

## FLA Audit Profile

Factory Code	<b>630215774G</b>
Country	<b>China</b>
FLA Affiliate	<b>Asics, Umbro</b>
Monitor	<b>Global Standards</b>
Audit Date	<b>August 5-6, 2008</b>
Products	<b>Apparel</b>
Processes	<b>cutting, sewing, checking, packing</b>
Number of Workers	<b>960</b>



**FAIR LABOR**  
ASSOCIATION™

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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
08/05/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to records review, management interview and workers interview, the factory did not buy all 5 kinds of insurance for all workers. The factory bought occupational injury insurance for 965 workers, endowment and unemployment insurance for 490 workers, medical insurance for 962 workers in July 2008. According to local regulation, factories should buy occupational injury and medical insurance for all employment, and endowment and unemployment insurance for at least 50% of the whole workforce.

**Plan Of Action:** Not paying social insurance is now against the law Chinese labor law, all five types of social insurance including pension, unemployment, medical, industrial injure and maternity must be covered across all employees; if the waiver has been provided then the waiver must include and clearly state the participant number of every insurance item. However, it is strongly recommended that the factory pay 5 types of social insurance to 100% of employees, a waiver does not correct the non compliance, however does bring the guidelines in with local minimums. Factory Management need to arrange plan and they must have a certain percentage of unemployment insurance and endowment insurance arranged and communicate to employees by a certain time frame.

**Deadline Date:** 02/01/2009

**Supplier CAP:** The factory management agreed that maternity insurance would be provided once it is established in the town. In addition, other types of social insurance will be provided to 100% employees, however the timescale needs to be discussed with the top management.

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

**Action Taken:** During the October visit the factory management provided a copy of document issued by the local social insurance department, stating that the factory is only required to contribute industrial injury for 973 employees, pension insurance for 490 employees, medical insurance for 970 employees and unemployment insurance for 490 employees, and maternity insurance has not been established in the town yet. According to the social insurance payment receipt, industrial injury and medical insurance have been provided to 100% employees, while pension insurance and unemployment insurance have been provided to 490 employees, which is in compliance with the local requirement. 4/28/09 audit: Currently, the factory only has 355 employees. Based the social insurance receipts from February to April 2009 and confirmed through workers and management interviews, all 355 workers were provided with industrial injury insurance, but only 208 workers were provided pension and unemployment insurance. No worker was provided maternity insurance although the factory provided internal maternity benefits to all workers.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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## 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
08/05/2008	External	FLA Independent External Monitoring	Global Standards	2 (out of 5)

**Explanation:** Uncorroborated evidences of noncompliance: According to workers interview, workers are not paid for overtime compensation after 20:30. Through records review, no OT after 20:30pm ever recorded or paid in payroll. The management interviewed reported no OT after 20:30pm at all.

**Plan Of Action:** Workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 days period on average, overtime should be a maximum of 12 hours however we understand how production peaks and the desire of the workers themselves force occasional overtime. Employees under ILO (International Labor Organization) guidelines, should not be required to work in excess of 10 hours a day. The factory must comply with all applicable laws, rules and regulations on working hours overtime & benefits. When a worker is hire, the factory must disclose to the worker the regular working hours per day, the applicable wage rate, the policies regarding overtime hours and pay and probation period if applicable, The factory must have a written policy which states THE ABOVE and this policy must be communicated to employees upon employment and on regular intervals during there employment. The Factory shall pay wage rates for overtime (under or within legal limit) and piece work that exceeds normal minimum wage and meet all applicable laws and regulations, at least additional 50% of regular salary rate for overtime.

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

**Supplier CAP:**

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

**Action Taken:** The factory management denied this statement. The factory management stated that wage is paid for all working hours. The factory management explained that it is possible that the employees stay in the work floor even after the time of off-duty. Since the factory pays the workers production bonus the employees may try to finish the job and stay in the workshop without authorization. Since such overtime is not authorized thus it has not been paid. To prevent unauthorized overtime the factory decided to lock the work floor at the time of off-duty. The time record and payroll record show that all workers are paid correctly for overtime. The records show that the workers sometimes work up to 9:30pm however they are paid adequately. The overtime compensation standard has been posted on the notice board. 4/28/09 audit: based on the working hours records from October 2008 to March 2009, and confirmed through workers interview, workers worked overtime latest till 9:30PM. All working hours were recorded and paid properly.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**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
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08/05/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)
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**Explanation:** According to workers interview, workers do not know how the factory deducts meals fees. Through records review and management interview meals fees the factory deducts from workers' wages are made according to workers' productivity. That is in this February and March, because there were many orders, so only a small part of workers received deductions of 50 RMB for meals; while in this April, May and June, almost all workers received deductions of 165 RMB for meals, because they did not reach production targets. Although the factory provides compensation for meals to workers, most workers only receive 15RMB or 55RMB per month as compensation for meals.

**Plan Of Action:** The factory shall sign individual labor contract to establish the employment relationship. Terms and conditions of employment in this contract shall include information on all fees including meals and housing; if the factory does require a fee then it shall be well communicated to all employees. Managers and supervisors shall receive full training on meal fees and notices should be posted around the factory in local language. Employees shall have the opportunity to address such an issue with Trade union if they feel fees are too high or unreasonable.

**Deadline Date:** 06/01/2009

**Supplier CAP:**

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

**Action Taken:** The factory signed labor contracts, which is a standard format from the government, with the employees. Although fees are not mentioned in the labour contract, the factory posted a notice about deduction of meal fees such that all workers could review. Training to explain meal fees has been conducted during recruitment of employees. The factory has a catering committee which comprises workers' representation and is established to reflect workers' opinions on the meal. Meeting will be held if there is any comment from the workers. 04/28/09 audit: Based on interview with workers and review the payroll records, although workers knew the fee of meals allowance, the wage structure was complicated and very difficult for workers to understand, for example: there were 4 types of productivity bonus with different calculation criteria for workers in each month. On-site interview found that only 20% workers were clear about the bonus calculation.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Wages, Benefits and Overtime Compensation: S. Posting Notices**

WBOT.23 All notices that are legally required to be posted in the factory work areas shall be posted. All legally required documents, such as copies of legal code or law, shall be kept at the factory and available for inspection. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/05/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to factory walk through and management interview, no laws and regulations are posted in the factory.

**Plan Of Action:** Factory shall ensure that all below documents are posted around the facility in local language: UMBRO CODE OF CONDUCT HEALTH AND SAFETY POLICY MATERIAL SAFETY FACILITY MAP EVACUATION PLAN RESTRICTED SUBSTANCE LIST WARNING SIGNS PROTECTIVE EQUIPMENT REQUIREMENTS Factory management must ensure that there is a fully functional health and safety policy in place and, a appointed employee will manage policy.

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**Deadline Date:** 01/01/2009  
**Supplier CAP:** Currently the factory does not post any law/regulation. The factory management agreed to post a copy of abstract of labor related laws and regulations within 1 week.  
**Supplier CAP Date:** 10/31/2008  
**Action Taken:** 04/28/09 audit: On-site observation found that Labor law and labor contract law, and related requirement of customers were posted in the factory.  
**Plan Complete:**  
**Plan Complete Date:**  
**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
08/05/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** It is said in China trade union law that only All-China Federation of trade union and its' authorized branches are legal trade unions in China. There is no trade union in the factory. Workers can use suggestion box, write e-mails, use telephone or directly talk to highest management to report their complaints. HR department would open suggestion boxes once a week, and then investigate the problems, and finally publicize resolution on bulletin board. The factory protects workers' privacy.

**Plan Of Action:** Open door policy and suggestion box must be fully operational. The law requires a system in place where an employee can confidentially raise there grievances and maintain documentation related to the resolution of such grievances, it is recommended that the factory ensure that workers grievances are heard & addressed by following a logical grievance reprisal system and implementing & encouraging adoption & use of suggestion boxes/open door policy. Worker representation shall be established as well as rules insuring such systems like suggestion boxes are kept locked and cannot be tampered with. If local law does not place emphasis on trade unions, UMBRO would suggest that factory maybe take a poll or a vote for a trade union or worker composed grievance committee.

**Deadline Date:** 01/01/2009  
**Supplier CAP:**  
**Supplier CAP Date:** 10/31/2008  
**Action Taken:** Currently there are suggestion boxes in the factory. In addition worker representative committee is established. The factory management nominates candidates of worker representative and the workers elect worker representatives. Complaint policy is also present. However the factory management admitted that the employees might lack of knowledge on reflecting their opinion through these channels. The factory agreed to post notices within 1 week to promote the usage of the above-mentioned channels to reflect their opinion and complaint. 04/29/09 audit: The factory has grievance and disciplinary procedures, however, the efficacy is questionable because there have not been any grievance and disciplinary case raised by workers.

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

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

**Freedom of Association: ZB. Other - Freedom of Association and Collective Bargaining**

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/05/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to records review and management interview, there is no procedure for freedom of association and collective bargaining.

**Plan Of Action:** The factory should establish and communicate to workers written policies and procedures that ensure and protect the worker's right to freely associate.

**Deadline Date:** 06/01/2009

**Supplier CAP:** A worker representative committee is in place. However the factory management admitted that the employees might lack of knowledge on reflecting their opinion through these channels. The factory agreed to post notices within 1 week to promote the usage of the above-mentioned channels to reflect their opinion and complaint. 04/28/09 audit: Although the factory has grievance procedure, worker representative committee and disciplinary procedure, which were not functional since as per management stated, nor were any grievance and disciplinary cases raised by workers. The only topic discussed in the representative committee meeting in the past year was food quality only.

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

**Harassment or Abuse: C. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/05/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to records review, the disciplinary system does not 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.

**Plan Of Action:** The law requires a system in place where an employee can confidentially raise their grievances and maintain documentation related to the resolution of such grievances. It is recommended that the factory ensure that workers' grievances are heard and addressed by following a logical grievance reprisal system and implementing & encouraging adoption & use of suggestion boxes/open door policy. A labour union

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encouraging adoption & use of suggestion boxes/open door policy. A labour union representative shall be established and they shall follow the correct union standards including ensuring workers have access to union documents and ensuring such systems like suggestion boxes are kept locked and can not be tampered with. The factory is required to implement a new policy which will clearly states that employee have the right to appeal and question any disciplinary action against them and may have a third party present at action hearing.

**Deadline Date:** 06/01/2009

**Supplier CAP:** A policy of disciplinary action and ensuring employees have the rights to appeal and question will be established within 1 month. In addition, notice will be posted on the notice board to ensure employees understand the policy. The policy should also allow the workers to involve worker representatives during the appeal process. 04/28/09 audit: Based on review of disciplinary policy and procedure, and interview with management, there was still no "right of appeal" included in the disciplinary system.

**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: 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)

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Audit Date	Audit Type	Audit Scope	Auditor	Score
08/05/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to records review and management interview, there are no other methods to prove workers' ages when age documents are not readily available or unreliable.

**Plan Of Action:** Upon employment, the factory shall maintain accurate and consistent records for verifying age. The employee should be required to submit ID card and other relevant documents; these shall be scanned and copied then returned to the person. Child labour procedure needs to be implemented and communicated to HR employment staff, and the procedure must include a check list of methods to verify workers' age for example ID cards, medical records, health examination.

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

**Supplier CAP:**

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

**Action Taken:** The factory management established a policy to check the candidates' national identity card. If the ID card looks suspicious, the ID card number will be crosschecked with the internet based inquiry system. If the factory still could not confirm if the ID card is genuine, the factory may bring the ID card to the police station for examination, or the factory will not hire the candidate.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Child Labor: M. Other - Child Labor**

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/05/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to records review and management interview, there is no policy and procedure for child labor.

**Plan Of Action:** Upon employment, the factory shall maintain accurate and consistent records for verifying age, the employee should be required to submit id cards; these shall be scanned and copied then returned to the person. Child labor procedure needs to be implemented and communicated to HR employment staff, the procedure must include a check list of methods to verify persons age for example Passport, id cards, medical records, health examination.

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

**Supplier CAP:** The issue is that the factory does not have a policy/procedure on how to deal with the child labor in case the factory hires a child labor by mistake. The factory should establish policy to ensure child is removed from the work place; if a child is hired, the factory should support the child for education and minimum wage should be paid to until the child is no longer a child. It will be done in 1 month.

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

**Action Taken:** 04/28/09 audit: The factory has prepared a "prohibiting Child Labor" policy, and indicated that Human Resource department shall be responsible for checking workers' ID during recruitment. All ID copies were kept in workers personal files, and no suspected ID was found through interviewing with workers and cross checking other personal information. And there were also a "Child Labor Remediation Plan" prepared, which indicated the procedure to handle any potential child labor according to the requirement of law



requirement of law.

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

**Non-Discrimination: K. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/05/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to records review, management interview and workers interview, the factory requires worker to test for hepatitis B virus for pre-employment physical examination.

**Plan Of Action:** Hepatitis B vaccination must become widely available for all workers who are employed having occupational exposure after the initial training period. The contractor must not make participation in a pre-screening program a prerequisite for receiving hepatitis B test, the test should not be forced upon pre employment

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

**Supplier CAP:** Factory management stated that since Hep-B test is just for reference only, the factory will consider stoppage of Hep-B test unless required by law such as kitchen staff / medical staff. The factory will confirm in 1 month

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

**Action Taken:** The factory stopped the practice to arrange medical examination for workers. Workers can do the examination by themselves, and they don't need to submit the reports to factory.

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

**Miscellaneous: A. 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.

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/05/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to records review and factory walk through, there is no noncompliance reporting mechanism which allows factory workers to contact the Company.

**Plan Of Action:** There has recently been internal monitoring document written by UMBRO. This document has been forwarded to the factory and should be available for review at any time. When Umbro staff visits the factory they leave relevant contact details to workers.

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

**Supplier CAP:**

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

**Action Taken:** Name cards left to employees and informed workers the way of contacting Umbro's personnel. 04/28/09 audit: On-site observation found that the contact information of Umbro and other brands were posted in the factory. ASICS is no longer active at the factory.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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### Miscellaneous: B. Illegal Subcontracting

MISC.1 Illegal Subcontracting

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/05/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to records review and management interview, printing and washing subcontractors have not been approved by Umbro.

**Plan Of Action:** Management must submit all subcontractor details as soon as possible upon signing the manufacturing authorization agreement. The manufacturer is given the opportunity to submit a list of subcontractors.

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

**Supplier CAP:**

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

**Action Taken:** Details of subcontractors for washing and printing have already been provided to Umbro. Factory management was advised to submit the information to Asics. Based on the communication email with Umbro staff, the factory has revealed the printing and washing subcontractors to Umbro. And the factory also passed the information to ASICS auditor during the audit.

**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

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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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/05/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** Non-compliance 1: According to factory walk through, "Sign for fire equipment" of one set of fire extinguisher in the warehouse of first production floor fell off. Non-compliance 2: One emergency light in embroidery department and one in the first floor of dormitory are not functioning.

**Plan Of Action:** A fully working fire equipment extensive training to workers is required regarding fire safety to enable them to react quickly. Evacuation routes, gathering areas, fire safety, fire extinguishers, exit signs & other equipment should be checked by the official external officials on a regular basis, and all should be clearly outlined including emergency lights (all emergency lights must be in working order). Each aspect must be tested on a regular basis. Steps should be taken in order to prevent fire and personal injury. Factory shall appoint a responsible employee to ensure that the health and safety policy is enforced and all areas of the policy are covered. Employers are required to develop, maintain and regularly review a written health and safety policy and the policy must be aimed at complying with legal minimum safety and health standards, regulations and procedures. Relevant documents should be communicated clearly with workers and posted to all chemical storage areas.

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

**Supplier CAP:** All fire extinguishers are marked. Emergency lights are functioning. The factory management established fire equipment inspection policy and from November weekly inspection will be conducted. Inspection records are kept currently.

**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: 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
08/05/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to factory walk through, one fire extinguisher in garbage house is not charged enough.

**Plan Of Action:** A fully working fire equipment extensive training to workers is required regarding fire safety to enable them to react quickly. Evacuation routes, gathering areas, fire safety, fire extinguishers, exit signs & other equipment should be checked by the official external officials on a regular basis, and all should be clearly outlined including emergency lights (all emergency lights must be in working order). Each aspect must be tested on a regular basis. Steps should be taken in order to prevent fire and personal injury. Factory shall appoint a responsible employee to ensure that the health and safety policy is enforced and all areas of the policy are covered. Employers are

and safety policy is enforced and all areas of the policy are covered. Employers are required to develop, maintain and regularly review a written health and safety policy and the policy must be aimed at complying with legal minimum safety and health standards, regulations and procedures. Relevant documents should be communicated clearly with workers and posted to all chemical storage areas.

**Deadline Date:** 12/01/2008

**Supplier CAP:**

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

**Action Taken:** During the factory walk through all fire extinguishers are adequately charged. The factory management fire equipment inspection policy is established and from November 2008, weekly inspection will be conducted. Inspection records are kept currently.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

## 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
08/05/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to factory walk through, there is no tag posted on the containers in place storing sewing machine oil. No tag posted on small bottles of sewing machine oil in workplace. Referent of "No fire" fell off in place storing sewing machine oil. There is garbage in secondly used container in place storing sewing machine oil.

**Plan Of Action:** Factory should appoint a responsible employee to ensure that the health and safety policy is enforced and all areas of the policy are covered. Employers are required to develop, maintain and regularly review a written health and safety policy and the policy must be aimed at complying with legal minimum safety and health standards, regulations and procedures. Relevant documents should be communicated clearly with workers and posted to all chemical storage areas. The factory is urgently required to label the machine oil in local language and store correctly immediately. The fire labels must be re-applied and maintained correctly. A sign must be made and posted warning workers of the dangers of miss-handling the oil. The oil must be kept in a well ventilated room free from obstructions and smoking, etc.

**Deadline Date:** 12/01/2008

**Supplier CAP:** Currently all chemical containers are labeled adequately. Warning sign ("No Fire") has not been posted at sewing machine oil storage area. Factory management stated it would be posted in 1 week. No garbage was found in chemical containers. Policy and training will be set up and conducted to ensure used chemical containers are removed from work floor in 1 month.

**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: 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/05/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to factory walkthrough, there is no MSDS posted in place storing sewing machine oil.

**Plan Of Action:** Factory should appoint a responsible employee to ensure that the health and safety policy is enforced and all areas of the policy are covered. Employers are required to develop, maintain and regularly review a written health and safety policy and the policy must be aimed at complying with legal minimum safety and health standards, regulations and procedures. Relevant documents should be communicated clearly with workers and posted to all chemical storage areas.

**Deadline Date:** 12/01/2008

**Supplier CAP:**

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

**Action Taken:** All MSDS for sewing machine oil were posted on site.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

## Health and Safety: ZB. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/05/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to factory walkthrough, toilets in dormitory are not clean.

**Plan Of Action:** Cleaning rotations and procedures shall be arranged and communicated to all cleaning staff and supervisors; soap must be constantly made available; toilets must reach the legal cleanliness standard. The toilets have doors to the stalls for privacy, clean running water tested and certified. Toilets should be disinfected at least once a day.

**Deadline Date:** 12/01/2008

**Supplier CAP:**

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

**Action Taken:** 04/28/09 audit: On-site observation found that the toilet is clean and acceptable.

**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
08/05/2008	External	FLA Independent External Monitoring	Global Standards	2 (out of 5)

**Explanation:** [Uncorroborated evidences of noncompliance: According to workers interview, OT hours after 20:30 are not recorded. Through records review, workers only work till 20:30pm. The compliance manager reported that time records and payroll were definitely real. The lights of production building were often turned on after 20:30pm, but it did not mean that workers worked later than 20:30pm, he himself also felt weird about why they turned on the lights after 20:30pm. He said that the reason workers left the factory late after 22:30pm was not because they worked late, he himself also did not know why they walked out of the factory so late.](#)

**Plan Of Action:** [The factory shall maintain accurate and consistent records for monitoring pay and working hours, this includes ensuring all time sheets are kept up to date, clocking systems tally with registers, delivery notes, needle logs inspection, production reports cleaning records etc. All information must match from employee to employee, to determine code compliance it is necessary that factories have available, complete and accurate and up to date records](#)

**Deadline Date:** [12/01/2008](#)

**Supplier CAP:**

**Supplier CAP Date:** [10/31/2008](#)

**Action Taken:** [To prevent unauthorized overtime the factory decided to lock the work floor at the time of off-duty. 04/28/09 audit: Based on working hour's records from October 2008 to March 2009, cross check production records, and confirmed through workers interview, all working hours were recorded properly. No double booking and inconsistent records were found.](#)

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

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## Hours of Work: J. Overtime/Calculation Over Period Longer Than One Week

HOW.10. Employers are allowed to calculate normal hours of work as an average over a period of longer than one week where local laws, regulations and procedures provide for such a possibility but only when all formal and procedural requirements attached to such calculation (for instance, obtaining official permission from the relevant authorities or limits to the period during which such calculations can be made) are met. The basis for such calculation shall, however, remain at all times the lesser of 48 hours per week or legal limits on hours of work in the country of manufacture or, where such legal limits do not exist, the regular work week in such country. (S)

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Audit Date	Audit Type	Audit Scope	Auditor	Score
08/05/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** 60% workers' work hours from January 2008 to June 2008 exceeded work hour limitation (1220 hours in half a year) approved by comprehensive working time certificate, the exceeding time is around 140 hours.

**Plan Of Action:** Workers shall not on a regular basis be required to work in excess of 48hrs per week and shall be provided with at least one day off for every 7 days period on average, overtime should be a maximum of 12 hours however we understand how production peaks and the desire of the workers themselves force occasional overtime. The factory must comply with all applicable laws, rules and regulations on working hours, overtime, and benefits. When hired the factory must disclose to the worker the regular working hours per day, the applicable wage rate, the policies regarding overtime hours and pay, and the probation period if applicable. The employer shall demonstrate an overall commitment to reduce overtime and enact a voluntary overtime system, including the overtime mandated to meet extraordinary business circumstances. Factories approved to adopt the comprehensive working hour system shall adopt the week, month, quarter as the cycle for comprehensive calculation of working hours. However, the average daily work hours shall be the same as the work hours under legal standard. Overtime shall not exceed 3 hours per day and 36 hours per month, please attempt to reduce, immediately.

**Deadline Date:** 06/01/2009

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:** 04/28/09 audit: Although the factory has a comprehensive working hours permit from local government, but all workers signed the labor contract for normal working hour's system, and no detailed calculation and traceable working hours records of each worker as per required by the comprehensive working hour system. Workers worked 60 hours per week in peak season.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Hours of Work: R. Annual Leave/Wage Payments**

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

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/05/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to records review and management interview, the factory does not provide workers annual leave with their normal or average wages for the full period of annual leave in advance.

**Plan Of Action:** When a worker is hired, the factory must disclose to the worker the regular working hours per day, the applicable wage rate, the policies regarding overtime hours and pay and probation period if applicable. The factory must have a written policy which states/allows workers have annual leave according to local law. Labor contract is an agreement between the employee and employer, it must be signed and agreed with all employees on record. The contract establishes the employment relationship and clarifies the rights and obligations of both parties. The factory shall sign individual labor contract to establish the employment relationship. The employment contract should cover the following aspects, such as contracted hours of work, start and finish times, holiday entitlement, sick pay entitlement, overtime rates, bonus structure

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times, holiday entitlement, sick pay entitlement, overtime rates, bonus structure, performance related bonus schemes, attendance bonus, transport arrangements, dormitory facility information and costs, notice period, penalty payments if leave before notice period, wage structure, basic rates, deductions, wage payment method, bank account, date of payment.

**Deadline Date:** 06/01/2009

**Supplier CAP:**

**Supplier CAP Date:** 04/28/2009

**Action Taken:** 04/28/09 audit: Based on review the payment records from October 2008 to March 2009, and confirmed through workers and management interview, annual leaves were provided and paid legally.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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