



2010

## FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

**COMPANY:** ASICS, prAna  
**COUNTRY:** China  
**FACTORY CODE:** 4000151034I  
**MONITOR:** Global Standards  
**AUDIT DATE:** June 22, 2010  
**PRODUCTS:** Knit Tops, Knit Pants  
**PROCESSES:** Cutting, Sewing, Inspection,  
Packing  
**NUMBER OF WORKERS:** 584

**Company Comment (prAna):** After the 2010 IEM, prAna and Asics discussed plans for remediation. After a plan was created, prAna and Asics worked with both a contact at their agent and at the factory on the remediation plans. While some issues could be addressed, many remained challenging. In December 2010, the factory's compliance contact attended an Environmental Health & Safety summit; prAna paid part of the training costs. Upon following up on the remediation and asking for more clarification, documentation and details, prAna's agent said the requests prAna asked for were too time- and resource-intensive for the amount of business they were doing with the factory. With prAna's commitment to the FLA and desire to partner with factories on remediation, prAna shifted their small amount of production to another existing supplier, thus ending the relationship with this factory. Asics will continue to pursue remediation.



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**Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses**

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

**Noncompliance**

**Explanation:** Leave applications do not match with time records. The auditors found out that the workers who have applied for leave in April, May and June on application forms, are actually shown at work according to attendance records on the same date.

**Plan Of Action:** 1. The factory is recommended to review and resolve their procedures with respects to leave applications and ensure better record keeping in the future.

2. The factory is recommended to maintain the time records fully documented by electronic swipe cards to ensure leave applications accuracy.

**Deadline Date:** 01/31/2011

**Supplier CAP:** The factory will review and resolve their procedures with respects to leave applications and ensure better record keeping in the future. The factory will keep the time records fully documented by electronic swipe cards to ensure leave applications accuracy.

**Supplier CAP Date:** 11/30/2010

**Action Taken:** \*name\* of the factory management will be responsible for implementing this. Factory have made two sheets of leave applications and manager have signed both sheets. Both factory and worker have kept one of the sheet so that they can check pay slip and leave application.

**Plan Complete:** Yes

**Plan Complete Date:** 12/31/2010



## **Wages, Benefits and Overtime Compensation: General Compliance Wages, Benefits and Overtime Compensation**

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

### **Noncompliance**

**Explanation:** According to management interview, wages are paid on an hourly base and with no overtime. However, according to the time and wage records that auditors found at the working area, workers were compensated for overtime.

**Plan Of Action:** 1. Factory is recommended to review and resolve their procedures with respects to overtime policy and ensure accuracy in information in the future.

2. Factory is recommended to comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation.

**Deadline Date:** 02/28/2011

**Supplier CAP:** Factory will review and resolve their procedures with respects to overtime policy and ensure accuracy in information in the future. \*Name\* will be responsible for it, and implement strictly to be in accordance with national laws and regulations , to make sure arrange payment of wages prior of 30th every month

**Supplier CAP Date:** 11/30/2010

**Action Taken:** Before July 30-2010, the wages calculated by peace work rate, but the factory have changed calculating method by working time.

**Plan Complete:** Yes

**Plan Complete Date:** 11/30/2010



**Wages, Benefits and Overtime Compensation: Timely Payment of Wages**

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

**Noncompliance**

**Explanation:** The wages paid at the end of the following month is in violation of the Provision of Wage Administration of \*Name\* Province, Article XIV which requires the payment at least once per month. For example, if a worker joins the factory in January 1, the wage of January will be paid at the end of Feb. Thus, the worker would not receive his/her wage once per month. The wages should be paid at the end of the same month or, at the latest, at the beginning of the following month.

**Plan Of Action:** Factory is recommended to pay the wages at the beginning of the following month.

**Deadline Date:** 12/31/2010

**Supplier CAP:** The factory will establish the relevant procedure to ensure that the wages of workers are paid at the begin of the following month. Person responsible in factory management is \*Name\*

**Supplier CAP Date:** 11/30/2010

**Action Taken:** The factory have changed to pay the wages at the beginning of the following month. This was done on November, 2010.

**Plan Complete:** Yes

**Plan Complete Date:** 11/30/2010

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## **Wages, Benefits and Overtime Compensation: Payment for All Hours Worked**

WBOT.7 Workers shall be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work. (S)

### **Noncompliance**

**Explanation:** The time records of June 2010 that are provided by the factory showed no overtime during weekday or weekends. But the time records that auditors found at the working area, stated overtime from June 1 to June 21 (three consecutive weeks). The auditors found there are double records of time records. Thus, the payment of factory could not be verified due to inconsistent records between auditors found in the workshop and the time records provided by factory.

**Plan Of Action:**

1. Factory is recommended to review and resolve their procedures with respects to accurate calculation and ensure accuracy in information in the future.
2. Factory is recommended to maintain the time records fully documented by electronic swipe cards to ensure working time accuracy.
3. Factory is recommended to comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation.

**Deadline Date:** 01/31/2011

**Supplier CAP:** Factory will review and resolve their procedures with respects to payment of all hours worked and ensure accuracy in information in the future. Factory will strengthen the working time of the staff to ensure the accuracy of the time. The factory will paid for all hours worked in a workweek to workers. Calculation of hours worked included all time that the employer allowed or required the worker to work. Factory management responsible \*Manager Name\*



**Supplier** 11/30/2010  
**CAP Date:**

**Action Taken:** The factory manager and people from audit training department (factory internally set up the new department) will educate/communicate with workers for all issues, and factory will have and make it will not happen again. Before July 30, 2010, the wages calculated by piece work rate, but the factory have changed calculating method by working time. It was done on November, 2010. Because around 50% of worker had not swiped the cards between August and September 2010. After October-2010, every workers have swiped cards because security guards have carefully watched workers behave.

**Plan Complete:** Yes

**Plan Complete Date:** 11/30/2010

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### **Wages, Benefits and Overtime Compensation: Premium/Overtime Compensation**

WBOT.10 The factory shall comply with all applicable laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days, and overtime. (S)

#### **Uncorroborated Evidence of Noncompliance**

**Explanation:** The time records showed in the production records auditor found in the workshop were different from the time records provided by the factory management. For example, in the production records, time record was shown on June 6, 2010, while there was no time record found on the same day according to the time record provided by the factory management. Therefore, workers' payment could not be verified due to the inconsistencies between these two records.



**Plan Of Action:** 1. Factory is recommended to review and resolve their procedures with respects to payment of all hours worked and ensure accuracy in information in the future.  
2. Factory is recommended to comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation.

**Deadline Date:** 02/28/2011

**Supplier CAP:** Factory will review and resolve their procedures with respects to overtime compensation and ensure accuracy in information in the future.

**Supplier CAP Date:** 11/30/2010

**Action Taken:** Factory manager and people from audit training dept(factory internally set up the new dept.) will educate/communicate with workers for all issues, and factory will have and make it will not happen again. Before July 30, 2010, the wages calculated by piecework rate, but the factory have changed calculating method by working time.

**Plan Complete:** Yes

**Plan Complete Date:** 11/30/2010

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## **Wages, Benefits and Overtime Compensation: Accurate Calculation and Recording of Wage Compensation**

WBOT.17 All payments to workers, including hourly wages, piecework, benefits, bonuses, and other incentives shall be calculated and recorded accurately. (S)

### **Uncorroborated Evidence of Noncompliance**

**Explanation:** The time records showed in the production records auditor found in the workshop were different from the time records provided by the factory management. For example, in the production records, time record was shown on June 6, 2010, while there was no time record found on the same day according to the time record provided by the factory management. Therefore, workers' payment could not be verified due to the inconsistencies between these two records

**Plan Of Action:**

1. Factory is recommended to review and resolve their procedures with respects to payment of all hours worked and ensure accuracy in information in the future.
2. Factory is recommended to comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation.

**Deadline Date:** 02/28/2011

**Supplier CAP:** Factory will review and resolve their procedures with respects to accurate calculation and ensure accuracy in information in the future. The factory will strengthen to keep records and verify to ensure employees and attendance record keeping consistency. The factory provided the accurate Calculation and Recording of Wage Compensation.

**Supplier CAP Date:** 11/30/2010



**Action Taken:** Factory manager and people from audit training department (factory internally set up the new department) will educate/communicate with workers for all issues, and factory will have make sure that this doesn't happen again. Before July 30, 2010, the wages were calculated by piece work rate, but the factory have changed calculating method by working time.

**Plan Complete:** Yes

**Plan Complete Date:** 11/30/2010

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### **Wages, Benefits and Overtime Compensation: False Payroll Records**

WBOT.19 Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason. Payroll records maintained shall be authentic and accurate. (P)

#### **Noncompliance**

**Explanation:** Another set of wage records of April of 2010 was found at the working area. It was not the same as the wage records and bank remittance records provided by factory management. For example, the wage record found in the workshop showed that wage of Workshop 3 Group 4 was piece rate while the record provided by the factory was hourly rate. Therefore, the accurate payment of the workers could not be verified because of the differences between these two set of wage records.

**Plan Of Action:**

1. Factory is recommended to review and resolve their procedures with respects to accurate calculation and ensure accuracy in information in the future.
2. Factory is recommended to maintain the payroll records to ensure the wage records be authentic and accurate.



**Deadline Date:** 02/28/2011

**Supplier CAP:** Factory will review and resolve their procedures with respects to payroll records and ensure accuracy in information in the future. The factory will maintain the payroll records to ensure the wage records be authentic and accurate.

**Supplier CAP Date:** 11/30/2010

**Action Taken:** The supervisor will enhance training the management people who is responsible for the payroll, and improve the payroll info to be authentic and accurate. Before July 30, 2010, the wages were calculated by piece-work rate, but the factory have changed calculating method by working time.

**Plan Complete:** Yes

**Plan Complete Date:** 11/30/2010

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## **Wages, Benefits and Overtime Compensation: Payroll Record Maintenance/Worker Acknowledgement**

WBOT.20 All compensation records shall be maintained accurately and shall be acknowledged by the worker as accurate. (P)

### **Noncompliance**

**Explanation:** According to management interview, there is no overtime work during weekdays and weekends. However, according to the time records of June 2010 that auditors found in the working area, there was overtime during weekdays and weekends from June 1 to June 21. The payment of the factory could not be verified since the inconsistent records the auditors found in the workshop.

**Plan Of Action:**

1. Factory is recommended to review and resolve their procedures with respects to accurate payroll records and ensure accuracy in information in the future. All compensation records will be maintained accurately and are acknowledged by the worker as accurate.
2. Factory is recommended to maintain the time records fully documented by electronic swipe cards to ensure working time accuracy.
3. Factory is recommended to establish a process to monitor the employees to complete their own time cards/scan cards for all hours work.
4. Factory is recommended to nominate an administration staff to monitor this.
5. Employees would report the case to management if they forget to use their time cards/scan cards for all hours work.

**Deadline Date:** 02/28/2011



**Supplier CAP:** Factory will review and resolve their procedures with respects to accurate payroll records and ensure accuracy in information in the future. All compensation records will be maintained accurately and are acknowledged by the worker as accurate.

1. The factory will establish a process to monitor the employees to complete their own time cards/scan cards for all hours work.

2.The factory will nominate a administration staff to monitor this.

3.Employees would report the case to management if they forget to use their card/scan cards for all hours work.

**Supplier CAP Date:** 11/30/2010

**Action Taken:** Factory manager and people from audit training department (factory internally set up the new department) will educate/communicate with workers for all issues, and factory will have make sure that this doesn't happen again. Before July 30, 2010, the wages were calculated by piece-work rate, but the factory have changed calculating method by working time.

**Plan Complete:** Yes

**Plan Complete Date:** 11/30/2010

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## Wages, Benefits and Overtime Compensation: Pay Statement

WBOT.26 Employers shall provide workers a pay statement each pay period, which shall show earned wages, wage calculations, regular and overtime pay, bonuses, all deductions and final total wage. (P)

### Uncorroborated Evidence of Noncompliance

**Explanation:** According to worker interviews, the payslips that factory provided at the audit date were falsified as the actual wages were different from the payslips that factory provided.

**Plan Of Action:**

1. Factory is recommended to review and resolve their procedures with respects to accurate pay statements and ensure accuracy in information in the future.
2. Factory is recommended to formulate a new payroll, which include earned wages, wage calculations, regular and overtime pay, bonuses, all deductions and final total wage.

**Deadline Date:** 02/28/2011

**Supplier CAP:** Factory will review and resolve their procedures with respects to accurate pay statements and ensure accuracy in information in the future. The factory will formulate a new payroll, which include earned wages, wage calculations, regular and overtime pay, bonuses, all deductions and final total wage.

**Supplier CAP Date:** 11/30/2010

**Action Taken:** The superior will enhance training the management people who is responsible for the payroll, and improve the payroll info to be authentic and accurate. Before July 30, 2010, the wages calculated by piece work rate, but the factory have changed calculating method by working time. It was done on November 2010. Because around 50% of worker had not swiped the cards between August and September 2010. After October 2010, every workers have swiped cards because security guards have carefully watched workers behave.

**Plan Complete:** Yes

**Plan Complete Date:** 11/30/2010

## Freedom of Association: Right to Freely Associate

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

### Noncompliance

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

**Plan Of Action:** Factory is recommended to create opportunities for listening the employees' opinions, suggestions and grievances:

[Factory is recommended to establish a channel which workers are able to speak up.](#)

1. Factory is recommended to facilitate dialogue between employer and employee.

1.a Factory is recommended to make open-mindedness written policy and channels to be able to speak up opinion freely.

- 1.b Factory is recommended to approach worker in a familiar way.
- 1.c Factory is recommended to make direct consultation channel in HR division.
- 1.d Factory is recommended to set up opinion boxes.
- 2. Factory is recommended to establish a forum for dialogue between employer and employee.
- 2.a Factory is recommended to make written policy for the system of dialogue between employer and employee.
- 2.b. Factory is recommended to establish the labor-management committee and Health & Safety committee, then hold these committee regularly.
- 2.3. Factory is recommended to establish a consultation window in workers union.

Workers opinion, grievance and factory reaction.

- 1. Factory is recommended to post factory's reactions.
- 1.a Factory is recommended to record monthly grievances and factory reactions.
- 1.b Factory is recommended to analyze the contents of grievance and review the reactions annually.

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

**Supplier CAP:** The factory will allow workers to join organizations of their own choosing without authorization.

**Supplier CAP Date:** 11/30/2010

**Action Taken:** The chairman will have a meeting with the members and note related staff to do a better publicity for union activities, so that the staff could be better understand the union matters

**Plan Complete:** No

**Plan Complete Date:**



### Freedom of Association: Employer Interference and Control

FOA.3 Employers shall refrain from any acts of interference with workers' organizations, including acts which are designed to establish or promote the domination, financing or control of workers' organizations by employers. (S)

#### Noncompliance

**Explanation:** The trade union was established by the factory. The chairman and members were selected by the factory as well.

**Plan Of Action:**

1. Factory is recommended to elect the chairman by employees vote.
2. Factory is recommended to maintain the documents of the election and meeting minutes of the union.

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

**Supplier CAP:** Factory will review and resolve their procedures with respects to employer interference and control and ensure compliance with local law in the future.

**Supplier CAP Date:** 11/30/2010

**Action Taken:** The chairman will have a meeting with the members and note related staff to do a better publicity for union activities, so that the staff could be better understand the union matters.

**Plan Complete:** No

**Plan Complete Date:**

### **Harassment or Abuse: Discipline/Review of Disciplinary Action**

H&A.3 The disciplinary system shall include possibilities for workers to have disciplinary action imposed on them reviewed by someone at a higher managerial position than the manager who imposed the disciplinary action. In addition, such a system shall include the ability of a worker to appeal and/or question any disciplinary action against him or her and/or have a third party of his or her choice present when the disciplinary action is being imposed. (P)

#### **Noncompliance**

**Explanation:** According to documents review, the system is insufficient. This system should add statement of "include the ability of a worker to appeal and/or question any disciplinary action against him or her and/or have a third party of his or her choice present when the disciplinary action is being imposed".

**Plan Of Action:**

1. Factory is recommended to establish written policy and procedure of grievance channel, and make sure to aware all workers regarding to grievance channel.
2. Factory is recommended to establish committee of discipline and give worker a fair and impartial chance for argument to their disciplinary action.
3. Factory is recommended to make awareness to all worker that if those workers who do not clean up their behavior after oral and/or documentation reprehension, they might be received punitive dismissal.
4. Factory is recommended to post phone number of grievance channel of local labor bureau for workers' consultation as needed.
5. Factory is recommended to establish neutral grievance committee by in-house or external third party. Factory is recommended to collect and solve workers' grievance through this committee.
6. Factory is recommended to post owner (factory manager) direct phone number as one of the grievance channel.

**Deadline Date:** 03/31/2011



**Supplier CAP:** Factory will review and resolve their procedures with respects to employee discipline and ensure better execution per FLA advise.

**Supplier CAP Date:** 12/31/2010

**Action Taken:** In order to protect the legitimate rights of employees and ensure the production and management in order, especially make relevant disciplines as follows:

1. The penalty procedures should inform the workers, and workers could easily understand, this approach include: oral communication and written records.
2. The resource Personnel shall maintain records of each worker's punishment.
3. The factory functional departments can not stress the factory workers, typical of misconduct include: gestures, verbal abuse, physical contact.
4. The factory functional departments shall not use the conditions of dinners, drinking water, toilets, medical care, medical room, or other necessities to reward and punish the workers.
5. The penalty is only a management tool, the factory functional departments can not let the security staff punish workers.
6. When company's management and security staff implement the discipline, they shall not use corporal punishment, verbal abuse, coercion, intimidation and other means to workers
7. The resource management department will supervise in the process of disciplinary implementation, and if found any is not handled properly, shall correct immediately, and educate and train the management personnel.
8. Any employee who suffer from unreasonable treatment, they can orally or write Resource Personnel dept, General Manager to complain, The complainant box will open within 7days and a reply back within 10 days and keep the records
9. The factory shall not punish the employees by using a fine system, should use the demerit form of warning letters.

9.a If it is the first time that the staff violate factory regulations, the Resource Personnel dept and the supervisor of this employee, will have an interview with him and point out the disciplinary matters to the staff and make a verbal warning.

9.b If the staff once again violate factory regulations system, the Resource Personnel Department will issue a warning letter (in triplicate), The Resource Personnel together with the employee's supervisor will have an interview with the employee, and asked the employee to sign the copies of warning letters, one will be kept by himself.

9.c If the employees repeatedly violated factory regulations system, the Resource Personnel Department will issue a warning letter (in triplicate), the Resource Personnel together with the supervisor of staff to have an interview with him ,the Resource Personnel will issue a final notice to the employee to state the serious situation, and explain clearly to employees, such as repeated violation will be dismissed, and requires the employee to sign the copies of warning letters.

9.d If employee has received the final notice warning letter, and still violate factory regulations, will not make notice , The Resource Personnel will issued a letter of dismissal, which is signed by the general manager, directly to the employees.

10. The warning form will use a "warning letter", "warning letter" is filled by the department head, and signed by the parties, and witness, audit by the director of resource personnel department, and get approval of administrative dept. It must be fair, equitable and clear; Factory will post this discipline to the bulletin boards, \*name\* will be responsible for these.

**Plan** Yes  
**Complete:**

**Plan** 02/28/2011  
**Complete**  
**Date:**

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### **Child Labor: Proof of Age Documentation**

CL.3 Employers shall collect and maintain all documentation necessary to confirm and verify date of birth of all workers, such as birth certificates. In addition, the employers shall take reasonable measures to ensure such documentation is complete and accurate. (P)

#### **Noncompliance**

**Explanation:** The auditors could not find personnel files and time records for three employees which they selected from the dormitory name list. However, the auditors did find their names on the time records and wage records found at working area. Their ages therefore could not be verified. During the dormitory walk-through, the auditors encountered three young female workers staying at the dormitory. The management claimed that they did not belong to the factory and asked one supervisor to send them off the premises.

**Plan Of Action:**

1. Factory is recommended to maintain every employees personnel files and time records.
2. Factory is recommended to revise the recruitment system to ensure that each employee has a personnel record which contains employment dates and proof of age at the time of hire.
3. Factory is recommended to identify the employees age at least two kinds of official documents such as ID, family register, graduation certificate.
4. Factory is recommended to register younger worker to local labor bureau according to the law.
5. Factory is recommended to protect those three young female, and do not send them off the premises.

**Deadline Date:** 03/31/2011

**Supplier CAP:** Factory will review and resolve their procedures with respects to proof of age documentation for workers, including those listed on the dormitory list. Factory will review and resolve their security procedures to ensure that no under age people are permitted to be on factory grounds and/or in the dormitory areas. 1.The factory will revise the recruitment system to ensure that each employee has a personnel record which contains employment dates and proof of age are the time of hire. 2.The factory obtains the workers' age according to the ID or identifies the age through the employees' local government.

**Supplier CAP Date:** 11/30/2010

**Action Taken:** Answers: Factory manager and people from audit training department will educate/communicate with workers for all issues, and the factory will make sure this does not happen again. The factory manager responsible is \*Name.\*The three young female staying at the dormitory were testing workers. The factory examined their skills, knowledge and so on. After that the factory did not hire those three females again.

**Plan Complete:** Yes

**Plan Complete Date:** 02/28/2011

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### Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

**Explanation:** The aisles are blocked by materials. One exit door at stairway is locked.

**Plan Of Action:**

1. Factory is recommended to remove every materials from the aisles and tidy workshops.
2. Factory is recommended to unlock the all exit points when workers are present.

**Deadline Date:** 12/31/2010

**Supplier CAP:** Factory will ensure the immediate removal of any fabric that is blocking aisles and ensure all exit points are unlocked when workers are present. Factory will ensure the immediate removal of any fabric that is blocking aisles and ensure all exit points are unlocked when workers are present.

**Supplier CAP Date:** 11/30/2010

**Action Taken:** Answers: Factory manager and people from audit training dept(factory internally set up the new department.) will educate/communicate with workers for all issues, and factory will make sure this doesn't happen again.

**Plan Complete:** Yes

**Plan Complete Date:** 12/31/2010

## Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

### Noncompliance

**Explanation:** There are no fire extinguishers in the warehouse area. There were no first-aid kits at cutting or technical departments either.

**Plan Of Action:**

1. Factory is recommended to install fire extinguishers at the warehouse area.
2. Factory is recommended to provide sufficient first aid supplies at the cutting and the technical departments either.

**Deadline Date:** 12/31/2010

**Supplier CAP:** Factory will ensure that fire extinguishers are installed in warehouse area and first-aid kits at the cutting and technical departments immediately. The factory will provide fire extinguishers in the warehouse area and provide the first-aid kits at cutting and technical departments.

**Supplier CAP Date:** 11/30/2010

**Action Taken:** Answers: Factory manager and people from audit training department (the factory internally set up the new dept.) will educate/ communicate with workers for all issues, and factory will make sure this doesn't happen again. Fire extinguishers have been installed.

The factory improved this in August 2010. The managers of production line on each floor will check the first-aid kits periodically and restock the medicines.

**Plan Complete:** Yes

**Plan Complete Date:** 12/31/2010



## Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

### Noncompliance

**Explanation:** According to the factory walk-through, there are no PPEs used in the cutting department and spot removal areas.

**Plan Of Action:**

1. Factory is recommended to provide the PPEs for the workers at the cutting department and the spot removal area.
2. Factory is recommended to post the educational poster about wearing PPEs.

**Deadline Date:** 12/31/2010

**Supplier CAP:** Factory will review their policy with respects to PPE's and ensure they're compliant with local law. The factory will provide the PPEs for workers at cutting department and spot removal area.

**Supplier CAP Date:** 07/10/2010

**Action Taken:** Answers: Factory manager and people from audit training department (the factory internally set up the new department.) will educate/communicate with workers for all issues, and factory will make sure this doesn't happen again. The factory improved this on July 10, 2010.

**Plan Complete:** Yes

**Plan Complete Date:** 07/10/2010

## Health and Safety: Chemical Management and Training

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

### Noncompliance

**Explanation:** There are no labels on chemical material, and no proper storage for them either. According to factory walk through and worker interviews, the workers who operate with the chemical material are not aware of the dangers of these chemicals.

**Plan Of Action:**

1. Factory is recommended to label properly and to equip secondary containment.
2. Factory is recommended to explain the hazards of chemicals and train the proper handling.

**Deadline Date:** 12/31/2010

**Supplier CAP:** Factory will review their policy with respects to chemicals and hazardous substance labeling and wording to ensure they are compliant with local law. The factory will make all chemicals material be properly labeled and stored in accordance with applicable laws. Then the factory have a training about the chemical knowledge to make all the workers to be aware of the dangers of chemical.

**Supplier CAP Date:** 11/10/2010

**Action Taken:** Training provided by the after-treatment director. The factory improved this on November 10, 2010. The manager of packing department is the person in charge.

**Plan Complete:** Yes

**Plan Complete Date:** 11/10/2010

### Health and Safety: Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

#### Noncompliance

**Explanation:** No MSDS are provided for the cleaner which is used for spot removal.

**Plan Of Action:** Factory is recommended to post the MSDS in the spot removal area.

**Deadline Date:** 12/31/2010

**Supplier CAP:** Factory will work immediately to obtain a MSDS for the spot removal cleaner. The factory will post the MSDS where using the spot removal cleaner.

**Supplier CAP Date:** 07/13/2010

**Action Taken:** The after-treatment director has already trained the staff. The factory has posted the MSDS on July 13, 2010. The manager of packing department is a person in charge.

**Plan Complete:** Yes

**Plan Complete Date:** 07/13/2010

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### Health and Safety: Machinery Maintenance and Worker Training

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

#### Noncompliance

**Explanation:** According to factory walk-through, it was noted that some of the sewing machines are operating without safety guards.

**Plan Of Action:** Factory is recommended to equip every sewing machine with safety guards.

**Deadline Date:** 02/28/2011

**Supplier CAP:** Factory will review their policy with respects to machine maintenance and worker training to ensure they're compliant with local law. The factory will install all the sewing machines which are operated with safety guards.

**Supplier CAP Date:** 06/29/2010

**Action Taken:** The machine repair director will be responsible for it and make sure the operated sewing machines to be safety. The factory added the safety guards June 29, 2010

**Plan Complete:** Yes

**Plan Complete Date:** 06/29/2010

**Hours of Work: Rest Day**

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

**Noncompliance**

**Explanation:** According to the time records that auditors found at working area, there is no one day off in every seven-day period (From June 1 to 21).

**Plan Of Action:**

1. Factory is recommended to provide one day off in 7 days.
2. Factory is recommended to submit progress scheme to ASICS.

**Deadline Date:** 03/31/2011

**Supplier CAP:** Factory will review their rest day policy and ensure they're compliant with local law. The factory will rearrange production process to improve the production efficiency, thus provide all the workers at least one day off in every seven-day period.

**Supplier CAP Date:** 11/30/2010

**Action Taken:** Factory will have better plans to take orders, not over capacity, and make sure follow the new policy that all workers work by 8 hours in daytime and night overtime within 3 hours, make sure workers have a day off every week.

**Plan Complete:** No

**Plan Complete Date:**

**Hours of Work: Rest Day**

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

**Noncompliance**

**Explanation:** According to the time records that auditors found at working area, there is no one day off in every seven-day period (From June 1 to 21).

**Plan Of Action:**

1. Factory is recommended to provide one day off in 7 days.
2. Factory is recommended to submit progress scheme to ASICS.

**Deadline Date:** 03/31/2011

**Supplier CAP:** Factory will review their rest day policy and ensure they're compliant with local law. The factory will rearrange production process to improve the production efficiency ,thus provide all the workers at least one day off in every seven-day period.

**Supplier CAP Date:** 11/30/2010

**Action Taken:** Factory will have better plans to take orders, not over capacity, and make sure follow the new policy that all workers work by 8 hours in daytime and night overtime within 3 hours, make sure workers have a day off every week.

**Plan Complete:** No

**Plan Complete Date:**

### Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

#### Noncompliance

**Explanation:** According to the time records that auditors found at working area, there is no one day off in every seven-day period (From June 1 to 21).

**Plan Of Action:**

1. Factory is recommended to provide one day off in 7 days.
2. Factory is recommended to submit progress scheme to ASICS.

**Deadline Date:** 03/31/2011

**Supplier CAP:** Factory will review their rest day policy and ensure they're compliant with local law. The factory will rearrange production process to improve the production efficiency ,thus provide all the workers at least one day off in every seven-day period.

**Supplier CAP Date:** 11/30/2010

**Action Taken:** Factory will have better plans to take orders, not over capacity, and make sure follow the new policy that all workers work by 8 hours in daytime and night overtime within 3 hours, make sure workers have a day off every week.

**Plan Complete:** No

**Plan Complete Date:**

## Hours of Work: Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

### Noncompliance

**Explanation:** According to management and time records provided by factory, there is no overtime during weekdays. However, according to the time records that auditors found at working area and worker interviews, they work overtime during weekdays. The auditors found time records which are different than the ones provided by the factory. According to the wage records of Workshop 3 (Group 4) these look like piece rate records. The management cannot explain the difference between this piece rate records with the wage records provided to auditors.

**Plan Of Action:** 1. Factory is recommended to review and resolve their procedures with respects to overtime policy and ensure accuracy in information in the future. 2. Factory is recommended to comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. 3. Factory is recommended to maintain the time records fully documented by electronic swipe cards to ensure working time accuracy. 4. Factory is recommended to formulate a new payroll, which include regular working hours, over time hours, regular and overtime pay, so that workers are aware of their pay details.

**Deadline Date:** 03/31/2011

**Supplier CAP:** Factory will review and resolve their procedures with respects to their time recording system and ensure accuracy in information in the future. The factory kept the records fully documented by electronic swipe cards to ensure accuracy in overtime records.



**Supplier** 11/30/2010

**CAP**

**Date:**

**Action Taken:** The security personnel will better monitor the electronic swipe card machines to ensure staff working hours accuracy. Before July 30, 2010, the wages calculated by piece work rate, but the factory have changed calculating method by working time. This was done in November 2010. Because around 50% of worker had not swiped the cards between August and September 2010. After October 2010, every workers has a swipe card because security guards have carefully watched how workers behave.

**Plan** Yes

**Complete:**

**Plan** 11/30/2010

**Complete**

**Date:**

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