



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Asics, Puma
COUNTRY: China
FACTORY CODE: 36021510581
MONITOR: Openview Service Limited
AUDIT DATE: June 10, 2010
PRODUCTS: Golf Gloves
PROCESSES: Cutting, Sewing, Sticking,
Pressing, Metal Detecting, Packaging
NUMBER OF WORKERS: 69



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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:**
1. Based on information gathered through records review and interviews with workers and management, found that factory provided pension, medical, unemployment, work-related injury and maternity insurances for only 37 out of all 64 employees. In violation of Article 73 of China Labor Law.
 2. Through checking factory policy and interviews with management and workers, it was noted that piece rate workers were paid RMB 40 per day during public holidays, lower than the legal requirement of at least RMB 44.14 per day after February 2010. In violation of Article 29 of Regulations on Wage Payment in [Province name] Province.

**Plan Of
Action:**

1. Factory recommended to:
 - a) Follow local social insurance office's advice and take out social insurance for every employee;
 - b) Purchase commercial insurance for the sake of uninsured employees' welfare;
 - c) Make a gradual improvement plan and finally insure every employee;
 - d) Submit this gradual insurance plan to Asics.

September 15, 2010: Factory recommended to submit progressive coverage plan for social security, to ensure 100% coverage for all workers in factory.

2. January 24, 2011: Factory recommended to compensate piece rate workers for unpaid work based on local law.

**Deadline
Date:** 06/30/2011



Supplier CAP: 1. Factory will be sure to encourage and cover social security for all workers in factory by end of December 2010.

September 15, 2010: According to agent factory visit, factory postponed social coverage plan and is replanning targeted date. Factory will cover social security for 70% of migrant workers in December 2010, increasing coverage to 80% in June 2011. Factory will cover 100% for newcomers from beginning.

September 25, 2010: According to agent report, factory submitted plan for social security coverage for migrant workers. Progress plan said factory will cover social security for 70% of migrant workers in December 2010, 80% in June 2011 and 100% in December 2011.

2. January 24, 2011: Factory acknowledged miscalculation of paying piece rate workers under legal requirements during public holidays and will compensate by June 2010.

Supplier CAP Date: 12/26/2011

Action Taken: 1. July 2010: Factory provided social insurance for 38 out of 64 employees and commercial insurance for the rest of the 26 employees.

August 31, 2010: According to factory report, all of 29 local workers and 9 out of all 35 migrant workers covered by public social security. 26 out of 35 migrant workers not yet covered by public social security, but covered by commercial social security as temporary measure. Factory aiming at complying with local law for 100% coverage of social security for all workers in factory by end of 2010.

January 18, 2011: Current completion plan for social security participation is December 2011, but factory decided to modify plan and moved up to complete it in early January 2011. Now, all of 66 workers are entirely participating in social security.

July 13, 2011: Total of 63 employees in factory; only 42 employees enrolled in social insurance program. Among rest of 21 uncovered employees, are 6 employees retired who do not need to be included. The rest of 15 employees will be enrolled in social insurance program within 2011 as committed by factory management.

July 19, 2011: Factory taken action to let all workers join social security; however, currently, workers are leaving factories that do not favor joining social security system. Social security benefits are important for workers, but it is said some local labor bureaus tolerate workers refusing to join system. We think it essential to respect workers' wills whether or not they take part in system. We keep following up and continue worker awareness on the importance of the social security system and encourage them to join working with factory. We required factory to reschedule target participation level.



September 1, 2011: Factory is covering social security gradually according to their coverage plan. Factory has covered social security for 71.9% workers against their coverage plan target 70% in June, and 85.7% for 85% in August.

2. January 24, 2011: Factory backpaid compensations by June 2010. Factory conducted labor law trainings and posted labor-related laws in facility, such as compensation of public holidays.

July 13, 2011: No violation of below local minimum wage is observed during audit.

Plan Complete: No

Plan Complete Date:

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: Based on payroll records review and factory management interview, noted that 1 worker paid RMB 697 in March 2010 and RMB 620 in April 2010, lower than local minimum wage of RMB 960 per month. In violation of Article 48 of China Labor Law.

Plan Of Action:

1. Factory recommended to pay minimum wage.
2. Factory recommended to investigate reasons why they could not pay minimum wage.

September 21, 2010: Factory recommended to oversee and reassess hiring process and add additional procedures to avoid common errors if necessary.

Deadline Date: 10/31/2010



Supplier CAP: Employee quit the job. Factory will not hire inexperienced sewer anymore.

Supplier CAP Date: 06/30/2010

Action Taken: July 29, 2010: According to factory report, factory management put in place internally that implementation of minimum wage payment should be taken in practice for all workers based on local labor bureau's latest stipulation for minimum wage. Ensure all workers aware of minimum wage updates. Due to delayed notice of a discontinuing labor contract at the end of a 3-month probationary period, worker has suddenly quit job and is still reserved back payment.

August 15, 2010: Worker who left factory suddenly was pregnant worker. She retired from factory to have her baby. She re-entered factory after she had the baby, but shortly afterwards left factory. Labor contract was signed and kept in factory. When factory phoned contact address left on her resume, no one answered phone. Unpaid payment is reserved in factory.

January 24, 2011: Factory posted labor-related laws in facility, such as minimum wage, for purpose of worker awareness and updating. Factory and trade union representatives signed on minimum wage notice as confirmation of wage update.

Plan Complete: Yes

Plan Complete Date: 06/30/2010

Wages, Benefits and Overtime Compensation: 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)

Noncompliance

Explanation: Based on on-site observations and interviews with workers and management, noted that some piece rate workers came in around 30 minutes early in the morning and sometimes worked during 1 hour lunch break. These working hours were not calculated as hours of work.

Plan Of Action:

1. Factory recommended to pay premium for overtime work beyond a set number of hours in a day.
2. Factory recommended to fix a lunch break and write it down in company regulations.

July 29, 2010: Factory recommended to ensure all workers are aware of lunch break period.

August 15, 2010: Factory recommended to provide written rules of working hours and to be sure all workers are aware of working hours through supervisors. Factory requested to submit rules of working hours and records for workers' awareness.

Deadline Date: 10/31/2010

Supplier CAP: Some workers working 10-30 minutes early. Workers requested to get work done during office hours. Factory given notice to every worker that they should work in regular working hours only.

Supplier CAP Date: 06/30/2010

Action Taken: August 15, 2010: According to agent visit, found that factory has written policy of factory working hours, but have not ensured all workers are aware of it. Workers requested to get work done during office hours.

January 24, 2011: Factory already posted working hours in a prominent area of workplace for workers' awareness in April 2010.

Plan Complete: Yes

Plan Complete Date: 08/13/2010

Wages, Benefits and Overtime Compensation: 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)

Noncompliance

Explanation: Based on payroll records review and interviews with workers and management, noted that payment records were not confirmed by workers in writing (signature, thumbprint, etc.) after November 2009. In violation of Article 6 of Provisional Regulations on Payment of Wages.

Plan Of Action: Factory recommended to ensure employees' confirmation and signature on payment statement.

August 15, 2010: Agent recommended to submit records of workers' signatures as evidence.

Deadline Date: 09/30/2010

Supplier CAP: Factory obtained workers' signatures on pay envelope from June 21, 2010. In the past, factory only handed statements to workers because wages paid through bank transfer.

Supplier CAP Date: 06/21/2010

Action Taken: August 2, 2010: According to agent visit, confirmed that factory has payment records with workers' signatures.

September 25, 2010: Agent provided several payment records with workers' signatures as evidence.

Plan Complete: Yes

Plan Complete Date: 09/24/2010

Forced Labor: Employment Terms/Voluntary Agreement

F.3 Employment terms shall be those to which the worker has voluntarily agreed, in as far as those terms do not fall below provisions of local laws, freely negotiated and valid collective bargaining agreements, or the FLA Code. (P)

Noncompliance

Explanation: Through checking workers' files and interviews with management and workers, noted factory signed labor contracts with workers who joined factory before 2010, but not with those who joined after January 2010. In violation of Articles 10 and 17 of the China Labor Contract Law.

Plan Of Action: Factory recommended to work on immediately signing a labor contract with all workers.
August 15, 2010: Agent recommended to submit labor contracts to Asics for confirmation usage.

Deadline Date: 09/30/2010

Supplier CAP: Factory signed contracts on July 6 with 9 workers who joined after January 2010.

Supplier CAP Date: 07/06/2010

Action Taken: September 25, 2010: According to agent report, confirmed that in 2010, 9 new workers signed labor contracts. 7 out of 9 workers are in probation period.

Plan Complete: Yes

Plan Complete Date: 06/30/2010

Freedom of Association: Right to Freely Associate

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

Noncompliance

Explanation: **FLA Comment:** The Chinese constitution guarantees Freedom of Association (FOA); however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union - the All China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of FOA, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. However, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The Amended Trade Union Act of Oct. 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. Trade unions also have an enhanced role in dispute resolution. In Dec. 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.

Plan Of Action: Factory recommended to regularly organize awareness training about FOA rights and to:

1. Establish a forum for dialogue between employer and employee;
2. Have a written policy for the dialogue system between employer and employee;
3. Establish labor-management committee and H&S Committee, then hold committee meetings regularly; and
4. Establish consultation window in workers' union.

August 15, 2010: Factory is recommended to maintain records of labor committee meetings and to review and remake internal rules for encouraging worker dialogue channels.

September 15, 2010: Factory recommended to submit the written democratic mechanism to Asics.

Deadline Date: 06/30/2011

Supplier CAP: August 15, 2010: According to factory, they will discuss internally about democratic mechanism for choosing workers' representatives, ensuring workers' dialogues. It is planned to complete the mechanism at the end of September 2010.

Supplier CAP Date:

Action Taken: July 29, 2010: According to factory report, there is a union in place in factory; workers and managements have had dialogue meeting once in a year since 2005.

January 24, 2011: Worker trainings for FOA carried out by trade union. Factory has explained about this right to workers as well. After elections for current trade union representative held, the next round of elections is scheduled to be held around December 2010. All affected employees on the date of election are entitled to vote for employee representatives. This factory is small and most workers have worked for long years. Factory sees the value of being on an equal footing with workers to find out the solution to problems, rather than insisting the rights of each other. Owner says that he puts the workers' care as most paramount for his factory management. The dialogue committee works for communication and solutions to complaints and requirements from workers.

Plan Complete: No

**Plan
Complete
Date:**

Freedom of Association: 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)

Noncompliance

Explanation: Documents review and worker interviews revealed that there was no written grievance procedure in the factory.

Plan Of Action:

1. Factory recommended to have a written grievance policy.
2. Factory recommended to post grievance policy.
3. Factory recommended to orally inform employees about grievance policy.

August 13, 2010: Factory recommended to send instructions on how workers' letters are treated and to send grievance letters from workers after setting opinion box in factory.

Deadline Date: 10/31/2010

Supplier CAP: Factory has issued and posted a written grievance policy.

Supplier CAP Date: 06/15/2010



Action Taken: [July 2010](#): According to factory report, they have instructed and posted instructions on how workers use suggestion box, to make sure all workers are aware of it.

[August 15, 2010](#): According to agent visit, workers' grievance mechanism is built and grievances are submitted to factory management through suggestion box or reported to supervisors verbally. Grievance mechanism instructions are posted aside suggestion box to ensure all workers are aware at anytime.

Plan Complete: Yes

Plan Complete Date: 09/24/2010

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: It was confirmed by procedures review and management interviews that disciplinary system did not include the ability for a worker to appeal and/or question any disciplinary action against them and/or have a third party of their choice present when the disciplinary action was being imposed.

Plan Of Action: Factory recommended to:

1. Establish written grievance channels policy and procedure and to make sure all workers are aware of them.
2. Establish a discipline committee and to give workers a fair and impartial chance for argument on their disciplinary actions.
3. Make all workers aware that if they (workers) do not remedy their behavior after oral and/or documented reprehension, they might receive punitive dismissal.
4. Post grievance channel phone number of local labor bureau for workers' consultation as needed.
5. Establish neutral grievance committee by in-house or external third party; collect and solve workers' grievances through this committee.
6. Post owner's (factory manager's) direct phone number as one of the grievance channels.

July 2010: Factory recommended to include the sentences of workers' appeal rights against disciplinary action and is workers' choice to present to local labor bureau in cases where disciplinary action being imposed.

Deadline Date: 10/31/2010

Supplier CAP: Factory has established and posted written grievance policy; factory has also posted the phone number of local labor bureau and factory manager.

July 29, 2010: According to factory report, factory has mentioned in factory rules additional sentences regarding workers' appeals against disciplinary action and workers' chances for applying to the labor bureau on the disciplinary action being imposed. Factory will set up disciplinary committee among trade union and management. Factory will post phone number of local labor bureau and factory manager. Factory will establish a committee of gathering each division representatives.

Supplier CAP Date: 07/22/2010

Action Taken: August 15, 2010: According to agent visit, agent reported that factory told them that there were regulations for disciplinary committee and meeting reports in factory already; however, the FLA auditors did not check through them. One of the reasons was that factory did not mention the existence of regulations and records to auditors. Therefore, auditors had judged there was no appealing or questioning system for workers against disciplinary actions.

September 25, 2010: According to agent report, they have confirmed the documents about disciplinary systems.

January 24, 2011: According to factory report, they had no intention to take disciplinary action in factory, even though they provide the written policy. Factory is discussing with trade union about creating incentive scheme. The basic disemployment clauses are included in written company regulations, but are no monetary fines clauses. Workers' letters are collected twice a month from suggestion box and consulted with trade union. Factory reactions are posted on bulletin board. If workers feel it is insufficient or illogical, they can voice complaints to factory and get effective response. Company regulation mentioned they are free to go to local authority, such as the labor bureau, if they have a conflict with factory.

Plan Complete: Yes

Plan Complete Date: 09/24/2010

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: There was 1 juvenile worker in factory, but factory did not register the use of juvenile workers with local labor bureau. Factory did not provide medical examinations for this juvenile worker according to legal regulations. It was also noted that this worker worked overtime in past 3 months, although local law requires that employer shall not arrange for a juvenile workers' work at night shift and overtime. The above practices violated Articles 6 and 9 of the Regulations on Protection of Young Workers and Article 33 of Regulations on Labor Protection of [Province name] Province.

Plan Of Action:

1. Factory recommended to list young workers and conduct regular health checks.
2. Factory recommended to register young workers with the local labor bureau according to the law.
3. Factory recommended to organize a manager training regarding the protection of young workers.
4. Factory shall not require young workers to do hazardous work, overtime and night shift.

Deadline Date: 10/31/2010

Supplier CAP:

1. Factory conducted a health check on July 22.
2. Factory registered young worker with local labor bureau.
3. Factory organized manager training regarding the protection of young workers.
4. Factory has ended overtime work on June 28.

Supplier CAP Date: 07/22/2010

Action Taken: [August 15, 2010](#): According to factory report, factory submitted evidence photo to Asics.

[January 24, 2011](#): One worker was registered 1 year younger. Age modification has been applied to local labor bureau on July 6, 2010. Health check conducted July 10, 2010.

[June 24, 2011](#): We have inquired factory to show us registration record of young workers and manager training records for young workers. Factory responded that local labor bureau currently does not accept applications for the registration of young workers. Therefore, factory has no other choice but to hire statutory working-age workers only, and no younger workers exist on their site. As there are no young workers in factory, no manager training on the protection of young workers is organized.

[July 13, 2011](#): No juvenile worker is observed during audit.

Plan Complete: Yes

Plan Complete Date:

Non-Discrimination: Medical Examination

D.11 Employers are allowed to require routine medical examination for fitness as a condition of recruitment or continued employment. Such examination shall, however, be strictly limited to assess general fitness, and not include testing for any disease or illness, such as HIV/AIDS, that does not have an immediate effect on a person's fitness and/or is not contagious. (P)

Noncompliance

Explanation: Based on medical examination reports review and information gathered from workers and management, noted that annual medical exam contained blood test for Hepatitis B, which might cause discrimination against HBV carriers. In violation of Article 19 of Provisions on Employment Services and Employment Management.



Plan Of Action: Factory has right to use health checks as a means of objectively evaluating a candidate's qualifications, character and fitness. Factory recommended to use health checks at hiring and for proper assignment and health care- only after entering the factory. Factory is recommended to not use unlawful (or employment) discrimination, such as in hiring decisions, as prevailing social prejudice for hepatitis virus exists. To protect candidate's right of privacy, factory recommended to make sure to explain purpose of hepatitis check and to take written consent from candidate.

Deadline Date: 12/31/2010

Supplier CAP: Factory has conducted regular annual health checks and already implemented 2010 health check in July 10. Factory has ended the blood test for Hepatitis B from this year.

Supplier CAP Date: 07/10/2010

Action Taken: August 15, 2010: According to agent visit, agent confirmed that factory has ended blood test for Hepatitis B virus from July 10th health check.

Plan Complete: Yes

Plan Complete Date: 08/13/2010

Code Awareness:

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

Noncompliance

Explanation: Puma had contact number for confidential noncompliance reporting; however, was no confidential noncompliance reporting mechanism allowing factory workers to contact Asics.

Plan Of Action: Factory recommended to:

1. Put Asics' grievance contact seal at end of code of conduct (CoC) poster;
2. Establish open policy grievance channel, such as direct consulting with employer and employee, consulting with labor union, setting up suggestion boxes, H&S Committee, etc.;
3. Approach workers in a family-like way;
4. Record monthly grievances and factory reactions; and
5. Set up grievance columns and control numbers for analyzing and graphing out.

Options:

1. Post phone number of grievance channel of local labor bureau for workers' consultation as needed;
2. Establish neutral grievance committee by in-house or external third part; collect and solve workers' grievances through this committee;
3. Post owner's (factory manager's) direct phone number as one of the grievance channels.

Deadline Date: 10/31/2010

Supplier CAP: Factory has attached Asics' grievance contact seal at end of CoC poster. In order to deal with workers' grievances, factory has set up opinion boxes and H&S Committee since the factory's establishment. Factory established neutral grievance committee, which consists of representatives of each section, and posted factory manager's direct phone number.

Supplier CAP 07/19/2010

Date:

Action Taken: [August 15, 2010](#): According to agent visit, it is confirmed that factory has posted the contact number for confidential noncompliance reporting direct to Asics.

Plan Complete: Yes

Plan Complete Date: 08/13/2010

Health and Safety: 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)

Noncompliance

Explanation: Based on documents review and management interviews, it was found out that there was no written health and safety policy in the factory, which must, at the very least, be aimed at complying with legal minimum H&S standards, regulations and procedures.

Plan Of Action:

1. Factory recommended to establish written H&S policy and post it in prominent place.
2. Factory recommended to organize H&S training to related workers.

Deadline Date: 11/30/2010

Supplier CAP: Factory will establish a written H&S policy and post it in a prominent place.
[August 2, 2010](#): Factory requested to submit H&S policy to Asics.

Supplier CAP 09/30/2010
Date:

Action Taken: [September 25, 2010](#): Factory has submitted written H&S policy photo to Asics.

Plan Complete: Yes

Plan Complete Date: 09/24/2010

Health and Safety: Permits and Certificates

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

Noncompliance

Explanation: Based on observation made during documents review and management interviews, noted that no Structure Safety Certificate for all buildings could be provided for auditors' review during audit. In violation of Article 61 of China Construction Law.

Plan Of Action: Factory recommended to apply for construction certificate from local authorities.

Deadline Date: 10/31/2010

Supplier CAP: Factory will apply for construction certificate from local authority.

August 2, 2010: Factory recommended to submit copy of construction certificate to Asics.

Supplier CAP Date: 09/30/2010

Action Taken: August 8, 2010: According to factory report, factory has applied for construction certificate from local authority.

September 25, 2010: According to agent report, factory has provided a construction certificate from local authority. The evidence copy has sent to Asics.

Plan Complete: Yes

Plan 09/24/2010

Complete

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: On-site examination revealed that there were no emergency lights at 1 of 2 exit doors in canteen, and 2 of 5 exit doors in production workshop. In violation of Article 11.3.1 of the Code for Design of Building Fire Protection and Prevention (GB50016-2006).

Plan Of Factory recommended to:

Action:

1. Make sure to provide exit signs, emergency lights and evacuation plans for all workshops;
2. Conduct periodic inspections to make sure all emergency equipment is at acceptable levels;
3. Appoint a responsible person for periodical inspections.

August 2, 2010: Factory requested to send a copy of evacuation plan posted at workshop and photos of exit signs and emergency lights in canteen and workshops.

Deadline 10/31/2010

Date:

Supplier Factory provided exit signs, emergency lights and evacuation plans to all workshops and canteen. Factory appointed a responsible person and started to conduct periodic inspections.

CAP:

Supplier CAP 06/30/2010

Date:

Action Taken: [September 15, 2010](#): According to agent visit, agent has confirmed factory provided exit signs, emergency lights and evacuation plans at appropriate places in canteen and workshops. Agent confirmed Fire Extinguisher Log record, as well as posted instructions for extinguisher use. However, name and titles of a responsible person could not be confirmed yet.

[September 25, 2010](#): Factory has submitted the photo copy for evidence.

Plan Complete: Yes

Plan Complete Date: 09/24/2010

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 factory walkthrough, noted that:](#)

1. There was no fire fighting facilities in small warehouse on 2nd floor of production building. In violation of Article 16 of China Fire Prevention Law.
2. There was no first aid kit placed in production workshop. In violation of Article 23 of China Law on Prevention and Control of Occupational Diseases.

Plan Of Action:	<p>Factory recommended to:</p> <ol style="list-style-type: none"> 1. Provide appropriate quantity of extinguishers according to China Fire Prevention Law and other related laws. Extinguisher locations: Factory recommended to place extinguishers 20m apart. Large-size extinguishers allowed to be placed 30m apart. Interval length 20m means actual walking distance in straight line. If workplace is crowded and mixed, factory recommended to place extinguishers closer than 20m. When there are sprinklers or fire hydrants, factory may relax these standards. 2. Provide first aid kit in every workplace; record and maintain injury log; and regularly check and replenish medical supplies.
Deadline Date:	10/31/2010
Supplier CAP:	<ol style="list-style-type: none"> 1. Factory has placed fire extinguishers in every room on June 30. 2. Factory has provided first aid kits for every workplace and office on June 15.
Supplier CAP Date:	06/30/2010
Action Taken:	<ol style="list-style-type: none"> 1. <u>August 8, 2010</u>: Factory submitted evidence photo of providing extinguishers to every room and first aid kits to workshop. 2. <u>September 15, 2010</u>: According to agent report, agent has confirmed extinguishers provided in right places in workshops, warehouse and dormitory. Agent confirmed that a responsible person checks extinguisher conditions in the beginning of every month and takes records. 3. <u>September 15, 2010</u>: According to agent report, agent has confirmed first aid kits are provided to workshops, office and dormitory. It is confirmed that list of necessary medicines and injury records are also provided. Factory manager has responsibility of checking whether medicines are sufficiently provided.
Plan Complete:	Yes
Plan Complete Date:	09/24/2010

Health and Safety: Chemical Management and Training

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

Noncompliance

Explanation: On-site observations revealed that drinking water bottles were used as lubricating oil containers without any label in sewing workshop. In violation of Article 12 of Regulations on Safety in Workplaces Where Chemicals Are Used.

Plan Of Action: Factory recommended to:

1. Post warnings about hazardous machine operations and the use of chemical substances. (“Danger” or “Warning” displays; posting the way to work safely; labeling chemical container, etc.)
2. Be sure operators are aware of safe work, along with easy-to-follow instructions.
3. Organize periodical training to operators on safe usage of machines; chemical handling; impact on health and human body; emergency procedures and primary contact point; and wearing PPE.
4. Issue a policy about dangerous and hazardous work.
5. Develop a training plan.
6. Inform Asics of trainings’ scheduled dates.
7. Report to Asics about training contents, training hours, instructor, trainee numbers and training pictures after conducting training.

September 15, 2010: Factory requested to label lubricating oil container and post warning in workshop and to send Asics the evidence photos.

Deadline Date: 10/31/2010

Supplier CAP:

1. Factory has used dedicated bottles for lubricating oil container.
2. Factory has posted warnings in Chinese, English and Japanese languages since establishment of the factory.

Supplier CAP 06/15/2010

Date:

Action Taken: 1. September 15, 2010: According to agent report, found that factory has not yet labeled lubricating oil container, even though they've provided containers designed for chemical substances.

September 25, 2010: Factory has sent Asics evidence photos for labeling lubricating oil container and posting warnings in workshops.

2. September 15, 2010: According to agent report, found that factory has not yet posted warnings in factory.

Plan Complete: Yes

Plan Complete Date: 09/24/2010

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)

Noncompliance

Explanation: Visual inspections revealed that electrical wires were exposed and there was no safe cover for electrical panel in power generating room. In violation of General Guide for Electrical Safety (GB/T13869-2008); Article 4.4.

Plan Of Action: Factory recommended to attach safety cover to electrical panel and seal electrical wires in power generating room.

Deadline Date: 10/31/2010

Supplier CAP: Factory has attached safety cover to electrical panel and sealed electrical wires in power generating room.

Supplier CAP 06/22/2010

Date:

Action Taken: [September 25, 2010](#): According to agent report, agent confirmed factory has attached safety cover to electrical panel and sealed electrical wires in power generating room. Evidence photo was provided.

Plan Yes

Complete:

Plan 09/15/2010

Complete

Date:

Health and Safety: Machinery Maintenance and Worker Training

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

Noncompliance

Explanation: [During walkthrough, it was observed that:](#)

1. About 40% of sewing machines in factory were not equipped with needle guards.
2. Safety guards of cutting machine removed in cutting department.

[In violation of Article 2.2.1 of Machinery Safety Guard Requirement \(GB 8196-87\).](#)

Plan Of 1. Factory recommended to equip needle guards for every sewing machine.

Action: 2. Factory recommended to replace safeguards of cutting machines in cutting department.

Deadline 10/31/2010

Date:

Supplier CAP: 1. Factory has equipped needle guards for every sewing machine.
2. Factory has replaced safeguards of cutting machines.

Factory will conduct training on proper use and safe operation of sewing and cutting machines.

Supplier CAP Date: 06/25/2010

Action Taken: [September 15, 2010](#): According to agent report, it is confirmed that needle guards for every sewing machine and safeguards for cutting machines were equipped appropriately.

Plan Complete: Yes

Plan Complete Date: 09/15/2010

Health and Safety: Sanitation in Dormitories

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

Noncompliance

Explanation: On-site examination revealed that there were no safety provisions, such as first aid kits and fire fighting facilities in dormitory, and no emergency evacuation drill has been conducted at least annually in the rented dormitory. In violation of Article 16 of China Fire Prevention Law.

Plan Of Action: Factory recommended to:

1. Install first aid kits and fire extinguishers in dormitory.
- 2.1. Make a plan about conducting evacuation drills.
- 2.2. Implement evacuation drills, and then send reports and photographs to Asics.

September 25, 2010: Agent and factory requested to report number of participants, date and results of evacuation drills. Agent requested to confirm whether evacuation drills were instructed by local fire bureau.

Deadline Date: 06/30/2011

Supplier CAP:

1. Factory installed first aid kits and fire extinguishers in dormitory on July 23.
2. Factory implemented evacuation drill on July 23.

Supplier CAP Date: 07/23/2010

Action Taken:

1. September 25, 2010: According to agent report, agent has confirmed providing extinguishers and first aid kits.
- 2.1. September 25, 2010: According to agent report, agent has confirmed pictures of emergency evacuation drill. However, agent did not confirm whether drills were self-training or instructed by local fire bureau.
- 2.2. September 25, 2010: According to agent report, fire drill and evacuation drill conducted once in 2 years. In 2010, fire drill conducted July 8th and evacuation drill conducted July 23rd with all 70 workers and staff.

Plan Complete: Yes

Plan Complete Date: 09/24/2010

Hours of Work: Annual Leave

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

Noncompliance

Explanation: Through checking factory policy and interviews with management and workers, noted that factory did not provide paid annual leave for workers in accordance with local law requirements. In violation of Article 3 of Regulations on Paid Annual Leave for Employees.

Plan Of Action: Factory recommended to provide paid annual leave for workers according to local law requirements.

August 15, 2010: Factory recommended to review awareness of paid leave and revise factory rule.

Deadline Date: 12/31/2010

Supplier CAP:

Supplier CAP Date: 06/20/2010

Action Taken: September 25, 2010: According to agent report, confirmed that factory sub-manager responsible for ensuring all workers are aware of what is paid leave and of the procedures for taking paid leave.

January 24, 2011: According to country's law, factory has provided paid annual leave for workers. Factory posted labor-related laws in facility, such as holidays, for the purpose of workers' awareness and update.

Plan Complete: Yes

Plan Complete Date: 09/24/2010
