

2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Asics
COUNTRY: China
FACTORY CODE: 40001510391

MONITOR: Social Compliance Services

Asia, Ltd.

AUDIT DATE: June 10 – 11, 2010
PRODUCTS: Sport Shoes
PROCESSES: Lasting, Injection, Silk
Printing, Cutting, Heat Stamping, Sewing,

Packing

NUMBER OF WORKERS: 5863 (excluding

Company Exit Explanation: After nearly a year-long negotiation, Asics has decided to end its business relationship with the supplier due to cost performance issues. The termination agreement was concluded amicably. The last shipment is in July 2011.

The major noncompliances revealed during IEM (excessive overtime, no paid leave, no overtime payment for training workers, lack of 7th day rest, wage deduction for being late or leaving early) were followed up on by Asics through a factory visit on August 2010 as reported below. Supplier has been cooperative and has been updating Asics on a monthly basis about the progress. Asics has advised and assisted the supplier, particularly on challenging areas like hours of work.

Now that Asics is pulling out of the factory, it is likely to have less influence over the corrective efforts, but will try to pursue them to the best of its ability and will be updating the FLA through the first half of 2011. Currently, there are no other FLA affiliates sourcing from the factory to take over the remedial plans.



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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: 1. No paid sick leave was provided to employees.

- 2. As a factory rule, paid medical leave for work-related injury for workers was limited to 60 days; factory would not provide wage for period beyond 60 days. Factory reported that they had discarded this policy; however, they had yet to update the factory rules.
- 3. Insufficient social insurance.

Based on the insurance records, factory purchased pension and unemployment insurances for 1891 out of 5863 employees, work-related injury insurance for 228 out of 5863 employees, medical insurance for 885 out of 5863 employees. No written exemption from social security bureau was available.

Law References: 1. Article 59 of Opinions on Matters of Carrying out Labor Law of the People's Republic of China of LMI [1995] No. 309; 2. Article 31 of Ordinance of Workrelated Injury Insurance of PRC; 3. Article 73 of China Labor Law.

Plan Of Action:

- 1. Factory is recommended to establish paid sick leave and to announce this for all workers.
- 2. Factory is recommended to revise the factory rule and repost it.
- 3. Factory is recommended to follow local social insurance office's advice and take out social insurance for every employee. For the sake of uninsured employee's welfare, purchasing commercial insurance is also recommended. Factory is further recommended to make a gradual insurance plan and finally ensure every employee. Factory is recommended to submit this gradually increasing plan to Asics.

Deadline

06/30/2011

Date:

Supplier CAP:

- 1. Factory will consider the paid sick leave and reply to Asics by September 30, 2010.
- 2. Factory discarded 60 day period from the factory rules.
- 3. Factory will submit gradual increase plan and actual conditions every 3 months to Asics.



Supplier CAP 06/30/2011

Date:

Action Taken:

- 1. (February 24, 2011) ONGOING: According to February 18, 2011 factory report, factory is experiencing hard and tough business/financial situation. It is not ready to provide paid sick leave.
- 2. (August 20, 2010) Asics implemented follow-up visit and confirmed that factory has discarded 60 day period from factory rules. (February 24, 2011) COMPLETED: According to February 18, 2011 factory report, factory discarded 60 day period rules June 20, 2010.
- 3. (February 24, 2011) According to August 19, 2010 factory report, factory will provide social insurance for workers who have more than 2 years of service. For those who don't like social insurance, factory obtains their signature. (February 24, 2011) HALF-IMPLEMENTED: According to February 18, 2011 factory report, factory purchased pension, unemployment, medical and maternity insurances for 2,837 employees, work-related injury insurance for 3,307 employees as of December 2010; it shows 50% increase for pension and unemployment insurances, 3% increase for medical insurance and 14.5 times increase for work-related injury insurance. Maternity insurance is newly purchased.

Plan No Complete:

Plan Complete



Wages, Benefits and Overtime Compensation: Minimum Wage

WBOT.2 Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher. (S)

Noncompliance

Explanation: It was noted that factory paid RMB 200 per month for sewing training for workers and

arranged 8 hours work from Monday to Saturday.

Law reference: Article 48 of China Labor Law.

Plan Of Factory is recommended to pay minimum wage required by applicable law. (August 20,

Action: 2010) Asics strongly asked to pay minimum wage to factory. Factory alleged that this is

not working, but a training course for sewing technique. This program is a contribution to society on a voluntary basis. After big argument with Asics, factory received the

permit about this issue from the local labor bureau.

Deadline

12/31/2010

Date:

Supplier CAP:

Factory replied that this is not working, but a training course for sewing technique. This program is a contribution to society on a voluntary basis, because training workers does not produce any product items and they learn/practice only sewing technique. If they graduated this course, they can receive better wages compared with normal workers. However, join the factory or not, is up to their free will. Factory has received the permit about this issue from the local labor bureau.

Supplier CAP 08/20/2010

Date:

Action (August 20, 2010) Asics implemented follow-up visit and confirmed that factory has

Taken: received permit about this issue from the local labor bureau.

Plan Yes

Complete:

Plan

Complete



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)

Noncompliance

Explanation: It was noted that no overtime payment was paid for training workers for sewing for

working overtime on Saturday.

Law reference: Article 44 of China Labor Law

Plan Of Factory is recommended to pay premium for overtime work on Saturdays. (August 20,

Action: 2010) Asics strongly asked to pay minimum wage to factory, but factory alleged that this

is not working. It is a training course for sewing technique and this program is a contribution to society on a voluntary basis. After big argument with Asics, factory

received permit about this issue from the local labor bureau.

Deadline

12/31/2010

Date:

Supplier CAP:

Factory replied that this is not working, but a training course for sewing technique. This program is a contribution to society on a voluntary basis, because training workers does not produce any product items and they learn/practice only sewing technique. If they graduated this course, they can receive better wages compared with normal workers. However, join the factory or not, is up to their free will. Factory has received the permit about this issue from the local labor bureau.

Supplier CAP 08/20/2010

Date:

Action (August 20, 2010) Asics implemented follow-up visit and confirmed that factory has

Taken: received permit about this issue from the local labor bureau.

Plan Yes

Complete:

Plan

Complete



Forced Labor: Employment Records

F.9 Employers shall maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision. (P)

Noncompliance

Explanation: Factory did not sign the training contract with training workers at sewing section.

Law reference: Labor Contract Management Regulation Article 7 of [Province name].

Plan Of

Factory is recommended to sign the training contract with training workers.

Action:

Deadline 12/31/2010

Date:

Supplier Factory signed the training contract with training workers.

CAP:

Supplier CAP 06/23/2010

Date:

Action (August 20 2010) Asics implemented follow-up visit and confirmed that factory signed

Taken: training contract with training workers.

Plan Yes

Complete:

Plan 06/23/2010



Forced Labor: Worker Ability to Terminate/Freedom of Movement

F.13 Employers shall not utilize practices that restrict a workers' ability to terminate his or her employment or freedom of movement. Examples of such practices include, but are not limited to: (the threat of) physical or mental coercion; requiring deposits; imposing financial penalties; requiring recruitment fees; setting production targets or piece rates at such a level that workers need to work beyond normal working hours (excluding overtime) as set under the FLA Code in order to make the legal minimum wage or the prevailing industry wage; and denying and hampering access to, and renewal of, identity papers and/or work permits or any other personal legal (identification) documents. (S)

Noncompliance

Explanation: It was noted that workers were required to apply for leave for going out of the factory

during lunch or dinner break.

Plan Of Factory is recommended not to restrict going out of factory during lunch or dinner break.

Action:

Deadline 12/31/2010

Date:

Supplier Factory has not restricted going out of factory during lunch or dinner break.

CAP:

Supplier CAP 06/30/2010

Date:

Action (August 20, 2010) Asics implemented follow-up visit and confirmed that factory has not

Taken: restricted going out of factory during lunch or dinner break.

Plan Yes

Complete:

Plan 06/30/2010



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 to employees' opinions, suggestions and grievances:

- A. Factory is recommended to establish a channel where workers are able to speak up.
- 1. Factory is recommended to facilitate dialogue between employer and employee.
- 1.1. Factory is recommended to make open-mindedness written policy and channels to be able to speak opinion freely.
- 1.2. Factory is recommended to approach worker in a familiar way.
- 1.3. Factory is recommended to make direct consultation channel in HR division.
- 1.4. Factory is recommended to set up opinion boxes.



- 2. Factory is recommended to establish a forum for dialogue between employer and employee.
- 2.1. Factory is recommended to make written policy for system of dialogue between employer and employee.
- 2.2. Factory is recommended to establish labor-management committee and Health & Safety Committee; then hold these committees regularly.
- 2.3. Factory is recommended to establish a consultation window in workers' union.
- B. Workers' opinion, grievance and factory reaction.
- 1. Factory is recommended to post factory's reactions.
- 1.1. Factory is recommended to record monthly grievances and factory reactions.
- 1.2. Factory is recommended to analyze the contents of grievances and review the reactions annually.

Deadline 06/30/2011

Date:

Will make continuous improvement on this.

CAP:

Supplier

Supplier CAP 06/30/2011

Date:

Action Taken:

Plan No

Complete:

Plan

Complete



Harassment or Abuse: Discipline/Monetary Fines and Penalties

H&A.8 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. (S)

Noncompliance

Explanation: As factory rule, it was noted that workers were deducted half an hour's wage in cases of

being late or leaving early within 10 minutes.

Plan Of

Factory is recommended to revise the rules for accurate calculation of working hours.

Action:

Deadline 12/31/2010

Date:

Supplier Factory has revised the rules to deduct actual times of being late or leaving early.

CAP:

Supplier CAP 08/01/2010

Date:

Action (August 20, 2010) Asics implemented follow-up visit and confirmed that factory has

Taken: revised the rules to deduct actual times of being late or leaving early.

Plan Yes

Complete:

Plan 08/01/2010



No 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: No copy of age proof document was maintained for the training workers.

Law reference: Article 15 of China Labor Law

Plan Of

Factory is recommended to maintain the age proof document for the training workers.

Action:

Deadline 12/31/2010

Date:

Supplier Factory has maintained the age proof document for the training workers.

CAP:

Supplier CAP 08/04/2010

Date:

Action (August 20, 2010) Asics implemented follow-up visit and confirmed that factory has

Taken: maintained the age proof documents for training workers.

Plan Yes

Complete:

Plan 08/04/2010



Health and Safety: Permits and Certificates

H&S.8 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. (P)

Noncompliance

- **Explanation:** 1. It was noted that fire permit provided only covered the 3 blocks of 2-storey production buildings and did not cover other production and dormitory buildings.
 - 2. It was noted that the wastewater and air discharge permits expired on April 12, 2010.
 - 3. It was noted that the latest air quality test was conducted on March 9, 2006.

Law references: 1. Article 10 of PRC Fire Service Law; 2. Article 5.1.1 of Health Standard for Design of Industrial Enterprises GBZ 1-2002; 3. Prevention and Control of Water Pollution Article 14 of PRC.

Plan Of Action:

- 1. Factory is recommended to obtain fire permit for every building.
- 2. Factory is recommended to renew the permits.
- 3. Factory is recommended to conduct air quality test.

Deadline Date:

12/31/2010

Supplier CAP:

- 1. Factory has obtained the safe facility permit, which includes the fire permit. Other production and dormitory buildings were village's properties around 20 years ago. At that time, fire permits did not exist.
- 2. Factory renewed the permits on April 13, 2010.
- 3. Factory will conduct the air quality test by November 30, 2010.

Supplier CAP 11/30/2010

Date:

Action Taken:

1. (August 20, 2010) Asics implemented follow-up visit and confirmed that factory has obtained safe facility permit, which includes the fire permit.

2. (August 20, 2010) Asics implemented follow-up visit and confirmed that factory renewed the wastewater and air discharge permits on April 13, 2010.



Plan Yes

Complete:

Plan Complete Date:

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: 1. It was noted that some fire fighting equipment was blocked.

- 2. It was noted that some aisles were blocked in workshop.
- 3. It was noted that the exits of machine warehouse and some workshops were not installed with exit signs and emergency lightning.

Law references: 1. PRC Design Regulations for Fire Extinguisher Installation (GBJ 140-90) article 5.1.1 2; PRC Fire Service Law article 14(6); 3. Article 11.3.1 of Code of Design on Building Fire Protection and Prevention

Plan Of

1. In order not to block fire fighting equipment, factory is recommended to tidy

Action:

workshops.

- 2. In order not to block aisles, factory is recommended to tidy workshops.
- 3. Factory is recommended to install exit signs and emergency lighting.

Deadline

12/31/2010



Supplier

1 & 2. Factory has cleared up the materials which were placed in the aisles and in front

CAP:

of the fire fighting equipment.

3. Factory has installed the exit signs and emergency lighting.

Supplier CAP 06/30/2010

Date:

Action Taken:

1 & 2. (August 20, 2010) Asics implemented follow-up visit and confirmed that factory has cleared up the materials which were placed in the aisles and in front of the fire

fighting equipment.

3. (August 20, 2010) Asics implemented follow-up visit and confirmed that factory has

installed the exit signs and emergency lighting.

Plan Yes

Complete:

Plan 08/20/2010



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: 1. It was found that some first aid kits were not stocked with sufficient first aid supplies

and the oral medicine was also found in the first aid kits.

Law reference: PRC Factory Safety and Sanitary Regulations, Article 31

Plan Of Factory is recommended to provide sufficient first aid supplies.

Action:

Deadline 12/31/2010

Date:

Supplier According to the medicine list, factory has provided the sufficient first aid supplies and

CAP: will check the stock situation every 2 months.

Supplier CAP 07/20/2010

Date:

Action (August 20, 2010) Asics implemented follow-up visit and confirmed that the factory has

Taken: provided sufficient first aid supplies and will check the stock situation every 2 months.

Plan Yes

Complete:

Plan 07/20/2010



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: It was noted that some workers did not wear protective masks and gloves while handling

chemicals.

Law reference: PRC Factory Safety and Sanitary Regulations, Article 75

Plan Of Action:

- 1. Factory is recommended to post warnings about hazardous machine operations and the use of chemical substances. (E.g., "Danger" or "Warning" displays, posting the way to work safely, labeling on the chemical containers)
- 2. Factory is recommended to be sure the operators are aware of safety at work along with easy-to-follow instructions.
- 3. Factory is recommended to organize periodical training for operators on the safe usage of machines; chemical handling; impact on health and human body; emergency procedures and primary contact point; and wearing PPE.
- 4. Factory is recommended to make policy about dangerous and hazardous work.
- 5. Factory is recommended to develop a training plan.
- 6. Factory is recommended to inform Asics on a training schedule date.
- 7. After conducting training, factory is recommended to report to Asics about training contents, training hours, instructor, trainee numbers and training pictures.

Deadline

12/31/2010

Date:

Supplier

Factory has provided the masks and goggles to the workers. Factory has posted the

CAP: educational poster about wearing PPE.

Supplier CAP 06/30/2010



Action (August 20, 2010) Asics implemented follow-up visit and confirmed that factory has

Taken: provided masks and goggles to workers. (August 20, 2010) Asics implemented follow-up

visit and confirmed that factory has posted the educational poster about wearing PPE.

Factory will conduct the education and training to the workers.

Plan Yes

Complete:

Plan 08/20/2010

Complete Date:

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:** 1. It was noted that some chemicals in use did not have proper labels and that chemicals in storage were not equipped with proper secondary containment.
 - 2. Factory did not include potential occupational hazards on the contracts of workers who were handling the hazardous chemicals.
 - 3. Factory had yet to conduct the occupational health check for workers. Factory reported that they planned to carry out the health check in August 2010.

Law references: 1. PRC Factory Safety and Sanitary Regulations, Article 60; 2. Article 32 of Law of PRC on Prevention and Control of Occupational Diseases

Plan Of Action:

- 1. Factory is recommended to label properly and to equip secondary containment.
- 2. Factory is recommended to stipulate the work descriptions and the potential occupational hazards on workers' contracts.
- 3. Factory is recommended to conduct a regular health check and to maintain the documents of health check.



Deadline

12/31/2010

Date:

Supplier CAP:

- 1. Factory has labeled properly on the containers and will equip the secondary containment by September 30, 2010.
- 2. Factory will explain the hazards of chemicals and train on proper handling. After these educations, factory will stipulate the work descriptions and the potential hazards on the contracts of workers.
- 3. Factory will conduct the regular health check by November 30, 2010.

Supplier CAP 08/31/2012

Date:

Action Taken:

- 1. (August 20, 2010) Asics implemented follow-up visit and confirmed that factory has labeled properly the containers.
- 2-3. Factory will conduct the training and health check to the workers.
- 2. (February 24, 2011) HALF-IMPLEMENTED: According to August 19, 2010 factory report, factory recognizes the local law. Factory said the detailed job description is not clear at the time of closing labor contract. Factory will conduct chemical substance training for 2 years. After chemical training, factory will be mentioned in the contract in accordance with the provisions. According to February 18, 2011 factory report, factory has completed the Chemical Safety Training materials on September 29, 2010. Chemical training that covers chemical handling and chemical safety will be given to workers who operate chemicals.
- 3. (February 24, 2011) According to August 19, 2010 factory report, factory has completed the health check plan for 576 workers who have more than 4 years of service on August 11, 2010. According to February 18, 2011 factory report, factory did not yet conduct health checks for workers.

Plan No

Complete:

Plan Complete Date:



Health and Safety: Chemical Management for Pregnant Women and Young Workers

H&S.15 To prevent unsafe exposure to hazardous chemicals, specific appropriate accommodations shall be made for pregnant women and workers under the age of 18 as required by applicable laws or the provisions of the FLA Code in a manner that does not unreasonably disadvantage workers. (S)

Noncompliance

Explanation: 1. It was noted that 2 pregnant workers were arranged to handle chemicals and 1

pregnant worker was arranged to have long standing work.

2. It was noted that factory arranged juvenile workers to handle hazardous chemicals.

Law reference: PRC Regulations for the Special Protection of Juvenile workers

(Document No. 498)

Plan Of

1. Factory is recommended to change the pregnant workers' job category.

Action:

2. Factory is recommended to change the juvenile workers' job category.

Deadline

08/31/2010

Date:

Supplier CAP:

1. Factory has changed the pregnant workers' job category.

2. Factory has changed the juvenile workers' job category. In order to prevent a

recurrence, factory will make and circulate the documents to every section. And will also

post the notice on the bulletin boards.

Supplier CAP 10/31/2010

Date:

Action Taken:

1. (August 20, 2010) Asics implemented follow-up visit and confirmed that factory has changed pregnant workers' job category. (February 24, 2011) According to February 18

factory report, factory has changed jobs for pregnant workers from September 30, 2010.

2. (August 20, 2010) Asics implemented follow-up visit and confirmed that factory has changed juvenile workers' job category. (February 24, 2011) According to February 18 factory report, factory has changed jobs for juvenile workers from September 30, 2010.

Plan Yes

Complete:



Plan 09/30/2010

Complete Date:

Health and Safety: Sanitation in Dormitories

H&S.28 All dormitories shall be kept secure, clean and have safety provisions (such as fire extinguishers, first aid kits, unobstructed emergency exits, emergency lighting etc.). Emergency evacuation drills shall also be conducted at least annually. (S)

Noncompliance

Explanation: It was noted that factory did not conduct fire drills at dormitory.

Law reference: Article 40 of Fire Prevention Regulation for Government offices,

Organizations and Enterprises

Plan Of Factory is recommended to implement the evacuation drills then send the reports and

Action: photographs to Asics.

Deadline 06/30/2011

Date:

Supplier Factory will submit evacuation drill planning to Asics by November 30, 2010. Factory will

CAP: conduct evacuation drills on December, 2010.

Supplier CAP 12/31/2010

Date:

Action February 24, 2011: According to February 18, 2011 factory report, factory said

Taken: production at factory was so busy that they could not schedule fire drill at dormitory in

December 2010.

Plan No

Complete:

Plan Complete Date:



Hours of Work: General Compliance Hours of Work

HOW.1 Employers shall comply with all local laws, regulations and procedures concerning hours of work, public holidays and leave. (S)

Noncompliance

Explanation: It was noted that workers were arranged to work more than 60 hours a week, i.e.,

workers at lasting worked 71.5 hours from May 31 - June 6, 2010. Some workers worked up to 87.5 hours per week in sewing section, with daily overtime hours reaching 5 hours

on some occasions. No overtime waiver was available for review.

Law reference: Article 36 and Article 41 of PRC Labor Law

Plan Of In order to encourage voluntary overtime working, factory is recommended to use

Action: application forms for overtime work. Factory is recommended to reduce overtime work

to within 3 hours per day and 60 hours total per week.

Deadline

12/31/2010

Date:

Supplier CAP:

Factory has used application form for overtime work. Basically, this factory's average working hours are lower than 60 hours, but in busy season, their working hours are beyond 60 hours. Therefore, factory will reduce overtime work to within 3 hours per day and 60 hours total per week. Factory has to proactively inform Asics if they cannot reduce to within 66 hours per week during specific busy times.

Supplier CAP 09/01/2010

Date:

Action Taken:

February 21, 2011: According to factory update August 19, 2010, factory was experiencing lack of workforce for about 1,000 workers. Under this situation, factory decreased the overtime hours in July and August, there w no overtime on Wednesday and Saturday. From September to December, there would be overtime work for some divisions. These workers were applied for waivers from local labor bureau. Factory has achieved average weekly working hours of 55.76 hours during 2009.4 – 2010.3. Maximum overtime was decided until 21:30. If factory was forced to do overtime, it had to get approval from Asics through agent. In high season, overtime was until 20:30. During this high season, record said 33% of workers worked 66 hours per week, the rest

were below 66 hours per week.

February 24, 2011: According to February 18, 2011 factory report, factory has posted working plan for January and February for the awareness purposes for all workers. This plan was informed to agent beforehand.



Plan No

Complete:

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: It was noted that factory did not provide the 7th day rest to workers, i.e., workers at

cutting section worked 28 days (from May 2 - 29, 2010), without rest.

Law reference: Article 38 of China Labor Law

Plan Of Factory is recommended to provide 1 day off in 7 days. Factory is recommended to

Action: submit progress scheme to Asics.

Deadline 12/31/2010

Date:

Supplier Factory will provide 4 days off in 1 month. Factory has to proactively inform Asics if they

CAP: cannot provide 4 days off in 1 month during specific busy times.

Supplier CAP 09/01/2010

Date:

Action (February 24, 2011) According to February 18, 2011, factory has posted the holiday plan

Taken: for January and February for the awareness purposes of all workers. This plan was

informed to agent beforehand.

Plan No

Complete:



Plan
Complete
Date:

Hours of Work: Overtime/Reduced Mandated Overtime

HOW.8 The employer shall demonstrate a commitment to reduce overtime and to enact a voluntary overtime system, including for overtime mandated to meet extraordinary business circumstances. (P)

Noncompliance

Explanation: Workers were required to apply for leave and seek approval if they could not attend the

overtime.

Law reference: Article 41 of PRC Labor Law

Plan Of Factory is recommended to establish a rule for freedom of leave after the regular

Action: working time.

Deadline 12/31/2010

Date:

Supplier Factory has not restricted going out of factory during the lunch, dinner break and after

CAP: regular working time.

Supplier CAP 08/20/2010

Date:

Action (August 20, 2010) Asics implemented follow-up visit and confirmed that the factory has

Taken: not restricted going out of factory during the lunch, dinner break and after regular

working time.

Plan Yes

Complete:

Plan 08/20/2010