FLA Audit Profile		FLA IEV Profile
Country	China	China
Factory name	40001537D	40001537DV
IEM	ALGI	Social Compliance Service Asia (SCSA)
Date(s) in facility	November 15-17, 2005	October 13-14, 2011
PC(s)	Asics	Asics
Number of workers	4,007	1356
Product(s)	Footwear	Footwear
Production processes	Sewing, Cutting, Sole Making, Packing, QC, Embroidering, Warehousing	Sewing, Cutting, Sole Making, Packing, QC, Embroidering, Warehousing

Part 1: IEM Findings

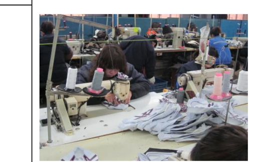
FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance
1. Code Awareness				
Confidential Noncompliance Reporting Channel		**FLA Principle of Monitoring, Obligation of Companies:** Develop a secure communications channel, in a manner appropriate to the 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 noncompliance reporting mechanism has been put in place by Asics.	
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.	
Recruitment Contracts Employment Records		There can be no employment terms (including contracts, recruitment arrangements, or any other instruments) which specify that employees can be confined or be subjected to restrictions on freedom of movement; allow employers to hold wages already earned; provide for penalties resulting in paying back wages already earned; or, in any way punish workers for terminating employment. (It is acceptable to provide bonuses to workers who stay for a term of contract and meet reasonable conditions, such as regular attendance, punctuality, good quality, etc. Employers will maintain sufficient hiring and	1) No term regarding wage is listed in labor contracts. 2) Security guards and cafeteria workers do not have a labor contract.	
Personal Worker Identification and Other Documents	In accordance with Article 9 of Law of the PRC on Employment Contracts, when recruiting an employee, the employer may not retain employee's identity card of residents and other papers, and the employer may not require the employee to provide security or collect property from him under some other guise.	Workers shall retain possession or control of their passports, identity papers, travel documents or any other personal legal documents. Employers shall not retain any such documents to restrict workers' access to them for any reason whatsoever, including in order to ensure that workers shall remain in employment in the factory.		
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.
Children on Premises	Article 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.	6 workers were identified to be under 16 years of age.	
Legal Compliance for Juvenile Workers	Article 65 of PRC Labor Law: Employer shall carry out regular physical examinations for juvenile workers. Article 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 18 shall take physical examination if it has been more than 6 months since last physical	Employers will comply with applicable laws that apply to young workers, i.e., those between the minimum working age and the age of 18, including regulations relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime.	There is no policy or procedure for physical examination.	
Lack of Protection of Underage Workers	Article 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.
Protection of Juvenile Workers and Juvenile Workers Identification System	In accordance with the Article 64 of the PRC Labor Law: It is not allowed to assign minor laborers to mine and under pit work, poisonous or harmful work, or work of 4th-grade manual labor intensity stipulated by the state and other prohibited work.	Employers will have a system for identifying work stations and operations that are inappropriate for young workers according to applicable laws.		
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 of abuse.				
Policy				Facility does not have a policy on harassment or abuse.
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.
Disciplinary Practices	Article 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.	
Record Maintenance		Employers will maintain written records of disciplinary actions taken.	Facility does not keep records of disciplinary proceedings.	
Freedom of Movement	Article 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 deprival 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.	
Monetary Fines and Penalties	Article16 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 salary/wages of the average employee. Rule is written in the employee's handbook and given to them upon hiring.	
Discipline/Monetary Fines and Penalties		Employers shall not use monetary fines and penalties as a means to maintain labor discipline, including for poor performance or for violating company rules, regulations, and policies.		
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 nondiscrimination.
Policy				There is no procedure for proper policy related to termination/retrenchment for operational purposes.
Other			The maternity leave was 3 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 3 months' basic salary from the company in the condition of 3 months' working after maternity leave. If they can not insist on working for 3 months after maternity	
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	Article 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 evacuations passages and exits clear. Set up the safety demarcation in accordance with national standards. Article 40 of Factory fire control rules: The factory must have fire	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/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.	
Personal Protective Equipment (PPE)	Article 54 of PRC Labor Law: The employer shall provide laborers with PPE. Article 74 of Factory Safety and Health Rules: Factory should provide working clothes or aprons and, according to needs, PPE to all affected workers. Article 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	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.	
Fire Safety: Health and Safety Legal 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			Not all the chemicals' MSDS were collected. And some MSDS posted in the chemical storage room were written in Korean. Some containers which contained irritative chemicals were not covered.	

Part 2: IEM Findings (continued), Remediation and [Status]

FLA Code/Compliance Issue	Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Sources/ Documentation	Notable Features	PC Remediation Plan	Target Completion Date	Company Follow Up (Cite Date)	Documentation	Completed, Pending, Ongoing
1. Code Awareness									
Confidential Noncompliance Reporting Channel			management interview, facility walkthrough		Agent phone number and contact person name have been indicated on the Asics Corporate Policy of Engagement Notice Board in the cite for confidential noncompliance reporting to Asics. Direct international phone number and email address indicated on the board as well.	12/5/2005		handbook, notice board	Completed
2. Forced Labor									
Freedom of Movement			management and worker interviews		Create procedure for preventing theft and establishing factory procedure to secure freedom of movement.	12/5/2005			Pending
Recruitment Contracts Employment Records									
Personal Worker Identification and Other Documents									
3. Child Labor									
Age Verification			management interview, document review		Creating a policy for age verification. (a) Purchasing 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
Children on Premises			management and worker interviews, personnel record 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
Legal Compliance for Juvenile Workers			management and worker interviews, document review		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
Lack of Protection of Underage Workers			management interview, document review		Creating a policy for protection of under-age workers.	12/5/2005		juvenile policy	Completed
Protection of Juvenile Workers and Juvenile Workers Identification System									
4. Harassment or Abuse									
Policy			management interview, document review		Add the harassment and abuse policy in the handbook.	12/3/2005		handbook	Completed
Progressive Discipline			management interview, document review		Factory shall utilize progressive discipline manner.	12/6/2005		handbook	Completed
Disciplinary Practices			management interview, document review		Add the detailed written policy or procedure regarding handling discipline in the handbook.	12/6/2005		handbook	Completed
Record Maintenance			management interview, management systems review		Add the detailed written policy or procedure regarding handling discipline in the handbook.				
Freedom of Movement			management and worker interviews; permission flag obtained		Factory will not restrain freedom of movement of workers using toilets. The changing rules of using toilets shall be secured.				Pending
Monetary Fines and Penalties			management interview, employee's handbook review		Delete monetary fines and penalties policy from handbook.	12/6/2005		handbook	Completed
Discipline/Monetary Fines and Penalties									
5. Nondiscrimination									
Policy			management interview, document review		Factory shall prepare Nondiscrimination policy and/or procedure.	12/3/2005		handbook	Completed
Policy			management interview, management system review		Factory shall prepare procedure for proper policy related to termination/retrenchment for				
Other									
6. Health and Safety									
Evacuation Procedure			factory tour		救急時の避難図の作成 12/6 義務　消防隊員の追加 12/5 現場別救急人員の養成 12/5 放火訓練　年2回　全員　出席＆実施ING	12/6/2005		掲示	Completed
Personal Protective Equipment (PPE)			factory tour		● PPE 着用に関した広報 PPE 着用に関した教育は　記録して置き、出来るだけ　文字と絵で　表記する。	12/6/2005		掲示	Completed
Fire Safety: Health and Safety Legal Compliance									
Document Maintenance/Accessibility									

Part 3: Updates, Third Party Verification, Company Verification Follow Up and Status

FLA Code/Compliance Issue	Company Follow Up (July 27, 2006)	Documentation	Third Party Verification by SCSA (October 13 - 14, 2011)	Documentation	Company Follow Up (October 20, 2011)	Documentation	Status: Completed, Pending, Ongoing
1. Code Awareness							
Confidential Noncompliance Reporting Channel			**Completed:** Confidential noncompliance reporting mechanism has been put in place.	documentation, visual observation; worker and management interviews			Completed
2. Forced Labor							
Freedom of Movement	Workers are allowed to leave facility in 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	**Pending:** Workers were still required to apply leave and get approval for leaving the factory compound during lunch time.	documentation, visual observation; worker and management interviews	Asics visited the factory October 20, 2011. Factory responded that due to workers' secure and antitheft measure, the factory will repair IC time card system and end this apply leave system from February 2012.		Ongoing
Recruitment Contracts Employment Records			**Completed:** 1) The wages information and other related information was included on the labor contract. 2) Security guards and cafeteria workers were provided with labor contracts, as other employees at the facility.	document review; worker and management interviews			Ongoing
Personal Worker Identification and Other Documents			**New Finding:** Per workers' complaint record of 2010, workers' identity cards were kept by the factory during job interviews and they would only be returned after the workers started their work.	document review; worker and management interviews	Asics visited the factory October 20, 2011. The factory responded that was due to a measure to prevent workers from quitting their jobs in 2009, but that the factory has ended such measure from 2010.		Completed
3. Child Labor							
Age Verification			**Completed**: Factory had established the written policy for age verification.	document review; worker and management interviews			Completed
Children on Premises	Factory gives under 16-age workers a schooling of Excel and Word use. The schooling schedule is completely prepared. But, 3 under 16-age left the factory for its low salary compared to when they were working including overtime. The remaining 3 workers; 2 workers continuously ask management to let them back to former work for the reason of low salary compared when they have being doing overtime work. 1 worker works half-day with submitting her mother's signature to agree to work		**Completed:** During the audit, no worker under the age of 16 was noted.	documentation; factory walkthrough; worker and management interviews			Completed
Legal Compliance for Juvenile Workers			**Completed:** The policy or procedure for physical examination had been established. Physical examinations for juvenile workers were also carried out.	document review; worker and management interviews			Completed
Lack of Protection of Underage Workers			**Pending:** Factory has not established the written policy or procedure for the protection of juvenile workers.	document review; worker and management interviews	Asics visited the factory October 20, 2011. The factory responded that they have the written policy for juvenile workers, but they could not provide it on the IEV day because the responsible person was out of the office.		Completed
Protection of Juvenile Workers and Juvenile Workers Identification System			**New Finding:** Young workers (16-18) were arranged work in hazardous positions, such as handling hazardous chemicals.	documentation; factory walkthrough; worker and management interviews	Asics visited the factory October 20, 2011. The factory responded that it was their voluntary will, because they had wanted to work with their fathers and/or brothers. The factory has changed their position. If they still want to work with their relatives, the factory will change whole family's position.		Completed
4. Harassment or Abuse							
Policy			**Completed:** The factory has established the written policy on harassment or abuse.	document review; worker and management interviews			Completed
Progressive Discipline			**Completed:** The procedure and policy on the termination and retrenchment were established in the factory, including the appeal system for termination.	document review; worker and management interviews			Completed
Disciplinary Practices			**Completed:** Factory had established the written policy or procedure regarding handling discipline.	document review; worker and management interviews			Completed
Record Maintenance			**Completed:** The factory has maintained the disciplinary record and the record of proceeding.	document review; worker and management interviews			
Freedom of Movement			**Pending:** Workers need to register when go to use the toilet in the workshop. As per workers, they were sometime required to wait for a long time in order to go the toilets.	document review; worker and management interviews	Asics visited the factory October 20, 2011. The factory responded that this is not a register system, but a survey. Sometimes workers do not come back around in 20 to 30 minutes due to smoking or a private telephone reason. Therefore, the factory conducted the survey only in the sewing workshop. If some workers were absent more than 10 times a day, the factory will		Pending
Monetary Fines and Penalties	Factory made oral admonishment, reprimand, salary cut, disciplinary layoff and punitive dismissal policy with the consultation of local labor bureau.	document review	**Completed:** The factory had discarded this policy.	document review; worker and management interviews			Completed
Discipline/Monetary Fines and Penalties			**New Finding:** Workers were requested to reach the workshop at 7:15 a.m., whereas the official working time was starting from 7:20 a.m. There would be penalty of 1 hour wage deduction if workers reached the workshop later than 7:15 a.m.	document review; worker and management interviews	The factory has changed its arrival time at 7:20 a.m. from December 1, 2012, and they will reduce the wage equivalent to lateness time.		Completed
5. Nondiscrimination							
Policy			**Completed:** The factory has established the written policy of non-discrimination for	document review; worker and management interviews			Completed
Policy			**Completed:** The procedure and policy on the termination and retrenchment were established in the factory.	document review; worker and management interviews			Completed
Other			**Completed:** Paid maternity leave was provided to all eligible workers.	document review; worker and management interviews			Completed
6. Health and Safety							
Evacuation Procedure			**Completed:** Evacuation plot plan was posted at the facility.	factory walkthrough; worker and management interviews			Completed
Personal Protective Equipment (PPE)	The factory posted PPE using notice to make workers recognize of wearing PPE. Orientation is done every month. Safety officer regularly tours the facility and inspect the noise, lights and observe whether workers are wearing PPE properly.	document review	**Ongoing:** Approximately 20% of workers who were dealing with glue did not wear appropriate personal protective equipment.	factory walkthrough; worker and management interviews	Asics visited the factory October 20, 2011. The factory has posted the PPE caution poster and trained workers. Supervisor will check and ensure workers wear PPE.		Completed
Fire Safety: Health and Safety Legal Compliance			**Completed:** The level of benzene and toluene did not exceed the national standards.	documentation; factory walkthrough; worker and management interviews			Completed
Document Maintenance/Accessibility			**Completed:** The MSDS in the local language was posted out and most chemicals were properly covered.	documentation; factory walkthrough; worker and management interviews			Completed

Proper Use of Machinery		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.														**New Finding:** The factory was not able to provide the workers' training record for review.	documentation; factory walkthrough; worker and management interviews	According to the factory comment, they have training records in the factory. but they could not provide them on the IEV day, because the responsible person was out of the office.		Completed	
Sanitation in Factory Facilities		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.														**New Finding:** 1) The cubicles in the toilet were not equipped with doors. 2) Soap and toilet paper were not available in the restrooms.	documentation; factory walkthrough; worker and management interviews	Asics visited the factory October 20, 2011. 1) The factory will repair the door until the end of December 2011. 2) The factory responded that the workers will bring back soaps and toilet papers to their home. Therefore, the factory cannot provide them for the moment.		Completed	
Chemical Management and Training	1) In accordance with Article 16 of Regulation for Safety of Dangerous Chemical: Units that produce, store and use the dangerous chemical should install related safety facilities in workshop or warehouse for monitor, ventilation, sun proof, air-condition, fire prevention, fire fighting, explosive prevention, pressure release, gas defense, antisepsis, counteract, anti-moisture, lighting proof, anti-static, anti-leakage, safeguard, and isolation. According to the national laws and requirements of dangerous chemical material, the above facilities and equipment should be kept and maintained safely. 2) In accordance with Article 23 of Law of PRC on the Prevention and Treatment of Occupational Diseases, for the poisonous and harmful work place where acute occupational injuries are likely to take place, the employing work unit shall set up alarming equipment, allocate on-spot emergent treatment articles, washing	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.														**New Finding:** 1) A few chemicals were found not installed with secondary containment. 2) No eye washing station was available at the chemical usage areas, such as lasting section.	documentation; factory walkthrough; worker and management interviews	1) The factory had installed the secondary containments, but some workers removed them. Therefore, the factory will install the again and educate workers. 2) The factory will install the eye washing station before the end of December 2011.		completed	
Ventilation/Electrical/Facility Installation and Maintenance	1) In accordance with Article 6.5 of the General Guide for Safety of Electric User, there shall be sufficient space around the electric installation and electric wire. There shall be no flammable, explosive or corrosive material stored near the electric installation. 2) In accordance with Article 6.5 of the General Guide for Safety of Electric User, there shall be sufficient space around the electric installation and electric wire. There shall be no flammable, explosive or corrosive material stored near the electric installation.	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														**New Finding:** 1) A few electrical panels were not equipped with covers, such as in sewing section. 2) Some electrical switch boxes were blocked by materials at ironing section.	documentation; factory walkthrough; worker and management interviews	Asics visited the factory October 20, 2011. 1. The factory has immediately equipped the covers. 2. The factory has immediately cleaned up in front of electrical switch boxes.		Completed	
Safety Equipment and First Aid Training	In accordance with Article 21 of Fire Prevention Law of PRC, no units or individuals may damage or divert to other purpose, dismantle or inactivate fire control facilities and equipment without authorization, or bury and occupy fire hydrants, take up fire prevention spaces and block fire control passages.	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.														**New Finding:** At least 2 fire extinguishers were blocked by materials, such as, in finishing section	documentation; factory walkthrough; worker and management interviews	The factory has immediately cleaned up in front of the fire extinguishers.		Completed	
Permits and Certificates	1) In accordance with Article 27 of Chapter 6 of the Food Sanitation Law of PRC, establishment of food manufacturer must apply for Certificate of Hygiene from hygiene administrative department. 2) In accordance with Article 26 of Chapter 6 of the Food Sanitation Law of PRC, those in food production and management shall receive a health checkup every year. New and casual laborers of food production and management shall receive a health checkup and obtain the health certificate before they can take up their jobs. 3) In accordance with Article 18 of [Province name] Provincial Regulation on Environmental Protection, enterprises that generate pollutant shall declare and register with local environmental bureau for discharging pollutant according to legal requirement and shall obtain the pollutant discharge permit. The enterprises shall discharge pollutant according to the requirement of the discharge permit and shall pay fees for discharging pollutant according to law.	The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal.														**New Finding:** 1) The pollutant discharged permit was expired in December 2010. 2) Canteen workers did not have health certificate. 3) No hygiene certificate (operation permit) was available for canteen. 4) The factory was not able to provide the fire inspection certificate for production buildings and dormitory buildings. 5) Factory was unable to provide the report of environmental impact.	documentation; factory walkthrough; worker and management interviews	1) The factory has applied to get permit again on October 17, 2011. 2) They have health certificates, but they could not provide them on the IEV day, because the responsible person was out of the office. 3) The factory has canteen certificate, but they could not provide it on the IEV day, because the responsible person was out of the office. 4) Those buildings are owned by the government; therefore, government has the certification. The factory will send copies to Asics. 5) The factory implemented the environmental impact on November 2012.		Completed	
Evacuation Requirements and Procedure	1) Article 40 of Fire Prevention Regulation for Government offices, Organizations and Enterprises: The key entity of fire prevention shall arrange fire drill at least once semi-annually according to fire fighting and emergency evacuation plan. It shall perfect the plan constantly base on the actual conditions. Other units shall constitute corresponding emergency plan base on its actual conditions and arrange fire drill at least once a year. The employer shall set up clear signage and inform all related personnel of the fire drills in advance. 2) In accordance with Article 10.2.6 of the Fire Prevention Standard for Building Design (new revision of GBJ 16-87) (1997): factory shall install emergency lights along all evacuation passages, above all exits and in all stairwells	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.														**New Finding:** 1) The factory only conducted 1 fire drill in the factory workshop and no fire drill was carried out in the dormitory. 2) No emergency light and exit sign were installed at the exit of dormitory and canteen.	documentation; factory walkthrough; worker and management interviews	1) The factory will conduct the 2 fire drills from 2012. 2) The factory fractionally installed the emergency lights and they will increase sequentially.		completed	
7. Freedom of Association and Collective Bargaining																					
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.																					
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			**Pending:** The policy on freedom of association and collective bargaining right was not established. The organization of worker's union has also been established, but there was no meeting record was available for review.	documentation; factory walkthrough; worker and management interviews	The factory has recommended workers to do union activities. But, many workers have not wanted to do that and nobody has to force union activities. Asics requires the factory to maintain meeting records and keep encouraging union activities to workers.		Completed	
	FLA Comment: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The Amended Trade Union Act of October 2001 does stipulate that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003,the Collective Contracts Decree introduced the obligation for representative trade unions and															**Pending:** The current condition of the trade union in China was still the same as the trade union was still under the ACFTU and did not perform active role in collective bargaining and freedom of association.	documentation; factory walkthrough; worker and management interviews	The factory has recommended workers to do union activities. But, many workers have not wanted to do that and nobody has to force union activities. Asics requires the factory to maintain meeting records and keep encouraging union activities to workers.		Completed	
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	Article 48 of PRC Labor Law: The employer shall pay laborers wages no lower than local standards on minimum wages.	Employers 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 2005. 8 out of 50 employees' base wages do not reach the legal minimum wage.				management interview/ payroll review		Base wages shall reach the legal minimum wage.				Pending	As of April 2006, factory has raised workers' hourly salary slightly, however, it is still lower than local standards on minimum wages.	document review	**Completed:** No worker was being paid below the prevailing minimum wages.	documentation; factory walkthrough; worker and management interviews			Completed	
Wage Benefits Awareness	Article 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.	Employers 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 and worker interviews		Security guards and cafeteria workers shall a labor contract according to labor law.	12/5/2005			Completed			**Completed:** 1) The wages information and other related information was included on the labor contracts. 2) Security guards and cafeteria workers were provided with labor contracts, as other employees at the facility.	documentation; factory walkthrough; worker and management interviews			Completed	
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.				management and worker interviews		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			**Pending:** The working hours of security guards and cafeteria were still not recorded.	documentation; factory walkthrough; worker and management interviews	1) The factory has the working hours and routine patrol records of the security guards. 2) Asics requires the factory to maintain the working hours records of the cafeteria staff.		Completed	
Legal Benefits	Article 72 of PRC Labor Law: Management and employees must participate in social insurance programs.	Employers 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.				Pending			**Pending:** The last contribution of social insurance was made in June 2011; however, the factory only covered only 950 out of 1455 workers under pension, medical, and unemployment insurances and 979 out of 1455 workers were covered under the work-related injury insurance.	document review; worker and management interviews	Asics requires the factory to increase the workers number of social insurance by graduation.		Pending	
Accurate Recording of Wage Compensation			Security guard was not paid for Spring Festival overtime work as 300%, just paid as fixed rate of 30RMB/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 1.6yuan less than the minimum hourly wage.													**Pending:** The factory did not have proper overtime premium paid for overtime hours at night, statutory holiday and rest day for security guards and kitchen staff.	document review; worker and management interviews	Concerning security guards: They have worked 12 hours a day, 2 shifts. It is possible to reduce their working hours and also their wage, but they do not want such reducing. They want to continue the work as same as current working condition. Concerning kitchen staff: They have worked 6 hours a day. They just make 3 meals for management staff. They do not want change the job, as sewing section or warehouse. They want to continue the work as same as current working condition. Both workers are not factory operators and their work is very light compared with factory's workshops. Therefore, their wages are different from factory's operators.		Pending	
Minimum Wage/Quotas			For some workers the OT payroll based on 300RMB, not 470 RMB (local minimum salary).													**Completed:** Workers were properly paid for the overtime hours worked as according to the prevailing law.	document review; worker and management interviews			Completed	
Timely Payment of Wages	In accordance with Article 50 of the PRC Labor Law, wages shall be paid to employees on time and in cash form each month (every 30 days). Without appropriate reason, factory shall not withhold part of employees' wages or postpone the wage payment. In accordance with Article 50 of PRC Labor Law, wages shall be paid to employees on time and in cash form each month (every 30 days). Without appropriate reason, factory shall not withhold part of the employees' wages or postpone the wage payment.	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.														**New Finding:** Wages of resigned workers would only be paid the end of next month, whereas wages of resigned workers without proper reason would be paid after half a year.	document review; worker and management interviews	Asics visited the factory October 20, 2011. The factory responded that it was a persuading period for turnover applicants, but they will end this measure before April, 2012.		Completed	
Holidays, Leave, Legal Benefits and Bonuses	1) In accordance with the Article 45 of PRC Labor Law, all employees who have worked consecutively for more than 1 year shall be entitled to paid annual leave. 2) In accordance with the Article 59 of Opinions on Matters of Carrying out Labor Law of the PRC of LMI [1995] No. 309: Sick pay or sick alms paid by the employing unit for the employees in therapy period who were sick or injured not in work could be lower than the local minimum wage standard but no less than 80% of the standard.	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.														**New Finding:** 1) There was no paid sick pay provided to workers. 2) There was paid annual leave provided for workers.	document review; worker and management interviews	Asics visited the factory October 20, 2011. 1) The factory will make a decision before the end of December 2011. 2) The factory will make a decision before the end of December 2011.		Completed	

Deposit of Legally Mandated Deductions	In accordance with Article 50 of PRC Labor Law, wages shall be paid to employees on time and in cash form each month (every 30 days). Without appropriate reason, factory shall not withhold part of employees' wages or postpone wage payment. According to Supplemental provision of Provisional Regulations on Payment of Wages (Opinions on Matters of Carrying out Labor Law of PRC of LMI [1995] No. 226), deduction of wages under any of the following circumstances will not be deemed an "unlawful deduction of wages": (1) Stipulated by law; (2) Stipulated in the labor contract, which was signed in accordance with the law; (3) Stipulated in enterprise regulation, which was established according to the law and approved by labor union; (4) If the wage was fluctuated on the profit margin of employing unit as per the pre-agreement, reductions in wages when the profit of employing unit decreased (however, under such circumstances, the wages of the employee must not fall below the local minimum wage); (5) Any deduction of wages relating to the employee leave for	All legally mandated deductions for taxes, social insurance, or other purposes shall be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc. The employer shall not hold over any of these funds from one pay period to the other unless the law specifies that deposits are to be made less frequently than pay periods (e.g., monthly deposits, weekly pay). If the law does not specify, then deposits shall be made before the next pay period in all cases.														**New Finding:** The factory had not contributed the social insurance fee July, August, September 2011 despite the fees of social insurance were deducted from workers' wages.	document review; worker and management interviews	Asics visited the factory October 20, 2011. The factory responded. Due to the cash flow problem, payment was delayed. However, they have paid sooner for the turnover workers. The factory will improve near future.		Completed
8. 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	Article 41 of PRC Labor Law: Employees should not be allowed to work more than 3 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	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).					management and workers interview; time cards and payroll review		Factory shall not over 36 hours OT in a month and total working hours in a year. The actual working hours shall be reported to Asics every month. OT shall be executed by workers' voluntary willingness.				Pending	HR sections prepare working hour list in every month and factory manager confirms the situation of working hours. Factory will improve effective production system to reduce the working hours.	documentation review	**Ongoing:** The total overtime hours of workers ranging from 100 hours to 200 hours each month, weekly working hours from 80 to 90 hours. Such as in March, April, and May 2011.	document review; worker and management interviews	The factory will reduce overtime by increasing lines at current and new factory before March 2012.		Pending
Overtime Limitations	Article 38 of PRC Labor Law: Employer shall guarantee that its laborers have at least 1 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 1 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		Dormitory keeper's working system shall be 3 shift to secure one rest day for each.				Pending			**Pending:** Workers were working consecutive days and not guaranteed with one day rest in seven, such as workers worked consecutively ranging from 20 days to 35 days in the month of Feb, Mar, May,2011, including the supporting staffs and security guards.	document review; worker and management interviews	The factory will reduce holydays work by increasing lines at current and new factory before March 2012.		Pending
Extraordinary Business Circumstance/Forced Labor	In accordance with Lao Bu Fa (1995) No. 309 Article 71: Enterprises must consult with workers and their trade unions when extending normal working hours. Such extensions should be limited to production needs and not exceed labor law limits. Otherwise, workers have the right to refuse to work those extensions. In addition, extended work hours by workers must be carried out voluntarily. In case of disputes in relation to working hour extensions, they should be addressed to organization managing labor disputes.	In case of extraordinary business circumstances, employers shall make reasonable efforts to secure voluntary overtime work prior to mandating involuntary overtime. Employers must get workers voluntary consent periodically for all overtime that is above the 12 hours as provided for in the Code and that is not due to extraordinary business circumstances.														**New Finding:** Workers needed to apply leave when not attending overtime, such as on Saturday or Sunday.	document review; worker and management interviews	The factory has ended this apply leave system from December 2011.		
Time Recording System		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.														**New Finding:** 1) The factory was adopting the IC card system. However, factory reported that the data of the system was used as reference only due to the instability of the system. Factory manually inputs working hours based on the information from supervisors and data on overtime application form. This set of time records was only indicating the total working hours worked by workers without detailed in and out time. 2) Workers only punch the time record twice in a day.	document review; worker and management interviews	1) Asics requires the factory to repair the IC card system and maintain the working time records. 2) Asics requires the factory to prescribe punch in and out at the lunch time for every workers.		Completed
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	Article 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.					management and worker interviews; document review		Hourly rate for OT shall be 2.80 Yuen.				Pending			**Completed**: Workers were properly paid for the overtime hours as per time and payment records provided during the audit.	document review; worker and management interviews			Pending
OT Compensation	Article 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 on a day of rest and no deferred rest can be taken. Article 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).					management and worker interviews; document review		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			**Pending:** The factory did not have proper overtime premium paid to overtime hours at night and rest day for security guards and kitchen staff.	document review; security guard, canteen staff and management interviews	Concerning security guards: They have worked 12 hours a day, 2 shifts. It is possible to reduce their working hours and also their wage, but they do not want such reducing. They want to continue the work as same as current working condition. Concerning kitchen staff: They have worked 6 hours a day. They just make 3 meals for management staff. They do not want change the job, as sewing section or warehouse. They want to continue the work as same as current working condition. Both workers are not factory operators and their work is very light compared with factory's workshops. Therefore, their wages are different from factory's operators.		Completed
Other		Other	Risk of Non-compliance: Some contents in the Employee Manual are not compliance for the requirement of Labor Law. For example: work 6 days in the week and 9 hours per day.													**Completed:** The regular working hours at the facility were 8 hours a days and 5 days a week on the employee handbook.	document review; worker and management interviews			
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			**Completed**: Factory employed their workers directly and there was no sign of deduction of recruitment fee noted during the audit.	document review; worker and management interviews			Pending
Unauthorized Subcontracting		FLA Audit Instrument 5E.1b: Do contracts between the factory and any subcontractors and/or recruitment agencies comply with the FLA Code of Conduct, including one rest day, maximum hours of work, minimum wage and OT payments, minimum age and health and safety requirements?		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			**Pending:** There was still no item of commitment on FLA's Code of Conduct in the subcontracting agreement with cafeteria service in facility.	document review; worker and management interviews	Asics requires the factory to include Asics' Code of Contract in the subcontracting agreement with cafeteria service in the facility.		Completed