

FLA Audit Profile

Factory Code	400084801G
Country	Vietnam
FLA Affiliate	Asics
Monitor	OneStep Viet Co., Limited
Audit Date	May 29–30, 2008
Products	Apparel (Jacket, Jeans, Suits...)
Processes	Cutting, Making, Ironing, Embroidery, Packing
Number of Workers	430



FAIR LABOR
ASSOCIATION™

Table of Findings

Wages, Benefits and Overtime Compensation: B. Minimum Wage _____	2
Wages, Benefits and Overtime Compensation: D. Timely Payment of Wages _____	2
Wages, Benefits and Overtime Compensation: G. Calculation Basis for Overtime Payments _____	3
Wages, Benefits and Overtime Compensation: I. Premium/Overtime Compensation _____	4
Wages, Benefits and Overtime Compensation: Y. Other - Wages, Benefits and Overtime Compensation _____	5
Forced Labor: N. Forced Overtime _____	5
Forced Labor: R. Other - Forced Labor _____	6
Freedom of Association: B. Right to Freely Associate _____	7
Miscellaneous: A. Code Awareness _____	8
Miscellaneous: C. Possible Homework _____	8
Health and Safety: F. Communication to Workers _____	9
Health and Safety: I. Evacuation Requirements and Procedure _____	10
Health and Safety: J. Safety Equipment and First Aid Train _____	10
Health and Safety: K. Personal Protective Equipment _____	11
Health and Safety: Q. Ventilation/Electrical/Facility Insta _____	11
Health and Safety: R. Machinery Maintenance and Worker Training _____	12
Health and Safety: V. Sanitation in Factory Facilities _____	13
Health and Safety: W. Toilets _____	13
Health and Safety: Y. Food Preparation _____	14
Hours of Work: B. Rest Day _____	15
Hours of Work: C. Meal and Rest Breaks _____	15
Hours of Work: D. Protected Workers (Women and Young Workers) _____	16
Hours of Work: F. Time Recording System _____	16
Hours of Work: J. Overtime/Calculation Over Period Longer Than One Week _____	17

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
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: From payroll review and labor contract review, it was noted that 5 out of 20 selected workers had their contract wage from VND1,376,400 to VND2,604,000 per month but their piece wage in February and March 2008 was just ranged from VND1,153,000 to VND1,819,000 per month (Factory #2). According to Article 55 of the Labor Law, employer must guarantee the basic wage signed with workers

Plan Of Action: All employees must be paid the minimum wage according to the law.

Deadline Date: 07/01/2008

Supplier CAP: Minimum wage at factory is 1,000,000 VND a month, almost double the local minimum wage 580,000 VND. Human Resource staff confused the wage calculation with social insurance premium in the interview with the monitor during the audit and may have led to misunderstandings.

Supplier CAP Date: 07/01/2008

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: D. Timely Payment of Wages

WBOT.4 All wages, including overtime compensation shall be paid within legally defined time limits. When no time limits are defined by law, compensation shall be paid at least once a month. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: Form payroll review and workers interview, it was noted that the factory paid workers wage from 15 to 20 days after the month's end. However the factory did not pay the interest fees for the delayed pay. (Article 59, Labor Law, Payment later than 15 days must compensate with interest fee).

Plan Of Action: Employees must be properly compensated when payment is received later than 15 days after date of scheduled pay.

Deadline Date: 07/01/2008

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: 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
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: From workers interview, management discussion and detailed testing, it was noted that the factory management allowed workers to bring production to work at home after work hours, but they were not provided with overtime compensation for hours of home workers paid. According to the Vietnam Labor Law, Article 61, workers performing overtime work shall be paid wages as follows: 150% on week days, 200% on weekend days, and 300% on holidays and paid leave.

Plan Of Action:

1. ASICS requires the factory to plan an appropriate production target which workers will achieve during the 8 hour workday.
2. ASICS requires the factory to have a proper time recording system to log hours worked at the factory and at home.
3. ASICS requires the factory to compensate workers properly during their work at home.
4. ASICS requires the factory to consider and make a decision for no work at home.

Deadline Date: 07/01/2008

Supplier CAP: Factory will self-check the findings. Factory will rule that workers are not allowed to bring semi-finished products home to finish at home. Factory will arrange for the creation of a fair production target which can allow workers to return back home after working hours. This production target will also clearly communicate that there is no need for workers to take home for semi finished products.

Supplier CAP Date: 01/01/2008

Action Taken: After factory self-check, it is found two workers worked in No.4 factory although Asics products are manufactured in No.2 factory. Factory has immediately announced all workers that no one can allow to bring semi-products home to finish at home. Factory arranges the fair production target which can allow workers back after normal working hours. The revised production target will clearly communicate that employees will do no work on semi-finished products at home...

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
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: From payroll review for the past 6 months and management discussion, it was noted that from April 2008, the factory paid overtime compensation by a lump sum amount: VND3,500 per hour from 4:30pm to 6pm, VND5,000 per hour from 6pm to 8pm and VND7,000 per hour for hour after 8pm and Sunday, this practice does not follow the law. The factory did not use total piece-rate wage to calculate overtime compensation, the above amount is insufficient to those workers who have more than VND1,200,000 piece rate wage per month (Per payroll review it was noted that approximately 30% of total workers had their piece-rate wage more than VND1,200,000 per month. According to the Government Decree 114/2002/ND-CP, Article 10, section 1, 2 and 3 regarding overtime calculation. Overtime compensations = Hourly rate (total piece wage divided total work hours) *150%, 200% or 300%*overtime hours. The overtime calculation is base on actual piece wage if that worker earns on piece wage

Plan Of Action: All employees must be properly compensated according to the law when working overtime and Sunday.

Deadline Date: 07/01/2008

Supplier CAP: Factory reported that they paid workers overtime compensation for holidays according to the law until March 2008. After labor negotiation during the worker's strike in March 2008, the factory agreed to pay 3,500 VDN per hour for weekday and 7,000 VDN per hour for holiday in addition to above mentioned legal overtime compensation.

Supplier CAP Date: 07/01/2008

Action Taken: Factory has informed worker overtime compensation notice. 3,500 VDN for weekday overtime per hour (16:30 to 18:00), 5,000 VDN (18:00 to 20:00) and 7,000 VDN for Sunday per hour. Additional overtime compensation meets the needs at labor negotiation in March 2008.

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

Wages, Benefits and Overtime Compensation: Y. Other - Wages, Benefits and Overtime Compensation

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: From management discussions and detailed testing, it was noted that the factory did not make available any financial support to nursing mother who has a child less than 6 years of age as a part of school expenses. According to Vietnam Labor Law, Article 116, Point 2, where a high number of female employees are employed, the employer shall have the responsibility to assist in making arrangement for crèches and kindergarten or in covering part of the expenses incurred by female employees to place children in crèches or kindergarten.

Plan Of Action: ASICS requires the factory to assist nursing mother by arranging crèches or child-care subsidies.

Deadline Date: 04/27/2008

Supplier CAP: Factory prohibited pregnant workers to work more than seven hours. Factory will make sure that pregnant workers who are over 7 months shall be waiting at medical treatment room or bus stop after their regular working hours.

Supplier CAP Date:

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Forced Labor: N. Forced Overtime

F.14 The imposition of mandatory overtime beyond the limits set by the law, a freely negotiated collective bargaining agreement, and/or the FLA Code, in an environment where a worker is unable to leave the work premises, constitutes forced labor. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	2 (out of 5)

Explanation:

Plan Of Action:

- ASICS requires the factory to guarantee the free participation in trade union activity.
- ASICS requires the factory to guarantee election for workers' representative by workers.
- ASICS requires the factory to set up grievance channel.
- ASICS requires the factory to report their plan how to react the workers suggestion and complaints.

- 5. ASICS requires the factory to conduct training about FOA to workers.
- 6. ASICS requires the factory to report the background of strikes in March 2008.

Deadline Date: 11/24/2008

Supplier CAP: 4. Factory will consult with trade union members and ask for the help of establishing grievance channel which will resolve complaints internally.

Supplier CAP Date:

Action Taken:

1. Factory clearly mentions that they completely respect for the independence and self-governance of the trade union. There are some workers who participate in several unions such as Communist related group, Youth union and Women's union.
2. Executive trade union members are fairly elected by workers and not elected by factory management.
3. On October 2006, factory has written procedures for a workers grievance system. The procedure clearly describes the flow of who will collect the letters, who will check up, make final decision and response to workers who raise the concerns. Factory has some suggestion boxes in site. Grievance procedure sheets are also on the side of suggestion boxes to make sure for workers how to use it.
3. In March 2008, the strike is called by some of the workers. Factory aimed to give better incentive to young workers by revising wage regulation. However, the awareness to workers was insufficient, so that workers became defensive. As a consequence, factory has decided to keep the wage system after consultation of local labor authority. The strike was settled.

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Forced Labor: R. Other - Forced Labor

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: Form worker interviews and management discussion, it was noted that pregnant employees were working in cutting section and sewing lines of factory #2. Pregnant women who are entitled to 1 hour off per day according to the law. However they did not take the allocated time off. Their supervisor just punched their time card 1 hour prior finishing hours but they still work in the line as other workers. According to Article 115 Vietnam Labor Law, point 3; female employee nursing a child under 12 months of age shall be entitled to 60 minutes off in every working day with full pay

Plan Of Action:

1. Factory shall limit 7 hour work for 7th month pregnant workers.
2. Factory shall offer commuter bus service to pregnant workers.
3. Factory shall consider arranging production lines where only pregnant employees can work.

Deadline Date: 07/01/2008

Supplier CAP:

Supplier CAP Date:

Action Taken: Factory prohibited pregnant employees to work more than seven hours. Factory will make sure that pregnant workers who are over 7 months shall be waiting at medical treatment room or bus stop after their regular working hours.

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

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
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: Employers will recognize and respect the right of employees to freedom of association and collective bargaining. FLA Comment: Vietnam has not ratified ILO Conventions 87 or 98. Under Vietnamese law, all unions are required to affiliate with the single trade union, the Vietnam General Confederation of Labor (VGCL), which is affiliated with the Communist Party. With respect to such union monopolies, the ILO Committee on Freedom of Association has stated that the rights of workers to establish organizations of their own choosing implies . . . the effective possibility of forming . . . [trade unions] independent both of those which exist already and of any political party. Vietnam's legal framework is therefore not compatible with the ILO Principles on Freedom of Association and, as such, all factories in Vietnam fail to comply with the FLA Code standard on Freedom of Association.

Plan Of Action: 1. ASICS requires the factory to guarantee the free participation in trade union activity. 2. ASICS requires the factory to guarantee election for workers' representative by workers.

Deadline Date: 11/24/2008

Supplier CAP:

Supplier CAP Date:

Action Taken: 1. Factory clearly mentions that they completely respect for the independence and self-governance of the trade union. There are some workers who participate in several unions such as Communist related group, Youth union and Women's union.
2. Executive trade union members are fairly elected by workers and not elected by factory management. Collective Bargaining Agreement is approved by local labor bureau. Labor Law Article 6-4: If having no power on the normal day, the normal day will be considered as the rest day with pay. Planned outage, however, can arrange a work day in the rest day to compensate for the no power day. Labor Law Article 7-2: Probation period for a new skilled worker is one month and 3 months for non-skilled trainee. Even in the probation period, workers receive minimum wage 1,000,000 VDN per month. Article 8-5: Factory rule complies with the

overtime compensation provisions according to the law. After the workers strike, hourly rate for weekday overtime was adjusted to 3,500 VDN per hour and 7,000 VDN for Sunday/Holiday work according workers requirement.

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

Miscellaneous: A. Code Awareness

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Audit Date	Audit Type	Audit Scope	Auditor	Score
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: From worker interviews and management discussions, it was noted that the factory only posted the client's Code in the factory and did not inform or train workers about it.

Plan Of Action: 1. Factory shall explain ASICS code in plain language and refer daily situation examples for better understanding. Since workers are tired, awareness activity shall be conduct within 10 minutes. 2. Agent shall draw up education planning.

Deadline Date:

Supplier CAP: 2. Agent will plan and propose the education plan to factory.

Supplier CAP Date: 09/30/2008

Action Taken: 1. PA systems are periodically used for public address with ASICS Code of Conduct in the facilities.

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Miscellaneous: C. Possible Homework

MISC.2 Possible Homework

Audit Date	Audit Type	Audit Scope	Auditor	Score
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: From workers interview and detailed document testing, it was noted that home work found in factory #3 and #4 workers in factory #2 also confirmed they bring product to work at home. The management explained that the workers are paid by piece-rate so if they can not finish their products in day time, they would be allowed to take some simple processes to complete at home.

Plan Of Action:

Deadline Date: 08/26/2008

Supplier CAP: Factory will arrange a more fair production target which can allow workers return home after regular working hours.

Supplier CAP Date: 07/10/2008

Action Taken: After factory investigation, these two workers are worked in No.4 factory. ASICS production building is in No.2 factory. Factory rule stipulated that it is not allowed to bring products home for finishing.

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
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: During document review, it was noted that the factory did not provide health and safety training for work upon their employment and re-train on annual basic, in accordance with Circular 37/TT-LDTBXH of Ministry of Labor, Section II, point C that employer are required to train all new workers on health and safety prior working and the trainer must be certified by local Occupational Health and Safety Agency, period of training must be at least 2 days. Same with H&S.01 above

Plan Of Action: ASICS requires factory to conduct Employee Health and Safety training for workers.

Deadline Date: 11/24/2008

Supplier CAP:

Supplier CAP Date:

Action Taken: Factory conducts human rights, rules and procedures and law related training every year end. EHS training will be added from this year.

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: 1. The factory posted the evacuation plan in the factory however it was very small (A4 paper) which not large enough for workers to see from their work areas. 2. Aisle blocked: During the factory tour, it was noted that some aisles in material warehouse and finished warehouse have been blocked with materials and finished goods. 3. Emergency exit: There was only one exit door in the finished warehouse; this will be a risk if there is a fire at the existing exit door. 4. Fire extinguisher: Most of fire extinguishers have inspection card, however they looked dirty and it seems that the inspector just entered their inspection date without checking or cleaning. 5. Emergency light: Most of exit doors have emergency light however there is no emergency lighting installed at the staircases of factory #1 and factory #2.

Plan Of Action: 1, ASICS requires the factory to make large scale evacuation easily understood. 2. ASICS requires the factory to keep the workplace organized. 3. ASICS encourage the factory to maintain two exits in workplace. 4. ASICS requires the factory to inspect firefighting equipment periodically. 5. ASICS requires the factory to install the emergency lights where necessary.

Deadline Date: 07/27/2008

Supplier CAP:

Supplier CAP Date:

Action Taken: 1. Factory posted bigger evacuation plan (80cm x 100cm) at exit. In addition to that, factory posted evacuation plan in each workplace. 2. Factory organized the workplace and is keeping it clean. 4&5 Factory changes emergency lights for new one and monthly check up for the fire extinguisher started.

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
05/29/2008	External	FLA	OneStep Viet	1 (out of 5)

Independent Co., Limited
External
Monitoring

Explanation: During factory tour, it was noted that there was no first aid procedure posted with the first aid kits. This is a violation of Circular 09/2000/BYT of the Ministry of Health which requires the first aid procedure to be posted

Plan Of Action: ASICS requires factory to conduct EHS training to worker.

Deadline Date: 11/24/2008

Supplier CAP:

Supplier CAP Date:

Action Taken: Factory conducts human rights, rules and procedures and law related training every year end. EHS training will be added from this year.

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 hazards, including medical waste. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: From the factory walk through, it was noted that some workers in factory working on the machine with their bare feet. According the part 7, Section III, Circular 10/1998/BLDTBXH of Ministry of Labor dated on May 28, 1998 regarding personal protective requirement. Workers are required to use personal protective equipment provided while working.

Plan Of Action: ASICS requires factory to conduct EHS training to worker.

Deadline Date: 11/24/2008

Supplier CAP:

Supplier CAP Date:

Action Taken: Factory conducts human rights, rules and procedures and law related training every year end. EHS training will be added from this year.

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
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: Working in this factory carries a high risk of electrical shock, as there is bare wiring everywhere. The maintenance officers installed sockets everywhere in the factory without cover and proper protection During factory tour, it was noted that all electric wiring in production lines were installed underneath of the line tables and they were not properly joined and covered During factory tour, it was noted that all electric equipments installed on the ground and in an unsafe manor

Plan Of Action: ASICS requires the factory to provide a safe workplace.

Deadline Date: 11/24/2008

Supplier CAP:

Supplier CAP Date:

Action Taken: Factory has insulated wires in plastic pipes and conduct monthly check for safety workplace.

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
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: During the factory walk through, it was noted that there were some old fans and machines stored together with material from the warehouse, and some electric fans do not have guards.

Plan Of Action: ASICS requires the factory to conduct EHS training. ASICS requires the factory to keep the workplace organized.

Deadline Date: 11/24/2008

Supplier CAP:

Supplier CAP Date:

Action Taken: Factory has stored the old fans and machines separately from materials. Factory has put safe guard on every electric fan.

Plan Complete:

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

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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: During the factory tour, it was noted that its poor housekeeping, unused items every where from cutting to sewing and warehouse, dust and wastes found on the floor. According to the Vietnam Labor Law, Article 95 the employer shall be responsible for providing adequate means of protection to the employees, ensuring occupational safety and health, and improving the working conditions of the employees.

Plan Of Action: ASICS requires the factory to conduct EHS training. ASICS requires the factory to keep the workplace organized.

Deadline Date: 11/24/2008

Supplier CAP:

Supplier CAP Date:

Action Taken: Factory now keeps a safer and cleaner workplace.

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: W. Toilets

H&S.23 Employers shall establish the number of toilets required under applicable laws within reasonable distance of the workplace. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: From factory walk through, it was noted that toilets of factory #2 was not clean, always wet and with bad smell. According to the Vietnam Labor Law, Article 95 the employer shall be responsible for providing adequate means of protection to the employees, ensuring occupational safety and health, and improving the working conditions of the employees.

Plan Of Action: ASICS requires the factory to keep the toilets clean and sanitized all the time.
Deadline Date: 07/27/2008
Supplier CAP:
Supplier CAP Date:
Action Taken: Factory is now maintaining cleaner toilet facilities.
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Health and Safety: Y. Food Preparation

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

Audit Date	Audit Type	Audit Scope	Auditor	Score
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: From the factory walk through, it was noted that the cooking staff did not wear face mask while working with cooked foods, there is no floor mat for cooking area and wet, the chopsticks containers were dirty, there is no separate part for food trays when heap up together. The canteen facility is not yet certified on hygiene by local health agency. According to Decision No.163/2004/ND-CP, Article 15, Point 1, dated September 7, 2004 by the Vietnamese Government to guide the implementation of some articles regarding the State law of food hygiene and safety. Organizations, family, and private business that trade in high risk food poisoning have to submit relevant document to the authorized government agencies for obtaining qualified certificate about trading in high risk food poisoning.

Plan Of Action: 1. ASICS requires the factory to apply hygiene certification to local authority.
Deadline Date: 11/24/2008
Supplier CAP: On July 2008, factory applied hygiene certification to local health agency. The authority told factory to put canteen at the same grand level as other facilities. Since it requires a lot of money to build new canteen, this case will bring at a general meeting of stockholders at the end of 2008.
Supplier CAP Date: 12/31/2008
Action Taken: Canteen workers received food sanitation program and selected high traceability food vender.
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
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: From time cards review for the past 6 months, it was noted that all 29 selected samples had worked from 1 to 3 Sundays in December 2007, January, April and May 2008. According to the Vietnam Labor Law, Article 72 regarding time of rest: 1. In every week, each employee shall be entitled to a break of at least one day (24 consecutive hours) 2. An employer may arrange for the weekly day off to fall on a Sunday or another specified day of the week.

Plan Of Action: ASICS requires the factory to progressively reduce the working hours.

Deadline Date: 11/24/2008

Supplier CAP:

Supplier CAP Date:

Action Taken: Factory has reduced overtime hours to the required standard 60 hours work per week, and giving one day off within 7 days and complies with overtime rules per day.

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Hours of Work: C. Meal and Rest Breaks

HOW.3 Employers shall provide reasonable meal and rest breaks, which, at a minimum, must comply with local laws. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: From the factory walk through during lunch time, it was noted that some workers in facility 1 & 2 worked during lunch, the workers said that they earn on piece rates so they try to work as many as they can although the management has a policy on 1 lunch break everyday.

Plan Of Action: ASICS requires the factory to be sure to give workers appropriate lunch break time.

Deadline Date: 07/27/2008
Supplier CAP:
Supplier CAP Date:
Action Taken: The worker is now aware that the factory wants them to take a lunch break. Factory will turn off the lights for the hour of lunch break at workplace.
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Hours of Work: D. Protected Workers (Women and Young Workers)

HOW.4 The factory shall comply with all applicable laws governing work hours regulating or limiting the nature, frequency and volume of work performed by women or workers under the age of 18. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: Form workers interview, it was noted that some pregnant workers reported that they are entitled to 1 hours off per day according to the law. However they did not take it and their supervisor just punch their time card 1 hour prior finish hours but they still working in the line as other workers, some workers found working during lunch time in factory #1 & #2: Same with F14

Plan Of Action: ASICS requires the factory to protect the pregnant workers according to the law.

Deadline Date: 11/27/2008

Supplier CAP:

Supplier CAP Date:

Action Taken: Factory prohibited pregnant worker to work more than seven hours. Factory will make sure that pregnant workers who are over 7 months pregnant shall wait at the medical treatment room or bus stop after their regular working hours.

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

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

400084801G – Vietnam: Asics

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
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	2 (out of 5)

Explanation: From workers interview and management discussion, it was noted that before April 2008, the factory ask the workers not to punch time card when working on rest day (Sunday) and these Sunday work only recorded in Attendance Sheet kept by line leaders but after April 2008 the factory asked all workers to punch their time card for all working hours including overtime.

Plan Of Action: ASICS requires the factory to submit the time record extracting three workers from sewing line.

Deadline Date: 08/26/2008

Supplier CAP:

Supplier CAP Date:

Action Taken: Factory submits the extracted time sheet by early September for ASICS verification purpose. Time record has submitted during the period of July to September for three workers.

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
05/29/2008	External	FLA Independent External Monitoring	OneStep Viet Co., Limited	1 (out of 5)

Explanation: Weekly overtime hours is up to 67.5 hours in April instead of legal required 64 hours by law and/or 60 hours by FLA and buyer's standard. For all the months prior to April 2008, working hours were not able to be tracked as the factory did not pay overtime hours for the workers and therefore, overtime hours were not captured properly.

Plan Of Action: ASICS requires the factory to progressively reduce the working hours.

Deadline Date: 11/24/2008

Supplier CAP:

Supplier CAP Date:

400084801G – Vietnam: Asics

Action Taken: Factory has reduced overtime hours to the required standard 60 hours work per week, and giving one day off within 7 days and in compliance with overtime rules per day. Factory reported current overtime is daily Max 3.5 hours and weekly Max 11.5 hours.

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments: