLA.

Action Verified Date:

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: [New Finding on July 25-27, 2011:](#) Factory tour revealed that 1 of the 3 exits in the warehouse on the 3rd floor of new production building was locked during working time.
Legal Reference: Article 28 of the China Fire Prevention Law

Plan Of Action: [Mediated between supplier and the monitor to get a clearer understanding of the issue.](#)

Deadline Date: [08/28/2013](#)

Supplier CAP: [Packaging materials warehouse is a temporary structure and as such is not eligible for certification. Subsequent to complaint, \[factory\] has purchased and is in the process of installing alarm devices as per fire protection regulations.](#)

Supplier CAP Date: [08/28/2013](#)

Action Taken: [\[Factory\] has purchased and installed alarm devices as per fire protection regulations.](#)

Plan Complete: [Yes](#)



Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text: A comprehensive list of safety checkpoints within the [factory] manufacturing complex, which includes emergency exits and MSDS postings, was sent to the FLA for review. The inspection checklist indicates that each area has been inspected along with any noted concerns.

Action Verified Date:

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: During the factory walk-through, it was noted that some fire extinguishers were blocked by materials on the 2nd floor of production building. Legal Reference: Article 21 of Fire Prevention Law of the People's Republic of China, no units or individuals may damage or divert to other purpose, dismantle or inactivate fire control facilities and equipment without authorization, or bury and occupy fire hydrants, take up fire prevention spaces and block fire control passages.

Plan Of Action: Notified supplier.

Deadline Date: 08/15/2009

Supplier CAP: The factory strives to maintain safe working conditions at all times. This was found to be an isolated incident. Discipline and re-training were implemented immediately following observation of the violation.

Supplier CAP Date: 08/15/2009

Action Taken: Discipline and re-training were implemented immediately following observation of the violation.

Plan Complete: Yes



Plan Complete Date: [08/28/2013](#)

Action Verified: [No](#)

Action Verified Text: [Completed: It was confirmed by factory walkthrough that all fire fighting equipment was kept unblocked and easily accessible.](#)

Action Verified Date: [07/27/2011](#)

Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

Noncompliance

Explanation: During the factory walkthrough, it was noted that: 1) Workers were not wearing PPE while handling the chemicals properly. For example, some workers did not wear proper masks while working in tempo-printing and spraying sections or handling the chemicals, some workers were not wearing the mask at the correct time while handling the hazardous chemicals. 2) No proper protective gloves were provided for some workers who transport or remove the molds at injection sections. 3) some workers' hands were allergic to the chemicals as they were not wearing proper protective gloves, and at least one worker reported that they have headaches due to frequently working in the chemical usage section. In accordance with Article 87 of Factory Safety and Health Rules, factories shall educate their workers in the correct use of protection articles.

In accordance with Article 74 of Factory Safety and Health Rules, in any one of the following cases, a factory should provide its workers with working clothes or aprons and, according to needs, provide protection gears, including helmets, gasmasks, gloves, leg guards and shoe covers: 1) Operations that are easy to cause burns, scalding or mechanical trauma. 2) Operations under intense radiation heat or low temperature conditions. 3) Operations with a toxic environment, or involving infectious substances or large amount of dusts. 4) Operations that often cause clothes to be worn out, wet or especially dirty.

Plan Of Action: Contact Supplier for discussion and CAP.

Deadline Date: 08/28/2013

Supplier CAP: Retrain workers to utilize the protective equipment.

Supplier 08/28/2013
CAP Date:

Action Supervisors and workers are being retrained to ensure they wear and utilize protective
Taken: equipment when performing work requiring such protection.

Plan Yes
Complete:

Plan 08/28/2013
Complete
Date:

Action No
Verified:

Action Pending: Factory walkthrough observed that: 1) Some workers in soldering process did
Verified not wear protective masks. 2) Some other workers in soldering process and in painting
Text: process were wearing the protective masks improperly: the nose was not covered and it
could not protect them effectively. 3) All workers in spraying process were using cotton
gloves, which is not suitable for the potential hazard to them. Based on review of sick
leave records from the year of 2009 to 2010, it was noted that about 10 workers in this
department had applied for sick leave due to contact dermatitis. 4) Worker and
management interviews indicated that the factory did not provide safety shoes for new
workers in molding department until they worked more than 1 month in the factory.
[Factory] currently provides approved protective equipment for all workers handling toxic
or harmful substances. Supervisors and workers are being retrained to ensure they wear
and utilize protective equipment when performing work requiring such protection.

Action 07/27/2011
Verified
Date:

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: During the worker interviews, it was noted that workers who were handling the chemicals were not aware of the proper procedures for chemical handling and the content or potential risks of the chemicals used.

Legal Reference: Article 27 of the Regulation For Chemical Usage Safety in Work Place, staff and workers are entitled to receive: 1) Date and information in description of the specific characteristics, hazardous ingredients, and safety precaution marks of the chemicals to be used in the working premises, and instructions for safety techniques, etc. 2) Information concerning the probability of occurrence of harm to the safety and health of staff and workers caused by dangerous chemicals in the working process. 3) Trainings upon safety techniques, including trainings with regard to prevention and control, and danger-avoiding methods, handling of emergency cases, or emergency measures. 4) Labor protection articles in conformity to State stipulations.

Plan Of Action: Contact the supplier for discussion and CAP.

Deadline Date: 08/28/2013

Supplier CAP: Retrain workers

Supplier CAP Date:

Action Taken: Proper retraining has taken place and the storage container has been replaced.

Plan Complete: Yes

Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text: Ongoing: It was confirmed by visual inspection that MSDS (Material Safety Data Sheets) for chemicals were posted at the workplace where chemical used and stored. And based on interview with workers and review of training records, it was noted that workers handling chemicals were trained on the proper procedures for chemicals handling, as well as the content and potential risk of the chemicals used. However, visual inspection noted there were no 2nd containers for some chemicals stored in the chemical warehouse or mixing room Since this issue was noted, [Factory] has implemented a detailed internal audit program "facility-wide."

Action Verified Date: 07/27/2011

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: During factory walkthrough, there was no MSDS posted at some printing stations where workers were handling the chemicals.

Legal Reference: Article 20 of the Regulation For Chemical Usage Safety in Work Place, an organization that uses chemical materials shall make public the safety and sanitation information concerning dangerous chemicals to its staff and workers, educate its staff and workers to identify the safety precautions marks, understand the Instructions on Safety Techniques, grasp necessary first aid methods and self-rescue measures as well; moreover, it is required to educate and regularly train its staff and workers to use chemicals in their working premises in a safe manner.

Plan Of Action: Q3 factory visit is planned for this year.

Deadline Date: 08/15/2009

Supplier CAP: Employee safety is a top priority at our factory. Extensive effort is given to worker training and awareness, including the posting of MSDS information for all chemicals utilized within the factory. Our investigation found that departments generally follow the practice of allowing only trained individuals to handle potentially hazardous materials. Additional training and enforcement of this policy are currently underway.

Supplier CAP Date: 08/15/2009



Action Taken: MSDS information is provided and maintained at locations throughout the factory in the vicinity of the activity taking place which uses the material described by the MSDS. The factory provides training on the use and application of MSDS and other related health, safety and environmental information to every employee at the time of new employee orientation and annually thereafter. Audits and inspections are regularly conducted by the factory safety team to ensure that the factory is in full compliance.

Plan Complete: No

Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text: Completed: It was noted by visual inspection that MSDS (Material Safety Data Sheets) for chemicals were posted at the workplace where chemical used and stored.

Action Verified Date: 07/27/2011

Health and Safety: Ventilation/Electrical/Facility Installation and Maintenance

H&S.17 All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and in such a manner as to prevent or minimize hazardous conditions to workers in the facility. (S)

Uncorroborated Evidence of Noncompliance

Explanation: [New Finding on July 25-27, 2011:](#) Factory walkthrough noted there was no effective exhaust system in soldering workshop, and the smell in spraying workshop was very bad. But the air quality testing report the factory provided showed that the air quality in workshops met legal requirements.

Plan Of Action: Mediated between supplier and the monitor to get a clearer understanding of the issue.

Deadline Date:

Supplier CAP: [Factory] strives to maintain the best air quality possible in the work environment. Despite our best efforts, it is normal that residual odors and fumes from chemicals used in the manufacturing environment will escape into the ambient air of the environment. China labor law makes provision for ambient odors and fumes providing that concentrations do not reach levels toxic to the workers. Our factory adheres to Chinese labor policy.

Supplier CAP Date: 08/28/2013

Action Taken: Air Quality was improved.

**Plan
Complete:** Yes

**Plan
Complete
Date:** 08/28/2013

**Action
Verified:** No

**Action
Verified
Text:**

**Action
Verified
Date:**

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: [New Finding on July 25-27, 2011](#): Based on review of occupational health examination reports conducted in October 2010, it was noted that the factory did not provide occupational health examinations for most workers who were involved in the use of hazardous chemicals. The report showed factory only provided occupational health examination for 94 workers, while there were 724 workers working in the painting department.

Legal Reference: Article 32 of the China Law on Prevention and Control of Occupational Diseases and Article 54 of the China Labor Law

Plan Of Action: [Mediated between supplier and the factory to get a clearer understanding of the issue.](#)

Deadline Date:

Supplier CAP: [\[Factory\] policy states that all new employees shall undergo a physical examination prior to their employment start. In addition, all employees exposed to potentially hazardous substances shall be examined by a licensed health professional annually to insure that such exposure is not affecting the employee's health adversely.](#)

Supplier CAP Date: [11/30/2011](#)



Action Taken: All employees working in areas where exposure to potentially hazardous substances is possible were examined by a licensed health professional November 2011. See Appendix 7 attachment, showing 100% of the applicable workforce were examined.

Plan Complete: Yes

Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text: Riddell sent a 3rd party certification documenting the examination of 169 employees (100% of the workforce exposed to potentially hazardous substances or environmental influences) which might be harmful to the employee over an extended period of time. Issues of concern include chemicals and particulates as well as noises / sounds which might affect an employee's hearing adversely.

Action Verified Date:

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: During the factory walk-through, it was noted that kitchen workers did not wear sanitary masks while handling foods in the canteen.

Legal Reference: Section 3.5.3 Catering Operating Guideline of PRC, all personnel who are in contact with food must obtain proper health certificates, food processing personnel shall wear sanitary masks and gloves when handling foods. Proper tools shall also be used in selling the prepared foods. Section.11.1, General Sanitary Guideline for Food Enterprises, the uniform of the staff shall include the coat in light color, pants, sanitary caps and boots, etc. The sanitary equipment, such as sanitary mask, apron, etc. shall be provided to the personnel who are in contact with food.

Plan Of Action: Notified supplier.

Deadline Date: 06/05/2009

Supplier CAP: As of June 5, all workers in kitchen and canteen now have valid health certificates according to Law.

Supplier CAP Date: 06/05/2009

Action Taken: As of June 5, all workers in kitchen and canteen now have valid health certificates according to Law.

Plan Complete: Yes

Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text: Completed: It was confirmed by review of health certificates for all canteen workers that all canteen workers had obtained valid health certificates.

Action Verified Date: 07/27/2011

Health and Safety: Food Preparation

H&S.25 All food made available to workers shall be prepared, stored, and served in a safe and sanitary manner in accordance with all applicable laws. All workers handling food shall be provided with the tools and equipment necessary to do so in a safe and sanitary manner. (S)

Noncompliance

Explanation: During the factory walk-through, it was noted that kitchen workers did not wear sanitary masks while handling foods in canteen.

Legal Reference: Section 3.5.3 Catering Operating Guideline of PRC, all personnel who are in contact with food must obtain proper health certificates, food processing personnel shall wear sanitary mask and gloves when handling foods, and proper tools shall be used in selling the prepared foods. Section.11.1, General Sanitary Guideline for Food Enterprises, the uniform of the staffs shall include the coat in light color, pants, sanitary caps and boots, etc. The sanitary equipment, such as sanitary mask, apron, etc. shall be provided to the personnel who engage in some process.

Plan Of Action: Notified supplier.

Deadline Date: 08/15/2009

Supplier CAP: Factory policy requires all workers that are actively involved in cooking or handling food to wear a facemask and proper uniform. Re-training was conducted to reinforce this policy.

Supplier CAP Date: 08/15/2009

Action Taken: It was confirmed by factory walkthrough that kitchen workers were wearing sanitary masks, caps and uniforms while handling foods in the kitchen.

Plan Complete: Yes

Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text: Completed: It was confirmed by factory walkthrough that kitchen workers were wearing sanitary masks, caps and uniforms while handling foods in the kitchen.

Action Verified Date: 07/27/2011

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: During the document review and worker interviews, it was noted that working hours of workers had slightly exceeded 60 hours per week during the peak season, such as June, July and August of 2008. For instance, workers worked 63 to 66 hours a week in the injection and assembling sections. In addition, workers worked 3 hours overtime per day and more than 66 hours/week on rare occasions. For example, there were workers at the injection section who had worked for 71.33 hours/week the week of March 23, 2009 and also had overtime for 4 hours a day, exceeding the legal limit of 3 hours a day. Due to the discrepancies noted during the audit, the actual status of workers' working hours could not be accurately verified. For instance, various records obtained from various sections showed that workers were working on many Sundays and Saturdays, such as January 11, 2009 (Sunday), November 22, 2008 (Saturday), November 23, 2009 (Sunday), January 10, 2009 and January 17, 2009 (Sundays). However, corresponding time and payment records of respective workers showed that they were not working on these days.

Legal Reference: Article 41 of the Labor Law of the People's Republic of China

Plan Of Action: Q3 factory visit is planned for this year.

Deadline Date: 08/15/2009

Supplier CAP: As reflected in the findings where we had exceeded the allowed working hours by all standards, we made no effort to hide or to manipulate or to produce non-genuine records. The inconsistencies were caused by explanation cited in minimum wages. At the same time, we are striving to keep hours of work within the allowed range by planning on a shorter work week of 56 hours so that in case of emergencies, the overtime would not exceed the legal limit.

Supplier 08/15/2009
CAP Date:

Action Taken: It is the express policy and practice of [factory] to follow all China and local laws relative to wage and working hour requirements. Further, it is the policy and practice of [factory] to keep and maintain accurate and complete records of all related transactions and to make them available in their entirety, without modification to government officials, auditing agencies and others as approved by [factory] management. [factory] has implemented tighter controls in issuing production orders to the factory floor. Doing so allows for better control of hours worked by workers and reduces the potential requirement for over-time(OT). Circumstances since the 2011 audit requiring excessive OT have been very minimal. Appendix 1 shows the company policy on OT. The factory adheres to its policy and government guidelines on wages, working hours and OT.

Plan Complete: Yes

Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text: Pending: Based on review time records from July 2010 to July 2011, review of production records, and interviews with management and workers, it was noted that there was no inconsistency identified during the audit. However, normally workers' monthly overtime exceeded 36 hours, between 70 to 120 hours in most time, maximum up to 135 hours in March 2011; workers' daily overtime sometimes exceeded 3 hours, up to 4 hours; and weekly working time of most workers exceeded 60 hours, between 61 to 72 hours in most time, maximum 82.25 hours in one week in January 2011.



Action 07/27/2011

Verified

Date:

Comments: 1) It is the express policy and practice of [Factory name] to follow all China and local laws relative to wage and working hour requirements. Further, it is the policy and practice of [Factory name] to keep and maintain accurate and complete records of all related transactions and to make them available in their entirety, without modification to government officials, auditing agencies and others as approved by [Factory name] management. It is the express policy and practice of [Factory name] to cooperate with client auditors and comply with China law.

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)

Explanation: During the document reviews and worker interviews, it was noted that various inconsistencies existed between the time and payment records, production related records and the information gathered during the worker interviews. Despite time and payment records which showed that workers were provided with one day rest on Sunday, production related records showed that some workers were required to work on Sunday. For instance, various records obtained from various sections showed that workers were working on many Sundays and Saturdays such as Jan 11, 2009 (Sunday), November 22, 2008 (Saturday), November 23, 2009 (Sunday), January 10, 2009 and January 17, 2009 (Sunday). However, corresponding time and payment records of respective workers showed that they were off on those days. In addition, it was also noted that the information gathered during the worker interviews both on- and off-site presented discrepancies with the information reflected on the time and payment records provided during the audit. For instance, some workers reported that they were required to work on some Saturdays even during the low season, however, though their corresponding time records showed that they were not required to work on any Saturday during the entire period. Some workers also admitted that they were required to work on Sunday occasionally for the past few months, however, their corresponding time records showed that they did not work on any Sunday. In view of the above, auditors concluded that the time records were unreliable and failed to accurately reflect workers' actual working hours and consecutive work days at the facility.

Legal Reference: Article 38 of the Labor Law of the People's Republic of China

Plan Of Action: Q3 factory visit is planned for this year.

Deadline Date: 08/15/2009

Supplier CAP: It has been a major challenge to the entire export manufacturing industry in China that there are a lot of different CoC requirements on top of the China Labor Law. We will strive to detect those gaps in details and work to satisfy all codes at the same time. In the past, it has been our emphasis on the ICTI requirement as the main framework under which our factory adheres to the "Combined Working Hours System" option as provided for by local China Labor policy which states that an employee may exceed 3 hours of overtime in a 24 hour period. Furthermore, the total hours worked in a 7 day period by a single hourly employee may exceed 60 hours, as long as the total overtime hours worked in a calendar year do not exceed 432. We have always adopted the ICTI philosophy of continuous improvement and to maintain and submit genuine and accurate records of all sorts, even if they were compliant, as the backbone of the entire recording system. It was a misfortune that our staff have not been able to project our honest company philosophy, or that our records were not accurate enough to produce 100% consistency. Note: We truly believe that perhaps it is a good idea that if a factory is genuinely submitting its true picture to the auditors, it is fair for the factory to know where the inconsistencies were found so that we could at least explain and the auditors could evaluate according to their free minds. We have no idea which inconsistencies were found even up to now. It would help us better to plan a more effective CAP if we knew what went wrong.

Supplier CAP Date: 08/15/2009

Action Taken: 1) It is the express policy and practice of [factory] to follow all China and local laws relative to wage and working hour requirements. Further, it is the policy and practice of [factory] to keep and maintain accurate and complete records of all related transactions and to make them available in their entirety, without modification to government officials, auditing agencies and others as approved by [factory] management. [factory] has implemented tighter controls in issuing production orders to the factory floor. Doing so allows for better control of hours worked by workers and reduces the potential requirement for over-time(OT). Circumstances since the 2011 audit requiring excessive OT have been very minimal. The factory adheres to its policy and government guidelines on wages, working hours and OT.

Plan Complete: Yes

Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text: Pending: Based on the review of time records from July 2010 to July 2011, review of production records, and confirmed through workers and management interview, it was noted that there was no inconsistency identified during the audit. Most workers could have 1 day rest in every 7 period in most time, but it could not be guaranteed in peak season. For example, most workers worked consecutively 8 to 13 days from January 17 to January 29, and about 50% workers in assembly department B worked consecutively 8 to 13 days from July 4 to July 16. Update: 1) It is the express policy and practice of [Factory name] to follow all China and local laws relative to wage and working hour requirements. Further, it is the policy and practice of [Factory name] to keep and maintain accurate and complete records of all related transactions and to make them available in their entirety, without modification to government officials, auditing agencies and others as approved by [Factory name] management.

Action Verified Date: 07/27/2011

Hours of Work: Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: During the document reviews and worker interviews, it was noted that various inconsistencies presented between the time and payment records, production related records and the information gathered during the workers' interviews. For instance, various records obtained from various sections showed that workers were working on many Sundays and Saturdays such as January 11, 2009 (Sunday), November 22, 2008 (Saturday), November 23, 2009 (Sunday), January 10, 2009 and January 17, 2009 (Sunday). However, corresponding time and payment records of respective workers showed that they were off on those days. In addition, it was also noted that the information gathered during the workers interviews both on- and off-site presented discrepancies with the information reflected on the time and payment records provided during the audit. For instance, some workers reported that they were required to work on some Saturdays even during the low season, however, their corresponding time records showed that they were not required to work on any Saturday during the entire period. Some workers also admitted that they were required to work on Sunday occasionally for the past few months, however, their corresponding time records showed that they did not work on any Sunday. Hence, the time records were unreliable and failed to accurately reflect workers' actual working hours at the facility.

Plan Of Action: Q3 factory visit is planned for this year.

Deadline Date: 08/15/2009



Supplier CAP: It has been a major challenge to the entire export manufacturing industry in China that there are a lot of different CoC requirements on top of the China Labor Law. We will strive to detect those gaps in details and work to satisfy all codes at the same time. In the past, it has been our emphasis on the ICTI requirement as the main framework under which our factory adheres to the "Combined Working Hours System" option as provided for by local China Labor policy which states that an employee may exceed 3 hours of overtime in a 24 hour period. Furthermore, the total hours worked in a 7 day period by a single hourly employee may exceed 60 hours, as long as the total overtime hours worked in a calendar year do not exceed 432 hours. We have always adopted the ICTI philosophy of continuous improvement; and to maintain and submit genuine and accurate records of all sorts, even if they were non-compliant, as the backbone of the entire recording system. It was a misfortune that our staff have not been able to project our honest company philosophy, or that our records were not accurate enough to produce 100% consistency. Note: We truly believe that perhaps it is a good idea that if a factory is genuinely submitting its true picture to the auditors, it is fair for the factory to know where were the inconsistencies found so that we could at least explain and the auditors could evaluate according to their free minds. We have no idea which inconsistencies were found even up to now. It would help us better to plan a more effective CAP if we knew what went wrong.

Supplier CAP Date: 08/15/2009

Action Taken: 1) It is the express policy and practice of [factory] to follow all China and local laws relative to wage and working hour requirements. Further, it is the policy and practice of [factory] to keep and maintain accurate and complete records of all related transactions and to make them available in their entirety, without modification to government officials, auditing agencies and others as approved by [factory] management. 2) Any inconsistencies noted by the FLA audit team were inadvertent or were the result of miscommunication. It is the express policy and practice of [Company name] to cooperate with client auditors and comply with China law.

Plan Complete: Yes

Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text: Completed: Based on the review of time records from July 2010 to July 2011, review of production records, and confirmed through workers and management interview, it was noted that there was not any inconsistency identified during the audit.

Action Verified Date: 07/27/2011

Hours of Work: Annual Leave/Wage Payments

HOW.18 Employers shall provide workers taking annual leave their normal or average wages for the full period of annual leave in advance, unless specified differently under local laws, regulations and procedures. (S)

Noncompliance

Explanation: New Finding on July 25-27, 2011: It was written in annual leave policy that if workers gave up taking annual leave, they would be compensated at normal payment rate, which violated the local law requirement: factory should pay workers at 300% of normal payment for unused annual leave. Management interview and worker interviews also confirmed this practice.

Legal Reference: Article 5 of the Regulations on Paid Annual Leave for Employees Root cause: The management was not aware of present legal regulations and did not pay enough attention to workers' benefits.

Plan Of Action: Mediated between supplier and the factory to get a clearer understanding of the issue. [Factory] has collaborated with Riddell on all reported FLA audit issues. They have further improved their daily operations by ensuring that policies & procedures are in place and enforced; workers are properly trained (supported by documented records) and appropriate staff members of the recently developed CoC Audit Team perform regular internal audits with tracking. Riddell will review / monitor their progress at quarterly intervals (or sooner if required).

Deadline Date: 10/15/2013

Supplier CAP: The factory has revised their Annual Leave Policy to state that workers must arrange their annual holiday leave prior to resigning from [factory]



Supplier
CAP Date:

Action Taken: [factory] has revised their Annual Leave Policy to state that workers must arrange their annual holiday leave prior to resigning from the factory. Any unused portion of earned leave credits at the time of resignation will be paid at the rate of 300% of wages, provided that the employee has previously requested leave but has been denied due to factory labor requirements or other reasons beyond the control of the employee.

Plan Complete: Yes

Plan Complete Date: 08/28/2013

Action Verified: No

Action Verified Text:

Action Verified Date:
