

FLA Audit Profile	
Country	China
Factory name	40001537D
EM	ALGI
Date(s) in facility	November 15-17, 2005
PC(s)	Asics Corp.
Number of workers	4,007
Product(s)	Footwear
Production processes	Sewing, cutting, sole-making, packing, QC, embroidering and warehousing

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	IEM Findings		Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Remediation plan	Remediation		Documentation	(Status)	Updates		Documentation	Third Party Company audit				Updates				Documentation	Company Follow up (12/ 5-6/2007)	Documentation
					Evidence of Non-compliance (Un corroborated)	If not corroborated, explain why				Company Follow up (07/27/2006)	Company Follow up (03/13-14/2006)			Findings (Additional) (03/13-14/2006)	Company Follow up (01/25/2007)		Findings (Additional) (04/16-17/2007)	Company Follow up (06/27-28/2007)									
1. Code Awareness																											
Confidential non-compliance reporting channel		FLA Principle of Monitoring, Obligation of Companies: 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.	No confidential non-compliance reporting mechanism has been put in place by Asics.				Management interview and facility walkthrough		Agent phone number and contact person name have been indicated on the Asics Corporate Policy of Engagement Notice Board in the site for confidential non-compliance reporting to Asics. Direct international phone number and e-mail address indicated on the board as well.	12/5/2005		Hand Book, Notice Board	Completed														
2. Forced Labor																											
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.																											
Freedom of Movement		If factory entrances are locked or guarded to prevent non-employee access to the premises for security reasons, employees will have free egress at all times.	Workers are not allowed to leave the facility during their unpaid meal break. Permission is mandatory if employee needs to exit the facility during this time.				Management interview, worker interview		Create procedure for preventing theft and establishing factory procedure to secure freedom of movement.	12/5/2005			Completed	Workers are allowed to leave facility [at] lunch time when they give notice to factory. Some workers steal the shoes when they leave the factory. The local labor bureau does not permit factory for workers' body check, therefore factory required workers for leaving-notice to be sure.	Document review	Non-compliance: As per management interview, workers are not allowed to leave facility during their unpaid meal break. Permission is mandatory if employee needs to exit the facility during this time.											
Employment Records		Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision.											Completed			Non-compliance: Audit team found that all security guards did not have a labor contract. Management acknowledged this condition.			All security guards have a labor contract.								
Other																	Risk of non-compliance: In the employee manual, facility does not have an appeal system with an opportunity to reply to a decision related to termination.			The factory has installed policy and procedure of appeal system in their disciplinary practices.							
3. Child Labor																											
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.																											
Age Verification		In those cases where proof of age documentation is not readily available, employers will take precautions to ensure that all workers are at least the minimum working age, including medical or religious records, or other means considered reliable in the local context.		Factory does not have a policy for age verification.			Management interview, document review		Creating a policy for age verification: (a) Purchase(s) Fake ID detector. (b) Prepare age confirmation measure for worker's referral, labor bureau referral and voluntary job hunter when recruiting.	12/5/2005		Recruitment Policy, Fake ID Checker	Completed							Factory has developed a written policy and procedure of age verification.							
Children on premises	Art.15 of PRC Labor Law: Employer shall be banned from recruiting juveniles under the age of 16.	Children under the local minimum working age will not be allowed in the factory work area at any time, unless they are part of a guided school group tour or other such unusual event. Children must not visit parents in the factory production areas.	Six workers were identified to be under 16 years of age.				Management interview, workers' interview, personnel records review		Interim arrangement will be made with the young workers that removes them from their jobs (particularly hazardous jobs) and transit to light work, but ensures that they continue to be paid their salary. Once the young workers turn 16 and wish to continue work in the factory, they should be guaranteed employment back at the factory.	12/5/2005		Reassigning record	Completed	Factory gives under age 16 worker(s) a schooling of Excel and Word use. The schooling schedule is completely prepared. But, three under age 16 (workers) left the factory for its low salary compared to when they were working, including overtime. The remaining three workers: Two workers continuously asking managing to let them back to former work for the reason of low salary compared when they have being doing overtime work. Rest of one worker work half-day with submitting her mother's signature to agree to work only light-work.		Non-compliance: As per workers' personnel files reviewed, three workers were identified to be under 16 years of age, violating Art. 15 of the PRC (Child labor regulations). Asics is returning to the factory for follow-up on this issue.			No child labor was found out during the off-site audit. The youngest worker interviewed during the off-site audit is 21 years of age. According to the interviews, no child is employed at the factory. The youngest employee is above 16 years of age.								
Legal compliance for juvenile workers	Art. 65 of PRC Labor Law: Employer shall carry out regular physical examinations for juvenile workers. Art. 6 of Regulations on Special Protection of Juvenile Workers: Employer shall carry out regular physical examinations for juvenile workers as required by follows: (1) Before arrangement of working positions; (2) working for one year; (3) an employee just over 16 shall take physical examination if it has been more than 6 months since last physical examination.	Employers will comply with applicable laws that apply to young workers, i.e., those between the minimum working age and the age of 16, including regulations relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime.	There is no policy or procedure for physical examination.				Management interview, document review, workers' interview		Creating a policy for protection of under-age workers. Factory shall carry out regular physical examinations for juvenile workers as required in the law.	12/5/2005		Juvenile policy	Completed			Non-compliance: The younger workers were not checked their health status every six months that did not meet the requirement of National Law. And some younger workers were found worked on night shift.								The young workers are checked their health according to the law. Factory keep the list of all young worker (under age 16) and they registered all young workers (230 worker(s)) to local labor bureau. Young worker are prohibited on night shift. There are no worker under 16 in the facility.			
Lack of protection of under-age workers	Art. 3 of Regulations on Special Protection of Juvenile Workers: Employers cannot arrange juvenile workers to engage in hazardous working activities.	Employers will ensure that, all workers engaged in operating or working close to hazardous equipment, working at dangerous heights or lifting heavy loads, or exposed to hazardous substances, are above the legal age for such work.	Factory does not have policy or procedure in place to ensure that any special restrictions for juvenile workers outlined in local labor laws are upheld.				Management interview, document review		Creating a policy for protection of under-age workers.	12/5/2005		Juvenile policy	Completed						Factory has created a written policy and procedure to ensure the protection for under-aged workers.								
Juvenile worker Identification System		Employers will have a system for identifying work stations and operations that are inappropriate for young workers according to applicable laws.							Factory shall searching the proper age confirmation method, especially for young workers.				Completed			Non-compliance: Relevant policy has been established, and juvenile workers are restricted from hazardous jobs. But the policy did not prohibit that the younger worker should not work in the night shift.					Multiple public documents are requested for applicants.			Age verification by Web site is used as a preventative measure of hiring under 16. The clause of prohibiting night shift for young worker will add in the policy on January 2008.			
4. Harassment or Abuse																											
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.																											
Policy			Facility does not have a policy on harassment or abuse.				Management interview, document review		Add the harassment and abuse policy in the handbook.	12/3/2005		Handbook	Completed						The factory has installed policy and procedure of appeal system in their disciplinary practices.								
Progressive Discipline		Employers will utilize progressive discipline, e.g., escalating discipline using steps such as verbal warning, written warning, suspension, termination. Any exceptions to this rule, e.g., immediate termination for theft or assault, shall be in writing and clearly communicated to workers.	Facility does not have an appeal system with an opportunity to reply to a decision related to termination.				Management interview, document review		Factory shall prepare detailed written policy of progressive discipline. The sample has given to factory from Asics.	7/31/2007		Handbook	On-going						The factory has installed policy and procedure of appeal system in their disciplinary practices.					Factory does have written policy of progressive discipline, but still not in detailed.		Progress discipline policy is almost done.	
Disciplinary Practices	Art. 4 of PRC Labor Law: The employer shall establish and perfect rules and regulations in accordance with law and guarantee that laborers enjoy labor right and fulfill labor obligations.	Employers will utilize consistent written disciplinary practices that are applied fairly among all workers.	Factory does not have detailed written policy or procedure regarding handling discipline.				Management interview, document review		Add the detailed written policy or procedure regarding handling discipline in the handbook.	7/31/2007		Handbook	On-going												Factory does not have proper procedure for keeping disciplinary records.		
Record Maintenance		Employers will maintain written records of disciplinary actions taken.	Facility does not keep records of disciplinary proceedings.				Management interview, management systems review		Add the detailed written policy or procedure regarding handling discipline in the handbook.				Completed														
Freedom of Movement	Art. 96 of PRC Labor Law: The responsible person of the employer involved in any one of the following cases shall be taken by a public security department into custody for 15 days, fined, or given a warning, and criminal responsibilities shall be fixed upon whoever commits a crime: (1) Use of violence, threat or illegal deprivation of personal freedom to force labor; (2) Humiliation, corporal punishment, beating, and illegal search or holding of laborers.	Employers will not unreasonably restrain freedom of movement of workers, including movement in canteen, during breaks, using toilets, accessing water, or to access necessary medical attention.	Sewing workers need to request permission to utilize the restrooms during working hours. The procedure is to put a request for a flag (meaning that permission is granted). One flag is shared among 45 employees. As per employees, there is a long waiting time to use the restroom.				Workers' interview, management interview, permission flag obtained		Factory will not restrain freedom of movement of workers using toilets. The changing rules of using toilets shall be secured.				Completed			Non-compliance: The management did not maintain the records.			Factory has secured freedom of movement of workers using toilets.								
Monetary Fines and Penalties	Art.16 of Interim Regulation on the Payment of Wages: Bearing damages for the employee's cause, the employer could ask for compensation from the employee according to the labor contract. The compensation could be deducted from the salary or wages of the employee. While the deduction could be not more than 20% of the salary or wages of present month. Besides, the remainder should be no less than the minimum wage regulated by local government if it is inclined to under it after the deduction.	Employers will not use monetary fines and penalties for poor performance.	Facility has a notice regarding monetary punishment (500 Yuan) for stealing and smoking. This deduction, if applied, is more than 20% of the average employee's wage. Rule is written in the employees' handbook and given to them upon hiring.				Management interview, employees' handbook review		Delete monetary fines and penalties policy from handbook.	7/31/2007		Handbook	On-going	Factory made oral admonishment, reprimand, salary cut, disciplinary layoff and punitive dismissal policy with the consultation of local labor bureau.	Document review				Interviewees stated they were often fined because their products did not meet quality standards. The amount of monetary fine ranges from 50 RMB to 100RMB. Interviewees from other departments did not mention this issue.				Factory does not have proper procedure to contradict workers' appeal on monetary punishment.				

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5. Nondiscrimination																										
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.																										
Policy				The factory does not have a policy of non-discrimination.			Management interview, document review		Factory shall prepare non-discrimination policy and/or procedure.	12/3/2005		Handbook	Completed						The factory has developed policy and procedure of appeal system in their disciplinary practices.							
Policy				There is no procedure for proper policy related to termination or retrenchment for operational purposes.			Management interview, management system review		Factory shall prepare procedure for proper policy related to termination or retrenchment for operational purposes.				Completed						The factory has developed policy and procedure of appeal system in their disciplinary practices.							
Other										7/31/2007			Completed				Non-compliance: The maternity leave was three months. Not every women had the medical insurance and procreate insurance. Only 52 employees had the medical care and procreate insurance. Female staff who joined the procreate insurance could get the procreate compensation from the Local Labor and Social Bureau. But for those female workers who did not join, they could get three months' basic salary from the company in the condition of three months' working after maternity leave. If they can not insist on working for three months after maternity leave, they could not get the maternity compensation from the company.			No discrimination issue was raised during the off-site audit.		There is procedure that every women have the medical insurance and procreate insurance.			There is procedure that every women have the medical insurance and procreate insurance.	
6. Health and Safety																										
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.																										
Evacuation Procedure	Art. 14.3 of the Fire Control Law of the PRC: Enterprises shall carry out fire prevention awareness education among their employees. 14.6 of PRC Fire Prevention Law: Keep the evacuation passages and exits clear. Set up the safety demarcation in accordance with national standards. Art. 40 of Factory fire control rules: The factory must have fire drills at least twice a year.	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unbooked exits/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	No evacuation plans were posted in the facility.				Factory tour		Evacuation map shall be posted in the work place. Factory shall increase fire-fighting member and train first-aid staff. Fire drill shall be operated twice in a year.	12/6/2005		Poster	Completed			Risk of Non-compliance: Training for using electricity in safety way and fire drill especially for dormitories should be enhanced.										
PPE	Art. 54 of PRC Labor Law: The employer shall provide laborers with PPE. Art. 74 of Factory Safety and Health Rules: Factory should provide working clothes or aprons and, according to needs, PPE to all affected workers. Art. 37 of PRC Work Safety Law: Production and business units shall provide their employees with PPE that are up to national standards or industrial specifications, and they shall give instruction to their employees and see to it that they wear or use these PPE in accordance with the rules for their use.	Workers shall wear appropriate 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 hazardous elements including medical waste.	Approximately 50 % workers dealing with glue did not wear appropriate protective equipment (gloves and masks) though they were provided the PPE by the facility.				Factory tour		Factory shall post PPE wearing poster with picture and words to make it known to worker(s) better.	12/6/2005		Poster	Completed	The factory posted PPE using notice to make workers recognize of wearing PPE. Orientation is done every month. Safety officer regular tour the facility and inspect the noise, lights and observe workers whether wearing PPE properly.	Document review	Non-compliance: Seven workers were found that they did not wear protective masks in the glue-handling positions as required.										
Fire Safety/ Health and Safety legal compliance													Completed				Non-compliance: Checked the monitoring report monitored by Disease Controlling Center (2004 and 2005) and Environmental Protection Bureau (2004). The monitored results showed that Benzene and Toluene exceeded the national standards.									
Document Maintenance/ Accessibility													Completed				Non-compliance: Not all the chemicals MSDS were collected. And some MSDS posted in the chemical storage room were written in Korean. Some containers which contained initiative chemicals were not covered.									
Sanitation in Facilities													Completed				Non-compliance: Checked the monitoring report monitored by Disease Controlling Center (2004 and 2005) and Environmental Protection Bureau (2004). The monitored results showed that Benzene and Toluene exceeded the national standards.									
Sanitation in Facilities													Completed				Risk of Non-compliance: The doctor at present could not provide the doctor certificate, he said that he did not bring it with him. The license of Medical Room and doctors were not provided.									
Sanitation in Dormitories													Completed				Non-compliance: Training for using electricity in safety way and fire drill especially for dormitories should be enhanced.									
Other													Completed				Non-compliance: The recruitment health examination were not implemented. And annual health examination could not cover all the employees.									
7. Freedom of Association and Collective Bargaining																										
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.																										
		FLA Comment: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations																								
		The Amended Trade Union Act of October 2001 does stipulate that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-regulated administrative agreements.																								
Right to Freely Associate				Factory does not have a policy on freedom of association and collective bargaining right.			Management interview, document review		Factory shall prepare a policy and/or procedure on freedom of association and collective bargaining right.	12/3/2005		Handbook	Completed				Risk of Non-compliance: The organization of workers' union has been established, but no activities.			No issue regarding Freedom of Association was raised during the off-site audit.						

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8. Wages and Benefits																											
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.																											
Minimum Wage	Art. 48 of PRC Labor Law: The employer shall pay laborers wages no lower than local standards on minimum wages.	Employees will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher.	Audit team reviewed 50 employees' payroll records from April to October 2006. Eight out of 50 employees' base wages do not reach the legal minimum wage.				Management interview, payroll review		Factory shall plan and implement the wage awareness program to worker[s].	7/31/2007			Completed	As of April in 2006, factory has raised workers' hourly salary slightly, however, it is still lower than local standards on minimum wages.	Document review	Non-compliance: Through interview and payroll records review, Audit team found some workers' hourly salary was 1.6 RMB/hour, less than 2.8RMB/hour (Local labor regulation). Reviewed payroll records of 12/2005 and 01/2006, Audit team found five workers' ("location") salaries were 462.8RMB/month (01/2006), less than 470RMB/month (Local labor regulation).			Workers' hourly salary complies with law and compensate the overtime as well.		Interviewees stated their basic wage is around 350RMB which is below the local minimum wage 540RMB.		Factory announced workers the legal minimum wage will be paid for base wages, and the payment have been started from October 2006. But the awareness of base wage is insufficient. There are still workers that believe their base wage is below the legal [amount].				
Wage Benefits Awareness	Art. 19 of PRC Labor Law: Labor contract shall be in written form and with the following items included: term of contract, job description, labor protection and conditions, remunerations, labor discipline, conditions for termination of contract and liabilities for breach of contract.	Employees will communicate orally and in writing to all employees in the language of the worker the wages, incentive systems, benefits and bonuses to which all workers are entitled in that company and under the applicable law.	1) No term regarding wage is listed in labor contracts. 2) Security guards and cafeteria workers do not have a labor contract.				Labor contracts review, management interview, worker interview		Security guards and cafeteria workers shall a labor contract according to labor law.	12/5/2005			Completed		Audit team found that all security guards did not have a labor contract. Management acknowledged this condition.												
Time-recording system		Time worked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards.	The working hours of security guards and cafeteria workers are not recorded.				Worker interview, management interview		The working hours of security guards and cafeteria workers are shall be recorded to be designed to ensure that giving compensation and holidays according to the law.	12/5/2005			Completed						Factory has established policy and procedure to record working hours and ensured giving compensation and holidays according to the law.								
Legal benefits	Art. 72 of PRC Labor Law: Management and employees must participate in social insurance programs.	Employees will provide all legally mandated benefits to all eligible workers.	2,710 out of 4,007 employees presently employed in the facility are not registered with the social insurance department.				Management interview, document review		Factory shall arrange insure with the social insurance and workers' compensation.				On-going						Factory continues seeking for workers to join in the social insurance.		Interviewees stated they have registered for social insurance.		15% of workers are not registered with the social insurance department.		As of November, 78% of workers participate in all types of social insurance schemes. Factory targets 100% participation in February 2008.		
Legal Compliance for holiday/leave													Completed			Non-compliance: For those female workers who did not join, they could get three months' basic salary from the company in the condition of three months' working after maternity leave. If they can not insist on working for three months after maternity leave, they could not get the maternity compensation from the company.											
Accurate recording of wage compensation													Completed			Non-compliance: Security guard was not paid for Spring Festival overtime work as 300%, just paid as fixed rate of 300RMB/holiday. That was not compliance for the national Labor Law. In the process of reviewing payroll records from 10-12/ 2005 and 01/2006, it is found that overtime compensation was calculated using at hourly rate 1.6 yuan less than the minimum hourly wage.			Factory has secured the salaries of security guards according to the law.								
Minimum wage/ Quotas													Completed			Non-compliance: For some workers the OT payroll based on 300RMB, not 470 RMB (Local minimum salary).			OT is compensated based on law.								
9. Hours of Work																											
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period																											
Overtime Limitations	Art. 41 of PRC Labor Law: Employees should not be allowed to work more than three overtime hours per day and 36 overtime hours per month.	Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	1) Employees from all departments in this facility worked 72 to 161 hours of overtime during the months of April, May, June, July, August and September 2005. The maximum overtime allowed by law is 36 per month. 2) Security guards and cafeteria workers work 12 hours a day, exceeding the limitations of overtime (3 hours per day).				Workers interview, management interview, time cards and payroll review.		Factory shall immediately reduce overtime and make action plan for three hours of overtime per day.	7/31/2007			On-going	HR sections prepare working hour list in every month and factory manager confirm the situation of working hours. Factory will improve effective production system to reduce the working hours.	Documentation Review.	Non-compliance: 1) [Some] Workers in preparation workshop worked consecutively from 01/16 to 01/28 without rest. 2) On 11/12/2005, [Many] workers in preparation workshop worked 68 hours in a week. 3) Through checking workers' attendance records, auditor team found overtime was severe. Some workers worked overtime 98 hour in January 2006, exceeding the requirement of national Labor Law.			Interviewees stated that they had at least three-hour daily overtime work from Monday to Saturday. Other interviewees stated they have more overtime work than workers of other departments. They usually have four to five hours overtime work per day. No voluntary overtime sheet was applied in the factory.			Workers worked four to five hours of overtime during January to April, 2007. Even in holiday work, it is worked three hours of overtime. The electric time recorder has come down for one year, and factory manually records the overtime.			Factory reduced working hour for 18% from August to October.		
Overtime Limitations	Art. 38 of PRC Labor Law: Employer shall guarantee that its laborers have at least one day off per week.	Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	1) Employees of Inspection and cutting departments were identified as having one day off after consecutively working 10 to 14 days in April, May, June, July, August and September 2005. 2) As per payroll of April to October 2005, security guards and dormitory keepers work every day without a day of rest.				Worker Interviews		Factory shall give one day off in every seven day period.	7/31/2007			Completed						Interviewees of night started their work every day with one-day rest per month. Interviewees stated they usually have one day off after consecutively workers for two weeks.			Workers worked consecutively 3 weeks or more during January to April 2007.		Factory provided one day off for every 7 day period.			
10. Overtime Compensation																											
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.																											
OT Compensation	Art. 44.1 of PRC Labor Law: The employer shall pay workers no less than 150 % of their regular wages if they are required to work overtime.	The factory shall comply with applicable law for premium rates for overtime compensation.	Overtime compensation was calculated using an hourly rate below the minimum wage. This condition applies to most new employees.				Document review, worker interview, management interview		Hourly rate for OT shall be 2.80 Yuan.				Completed						Hourly rate of OT has been secured according to law.		Interviewees showed knowledge of overtime compensation calculation. According to them, the hourly rate used for overtime wage calculation is 3.23 Yuan/hour, which is in compliance with the requirement.						
OT Compensation	Art. 44.1 of PRC Labor Law: The employer shall pay workers no less than 150 % of their regular wages if they are required to work overtime. Art. 44. 2 of PRC Labor Law: Payment of wages to laborers should be no less than 200% of the normal wage if the employees are required to work on a day of rest and no deferred rest can be taken. Art. 44.3 of PRC Labor Law: Payment to workers should be no less than 300% of the normal wage if they are required to work during a legal holiday.	The factory shall comply with applicable law for premium rates for overtime compensation.	Security guards and cafeteria workers are salaried paid, and are not compensated for overtime, including regular overtime, overtime on days of rest and/or overtime on holidays (security guards who worked on legal holidays May 1st-3rd and October 1st -3rd).				Document review, worker interview, management interview		Security guards and cafeteria workers shall be compensated for overtime, including regular overtime, overtime on days of rest and/or overtime on holidays.	12/5/2005		Labor Contract	Completed		Non-compliance: It was found that security guards are salaried paid and are not compensated for rest time overtime.												
Other									Factory and agent shall jointly report actual working hours to Aetis every month.	7/31/2007			Completed			Non-compliance: Through checking workers' attendance records, auditor team found overtime was severe. Some workers worked overtime 98 hour(s) in January 2006, exceeded the requirement of national Labor Law.						Factory does not report actual working hours to Aetis every month.		Agents provides updates on current improvements of working conditions and reports every month.			
Other													Completed			Risk of Non-compliance: Some contents in the Employee Manual are not compliance for the requirement of Labor Law. For example: Work six days in the week and nine hours per day.			Employee manuals are completely modified.								

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	IEM Findings				Remediation				(Status)	Updates		Third Party Company audit			Updates						
					Evidence of Non-compliance (uncorroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Remediation plan	Target Completion Date	Company follow up (Cite date of follow up)	Documentation		Company Follow up (07/27/2006)	Documentation	Company Verification (03/13-14/2006)	Findings (Additional) (03/13-14/2006)	Documentation	Company Follow up (01/25/2007)	Documentation	Company Follow up (06/16-17/2007)	Findings (Additional) (04/16-17/2007)	Company Follow up (06/27-28/2007)	Documentation	Company Follow up (12/ 5-6/2007)
Miscellaneous																									
Recruitment Fees				The employees who are hired directly by recruiting agents (government labor bureau), pay 300-400 Yuan recruitment fees to the agents. The factory has no roll in this process.			Worker interviews		Investigate appropriate job hanging fee from the past precedent.				Pending												
Unauthorized Subcontracting				There are no items of commitment on FLA Code of Conduct in the subcontracting agreement for cafeteria service. There are no items stating one rest day, maximum hours of work, minimum wage and OT payments, minimum age and health and safety requirements.			Contract review/management interview		Sign on with subcontractor to protect labor rights of Security guards and cafeteria worker.	12/6/2005		Labor Contract	Completed												