

## FLA Audit Profile

Factory Code	400015849G
Country	China
FLA Affiliate	Asics
Monitor	SGS (Societe General du Serveillance)
Audit Date	July 29-30, 2008
Products	Slippers
Processes	Cutting, sewing, gluing, assembly, packing
Number of Workers	180



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**Wages, Benefits and Overtime Compensation: A. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Finding 1: The factory did not provide paid leave to workers including annual leave, holidays, sick leave, maternity leave, etc. Based on management review and workers interview, it was noted that no paid leave or paid holidays were provided by the factory. This violates China Labor Law, Article 51.  
 Finding 2: The factory did not provide social security to all employees. It was noted that only 106 out 180 employees were provided with social security.  
 Remarks: Five types of social security are available for both local and migrant residents in the area. There were 7 workers who gave up the benefit voluntarily by giving the factory a confirmation with signature. Violates China Labor Law, Article 72 and 73.

**Plan Of Action:** Finding 1: ASICS requires agent to organize training about paid leave to factory management. ASICS requires factory to develop, maintain and regularly review a written paid leave and paid holiday policy. ASICS requires the factory to conduct paid leave and paid holiday training for workers.  
 Finding 2: ASICS requires the factory to provide public social security to all employees gradually. ASICS agrees that factory can provide commercial social security in the beginning. Factory is required to provide social security to all employees within three years.

**Deadline Date:** 07/28/2011

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Wages, Benefits and Overtime Compensation: B. Minimum Wage**

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

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent	SGS (Societe General du	1 (out of 5)

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External  
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**Explanation:** The factory did not pay local minimum wage for workers. 1) Based on management interview and workers interview, it was noted that two trainees were paid on a daily rate, which was RMB 29.3 per day during their training period. However, the local minimum wage standard was RMB 850 per month, i.e., RMB 39.1 per day since September 1, 2007. 2) It could not be verified clearly because the factory did not provide payrolls for review during audit. Violates China Labor Law, Article 48.

**Plan Of Action:** Finding 1: ASICS requires the factory to pay workers at least minimum wage.  
Finding 2: ASICS requires the factory to provide precise and complete personnel documents during future audit.

**Deadline Date:** 01/25/2009

**Supplier CAP:** [Finding 2] Factory keeps the complete personnel documents of workers. Factory will provide personnel files for review during future audit.

**Supplier CAP Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Wages, Benefits and Overtime Compensation: F. Payment for All Hours Worked**

WBOT.7 Workers shall be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Compensation could not be verified because factory did not provide workers' payrolls for review during the audit.

**Plan Of Action:** ASICS requires the factory to provide precise and complete personnel documents during future audit.

**Deadline Date:** 08/08/2008

**Supplier CAP:** Factory will keep the complete personnel documents of workers. Factory will provide personnel files for review during future audit.

**Supplier CAP Date:** 08/08/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

### Wages, Benefits and Overtime Compensation: G. Calculation Basis for Overtime Payments

WBOT.8 Employers shall compensate workers for all hours worked. For workers on a piece rate payment scheme or any other incentive scheme, payments for overtime hours worked shall be calculated by applying the premium rate required by law or this Code on the same payment scheme as is used for calculating wages for normal working hours, unless the payment scheme used leads to higher wages for workers. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** The factory did not pay overtime premium for workers. Based on management and worker interview, it was noted that no overtime premium was paid to workers for their overtime in weekdays and rest days because workers were paid by piece rate. Also according to workers interview, it was noted that two trainees received RMB 10 for 3 hours of overtime in weekdays' nights (RMB3.33 per hour), which was below the legal rate of RMB 7.33 per hour for regular overtime. Violates China Labor Law, Article 44.

**Plan Of Action:** ASICS requires the factory to compensate overtime benefit according to the law. ASICS requires the factory to pay workers at least minimum wage.

**Deadline Date:** 01/25/2009

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

### Wages, Benefits and Overtime Compensation: I. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** The factory did not provided overtime premium for workers. Based on management interview, it was noted that no overtime premium was paid to workers for their overtime in weekdays and rest days because workers were paid by piece rate. Also, according to workers interview, it was noted that two trainees were paid on a daily rate during their training periods, and they received RMB 10 for 3 hours of overtime in weekdays' nights (RMB3.33 per hour). This rate was below the legal rate of RMB 7.33 per hour for regular overtime. Violates China Labor Law, Article 44.

**Plan Of Action:** ASICS requires the factory to compensate overtime benefit according to the law. ASICS requires the factory to pay workers at least minimum wage.

**Deadline Date:** 01/25/2009

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

### Wages, Benefits and Overtime Compensation: J. Overtime Compensation Awareness

WBOT.11 Workers shall be informed, orally and in writing, about overtime compensation rates prior to undertaking overtime. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Workers did not know how the overtime premium calculated. Based on workers interview, it was noted that most of the workers had no idea on their overtime compensation calculations and there was no relevant policy on wages and benefits posted in workshops.

**Plan Of Action:** ASICS requires the factory to conduct the wage calculation training for workers. ASICS requires the factory to post the wage and benefit policy in workplace.

**Deadline Date:** 09/27/2008

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

### Wages, Benefits and Overtime Compensation: N. Accurate Calculation and Recording of Wage Compensation

WBOT.17 All payments to workers, including hourly wages, piecework, benefits, bonuses, and other incentives shall be calculated and recorded accurately. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent	SGS (Societe General du	1 (out of 5)

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**Explanation:** The factory refused to provide payrolls during the audit and lead to this could not be verified. Violates Payment of Wage Tentative Provisions, Article 6.  
Remark: The factory management explained that the payrolls were packed and it was inconvenient to unpack them.

**Plan Of Action:** ASICS requires the factory to provide precise and complete personnel documents during future audit.

**Deadline Date:** 08/08/2008

**Supplier CAP:** Factory will keep the complete personnel documents of workers. Factory will provide personnel files for review during future audit.

**Supplier CAP Date:** 08/08/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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### Wages, Benefits and Overtime Compensation: Q. Record Maintenance

WBOT.21 Employers shall ensure that all legally required payroll documents, journals and reports are available, complete, accurate and up-to-date. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** It could not be verified due to the factory refused to provide the payrolls for reviewing during the audit. Violates Payment of Wages Tentative Provisions, Article 6.

**Plan Of Action:** ASICS requires the factory to provide precise and complete personnel documents during future audit.

**Deadline Date:** 08/08/2008

**Supplier CAP:** Factory will keep the complete personnel documents of workers. Factory will provide personnel files for review during future audit.

**Supplier CAP Date:** 08/08/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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## Wages, Benefits and Overtime Compensation: R. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** The factory did not train its workforce on wages and benefits and workers appeared to have no knowledge of how their wage is calculated.

**Plan Of Action:** ASICS requires the factory to conduct the wage calculation training for workers. ASICS requires the factory to post the wage and benefit policy in workplace.

**Deadline Date:** 09/27/2008

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

## Wages, Benefits and Overtime Compensation: U. Worker Wage Access to Information

WBOT.25 Workers shall have access to understandable information from their employer about their wages and benefits. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** The workers did not know the calculation way of wage and overtime compensation. Based on workers' interview, the interviewees did not know how the wage and overtime compensation were calculated and were refused when asked how their wages were calculated.

**Plan Of Action:** ASICS requires the factory to conduct the wage calculation training for workers. ASICS requires the factory to develop the procedure that workers can access to understandable information about wages and benefits.

**Deadline Date:** 09/27/2008

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:**

**Plan Complete:**



Plan Complete Date:  
 Action Verified:  
 Action Verified Text:  
 Action Verified Date:  
 Comments:

### Wages, Benefits and Overtime Compensation: W. Wage Receipt

WBOT.27 All payments of wages and benefits in cash and in-kind made directly to the worker must be properly documented and their receipt and accuracy must be confirmed by the relevant worker in writing (signature, thumbprint, etc.). No one can receive wages on behalf of a worker, unless the worker concerned has, in full freedom, authorized in writing for another person to do so. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** The workers had no signature on payrolls for confirmation. According to management and workers interview, the workers had no signature on payrolls for confirmation purpose. Violates Payment of Wages Tentative Provisions, Article 6.

**Plan Of Action:** ASICS requires the factory to ensure keeping the workers' signature on payrolls for confirmation purpose.

**Deadline Date:** 09/27/2008

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

### Forced Labor: I. Employment Records

F.9 Employers shall maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** The factory did not provide personnel files for review during the audit. The valid official identification documents of workers' were not provided. The factory only provided the labor contracts for review. The management explained that these copies of official identification documents were packed together with personnel files and refused to provide them.

**Plan Of Action:** ASICS requires the factory to provide precise and complete personnel documents during future audit.

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**Deadline Date:** 08/08/2008  
**Supplier CAP:** Factory keeps the copies of the workers' ID cards. Factory will provide personnel files for review during future audit.  
**Supplier CAP Date:** 08/08/2008  
**Action Taken:**  
**Plan Complete:**  
**Plan Complete Date:** 08/08/2008  
**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**

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### Freedom of Association: B. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**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:** ASICS requires the factory to organize the training about Freedom of Association and Collective Bargaining Agreement for workers and ensure their rights.  
**Deadline Date:** 01/25/2009  
**Supplier CAP:** Factory will encourage worker to organize the trade union in November. HR staff will take the responsibility of training Freedom of Association and encourage worker to organize trade union voluntarily.  
**Supplier CAP Date:** 12/31/2008  
**Action Taken:**  
**Plan Complete:**  
**Plan Complete Date:**

**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**

## Freedom of Association: Z. Grievance Procedure

FOA.26 Employer shall have in place written grievance procedures that allow first an attempt to settle grievances directly between the worker and the immediate supervisor but that, where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the enterprise. Employers shall ensure that the grievance procedures and applicable rules are known to workers. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Based on document review, there is no grievance procedure available in factory. And the factory had no internal communication or grievance system through which workers can raise issues of concern to factory management.

**Plan Of Action:** ASICS requires the factory to set up an internal grievance policy and procedure. ASICS requires the factory to set up the workers committee, etc to start dialogue with workers until the trade union is established.

**Deadline Date:** 01/25/2009

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

## Harassment or Abuse: F. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Based on document review, the factory does not maintain discipline records.

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**Plan Of Action:** ASICS requires the factory to maintain the discipline records according to the discipline policy.  
**Deadline Date:** 08/28/2008  
**Supplier CAP:**  
**Supplier CAP Date:**  
**Action Taken:**  
**Plan Complete:**  
**Plan Complete Date:**  
**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**

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### Harassment or Abuse: G. Discipline/Training of Management

H&A.7 Employers shall ensure managers and supervisors are fully familiar with the factory disciplinary system and trained in applying appropriate disciplinary practices. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Based on management interview, the factory did not specially train the management staff on how to use the discipline properly.  
**Plan Of Action:** ASICS requires the factory to conduct discipline practice training for management staff.  
**Deadline Date:** 09/27/2008  
**Supplier CAP:**  
**Supplier CAP Date:**  
**Action Taken:**  
**Plan Complete:**  
**Plan Complete Date:**  
**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**

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### Child Labor: C. Proof of Age Documentation

CL.3 Employers shall collect and maintain all documentation necessary to confirm and verify date of birth of all workers, such as birth certificates. In addition, the employers shall take reasonable measures to ensure such documentation is complete and accurate. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** The factory did not provide the age documents of workers for review during the audit.  
**Plan Of Action:** ASICS requires the factory to provide precise and complete personnel

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documents during future audit. ASICS requires the factory to set up mechanism of maintaining age documentation and age verification to ensure no child labor is used.

**Deadline Date:** 08/08/2008

**Supplier CAP:** Factory will keep the complete personnel documents of all workers. Factory will provide personnel files for review during future audit.

**Supplier CAP Date:** 08/08/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

### Child Labor: D. Other Means of Age Verification

CL.4 In those cases where proof of age documentation is not readily available or unreliable, employers shall take all necessary precautions which can reasonably be expected of them to ensure that all workers are at least the minimum working age, including requesting and maintaining medical or religious records of workers, or through other means considered reliable in the local context. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	2 (out of 5)

**Explanation:** Based on management review, the management staff did not recognize the importance of a complete hire procedure especially procedures to identify the authenticity of ID cards provided by applicants. This creates a risk in the recruitment of the factory in that the factory could let child labor in unintentionally.

**Plan Of Action:** ASICS requires the factory to develop a written policy for child labor. ASICS requires the factory to develop hiring procedure to prevent fake IDs.

**Deadline Date:** 09/27/2008

**Supplier CAP:** Factory will make sure the validity of the ID cards. Factory will check the real face of the worker and the photos on ID cards.

**Supplier CAP Date:** 09/27/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

### Child Labor: F. 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)

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<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Finding 1: The factory did not provide several juvenile workers with periodical health examinations. Violates China Law, Article 65.  
Finding 2: It was noted that a few juvenile workers were not registered with local labor bureau. Violates Regulations for the Special Protection of Juvenile Labor (Document No. 498, 1994) Article 9.

**Plan Of Action:** Finding 1: ASICS requires the factory to conduct health examination to all juvenile workers. Finding 2: ASICS requires the factory to register all juvenile workers with local labor bureau.  
Additional: ASICS requires the factory to develop a written procedure for protection juvenile workers and conduct juvenile protection training for management staff.

**Deadline Date:** 10/27/2008

**Supplier CAP:** The juvenile workers already left the factories by their own decision. Factory will only hire the workers above 18 years old. Factory will check ID cards carefully.

**Supplier CAP Date:** 08/28/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Child Labor: G. Hazardous Work for Young Workers**

CL.7 No person under the age of 18 shall undertake hazardous work, i.e., work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of persons under the age of 18. (S)

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** It was noted that 7 out of 9 Juvenile workers were exposed to hazardous working conditions as chemicals used. Violates China Labor Law, Article 64.

**Plan Of Action:** ASICS requires the factory to develop the written policy for protection juvenile workers. The policy shall indicate the work juveniles are allowed to do. ASICS requires the factory to conduct juvenile protection training for management staff.

**Deadline Date:** 09/27/2008

**Supplier CAP:** Factory will plan juvenile protection training for management staff.

**Supplier CAP Date:** 01/25/2009

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**

### Child Labor: H. Young Worker Identification System

CL.8 Employers shall have a system for identifying work stations and operations that are inappropriate for young workers according to applicable laws. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	2 (out of 5)

**Explanation:** The factory management lacks knowledge on juvenile worker protection and did not establish a system to protect young workers from engaging in hazardous work.

**Plan Of Action:** Finding 1: ASICS requires the factory to conduct health examination to juvenile workers.  
 Finding 2: ASICS requires the factory to remove juvenile workers from hazardous work.  
 Additional: ASICS requires the factory to develop the written policy for protection juvenile workers. The policy shall indicate the work juveniles are allowed to do. ASICS requires the factory to conduct juvenile protection training for management staff.

**Deadline Date:** 09/27/2008

**Supplier CAP:** The juvenile workers already left the factories themselves and from now on factory will only use the workers above 18 years old. Will check ID cards carefully.

**Supplier CAP Date:** 08/28/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

### Non-Discrimination: B. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Based on worker manual review and workers interview, the factory had age limitations on certain positions. For example, sample-making workers must be between 20-35 years old and warehouse staff must be 25-35 years old.

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**Plan Of Action:** ASICS requires the factory to develop a fair hiring policy without age discrimination. Applicant shall be evaluated only by their working capability. The limitation of the age shall be deleted.

**Deadline Date:** 08/28/2008

**Supplier CAP:** The current employer's handbook had certain regulations, but the factory never strictly put it into practice. For example, a sample of room workers are above 40 years.

**Supplier CAP Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:** 08/28/2008

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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**Non-Discrimination: I. Protection and Accommodation of Pregnant Workers and New Mothers**

D.9 Employers shall abide by all protective provisions in local laws and regulations benefiting pregnant workers and new mothers, including maternity leave/benefits, prohibitions regarding night work, temporary reassignments away from work that pose risk to the health of women and their children, temporary adjustment of working hours during and after pregnancy, and the provision of breast-feeding breaks and facilities. Where such legal protective provisions are lacking, employers to take reasonable measures to ensure the safety and health of pregnant women and their unborn children. Such measures shall be taken in a manner that shall not unreasonably affect the employment status, including wages and benefits of pregnant women. (P)



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Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Based on management and workers interview, the factory did not provide maternity leave to pregnant workers. The pregnant workers said that they would generally resign from the factory and return to their hometown for preparation. They would not apply for maternity leave because they did not know they were entitled to this benefit. The factory management had no knowledge that workers had such a benefit according to the interview. Violates China Labor Law, Article 62.

**Plan Of Action:** ASICS requires the factory to review the maternity leave policy and requires the factory to ensure the awareness for workers.

**Deadline Date:** 09/27/2008

**Supplier CAP:** Normally, after giving birth of a baby, workers tend to go back their hometown voluntarily to have a rest and take care of the baby for 1-2 years.

**Supplier CAP Date:** 08/28/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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### Miscellaneous: A. 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.

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** According to interview of management staff, the Company did not inform them of the association between the Company and the FLA. And also, the factory staff had no knowledge on FLA.

**Plan Of Action:** ASICS requires agent to explain about FLA and the relationship with ASICS.

**Deadline Date:** 09/27/2008

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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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.

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** According to the management, trainings were held by the Company to the factory management and few workers, but the training appeared to be not effective, since: 1) The workforce had no knowledge on the Company's name or Company's Code of Conduct. 2) The management's awareness on code obligations was quite poor.

**Plan Of Action:** ASICS requires agent to conduct training about Code of Conduct of Asics to management and workers not only by written documents but also by orally.

**Deadline Date:** 09/27/2008

**Supplier CAP:** Factory will post the related materials to help workers to know more in detail.

**Supplier CAP Date:** 11/30/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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.

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** According to worker interview and the Code of Conduct, no reporting mechanism was established between workers and the Company. There was no contact methods were available in the Code of Conduct posted at the entrance to the workshop. Workers also confirmed that they never heard such a reporting mechanism.

**Plan Of Action:** ASICS requires the factory to attach our local contact point call at the bottom of poster. ASICS requires the factory to start workers dialogue and encourage worker to organize a trade union. Before then, ASICS requires the factory to set up a workers committee for workers' suggestions and grievances. ASICS requires the factory to record monthly for the suggestions and grievances and factory's actions.

**Deadline Date:** 01/25/2009

**Supplier CAP:** Factory will let workers know grievance procedure of reporting to ASICS.

**Supplier CAP Date:** 01/25/2009

**Action Taken:**  
**Plan Complete:**  
**Plan Complete Date:**  
**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**

### Health and Safety: C. Written Health and Safety Policy

H&S.3 Employers are required to develop, maintain and regularly review a written health and safety policy. The policy must, at the very least, be aimed at complying with legal minimum safety and health standards, regulations and procedures. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Based on document review, the factory did not establish written H&S policy and the management was not aware of health and safety regulations such as fire extinguishers inspection periodically.

**Plan Of Action:** ASICS requires the factory to develop H&S policy and requires agent to instruct factory management to review the H&S policy and procedures. ASICS requires the factory to organize H&S training of policy and procedure for workers' awareness.

**Deadline Date:** 10/27/2008

**Supplier CAP:** Management has arranged the responsible person for Health and Safety training. Some work can be finished by the end of 2008.

**Supplier CAP Date:** 12/31/2008

**Action Taken:**  
**Plan Complete:**  
**Plan Complete Date:**  
**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**

### Health and Safety: E. Health and Safety Management System

H&S.5 The health and safety policy shall contain the framework for a comprehensive health and safety management system within which employers' responsibilities and workers' rights and duties, various responsibilities of designated personnel, procedures that enable workers to raise health and safety concerns and procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) are clear and regularly tested and reviewed. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** The factory did not establish written H&S management system and the management was not aware of H&S regulations such as fire extinguishers

**Plan Of Action:** inspection periodically, etc.  
ASICS requires agent to instruct factory management to review the H&S management system. ASICS requires the factory to set up an H&S committee or appoint a certain personnel to be in charge and inspect all the H&S problems on a regular basis and update all relevant certificates.

**Deadline Date:** 10/27/2008

**Supplier CAP:** Factory will arrange the trainings of H&S, fire drill, chemical safety, machine safety, etc.

**Supplier CAP Date:** 12/31/2008

**Action Taken:** Under gathering and strengthening the information of H&S policy, the related works can be finished in Dec. 2008

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

## Health and Safety: F. Communication to Workers

H&S.6 The health and safety policy shall be communicated to all workers in the local language or language(s) spoken by workers if different from the local language. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Based on management and workers interview, the factory did not train the employees on H&S issues. The interviewees stated that they did not know H&S regulations.

**Plan Of Action:** ASICS requires the factory to organize H&S training for management and workers.

**Deadline Date:** 10/27/2008

**Supplier CAP:** Factory will arrange the trainings of H&S, fire drill, chemical safety, machine safety, etc.

**Supplier CAP Date:** 12/31/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

## Health and Safety: G. Notification and Record Maintenance

H&S.7 Employers shall notify the relevant authorities of all illnesses and accidents as required by applicable laws. All illness, safety and accident reports shall be maintained on site for at least one year, or longer if required by law. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
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07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)
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**Explanation:** Based on document review and management interview, the factory did not maintain the accident record.

**Plan Of Action:** ASICS requires the factory to keep all illness and accident records.

**Deadline Date:** 10/27/2008

**Supplier CAP:** Factory will keep all illness and accident records.

**Supplier CAP Date:** 12/31/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Health and Safety: H. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Finding 1: The factory did not monitor the dust emission in polishing department. Violates Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Article 12  
 Finding 2: The factory did not conduct air quality test in workshop where glues and paints were used. Violates Regulations on Safety in Workplaces Where Chemicals Are Used, Article 15.  
 Finding 3: The factory did not designate qualified supplier to dispose the hazardous waste.  
 Finding 4: The factory did not provide fire safety certificates for production and dormitory building. Violates Fire Prevention Law of the People's Republic of China, Article 10.  
 Remark: The factory had a kick-off approval on fire safety for its buildings.  
 Finding 5: The factory did not provide occupational health examinations to workers exposed to chemical hazards. Violates China Labor Law, Article 54.

**Plan Of Action:** Finding 1: ASICS requires the factory to maintain adequate ventilation such as local exhaust ventilation.  
 Finding 2: ASICS requires the factory to apply air test to local authority.  
 Finding 3: ASICS requires the factory to designate qualified supplier to dispose the hazardous waste.  
 Finding 4: ASICS requires the factory to obtain fire safety certificates for production and dormitory building.  
 Finding 5: ASICS requires the factory to conduct health examination for workers using hazardous chemicals.

**Deadline Date:** 01/25/2009

**Supplier CAP:** Finding 1: Factory will conduct dust emission monitor and improve the

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working condition of polishing department.  
Finding 2: Factory will conduct air quality test where glues and paints are used. Factory will complete the air test.  
Finding 3: Factory is under improvement. Factory will ask the related authority for inspection and apply for the certificate of the fire safety license.  
Finding 4: Chemical wastes and living wastes will be separately disposed.  
Finding 5: ASICS requires the factory to provide periodical health check for worker at gluing and chemical warehouse.

**Supplier CAP Date:** 12/31/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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## **Health and Safety: I. 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)

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Finding 1: Based on site observation, it was noted that no exit sign, emergency lights and evacuation plans were available in warehouse and dormitory. Violates Fire Prevention Law of the People's Republic of China, sub-paragraph (5) of Article 14.  
Finding 2: Based on site observation, it was noted that one exit at the warehouse was blocked by materials. Violates Fire Prevention Law of the People's Republic of China, the sub-paragraph (6) of article 14.  
Finding 3: Based on management and workers interview, the factory did not conduct fire drills. Violates Fire Prevention Law of the People's Republic of China, second sub-paragraph (3), (4) of Article 16. OB: Based on management interview, the fire fighting equipment was not inspected periodically in the past one year because they thought it would be replaced by the supplier annually.

**Plan Of Action:** Finding 1: ASICS requires the factory to install exit sign, emergency lights and post evacuation plans in workplace. ASICS requires the factory to conduct regular inspections of firefighting equipments.  
Finding 2: ASICS requires the factory to maintain a well-organized workplace.  
Finding 3: ASICS requires the factory to conduct fire drills for the entire workforce.  
Finding 4: ASICS requires the factory to conduct regular inspections of firefighting equipments.

**Deadline Date:** 01/25/2009

**Supplier CAP:** Finding 1: Factory will install exit sign and emergency lights, and post evacuation plans in warehouse and dormitory.

Finding 2: Factory will clean the exit and aisle. Factory will check safe evacuation once a month.  
 Finding 3: Factory will arrange the trainings of fire drill. It will be finished in 2008. [OB]Factory will inspect the fire fighting equipment once a month.

**Supplier CAP Date:** 12/31/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

### Health and Safety: J. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Finding 1: Based on site observation, it was noted that 3 fire extinguishers in warehouse and dormitory were not functioning. The factory did not periodically inspect the fire fighting equipment. Violates Fire Prevention Law of the People's Republic of China, sub-paragraph (5) of Article 14.  
 Finding 2: Based on site observation, it was noted that some fire extinguishers in warehouse and workshops were blocked by goods. Violates Code for Design of Extinguisher Distribution in Buildings (50140-2005), Article 5.1.1.

**Plan Of Action:** Finding 1: ASICS requires the factory to conduct regular inspections of firefighting equipments in warehouse and dormitory.  
 Finding 2: ASICS requires the factory to maintain well-organized workplace.

**Deadline Date:** 01/25/2009

**Supplier CAP:** Finding 1: Factory will inspect the fire fighting equipment once a month.  
 Finding 2: Factory will check safe evacuation once a month.

**Supplier CAP Date:** 12/31/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

### Health and Safety: K. 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

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hazards, including medical waste. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Based on site observation, it was noted that there were no PPE such as earplugs and masks available in polishing department though it was not used during the audit. Workers using glue were not provided with PPE, also no signs or diagrams were posted to remind workers of using PPE. Violates China Labor Law, Article 54.

**Plan Of Action:** Finding 1: ASICS requires the factory to provide Personal Protective Equipment (PPE) such as earplugs and masks to protect workforce. Finding 2: ASICS requires the factory to post signs or diagrams in workplace to remind workers of using PPE...

**Deadline Date:** 10/27/2008

**Supplier CAP:** Finding 1: Factory will provide PPE such as carbon mask to workers. Factory will explain the hazardous of chemicals and instruct workers to wear PPE. Finding 2: Factory will post the sign to remind workers of using PPE.

**Supplier CAP Date:** 12/31/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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## Health and Safety: M. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Finding 1: Based on site observation, it was noted that some chemical containers in warehouse and workshop were not labeled. Violates Regulations on Safety in Workplaces Where Chemicals Are Used, Article 12.

Finding 2: Based on site observation, it was noted that chemicals were stored together with other combustible plastic materials in workshop. Violates Regulations on the Safety Administration of Dangerous Chemicals, Article 22.

Finding 3: Based on site observation, it was noted that no warning signs were available in chemical warehouse. Violates Regulations on the Safety Administration of Dangerous Chemicals, Article 23. It was found that the chemicals in warehouse and workshop were not provided with secondary containment. It was noted that some empty containers were exposed to



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environment without rain-proof facility.

**Plan Of Action:** Finding 1: ASICS requires the factory to implement labeling of chemicals for containers in warehouse and workshop.  
Finding 2: ASICS requires the factory to store hazardous chemicals at an appropriate safety area. Finding 3: ASICS requires the factory to post warning sign in warehouse. ASICS requires the factory to store properly by secondary container. Proper handling can reduce or eliminate associated risks. Store chemicals in cabinets and on shelving provided for such storage. ASICS requires the factory to store empty chemical containers under rain-proof facility.

**Deadline Date:** 10/27/2008

**Supplier CAP:** Finding 1: Factory will provide PPE such as carbon masks to workers. Factory will explain the hazardous of chemicals and instruct workers to wear PPE.  
Finding 2: Factory will label on chemical containers in warehouse and workshop.  
Finding 3: Factory reported they have already gathered the chemical containers in the chemical warehouse.  
Finding 4: Factory will place warning signs in chemical warehouse. Factory will provide chemical in secondary containers. Factory will store empty containers under rain-proof facility.

**Supplier CAP Date:** 12/31/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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**Health and Safety: N. 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)

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Based on site observation, it was noted that no MSDS was available in chemical warehouse and workshops. Violates Regulations on Safety in Workplaces Where Chemicals Are Used, Article 12.

**Plan Of Action:** ASICS requires the factory to provide MSDS in the workplace to be available for each hazardous substance.

**Deadline Date:** 10/27/2008

**Supplier CAP:** Factory will post the sign to remind workers of using PPE.

**Supplier CAP Date:** 12/31/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

Action Verified Text:  
 Action Verified Date:  
 Comments:

### Health and Safety: Q. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Based on site observation, it was noted that some control panels in workshops and warehouse were missing covers.

**Plan Of Action:** ASICS requires the factory to cover control panels. Factory shall understand that the protective dust covers guard against contaminants.

**Deadline Date:** 08/28/2008

**Supplier CAP:** Factory will provide covers for control panels and minimize the hazardous conditions in workplace.

**Supplier CAP Date:** 08/28/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

### Health and Safety: R. Machinery Maintenance and Worker Training

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

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Finding 1: Based on site observation, it was noted that about 80% of sewing machine were missing pulley guards. Violates General rules for designing the production facilities in accordance with safety and health requirements.

**Plan Of Action:** Finding 1: ASICS requires the factory to ensure installing pulley guard to all of the sewing machines.

**Deadline Date:** 09/27/2008

**Supplier CAP:** Finding 1: Factory will provide pulley guards for all sewing machines.

**Supplier CAP Date:** 12/31/2008

**Action Taken:**  
**Plan Complete:**  
**Plan Complete Date:**  
**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**

## Health and Safety: S. Proper Use of Machinery

H&S.19 Employers shall only use positive incentives (risk awareness training, demonstration of proper use, awards, bonuses, etc.) to ensure workers use machinery, equipment and tools properly and safely. Workers shall not suffer any negative consequences for refusing to work with machinery, equipment or tools that are not properly guarded or reasonably considered unsafe. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	2 (out of 5)

**Explanation:** The cutting machines were designed in two-hand operation mode, but the audit team found that single-hand operation was also allowed.

**Plan Of Action:** ASICS requires the factory to ensure two-hand operation for cutting process. ASICS requires the factory to ensure safety training to operators to avoid occupational accident.

**Deadline Date:** 09/27/2008

**Supplier CAP:** Factory will put the warnings on the cutting machines to remind workers to use 2 hands.

**Supplier CAP Date:** 10/31/2008

**Action Taken:**  
**Plan Complete:**  
**Plan Complete Date:**  
**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**

## Health and Safety: U. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Based on document review, it was noted that one type of medicine in one first aid kit was expired.

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**Plan Of Action:** ASICS requires the factory to inspect and replenish the first aid supplies as needed. ASICS recommends the factory to keep first aid supplies sealed with a closure (like a paper tie) and inspect once a week. If the tie was broken, the supplies should be replenished and resealed.

**Deadline Date:** 09/27/2008

**Supplier CAP:** Factory will provide new first aids medicines. The first aid training will be conducted to workers.

**Supplier CAP Date:** 11/30/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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**Health and Safety: V. 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)

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Finding 1: Based on site observation, it was noted that there was a strong smell workshop and dormitory toilets.  
Finding 2: Based on document review, the factory did not obtain the hygiene license for the canteen. Violates Food Hygiene Law of the People's Republic of China, Article 27.  
Finding 3: Based on document review, it was noted that three kitchen workers' health certificates were expired. Violates Food Hygiene Law of the People's Republic of China, Article 26.

**Plan Of Action:** Finding 1: ASICS requires the factory to keep the toilet and dormitory clean, maintained and supplied. Factory will need to know the good worker hygiene practices during production and dormitory can help to minimize microbial contamination. It is important to make worker's health and hygiene a priority.  
Finding 2: ASICS requires the factory to apply for the hygiene license for the canteen from local authority.  
Finding 3: ASICS requires the factory to conduct health examination for kitchen workers.

**Deadline Date:** 10/27/2008

**Supplier CAP:** Finding 1: Factory will keep clean and sanitize toilets in workshops and dormitory. Already under the improvements and will apply for the certificate of the hygiene license.  
Finding 2: Factory will apply the hygiene license for the canteen.  
Finding 3: Factory will conduct health examination for kitchen workers. Factory will obtain and keep the copies of health certificates.

**Supplier CAP Date:** 10/27/2008

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**

### Hours of Work: A. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Finding 1: Based on document review, management and worker interview, it was noted that regular working hour of the factory was 9hrs per day(7:30~11:30;12:30~17:30); 63hrs per week(Monday~Sunday,9hrs per day), which was not in compliance with legal requirement of 8hrs per day, 40hrs per week, also exceeded FLA's limit of 60hrs per week. Violates State Council's Revised Regulation Regarding Worker's Work Time (1995.5.1), Article 3.

Finding 2: Based on working hour records, workers in June 2008 provided by the factory, it was identified that the average monthly overtime was up 149 in June 2008. Violates China Labor Law, Article 41. Finding3: Based on management and worker interview, the factory did not provide paid leave to workers, like annual leave, maternity leave, etc. Violates China Labor Law, Article 51.

**Plan Of Action:** Finding 1: ASICS requires the factory to review and revise their regular working hour policy because their policy does not comply with the law. Finding 2: ASICS requires the factory to make progressive reduction scheme of working hours. Finding 3: ASICS requires the factory to stipulate paid leave policy and inform workers about this.

**Deadline Date:** 10/27/2008

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

### Hours of Work: B. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent	SGS (Societe General du	1 (out of 5)

## 400015849G– China: Asics

External  
Monitoring) Serveilance)

**Explanation:** Based on document review, management and worker interview, The workers did not have one day off per seven days. According to the attendance sheets of June 2008 provided by factory, most of workers only had one day off in this month. And the factory did not provide other attendance records except June 2008, but estimated by auditor, the rest days of workers in peak seasons were quite similar with the condition in June 2008. That is, in peak seasons from December to June (next year), workers could probably consecutively work for the whole month. While in low seasons from July to November every year, one day off per 7 days might be guaranteed. Violates China Labor Law, Article 38.

**Plan Of Action:** Finding 1: ASICS requires the factory to provide one day off in 7 days. Factory should submit progress scheme to ASICS.  
Finding 2: Factory analyzed that labor shortage was the root cause of consecutive working days. Factory will try not to accept the haste order and/or unpractical delivery deadline. Factory will review the production plan to be able to provide rest days to workers.

**Deadline Date:** 01/25/2009

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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### Hours of Work: F. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	2 (out of 5)

**Explanation:** According to the attendance sheets, it was showed that all workers' working hours were recorded without specific clock-in and clock-out time.

**Plan Of Action:** ASICS requires factory to record clock-in and clock-out time and to ensure recording all the working hours by using a reliable and accurate time recording system.

**Deadline Date:** 09/27/2008

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

Action Verified Text:  
 Action Verified Date:  
 Comments:

### Hours of Work: N. Annual Leave

HOW.14 Employers shall provide workers with paid annual leave as required under local laws, regulations and procedures. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Based on management and worker interview, it was identified that the factory did not provide paid annual leave to workers. Violates Regulations on Paid Annual Leave for Employees, Article 3.

**Plan Of Action:** ASICS requires the factory to stipulate paid leave policy and inform workers about this.

**Deadline Date:** 09/27/2008

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

### Hours of Work: V. Suspension of Work

HOW.22 Employers can only suspend work in accordance with local laws, regulations and procedures. Workers shall be paid in full during periods of suspension, unless local laws stipulate otherwise, workers and their representative organizations (temporarily) agree otherwise, and the relevant national authorities authorize the alternative arrangement. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/29/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

**Explanation:** Based on management and worker interview, it was identified that the factory did not pay employees during the periods of suspension. Some of the workers would be put into leave without any compensation. Violates Payment of Wages Tentative Provisions, Article 12.

**Plan Of Action:** ASICS requires the factory to give paid leave to worker during the factory suspension.

**Deadline Date:** 01/25/2009

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:**

**Plan Complete:**

**400015849G– China: Asics**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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