

FLA Audit Profile	
Country	Indonesia
Factory Code	01003307A
Independent External Monitor	Verite
Date of monitoring visit	May 21, 2002
Participating	adidas
Number of Workers	6270
Product	Various Sports Shoes

FLA Code	Findings			Remediation	
	FLA Compliance Benchmark and/or Legal Reference	Monitor's Findings	PC Internal Audit Findings	PC Remediation plan	Target Completion Date
1. Code Awareness					
Informed Workplace	FLA Obligations of Companies, B. Create An Informed Workplace: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	The auditors reported that the factory's personnel policies were not posted, and [workers] interviewed reported that they do not have a copy of the factory's personnel policies.	Original audit findings from 1999 confirm that workers awareness of factory rules and procedure was very low.	The Collective Bargaining Agreement (CBA) handbook sets out the company policies and regulations, and has been distributed to all workers. Workers are not familiar with the term 'personnel policies' which may account for why interviewed workers stated that they do not have a copy. Requires further training and education of workforce.	Ongoing
Grievance Procedure		[Workers] reported that workers are not allowed to report their grievances to someone other than their direct supervisor.	See comments above regarding the various methods for communicating work place rules and policies, and the ongoing need for education and training of workforce.	Ensure that the factory's grievance procedures include means for workers to lodge grievances against their supervisor without having to report the grievance to that supervisor.	Ongoing
2. Forced Labor					
Employment Agreement	In accordance with FLA Compliance Benchmarks, Forced Labor: Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Compliance provision. Employment terms shall be those to which the worker has voluntarily agreed.	[Workers] reported that they do not have a written employment agreement.	Original audit findings from 1999 confirm that workers have not received an employment agreement in the past. However, this situation has improved with the introduction of a CBA, and letters of confirmation of employment for permanent workers.	Ensure that all workers, at time of hire, are provided with a written employment agreement that includes a job description; work hours and wages; benefits and deductions; pay cycle, and any probationary periods. The current employment agreement is based on local labor law. Management must provide all workers with a copy of their employment agreement with factory. Some longer term workers have not received a copy of their employment agreement. This will be rectified for whole workforce by 31 December 2002.	31 December 2002
Poor Record-Keeping/Personnel Files	In accordance with FLA Compliance Benchmarks, Forced Labor: Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Compliance provision. Employment terms shall be those to which the worker has voluntarily agreed.	The auditors reported that most of the personnel files examined did not contain copies of workers' employment agreement.	Original audit findings from 1999 confirm factory has maintained very poor record keeping systems. Basic adidas SOE requirement is that factory must maintain a centralized filing system which clearly organizes all documents relating to employment of a worker, and can be accessed transparently and efficiently. Since early 2001, factory has been working on integration of hard copy documents with its electronic database to improve and modernize its record keeping systems.	Include in each employee's personnel file, at a minimum, a copy of age-verification document(s) and emergency contact information, the worker's employment agreement, and, if applicable, disciplinary notices and accident reports.	Ongoing update of system.
Inappropriate Work Assignments		Several of the workers interviewed reported that production workers are assigned to clean the toilet facilities everyday, and wanted the practice to be stopped.	Nil	Cease assigning production workers to clean the toilet facilities.	Immediate

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3. Child Labor					
Presence of Child Labor	FLA Compliance Benchmark, Child Labor: 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.	See <i>Auditor Evaluation</i> . Per Audit Instrument, " <i>Auditor Evaluation</i> " (p. 75): Although auditors found no credible evidence of workers under the age of 18 [worker] interviewed reported that there are 17 year old workers in the factory, who do not work in accordance with the country's restrictions for juvenile workers.	Nil	Disagree with findings. There is no solid evidence. Factory regularly sends the Worker Employee Profile, including workers' age information, to adidas. The auditors will need to provide better evidence that the factory is not in compliance with this code element.	n/a
4. Harassment or Abuse					
Harassment/Abuse Policy		Management reported that they do not have written policies on harassment and abuse.	Original audit findings from 1999 confirm that workers awareness of factory rules and procedure was very low.	Such policies are covered in the CBA. See comments above regarding education and training for workforce on CBA content.	Ongoing
Access to Toilets	FLA Compliance Benchmark, Harassment or Abuse: 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.	Although virtually all workers interviewed reported workers allowed to use bathroom whenever they want, [workers] reported they do not have unrestricted access [explaining] that a "toilet card control" system is used, whereby each line of 50 workers receives only 2 cards which a worker must obtain before using the facilities.	Original audit findings from 1999 confirm that access to toilets has been a serious problem in the past.	Ensure no workplace practice restricts workers' access to toilet facilities, including assigning a limited number of toilet cards for each production line for toilet usage.	Immediate.
5. Non-discrimination					
Pregnant Applicants	FLA Compliance Benchmarks, Nondiscrimination: 1) Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement. 2) Employers will not use pregnancy tests or use of contraception as a condition of hiring or of continued employment. Employers will not require pregnancy testing of female employees, except as required by national law.	Although management reported that female applicants are not asked their pregnancy status, [workers] reported that female applicants are asked their pregnancy status and are required to take a pregnancy test when applying. If an applicant is found to be pregnant, [the workers] reported that she is not hired. Some of the workers also reported an incident where a worker in the packing section was found to be pregnant during her probationary period, and was subsequently asked to resign.	Disagree that this is an area of noncompliance. This has never been a finding during internal monitoring audits, especially with regard to pregnancy tests for female applicants.	Ensure that female applicants are not asked about their pregnancy status or required to take a pregnancy test. Ensure that pregnant women are not discriminated against in hiring.	17 February 2003
6. Health and Safety					
Electrical Wiring	FLA Compliance Benchmark V. Health and Safety: All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.	The auditors reported that some electrical wires to be improperly spliced or taped.	Found in several areas electrical wiring not suitably insulated and taped joint connections.	Factory has ongoing electrical safety inspection to ensure all wiring properly insulated. Daily checking will be conducted to make sure that all wiring are suitably insulated and properly connected (no taped joints).	Initial inspection completed.
Outdoor Electrical Connections	FLA Compliance Benchmark V. Health and Safety: All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.		Several outdoor electrical connections were found to be not adequately protected.	Check all the outdoor connections and make sure that all of them are provided with weather proof connections.	Completed
Distribution Boxes	FLA Compliance Benchmark V. Health and Safety: All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.		Several electrical distribution boxes were found open/easily accessed.	Daily inspection will be conducted to make sure that all electrical boxes are kept closed and secure.	Initial inspection completed.
Inspection of Electrical Tools	FLA Compliance Benchmark V. Health and Safety: All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.		There are no procedures in place to inspect portable electrical tools before and after use and most of them are not adequately earthed.	Develop procedure and checklist for use of all portable electrical tools. Provide earthing for all non-double insulated portable electrical tools.	Completed
No Hearing Protection Warning	FLA Compliance Benchmark V. Health and Safety: All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.		There are no 'hearing protection' warning signs displayed in the generator room.	Display additional warning signs in the generator room.	Completed

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Electrical Junction Boxes	FLA Compliance Benchmark V. Health and Safety: All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.		Found several electrical junction boxes are open. Factory is to make sure that all electrical junction boxes are kept locked.	Daily checking will be conducted to make sure that all junction boxes are kept closed and secure.	Initial inspection completed.
Electrical Equipment in Warehouse	FLA Compliance Benchmark V. Health and Safety: All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.		Not all electrical equipment (lighting, etc.) in the chemical warehouse and mixing rooms is explosion proof.	Install ex-proof electrical equipment in chemical warehouse and in all the mixing rooms.	Completed
Lighting Levels	FLA Compliance Benchmark V. Health and Safety: All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.		Lighting levels at the administration desks in the warehouse are not adequate (i.e., area is too dark).	Install local lighting for desks in warehouses.	Completed
Fire Alarms	FLA Compliance Benchmark V. Health and Safety: All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	The auditors reported that there is a fire alarm, but that it can only be rung from the administrative offices.	Factory doesn't have alarm system installed separately and clearly distinguishable from all other alarm and notification systems.	Effective alarm system to be installed throughout factory.	June 2003
Fire Drills	FLA Compliance Benchmark V. Health and Safety: 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.	Management reported that fire drills are conducted twice per year. However, [workers] interviewed reported that fire drills are conducted less than twice per year, if at all.	Agree with findings.	Factory must ensure that fire drills are conducted at least twice per year.	Ongoing
Evacuation Drills	FLA Compliance Benchmark V. Health and Safety: 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.		There is no record of evacuation drills for 2001.	Conduct evacuation drill at least once a year.	August 2003
Fire Extinguisher Training	FLA Compliance Benchmark V. Health and Safety: 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.	Management reported that 240 workers (or 4% of the workforce) have been oriented through demonstration or the distribution of instructional pamphlets as to how to operate a fire extinguisher.	Agree with findings.	Factory to conduct ongoing regular training on fire fighting and use of fire extinguisher (FE).	Ongoing.
Fire Extinguisher Blocked	FLA Compliance Benchmark V. Health and Safety: 1) 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. 2) All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.		Found several fire extinguishers were obstructed.	Conduct regular checking to ensure all FEs are not obstructed.	Initial check completed.
Post Evacuation Maps	FLA Compliance Benchmark V. Health and Safety: 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.	The auditors reported that posted evacuation maps show only the location of emergency exits and do not detail the actual evacuation routes.	Agree with findings.	Factory will update all emergency evacuation maps and post them prominently after the completion of production lines re-layout, late 2002.	November 2002.

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Escape Route Arrows	FLA Compliance Benchmark V. Health and Safety: 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.		Insufficient escape route arrows in stitching line.	Add more escape route in stitching lines.	Completed
Emergency Lights	FLA Compliance Benchmark V. Health and Safety: 1) 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. 2) All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.		Emergency light is not installed in all stairways. Factory to complete the installation of emergency lights in all stairways.	Install emergency lighting at every stairway.	July 2003
No Sprinkler System	FLA Compliance Benchmark V. Health and Safety: All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.		Factory doesn't have sprinkler system.	Install sprinkler system in risky areas: finished-goods warehouse, material warehouse, and carton warehouse.	Outstanding
No Smoke Detectors	FLA Compliance Benchmark V. Health and Safety: All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.		There are no smoke detectors installed in the factory. Factory is to install smoke detectors in material warehouse, chemical warehouse and finish good warehouse.	Install smoke detectors in all warehouse areas (material, chemicals and finish goods).	Outstanding
Poor Record Keeping	FLA Compliance Benchmark V. Health and Safety: All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	Management reported that maintenance and testing records are not kept for the alarm and emergency systems.	Agree with findings.	Factory will keep and maintain records of the fire alarm systems once it is completely installed.	July 2003
First Aid Kits	FLA Compliance Benchmark V. Health and Safety: All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	The auditors reported that there were fewer than 1 first aid kit per 100 employees, and that the kits did not contain antibacterial ointment, sterile gloves, pain reliever tablets, or tourniquets.	Several first aid boxes were found not containing sufficient first aid kit based on HSE Guidelines.	Factory has provided sufficient number of first aid kits which contain those items referred to in the adidas HSE Guidelines. Reinforce restocking procedure. Conduct a first aid assessment and define first aid kit contents for each area.	Completed (no of kits) and ongoing (training on procedure)
Poor Record Keeping/ Medicine	FLA Compliance Benchmark V. Health and Safety: All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.		There is no record/documentation available to verify that there is a proper system in place to check expiration dates of medicine.	Develop a written procedure (SOP) for checking the expiration dates if medicine.	Completed
Clinical Waste Disposal	FLA Compliance Benchmark V. Health and Safety: 1) All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances. 2) All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.		There is no adequate procedure for the disposal of clinical waste.	Check with outside hospital that can handle medical waste properly, and comply with regulations.	March 2003
Dusty First Aid Kits	FLA Compliance Benchmark V. Health and Safety: All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.		Several first aid boxes were founded dirty/dusty. Factory is to ensure that all first aid boxes are kept clean.	Conduct daily inspection to ensure that all first aid boxes are kept clean.	Initial inspections completed.

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Toilet Sanitation	FLA Compliance Benchmark V. Health and Safety: All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	The auditors reported that some of the toilet facilities were not clean, few were provided with hand soap, and some lacked running water for washing hands.	Several toilets were founded not clean and smelly.	Factory has ongoing maintenance program to ensure the cleanliness of all toilets, hand soap availability, and running water supply. Improve the cleaning process for all toilets.	Initial inspections completed.
Toilet Ventilation	FLA Compliance Benchmark V. Health and Safety: 1) All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws. 2) All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.	The auditors reported that most of the toilet facilities emitted offensive odors.	Agree with findings.	Factory has on going maintenance program to ensure the cleanliness of all toilets, hand soap availability, and running water supply.	Initial inspections completed.
No Running Water in Toilets	FLA Compliance Benchmark V. Health and Safety: 1) All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws. 2) All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.		No running water available in several toilets.	Daily checking is to be conducted to ensure that running water is available at all toilets. Factory to try obtaining water supply distribution pipes from the local municipal water treatment agency.	Completed
Machine Guards/Covering	FLA Compliance Benchmark V. Health and Safety: All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	Auditors reported that in Sewing 2 and Sewing 3 work areas, all sewing machines needed needle guards; all overlock machines needed eye-guards; all electric fan blades needed a protective cover; and all machines with exposed moving parts needed safety covers. Additionally, electric fan blades in cutting, pressing, and vulcanizing sections needed protective covers and that overlock machines in Lasting 1 and 2 needed eye guards.	Safeguard missing in 1 hot-melt roller and emergency stop was not working in 1 rolling machine.	Factory has done corrective actions, all missing safeguards have been installed. In addition, factory has regular safeguarding inspection. Install the missing safeguarding and fix the emergency stop immediately. Machinery safeguarding inspection will be conducted regularly.	Initial inspections and installation completed
Poor Ventilation	FLA Compliance Benchmark V. Health and Safety: All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.	[Workers] from cutting and grinding sections reported that factory is not adequately ventilated for dust, with [worker] reporting that she had requested installation of an extractor fan in her work area, but that nothing had yet been done about it. On day of audit, auditors rated ventilation for the control of airborne dust particles in the factory as medium.	Disagree with findings. Factory has already had extraction system for dust installed for some time.		
Poor Cooling	FLA Compliance Benchmark V. Health and Safety: All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.	[Workers] from lasting, grinding, and cutting sections reported that factory is not adequately cooled. On day of the audit, auditors rated temperatures in these areas to be within acceptable limits.	Agree with findings.	Factory has installed additional fans in the lasting, grinding, and cutting sections.	Completed.
PPE/Masks	FLA Compliance Benchmark V. Health and Safety: 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.	Auditors reported that only some workers in rolling and rubber compounding sections wearing appropriate dust masks needed for their jobs. All workers interiewed reported that they have access to the PPE (including dust masks) needed for their job.	Workers are seen not provided with appropriate masks for dusty operations.	Factory has provided appropriate dust masks to the workers. And in addition, PPE training is also being conducted for workers. Ongoing - provide adequate dust mask for dusty operations; reinforce the PPE training.	Completed (masks provided) and ongoing (training)

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PPE/Shoes	FLA Compliance Benchmark V. Health and Safety: 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.		Workers who are working with heavy objects (workshop and hot press) are not provided with safety shoes.	Provide safety shoes for workers in the workshop and hot press.	April 2003.
Health & Safety Policy	FLA Compliance Benchmark VII. Wages and Benefits, Hours of Work, and Overtime Compensation: All notices that are legally required to be posted in factory work areas will be posted. All legally required documents, such as copies of legal compliance or law, will be kept at factory and available for inspection.		HSE Policy is not being posted in the factory and not properly communicated to the workforce. HSE Policy must be reviewed once a year by management.	The policy will be posted throughout factory and properly communicated to all workforce through training.	Completed (posting and ongoing training)
Water/Waste Water Testing	FLA Compliance Benchmark V. Health and Safety: All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.		Factory doesn't have record/documentation of monitoring and test result for water and waste water.	Conduct regular test for water and wastewater.	December 2003
Leaking Roof	FLA Compliance Benchmark V. Health and Safety: All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.		Many roofs were leaking during the inspection.	Repair all the leaking roofs.	Completed
Handrails	FLA Compliance Benchmark V. Health and Safety: All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.		Stairway to the grinding mezzanine only has 1 side handrail. Make sure all stairways have handrails in both sides.	Install missing handrail on staircases to grinding mezzanine.	Completed
Stairway Width	FLA Compliance Benchmark V. Health and Safety: All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.		The width of stairways to the grinding mezzanine is too narrow and does not comply with the HSE Guidelines.	Enlarge the width of stairs to grinding mezzanine.	Completed
Aisles Width	FLA Compliance Benchmark V. Health and Safety: All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.		Most of the aisles in the stitching dept are less than 1.1m wide.	Enlarge aisles in stitching department to 1.1m wide.	June 2003
Aisles Unmarked	FLA Compliance Benchmark V. Health and Safety: 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.		Found some aisles are not clearly marked in the Vulcanized and Cutting departments.	Add yellow marking lines in Vulcanized department and finish the marking in Cutting department.	Completed
Aisles Blocked	FLA Compliance Benchmark V. Health and Safety: 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.		In several areas, found some aisles are obstructed with baskets and other materials.	Check all aisles are not obstructed.	Initial check completed.
No Secondary Containment	FLA Compliance Benchmark V. Health and Safety: All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances.		Several liquid chemical containers were found not provided with proper secondary containment. Secondary containment must be provided for all liquid chemical in the chemical warehouse.	Install secondary containment for 100% of the liquid chemicals.	June 2003

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Chemicals Unlabeled	FLA Compliance Benchmark V. Health and Safety: All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances.		Found several chemical containers without appropriate labels. Factory is to ensure that all chemical containers are labeled properly.	Provide missing labels for all chemical containers.	In progress
Toxic & Flammable Chemicals	FLA Compliance Benchmark V. Health and Safety: All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances.		There is no effective separation of toxic and flammable chemicals. Separation required between oxidizer and flammable chemicals and powder and liquid chemicals.	Powder and liquid chemicals will be separated in different areas in the chemical warehouse.	Completed
MSDS Missing	FLA Compliance Benchmark V. Health and Safety: All documents required to be available to workers and management by applicable laws (such as policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language spoken by majority of the workers if different from the local language.		In the chemical warehouse, some MSDS at the liquid chemical section are missing. MSDS has to be provided and posted prominently for all chemicals.	Obtain MSDS missing in liquid section and post prominently.	Completed
No LEV	FLA Compliance Benchmark V. Health and Safety: All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.		There is no LEV installed in the latex cementing section and the LEV system in stock-fitting department is not the effective one (upward).	Install LEV for latex cementing and consider to change the LEV system in stock-fitting into downward system.	December 2003
Pipes Unpainted	FLA Compliance Benchmark V. Health and Safety: All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.		Dust extraction pipe (ducting) are not completely painted by standard color coding (blue-green-blue).	Complete color coding for dust extraction pipes.	Completed.
No Signs	FLA Compliance Benchmark V. Health and Safety: 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.		A number of signs for fire safety and electrical panels are out of date, and not the standard ones. Those signs should also be made from corrosion and weather-resistant materials.	Complete the installation of standard signs for fire safety and electrical panels. Old and substandard signs will be removed accordingly.	July 2003
Flammable Gas Storage	FLA Compliance Benchmark V. Health and Safety: All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.		Acetylene tanks/cylinders for welding are not stored properly (secured, with caps, protected from sparks/flames or excessive heat).	Construct an adequate compressed gas storage system (based on HSE guidelines).	Completed
Overcrowding	FLA Compliance Benchmark V. Health and Safety: All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.		Work areas are overcrowded/congested at machines area and grinding area in Stock-fitting Department.	Re-layout will be done at the arriance machines area and grinding area.	Completed
Waste Removal	FLA Compliance Benchmark V. Health and Safety: All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.		Poor arrangement of production waste removal in EVA Department.	Improve procedure to remove production waste in EVA department.	Completed
Waste Management Program	FLA Compliance Benchmark V. Health and Safety: All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.		Factory doesn't have Waste Management Program.	Establish a comprehensive waste management program.	Completed
Waste Collection	FLA Compliance Benchmark V. Health and Safety: All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.		Factory doesn't have proper waste collection centre/storage.	Construct a waste storage facility.	Completed

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Kitchen Hygiene	FLA Compliance Benchmark V. Health and Safety: 1) All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws. 2) All food preparation shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. Safe drinking water should be available in each building.		To improve overall hygiene condition in the kitchen, factory is recommended to use stainless steel for the work surfaces/preparation tables, meal tray and racks.	Provide stainless steel trays and complete the installation of stainless steel in the kitchen.	Completed
Slippery Conditions/Kitchen	FLA Compliance Benchmark V. Health and Safety: All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.		Certain areas in the kitchen are still slippery.	Will improve the cleaning process to keep the floor free from grease.	Completed and ongoing
Chopping Boards	FLA Compliance Benchmark V. Health and Safety: 1) All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws. 2) All food preparation shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. Safe drinking water should be available in each building.		Chopping boards are made of wood which are very difficult to clean properly.	Replace the wooden chopping boards.	Completed
Improper Washing System	FLA Compliance Benchmark V. Health and Safety: 1) All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws. 2) All food preparation shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. Safe drinking water should be available in each building.		The system of washing eating utensils is not adequate and the result is not 100% clean.	Review the entire washing-up procedure and implement a better system.	Ongoing
Kitchen Knife Gloves	FLA Compliance Benchmark V. Health and Safety: 1) All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws. 2) All food preparation shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. Safe drinking water should be available in each building.		Kitchen workers who is use sharp knives are not provided with cut resistant gloves.	Provide cut resistant gloves.	April 2000
Drinking Water	FLA Compliance Benchmark V. Health and Safety: All food preparation shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. Safe drinking water should be available in each building.	Several workers interviewed reported that they purchase drinking water from the factory at the cost of 6,000IDR (US\$0.66) per month. Auditors were unable to determine whether workers had access to free potable water other than the water they purchased.	Original audit findings from 1999 confirm that access to drinking water has been a serious problem in the past, but that this issue was properly resolved over the course of late 1999/early 2000.	Ensure that workers are provided with free access to potable water throughout the day.	n/a
7. Freedom of Association and Collective Bargaining					
8. Wages & Benefits					
Post National/Local Labor Laws	FLA Compliance Benchmark VII. Wages and Benefits, Hours of Work, and Overtime Compensation: All notices that are legally required to be posted in factory work areas will be posted. All legally required documents, such as copies of legal compliance or law, will be kept at the factory and available for inspection.	The auditors reported that the factory did not have laws posted covering the legal minimum wage, benefits and deductions, or overtime rates.	Disagree that this is an area of noncompliance. It is not necessary to post the legal minimum wage since workers have known the new minimum even before it was announced officially by the government. The minimum wage, benefits and deductions are all set out clearly in the salary slip; and overtime rates are set out in the CBA.	n/a	n/a
Attendance bonus	FLA Compliance Benchmark VII. Wages and Benefits, Hours of Work, and Overtime Compensation: Employers will provide all legally mandated benefits to all eligible workers. Indonesian labor law stipulates that female workers "may not be obligated to work on the first and second days of their menstruation period," and that any worker who "exercises her right" to menstruation leave "shall be entitled to full wages" (Addendum I: Manpower Affairs Act, 1997, Art. 104, 106).	Several workers reported that management penalizes workers who take menstruation leave by counting the leave as an absence for the purposes of attendance bonus calculations.	Disagree that this is an area of noncompliance. Attendance bonus is not required by law, but is provided to workers who come to work at the factory for a full month without any absence. The bonus is an incentive amount. Indonesian labor law stipulates that female workers "may not be obligated to work on the first and second days of their menstruation period," and that any worker who "exercises her right" to menstruation leave "shall be entitled to full wages" (Addendum I: Manpower Affairs Act, 1997, art. 104, 106). "Full wages" means basic salary and other fixed income. Some of the benefits given do not form part of the fixed income but cover other items, such as attendance, meal, and transport allowances. The factory does not agree to provide the full attendance incentive amount to workers who already exercise the benefit of 2 days paid menstruation leave.	n/a	n/a

		Findings		Remediation	
FLA Code	FLA Compliance Benchmark and/or Legal Reference	Monitor's Findings	PC Internal Audit Findings	PC Remediation plan	Target Completion Date
Maternity Leave	FLA Compliance Benchmark VII. Wages and Benefits, Hours of Work, and Overtime Compensation: Employers will provide all legally mandated benefits to all eligible workers. Indonesian labor law requires employers to provide female, permanent workers with 90 days paid maternity leave.	[Workers] interviewed reported that maternity pay is not given to workers who, within 3 months upon being made a permanent employee, are found to be pregnant.	According to original audit files, factory <i>does</i> pay maternity leave according to law. Disagree that this is an area of noncompliance.	Ensure all workers receive their paid maternity leave, as per law. Indonesian labor law requires employers to provide female, permanent workers with 90 days paid maternity leave. However, several workers interviewed reported that maternity pay is not given to workers who, within 3 months upon being made permanent employee, are found to be pregnant. Local labor law states leave is given after 1 year of service. However, factory agrees that a best practice would be to provide maternity leave to workers with less than 1 year's service.	n/a
9. Hours of Work					
No Days Off in Seven	FLA Compliance Benchmark VII. Wages and Benefits, Hours of Work, and Overtime Compensation: 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 7 day off in every 7 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. Indonesian law requires that workers be given 1 day of rest per week (Addendum I: Manpower Affairs Act, 1997, art. 102).	[Workers] reported working 7 days a week during busy production periods. [Workers] reported that they received no days off in a month during busy production periods, and [reported] only receiving 2 days off per month during busy production periods.	Original audit findings from 1999 confirm that overtime and lack of rest days has been a serious problem in the past.	Ensure workers have at least 1 day off in 7, as per law. Indonesian law requires that workers be given day of rest per week (Addendum I: Manpower Affairs Act, 1997, art. 102). Factory applies swapping day if workers should work on holiday with permission from adidas Country Manager.	Immediate
Forced OT	FLA Compliance Benchmark VII. Wages and Benefits, Hours of Work, and Overtime Compensation: 1) The employer will demonstrate a commitment to reduce mandated overtime and to enact a voluntary overtime system to meet unforeseen situations. 2) Overtime hours worked in excess of Code standard will be voluntary.	Although all of the workers interviewed reported that overtime is voluntary, the collective bargaining agreement the workers' union has with the factory states that "If the Company request for an overtime work, the Worker shall be available for such overtime work" (Attachment B: Collective Bargaining Agreement).	Agree that overtime has not always been voluntarily performed. However, this issue was negotiated by management and the union during the CBA negotiations. The CBA states "if the company requests overtime work, the workers are offered to do overtime..." meaning that all OT must be performed on a voluntary basis.	Ensure that overtime is strictly voluntary, including overtime worked by those who have signed a mandatory overtime agreement. This area required ongoing training and education amongst the workforce and supervisors.	Ongoing
Excessive OT	FLA Compliance Benchmark VII. Wages and Benefits, Hours of Work, and Overtime Compensation: 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 1 day off in every 7 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. Indonesian labor law limits the weekly overtime hours to 14 (Addendum I: Manpower Affairs Act, 1997, art. 100)	[Workers] reported working between 20 and 31 overtime hours per week during peak production periods.	See comments above regarding OT and lack of rest days.	Limit the overtime working hours to 14 per week, as per law. Indonesian labor law limits the weekly overtime hours to 14 (Addendum I: Manpower Affairs Act, 1997, art. 100). With special permission Indonesian Labor law allows overtime up to 32 hours for which the factory holds permission. Under the SOE, working over 20 hours of OT requires special permission from the adidas Country Manager.	Ongoing
10. Overtime Compensation					
Payment for OT Work	FLA Compliance Benchmark VII. Wages and Benefits, Hours of Work, and Overtime Compensation: Employees will 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.	[Workers] interviewed reported that the factory does not compensate workers for 1 to 2 overtime hours worked every month. Workers reported that they have complained to management on this issue, but without any response.	Original audit findings from 1999 confirm that overtime payments were not always accurate. At time of FLA audit, adidas SOE Team and factory management both take view that, while auditors must be given benefit of the doubt, it is certainly not intention of management to 'save' any monies by denying workers overtime work payments. Breakdown of overtime pay appears on worker salary slips. Overtime calculations are printed in the CBA. There is a "salary complaints" procedure which places staff from the personnel department in charge of responding to complaints.	Pay workers for all overtime hours worked. Reimburse workers for past non-payment of overtime hours (with interest) where non-payment is properly demonstrated. Payroll department and SOE people posted in each department need to improve their services to the workforce and make sure that complaint procedures are effective.	Ongoing

Remediation Updates
PC Updates/Follow-up Comments
<p>Various methods for communicating work place rules and policies:</p> <ol style="list-style-type: none"> 1) Management and union have 'socialized' (introduced) previous CBA which is valid until 30 March 2004, during distribution. 2) Union has ongoing training/communication programme re: CBA content - terms and conditions. 3) Management conducts weekly lunch time session with workers, i.e. for last 2 years each week 30+ workers invited from various departments to eat lunch with management, discuss workplace conditions, factory policies and suggestions for improvements. To date approximately 3,000 workers have participated. 4) Over the last 2 years, management has introduced and a number of different training and orientation programmes to 'socialize' factory policy and procedures. 5) Each production team within each production area has its own SOE coordinator (one of the workers from that team), responsible for representing workers needs to management, ensuring SHE is observed, and communicating policy and procedure to workers. <p>Verified on 11 Feb 2003.</p>
<p>Grievance System, including grievance procedure, is set out in CBA. It states that complaints may be addressed not only to direct superior but also to suggestion boxes, factory SOE team within each department, personnel section, factory magazine (not for confidential case) etc. Verified on 11 Feb 2003.</p>
<p>After further discussion with management:</p> <ol style="list-style-type: none"> 1) Employment agreements are used/valid for probationary and contract workers. 2) Permanent workers use Collective Bargaining Agreement as their employment agreement, but they will receive a decision letter as permanent workers.
<p>Problems being experienced by management: It is difficult to obtain reliable emergency contact details for workers. This is especially true for migrant workers who usually live in a group, but whose contact details are not fixed and who are normally reached through friends. Accident reports are currently being processed as part of the worker filing system. Supporting documentation regarding this item is kept on adidas SOE internal files.</p> <p>Verified on 11 Feb 2003.</p>
<p>Management hires third party to clean the toilets. Verified on 11 Feb 2003.</p>

Remediation Updates
PC Updates/Follow-up Comments
Supporting documentation regarding this item is kept on adidas SOE internal files. Verified on 11 Feb 2003.
See comments above regarding the various methods for communicating work place rules and policies.
Supporting documentation regarding this item is kept on adidas SOE internal files. Verified on 11 Feb 2003.
It is not clear from the Verite audit findings <i>when</i> these cases of discrimination occurred. Regardless, recruitment procedure will be revised to ensure female applicants are not asked about their reproductive status. Factory absolutely denies that pregnancy tests have ever been conducted for recruitment purposes or post-hiring for purposes of discriminating against a workers. adidas supports factory's position. (Recruitment/hiring process and requirements will be further socialized throughout internal factory SOE Team and personnel department during 17-22 Feb 2003). Verified on 1 Feb 2003.
Ongoing. Verified on 11 Feb 2003.
Completed. Verified on 11 Feb 2003.
Ongoing. Verified on 11 Feb 2003.
Factory is to check again if there is any portable electrical tools not yet earthed. Verified on 11 Feb 2003.
Completed. Verified on 11 Feb 2003.

Remediation Updates
PC Updates/Follow-up Comments
Ongoing. Verified on 11 Feb 2003.
Completed. Verified on 11 Feb 2003.
Completed. Verified on 11 Feb 2003.
Delay. Factory will install alarm system by July 2003.
Factory conducts fire drill twice/year. Record/documentation verified on 11 Feb 2003.
Outstanding. Evacuation drill will be conducted in August 2003.
Ongoing. Verified on 11 Feb 2003.
Ongoing. Verified on 11 Feb 2003.
Delay. The updating of evacuation maps is still under progress due to factory undergoing a total re-layout of production lines. The update is scheduled to be finished by June 2003.

Remediation Updates
PC Updates/Follow-up Comments
Verified on 11 Feb 2003.
In progress. Emergency lighting will be installed in every stairway.
Factory has not yet decided when they are going to install sprinkler system (due to cost and difficulty associated with retrofitting). adidas SOE Team to be advised.
Factory has not yet decided when they are going to install smoke detector system (due to cost and difficulty associated with retrofitting). adidas SOE Team to be advised.
Outstanding. Regular checking on alarm system will be done once the system had been installed.
Ongoing. Verified on 11 Feb 2003.
Completed. Verified on 11 Feb 2003.
Delay. Factory has made plan to cooperate with outside hospital in handling clinical waste. This project was scheduled to be completed by March 2003. Needs to be verified by adidas SOE Team.
Ongoing. Verified on 11 Feb 2003.

Remediation Updates
PC Updates/Follow-up Comments
Ongoing. Verified on 11 Feb 2003.
Ongoing. Verified on 11 Feb 2003.
Factory has obtained water supply piping connections from the local municipal water treatment agency. As of now, all toilets have adequate water supply. Verified on 11 Feb 2003.
Ongoing. Verified on 11 Feb 2003.
Effectiveness of system checked and verified again on 11 Feb 2003.
Completed. Verified on 11 Feb 2003.
Ongoing. Verified on 11 Feb 2003.

Remediation Updates
PC Updates/Follow-up Comments
All workers in the workshop and workers who transferring the mould in the hot press will be provided with safety shoes.
Ongoing. Verified on 11 Feb 2003.
In progress. Factory will carry out Environmental Monitoring Assessment, including tests for water, wastewater and other emissions. This project should be completed by end of 2003.
Completed. Verified on 11 Feb 2003.
Completed. Verified on 11 Feb 2003.
Completed. Verified on 11 Feb 2003.
In progress. Factory is having a total re-lay out of production lines. This finding is not applicable anymore. The re- lay out is scheduled to be completed by June 2003.
Completed. Verified on 11 Feb 2003.
Ongoing. Verified on 11 Feb 2003.
The project is still in progress.

Remediation Updates
PC Updates/Follow-up Comments
Ongoing. Verified on 11 Feb 2003.
Completed. Verified on 11 Feb 2003.
Completed. Verified on 11 Feb 2003.
This project is still in progress. Factory states that they have to wait until the re-lay out of production lines is completed. However, the factory deadline for this project is end of 2003.
Completed. Verified on 11 Feb 2003.
Still in progress.
Completed. Verified on 11 Feb 2003.
Completed. Verified on 11 Feb 2003.
Completed. Verified on 11 Feb 2003.
Completed. Verified on 11 Feb 2003.
Completed. Verified on 11 Feb 2003.

Remediation Updates
PC Updates/Follow-up Comments
Completed. Verified on 11 Feb 2003.
Ongoing. Verified on 11 Feb 2003.
Completed. Verified on 11 Feb 2003.
There has been improvement in the washing-up system, which is much better (in terms of hygiene) than before. Verified on Feb 11,2003
Cut resistant gloves will be provided - needs to be verified by adidas SOE.
Disagree that this is an area of noncompliance. The factory applies unrestricted access to potable water. Verified on 11 Feb 2003.
Supporting documentation regarding this item is kept on adidas SOE internal files. Verified on 11 Feb 2003.
No further comment.

Remediation Updates
PC Updates/Follow-up Comments
<p>Issue resolved. The factory has already agreed to pay maternity leave to all workers regardless of their length of service, despite the fact that the law states maternity leave is only payable to workers with 1 one of more years of service. adidas considers this to be a best practice. Supporting documentation regarding this item is kept on adidas SOE internal files. Verified on 11 Feb 2003.</p>
<p>Supporting documentation regarding this item is kept on adidas SOE internal files. Verified on 11 Feb 2003.</p>
<p>Supporting documentation regarding this item is kept on adidas SOE internal files. Verified on 11 Feb 2003.</p>
<p>Supporting documentation regarding this item is kept on adidas SOE internal files. Verified on 11 Feb 2003.</p>
<p>This item reviewed with management on 11 February 2003.</p>