FLA Audit Profile	
Country	INDONESIA
Factory name	01023369D
IEM	PT. BVCPS INDONESIA
Date(s) in facility	JULY 26 & 27, 2005
PC(s)	adidas AG & Nike, Inc.
Number of workers	1,294
Product(s)	APPAREL: ACTIVE WEAR
Production processes	CUTTING - SEWING - FINISHING - PACKING -EMBROIDERY

	Findings							Remediation						Updates		Updates			Updates			Updates			Updates											
FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Non-compliance	Evidence of Non-compliance (uncorroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	PC Remediation plan	Target Completion Date	Factory Response (Optional)	Company follow up (Cite date of follow up) February 17, 2006.	Documentation	Completed; Pending; On-going	Company Follow up (Cite date of follow up) May 3, 2006	Documentation	Company Follow up August 7, 2006 & October 2006	Documentation	Completed; Pending; On-going	Company Follow up (January 16, 2007)	Documentation	Completed; Pending; On-going	Company Follow up (April 10, 2007)	Documentation	Completed; Pending; On-going	Company Follow up (Jan. 2008)	Documentation	Completed; Pending; On-going	Company Follow Up (July 8, 2008)	Documentation	Completed; Pending; On-going	Company Follow Up (October 31, 2008)	Documentation	Completed; Pending; On-going	Company Follow Up (February 25, 2009)	Documentation	Completed; Pending; On-going
1. Code Awareness																																				
Confidential non-compliance reporting channel		**FLA Principle of Monitoring, Obligation of Companies:** Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	ADIDAS & NIKE does not have a secure communication channel to enable workers to report non-compliance directly to the company.				Management interview, worker interviews, factory observation	The PCs' objective is to strengthen contract manufacturers' internal grievance systems, so that direct involvement by PCs in worker grievances should be considered a last resort. PCs' monitors conduct one-on-one confidential interviews with workers and union representatives during labor compliance audits. The monitors provide contact details during the interview sessions for workers to contact the PCs in case they would like to bring to their attention any noncompliance issues that remain unresolved. The PCs request the factory: 1. To establish a formal system of dialogue between the management and workers in order to allow workers to voice workplace grievances. 2. To develop internal procedures for resolving and documenting workplace disputes. 3. To communicate to all workers how the system works and resolves grievances in good faith.								The PCs' objective is to strengthen contract manufacturers' internal grievance systems, so that direct involvement by PCs in worker grievances should be considered a last resort. PCs' monitors conduct one-on-one confidential interviews with workers and union representatives during labor compliance audits. The monitors provide contact details (name card) during the interview sessions for them to contact the PCs in case they would like to bring to their attention any noncompliance issues that remain unresolved. Factory has been strengthening its communication procedures. The following communication channels exist: **A. DIRECT COMMUNICATION:** 1. Biweekly meeting: Through this channel line workers are able to deliver suggestions and problems to management. The minutes of meeting is sent to and discussed with top management. The issues brought up by workers along with management's responses are posted at announcement board. 2. Monthly meeting: Management, union and workers' representatives are meeting to discuss all suggestions and problems. 3. Counseling Workers: Workers who have problems can come to HR department to get counseling service. 4. Training workers: Training will be conducted based on company's needs, such as productivity, labor and HSE. **B. INDIRECT COMMUNICATION:** 1. Grievance System: We have seven grievance boxes placed at areas easily accessible by workers. We have posted the procedure close to grievance box. 2. Posting information: All information updated from internal or external will be posted at the notice board. **C. EXISTING WORKERS COMMITTEES:** 1. Bipartite Institution: Bipartite committee has been certified by government. All labor issues, productivity, activities will be discussed in this forum every month. Meeting report is delivered to top management. 2. Labor Union: All labor issues, productivity, other activities brought up by union will be discussed with management. 3. HSE Committee: HSE committee is certified by Government. Conducting monthly inspection. All reports will be submitted to management.	- Written Communication System - Minutes of various management - worker meetings	Completed																		
2 Forced Labor There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise																																				
Employment Records	Labor Act UU No.13/2003, regarding the Employment Relation, chapter IX article 54.3 stated that a work agreement shall be made in 2 (two) counterparts which have the same legal force, 1 (one) copy of which shall be kept by the entrepreneur and the other by the worker/ laborer.	Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision	From the receipt document of copy employment contract reviewed, only some workers received their copy of employment contract. The management admitted they started to provide copy of employment contract only few months ago. They have not been provided to all workers yet.				Record review , management interview									Done. October 2006 update: All 1288 workers (24 contract workers and 1264 permanent workers) have received a copy of their employment contract; the latest was given by end of July 2006.	Copy of workers' receipt	Completed																		
3. Child Labor No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.																																				
4. Harassment or Abuse Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.																																				
5. Nondiscrimination No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.																																				
6. Health and Safety Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities																																				
Fire Safety Health and Safety legal compliance	Labor Minister Regulation No. PER-02/MEN/1980 regarding Periodical Medical Examination, article 2.2: any undertaking as referred to in subsection 2 (2) of Safety Act No. 1/1970 shall provide pre-medical examination to workers. Article 2.3: Pre-medical examination covers complete physical examination, physical fitness, X-rays of the lungs (if possible), laboratory routine, and other examinations considered necessary. Article 3.1: any undertaking as meant in subsection 2 (2) above shall provide periodical medical examination to workers at least once a year except otherwise determined by the Director General for development of Labour Relations and Protection of Manpower. Article 3.2: Periodical medical examination is meant to maintain the health condition of the worker after having performed work and to make evaluation on the possible influences of work as early as possible which are necessary to be controlled by taking preventive measures. Article 3.3: Periodical medical examination covers complete physical examination, physical fitness, x-rays of the lungs (if possible), laboratory routine and other examinations considered necessary. Article 3.4: Any employer, manager or doctor shall be obliged to make a manual on periodical medical examination conform with the needs in accordance with the existing kinds of work. Article 5.2: Special medical examination shall be provided to workers: a. who have met with	Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits	No occupational medical examination (pre-medical, annual medical and specific medical examination) conducted for workers.				Workers and management interview	**A.** Factory is to conduct the following medical check up (MCU): 1. Pre-employment MCU, 2. Annual MCU, 3. Special MCU based on health risk assessment. **B.** All the MCU record is to be kept on file accordingly. **C.** Factory is to make these medical check up as part of its HSE regular programs. **D.** Pre-employment MCU is to be made part of factory's Recruitment and Selection Procedures.	**A.** MCU will be conducted in 2006 **B.** MCU record will be conducted in 2006 **C.** Program P2K3 will be finished on Nov 30,2005 **D.** Plan to do MCU for recruitment in 2006		**A&B:** Factory is in negotiation process with hospitals and clinic providers to explore possibility of providing medical check up for all employees. In order to develop a comprehensive occupational health program, factory was advised to hire an occupational doctor. Management agreed to do so. **C.** Safety Committee (P2K3) program has been developed. Factory needs to monitor and review the program regularly. **D.** Once the negotiation on points A & B above is concluded, the pre-employment MCU will be made part of Recruitment and Selection Procedures.	* Safety Committee program.	On-going	**IN PROGRESS** **A & B.** No Progress. Still waiting for approval from Top Management to conduct the required medical check up (please refer to PC remediation plan beside). Factory has approached an OH Doctor regarding plan to conduct MCU, but no follow up or deadline set yet. **C.** Done: Regular MCU included as part of P2K3/HSE program; but no implementation undertaken yet. **D.** Pending: Implementation can only be done after point A&B has been reached.	A&B. MCU Proposal C. P2K3 Work Program	**IN PROGRESS** - Factory is in the process of selecting the OH Doctor. They are selecting 2 more candidates to have more options to choose from. - Factory is going to consult with other factories that have conducted MCU on how to run such program. Deadline: Sept. 15, 2006. - Medical Check Up (A,B,C,D) will be started January 2007.	A&B. MCU Proposal C. P2K3 Work Program	Pending	Currently factory has employed one company doctor which comes 3 times/week. **A.** MCU already started to be conducted in December 2006. Currently 383 workers (30% of total workers, 1261) have undergone the simple medical check up procedure by the company doctor i.e. physical examination for THT, eyes, thorax, abdomen, external (reflex) and other examinations based on observation with simple diagnostic tools. No laboratory testing (blood, urine, etc) or x-ray included in the standardized medical check up procedure as required by law . **B.** No individual medical check up records available. Pending: 1. Factory management to conduct x-ray & lab test as part of MCU required by law 2. Factory management to revise examination form/individual result of MCU to standardize format 3. Factory management to provide clear written plan as to when MCU will be finished for all workers 4. Factory management to provide update of summary from MCU result on a bi-monthly basis	- qualification (certificate of company doctor) - checklist of MCU - simple employee card of examination result	Pending	**A.** Physical examination by company doctor has covered 490 workers - Examination/MCU result form has been revised to match standard format - As for x-ray and laboratory testing, factory management is in the process of reviewing working agreement with selected hospital as provider to conduct x-ray and lab test required. Factory management to speed up cooperation with hospital to complete MCU process up to the standard required by law . The deadline to finalize agreement and start date for lab test is scheduled as April 30, 2007.	- data of all workers who have undergone physical check up by April U27- MCU result in new standardized format - Draft of working agreement between factory and selected hospital for x-ray and lab test provider	PENDING	Per assessment by PC's compliance Regional Manager, and HSE Specialist, Physical medical check-up will be sufficient based on factory conditions (which does not use hazardous materials or has hazardous work areas), therefore no need to conduct full lab test for each worker. **A.** In Progress 1. Pre-employment med check has been & will be done for each applicant by company doctor (Completed) 2. Annual MCU examination is in progress (coverage ± 80%) (IN PROGRESS) 3. Special MCU (not needed) (Completed) **B.** MCU Record is kept on file (Completed) **C.** Pre-employment MCU is made as part of the HSE Committee (P2K3) regular program (Completed) **D.** Pre-employment MCU is made part of factory's Recruitment & Selection Procedure (Completed)	- Summary data of all workers who have undergone physical check up as of July '07 - MCU result summary	PENDING	**A.** 1 & 3. Completed. 2. Completed. All workers have undergone physical medical check up. **B.** Completed **C.** Completed **D.** Completed	Medical check up records	COMPLETED						
Fire Safety Health and Safety legal compliance	Labor Minister Regulation No. PER-01/MEN/1988 regarding the operator qualification article (3) subsection (2) point f regarding boiler operator shall participate in operator course conducted by Labor Department	Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits	The boiler operators (2 workers) are not yet provided training to obtain certificate of boiler operator.				Workers and management interview	**A.** All the boiler operators are to be trained and certificated by Manpower Department. **B.** Prior to the assignment of any workers to operate boiler, factory must ensure that she/he has the certificate.	A. Plan to be finished Dec, 2005 B. Plan to be finished Dec, 2005		All boiler operators have received acknowledgement letter to operate boiler from Manpower Department. However, factory still needs to send the boiler operators to special course on operating boiler safely in order to get the qualification certificate.	Acknowledgement letter from Manpower Department.	On-going	**A & B. DONE.** Two (2) Boiler Operators have been trained on-site and certified by Manpower Dept.	Certification			COMPLETED																		
Fire Safety Health and Safety legal compliance	Labor minister Regulation PER-04/MEN/1987 regarding formation of OSH committee (P2K3) in the workplace, article 2 stated that employers with 100 or more employees must establish a health and safety committee comprised of representatives of the employer and employees.	Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits	Health and safety committee (P2K3) that is found just established has not yet been registered to the labor department.				Record review and management interview	**A.** Factory is to register its Health & Safety Committee (P2K3) to the Manpower Department and update if any changes in the organization chart. **B.** Socialize or communicate the Safety Committee to all workers to make them aware of their program. Safety committee should conduct meeting and inspection in monthly basis.	A. Finished on August 9,2005 2005 B. Program P2K3 will finished on Nov 30,2005		**A.** Safety committee has been registered in Manpower Department. **B.** Safety Committee (P2K3) program has been developed and the organization chart has been posted in the employee notice board.	* Registration of safety committee. * Safety committee program.	Completed and On-going.	**A. DONE.** - Safety committee has been registered by Manpower Dept. per August 17, 2005 (ahead of previous schedule in August 24). - The new Safety Officer effectively employed per May 1, 2006. **B. Completed - Ongoing Process.** - Safety committee has been socialized to all workers (post notices; through regular inspections). - Monthly meeting and regular inspection already conducted from Nov/Dec '05 (except Feb-Apr '06 due to vacant Safety Officer). Currently inspection conducted bi-weekly in several groups of safety committee.	A. Registration confirmation / certificate from Manpower dept. B. Minutes of meeting.			COMPLETED																		
Fire Safety Health and Safety legal compliance	The factory's report of the effort for environmental management and the effort for environmental monitoring issued in 2001, page 34 and Government Regulation No. 27 of 1999 regarding analysis of environmental impact, article: 32, company shall make the evaluation report of UKL & UPL that submitted to the environmental impact control agency in every 6 months that in on June and December.	Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits	The factory has not conducted the periodic semester report of effort for environmental management (UKL) and effort for environmental monitoring (UPL), since it has been issued in 2001.				Record review and management interview	**A.** Factory is to report regularly on UPL & UKL to the relevant authority. **B.** In order to make sure that the UPL and UKL are updated regularly, factory to make this part of the P2K3's responsibility.	**A.** UPL & UKL will be finished by Feb 28,2006 **B.** P2K3 Program will be developed by Nov 30,2005		**A.** Factory is still in negotiation with the consultant to develop UKL & UPL. **B.** Done	* Discussion with the environmental consultants.	On-going	**A. In Process:** Top Management just recently approved the proposed UKL-UPL measurement. Factory still in negotiation with the consultant to conduct the measurement. Completion date is later than the proposed plan (March 2006). **B. Done:** Updating of UKL-UPL already included in P2K3 job description.	A. UKL/UPL Proposal B. Job description / work program P2K3.	Factory is in the process of finalizing the agreement letter with the consultant to conduct the UKL/UPL. It will be finished by February 2007.	A. UKL/UPL Proposal B. Job description / work program P2K3.	Pending	**A.** Consultant already selected and proposal sent to Disnaker. Waiting for approval from Disnaker.	- agreement letter with consultant	Pending	**A.** UKL/UPL measurement has been conducted by consultant in cooperation with related authority (Dept of Industry & Trade). Consultant submitted a summary report of the findings and recommended the factory to build a well. Currently Factory management is in the process of submitting HSE test result (air quality testing, environmental effects/hazard, ground water contamination testing, etc.) for approval to the Dept.of Industry & Trade. Consultant will issue complete report of measurement. Recommendations: 1. Factory management to submit complete summary of measurement results once obtained from consultant. 2. Factory Management to provide letter of acknowledgement from Dept. Trade and Commerce once measurement result is approved.	- recommendation from consultant - copy of letter from factory management to Dept. of Trade and Commerce requesting approval of measurement results	PENDING	Completed: UKL/UPL Measurement completed and measurement result approved by related authority.	Acknowledged UKL/UPL Measurement Result	COMPLETED									
Fire Safety Health and Safety legal compliance	Labor Ministry Circular No. SE-05/BW/1997, stated the factory shall maintain hazard assessment to determine the personal protective equipment is sufficient for the working condition.	Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits	No hazard assessment to determine the PPE is sufficient for the working condition.				Management interview, record review	**A.** Factory is to have hazard identification to determine the PPE needs. Factory should provide training to workers on the importance and proper use and storage of personal protective equipment (PPE) also enforcement to discipline in wearing PPE. **B.** Factory is to have a comprehensive and regular HSE training program including (but not limited to) the following topics: 1. PPE, 2. Chemical Safety & MSDS, 3. Fire & Electrical Safety, 4. First Aid, 5. Machine Safety, 6. Housekeeping (6S), 7. Safety awareness.	**A.** Start to do hazard identification on October 24 ,2005 **B.** Training matrix program will be finished on Dec 30,2005 ,Regular training start Jan 2006		**A.** Risk assessment has been conducted in cutting, sample and sewing areas but others areas have not yet finished e.g. packing, mechanic, etc. **B.** Training matrix has been developed and factory needs to monitor and review the program regularly.	* Result of risk assessment in cutting, sewing and sample areas. * Training matrix.	On-going	**A. IN PROCESS** - Hazard risk assessment already conducted in several areas. There are still few areas that needs to be assessed: packing, bonding, scan & pack, mechanic. - Assessment results are available, however factory has not decided the follow up action yet. Deadline for providing the PPE is July 06. Types of PPE that are needed: glove, earplugs, and gloves. **B. ON GOING PROGRESS** - Training matrix already available but has not been implemented yet due to limitation of resource.	A. Risk Assessment Result (conducted by the previous Safety Officer). B. Matrix training program for year 2006. Training report	**DONE & ON GOING PROCESS** - Risk assessment in packing, bonding, scan & pack, mechanic has been conducted. - Since new safety officer has been hired , the training program has been conducted . New safety officer is responsible for coordinating training program .	A. Risk Assessment Result (conducted by the previous Safety Officer). B. Matrix training program for year 2006. Training report	Complete																		
Fire Safety Health and Safety legal compliance	Safety act UU No.1/1970, regarding Occupational Safety Law , chapter X article 14.1: the employers shall be obligated to place in writing in the place of work they supervise, all obligatory occupational safety requirements, this Law and all implementation regulations applicable at the place of work concerned, at visible and readable places and pursuant to the direction from supervising employees or occupational safety experts.	Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits	There are no signs or diagrams in the language spoken by workers indicating the need for personal protective equipment.				Observation	Factory is to post signs or diagrams in "Bahasa", indicating the need for personal protective equipment in the area where it should be used based on the risk assessment.	Will be posted by Jan, 2006 based on risk assessment result		Warning signs for personal protective equipment are still insufficient. The warning signs are not posted in all areas where PPE are required.	* inspection		**MOSTLY DONE** Completed for some signs and diagrams, which have been translated in Bahasa and posted in prominent areas.	Pictures	All areas as needed will have the signs and diagrams by August 15th, 2006.	Pictures	Ongoing	All areas have been provided with signs and diagrams as needed.	Pictures	COMPLETED															
Document Maintenance/ Accessibility	Labor Minister Decree No. KEP.187/MEN/1999 regarding hazardous chemicals control at work, article: 2 & 3, the company using, storing, wearing, producing and transporting hazardous chemicals at work place is obliged to control the chemical by providing Material Safety Data Sheet (MSDS). Article: 16, MSDS shall put down in place, which is easily noticed by the worker. Safety act UU No.1/1970, regarding Occupational Safety Law chapter XI article 14(3): The employer shall be obligated to provide for free, all protective devices obligated to the workers under their supervision and to other person entering to said place of work, plus directions required pursuant to the directions from the supervising officials or occupational safety experts.	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	No Material Safety Data Sheet (MSDS) provided at QC section, where the chemicals (e.g. Dry Solvee, Aceton, MP256) utilized for spot cleaning work. However, the factory provided and displayed the MSDS in the chemical storage room.				Observation and management interview	**A.** Factory is to post the MSDS in workers' language in all areas where chemicals are used or stored and keep the original MSDS in a separate folder. **B.** Factory is to have regular HSE inspection program to ensure that all HSE standards/conditions are implemented/fulfilled. Factory should review the hazards of any new chemicals and make sure all supplier will provide proper MSDS.	A. Finished on August 1,2005 B. Start inspection on Oct 14,2005		**A.** Some areas are still lacking MSDS. They should be displayed prominently. **B.** Regular HSE inspection has been conducted.	* inspection * HSE inspection form.	**A.** Pending (New deadline: March 15, 2006) **B.** Completed	**A. DONE.** MSDS posted in QC section/area. **B. COMPLETED - Ongoing Process.** HSE inspections conducted once a month in the same time as P2K3L inspection.	A. MSDS sheet. B. P2K3L inspection schedule & checklist.			COMPLETED																		
Safety Equipment	Labor Minister Regulation PER-04/MEN/1980, regarding Requirements for the Installation and Maintenance of Light Fire Fighting Equipment, chapter II, article 4.1: every one or group of light fire fighting equipment must be place at position clearly seen, easily, reached and taken and equipped with marking. Article 6.1: Every light fire fighting equipment must be installed (placed) hanging on the wall with support or with other support construction or placed in unlocked wardrobe or box. Article 14: Guidelines to use light fire fighting equipment must be clearly readable. Article: 22: date, month, year of refilling shall be recorded on fire extinguisher.	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	It was observed that 1 fire extinguisher (No. 31) located in front of boiler room has no marking; 2 fire extinguishers (No. 47 & 28) have no instructions in local language; 1 fire extinguisher (No. 2) has no expiration date; and 1 fire extinguisher located in electrical panel room was placed on the floor and have no marking and instructions in Bahasa.				Workers and management interview	**A.** Factory is to ensure that all fire extinguishers (FE) meet following conditions: 1. FE locations clearly marked, 2. Instructions for how to use the FE (in local language) posted on the FE location. 3. Expiration date clearly posted on the FEs, 4. Inspection tag attached to each FE. 5. All fire extinguishers should fit the fire hazard classification. **B.** Same as remediation plan no. 5.B.	A. Finished on Sept 30,2005 B. Matrix training program will be finished by Dec 30,2005 , Regular training to start Jan 2006		Factory has implemented the remediation plan accordingly.	Inspection	Completed	**A. DONE.** - FE location clearly marked according to HSE requirement - Instruction in local language posted on every FE - Expiration date posted on every FE - Inspection tag hung on every FE & regular inspection conducted by Security in each area - Appropriate FE placed according to the area's hazard classification. **B. IN PROCESS.** Last training on FE usage and Fire Handling conducted on January 2006. Factory plan to re-start training per June 2006.	A. Pictures B. Training Report	**B. Done.** As the new safety officer has been hired, the training was conducted in June 2006.	A. Pictures B. Training Report	COMPLETED																		
Safety Equipment	Labor minister decision KEP.186/MEN/1999, regarding Fire Management Unit in Work Location, article 2.2 (b): Obligation to prevent, alleviate and extinguish fire in work location as referred to in paragraph (1) shall cover; to prepare detector, alarm, fire extinguisher and evacuation facilities.	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	No fire alarm installed at the production area, the factory has one centralized alarm at personnel office that is also used for fire alarm. However, the alarm sound is the same for lunch break as well as the beginning and end of work.				Observation and management interview	**A.** Factory is to provide fire alarm in prominent places, especially at main exit doors and inspect it on a monthly basis. **B.** Factory is to ensure that the fire alarm sound is distinguishable from any other alarms (for time/lunch breaks).	Installation of Fire Alarm will be finished by Jan 2006		Fire alarm has been installed but factory needs to provide proper sign (a bigger sign and the work instruction for the alarm).	Inspection	Pending (New deadline: March 15, 2006)	**A. DONE** - Fire alarm installed in prominent areas. - Fire alarm inspected monthly by the appointed person in charge.. **B. COMPLETED** - Fire alarm sound is different from other alarms (lunch break, etc). - Last fire evacuation drill conducted in February 2006.	A & B. Pictures	-		COMPLETED																		
Safety Equipment	Safety act UU No.1/1970, regarding Occupational Safety Law chapter II article 3: by means of regulation, the following occupational safety requirements are stipulated to: (a) prevent and reduce accident; (d) provide opportunities to evacuate during fire or other hazardous events; (e) give first aid during accident; (k) provide sufficient air refreshment.	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	Not fully supplied first aid kit boxes and clinic medical stocks. The first aid kit boxes only contains antiseptic wipes, cotton balls, adhesive bandages & tapes and scissor. There is no burn cream provided on site.				Observation and management interview	**A.** Factory is to stock the first aid kits boxes regularly. Factory to follow the legal regulation on the minimum contents of first aid boxes. **B.** Factory is to have regular HSE inspection program to ensure that all HSE standards/conditions are implemented/fulfilled including inspection for first aid boxes.	End of Dec 2005		Factory has implemented the remediation plan accordingly.	* Inspection * HSE inspection form.	Completed	**DONE & ON GOING PROCESS** Clinic nurse monitors medical stocks in the clinic, if additional supplies needed the nurse will report and ask for more supplies from appointed person in charge.				COMPLETED																		
PPE	Safety act UU No.1/1970, regarding Occupational Safety Law chapter XI article 14(3): The employer shall be obligated to provide for free, all protective devices obligated to the workers under their supervision and to other person entering to said place of work, plus directions required pursuant to the directions from the supervising officials or occupational safety experts. Labor Minister Regulation PER-01/MEN/1981, regarding The Obligatory Report on Occupational Diseases, article 4.3: The employer is obliged to supply free of charge all protective equipment that may be used by the workers in his undertaking to prevent occupational diseases. Article 5.2: The workers must use the obligatory protective equipment to prevent occupational diseases.	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.	Appropriate PPE not provided in QC in line section where the chemicals used. Noted at least one QC in line section provided with goggle and rubber gloves.				Workers and management interview , observation	**A.** Factory is to have hazard identification to determine the PPE needs. Factory should provide training to workers on the importance and proper use and storage of personal protective equipment (PPE) and enforce wearing of PPE. **B.** Factory is to have a comprehensive and regular HSE training program including (but not limited to) the following topics: 1. PPE, 2. Chemical Safety & MSDS, 3. Fire & Electrical Safety, 4. First Aid, 5. Machine Safety, 6. Housekeeping (6S), 7. Safety awareness.	A. Start to do hazard identification on October 24 ,2005 B. Training matrix program will be finished by Dec 30,2005, Regular training to start Jan 2006		**A.** Risk assessment has been done in cutting, sample and sewing areas, but other areas have not been completed yet i.e. packing, mechanic, etc. **B.** Training matrix has been developed and factory needs to monitor and review the program accordingly.	A. Risk assessment result. B. Training Matrix.	A. & B. On going	**A. MOSTLY DONE.** **On** October '05 Risk Assessment has been conducted for all potential hazardous areas; except for Mechanic, Scan & Pack, and Bonding. **B. In Process.** Training implementation is not effective yet. New Safety Officer in preparation stage to conduct regular trainings as required. (MSDS training not conducted yet).	A. Risk assessment result. B. Matrix Training 2006 & Training records.	**A & B** has been completed. The training has been continued since the new safety officer was hired (June 2006). In addition, workers have been provided with PPE based on risk assessment. Factory is currently implementing the use of all PPE.	A. Risk assessment result. B. Matrix Training 2006 & Training records.	COMPLETED																		
PPE	Safety act UU No.1/1970, regarding Occupational Safety Law chapter XI article 14(3): The employer shall be obligated to provide for free, all protective devices obligated to the workers under their supervision and to other person entering to said place of work, plus directions required pursuant to the directions from the supervising officials or occupational safety experts. Labor Minister Regulation PER-01/MEN/1981, regarding The Obligatory Report on Occupational Diseases, article 4.3: The employer is obliged to supply free of charge all protective equipment that may be used by the workers in his undertaking to prevent occupational diseases. Article 5.2: The workers must use the obligatory protective equipment to prevent occupational diseases.	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.	None of the workers at the embroidery section were using or provided with earplugs.				Factory observation	**A.** See remediation plan above. **B.** Provided that the result of risk assessment requires workers in the embroidery area to wear earplug, factory must provide the earplug and make sure all workers wear it properly. **C.** Factory is to use the result of the risk assessment as the basis to determine the areas for PPE use. **D.** In order to make sure all workers wear PPE properly 1. Consistently enforce the proper use of PPE, 2. Develop procedures on PPE wherein the rules of the frequency of replacement formulated and other necessary regulations are defined..	A,B&C: Start to do risk assessment on Oct 24,2005 D. PPE procedure will be finished on Nov 21,2005		**A. B. & C.** See above **D.** PPE procedure has not been developed yet.	A. Risk assessment result.	**A. B. & C.** On going. **D.** Pending (New deadline: March 15, 2006)	**A. DONE** Hazard assessment in embroidery section has been conducted. **B&E. DONE** Based on hazard assessment result, earplugs were already provided for workers in embroidery section. **C. IN PROCESS** As mentioned previously, hazard assessment has been conducted in all production areas except in Packing, Bonding, Scan & Pack, and Mechanic. However, follow up action after the risk assessment results still not clearly planned. **D. ONGOING PROCESS** - Proper use of PPE enforced through training and continued monitoring of usage directly in the workplace - Monitoring conducted daily (informal) and monthly (on P2K3 monitoring/walkthrough), however, effectivity still needs to be reviewed. - Training matrix has been developed but the implementation still not effective due to change of safety officer.	A. Hazard assessment result for embroidery area. D. Training records.	C & D has been conducted. The PPE training has been continued since June 2006, and all workers have been provided with PPE.	A. Hazard assessment result for embroidery area. D. Training records.	COMPLETED																		
PPE		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.			**INDICATOR:** Even though it is not measured with appropriate equipment, based on observation not all workers use earplugs in areas with noisy machinery.		Observation						**A. B. & C.** On going. **D.** Pending (New deadline: March 15, 2006)	**A. DONE** Hazard assessment in all factory sections has been conducted. **B&E. DONE** Based on hazard assessment result, earplugs were already provided for workers in all factory sections that required it. **C. IN PROCESS** As mentioned above, hazard assessment has been conducted in all production areas except in Packing, Bonding, Scan & Pack, and Mechanic. However, follow up action after the risk assessment results still not clearly planned. **D. ONGOING PROCESS** - Proper use of PPE enforced through training and continued monitoring of usage directly in the workplace - Monitoring conducted daily (informal) and monthly (on P2K3 monitoring/walkthrough), however, the effectivity still needs to be reviewed. - Training matrix has been developed but the implementation still not effective due to change of safety officer.	A. Hazard assessment result for embroidery area. D. Training records.	C & D has been conducted. The PPE training has been continued since June 2006, and all workers have been provided with PPE.	A. Hazard assessment result for embroidery area. D. Training records.	COMPLETED																		
Machinery Maintenance	The safety act UU No.1/1970, regarding Occupational Safety Law chapter II article 4.1: by means of regulations, occupational safety requirements are established in the planning, production, transport, circulation, trade, installation, use, utilization, maintenance, and storage of materials, goods, technical products and production apparatus which may cause accident.	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner	Press pocket machines only operated with one hand. It was not provided with appropriate sensor protection devise to avoid accidents.				Observation and management interview	Factory is to conduct risk assessment for machines before they are used. Based on the risk assessment factory is to determine the possible safety protections for the machines e.g. modifying the machine to be operated with two-hands, installing other protection device.	Start to do hazard risk assessment on Oct 24 ,2005		Factory has not yet started to do risk assessment for machines. Factory has to start doing the hazard risk assessment and afterwards to discuss with the mechanic on the possibility of installing safety devices or modifying the machine for two-hands operation.	Inspection	Pending (New deadline: March 15, 2006)	**MOSTLY DONE.** Hazard risk assessment has been done for press pocket machines; sensor device not installed yet.	Hazard assessment result.	**Done**. Press pocket machines have been modified so that they can only be operated with two-hands.	Hazard assessment result.	COMPLETED																		
Other: Legal compliance	Safety act UU No.1/1970, regarding Occupational Safety Law , chapter V (responsibilities of managers) article 9.1: Managers shall be obligated to show and explain to each new employee in regard of: a) conditions and hazards that may arise in the place of work; b) all security and protective devices required in the place of work; c) protective devices for the employee concerned; d) methods and safe attitude in executing works.		No personal protective equipment or MSDS training for workers.				Workers & management interview	**A.** Factory is to have hazard assessment to determine the PPE needs. Factory should provide training to workers on the importance and proper use and storage of personal protective equipment (PPE) and enforce wearing of PPE. **B.** Factory is to have a comprehensive and regular HSE training program including (but not limited to) the following topics: 1. PPE, 2. Chemical Safety & MSDS, 3. Fire & Electrical Safety, 4. First Aid, 5. Machine Safety, 6. Housekeeping (6S), 7. Safety awareness.	A. Start to do hazard assessment on October 24 ,2005 B. Matrix training program will finish Dec 30,2005 ,Regular training start Jan 2006		**A.** Risk assessment has been done in cutting, sample and sewing areas but other areas have not been completed yet i.e. packing, mechanic, etc. **B.** Training matrix has been developed. Factory to monitor and review the program accordingly.		On going	**A. MOSTLY DONE.** From October '05 Risk Assessment has been conducted for all potential hazardous areas; except for area: Mechanic; Scan & Pack; Bonding. **B. In Process.** Training implementation is not effective yet. New Safety Officer in preparation stage to conduct regular trainings as required. i.e. MSDS training had not been conducted.		**A & B has been done.** The training has been continued since the new safety officer was hired (June 2006). In addition, workers have been provided with PPE based on risk assessment. Factory is currently implementing the use of all PPE.	Training records	COMPLETED																		

Findings								Remediation		
FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Non-compliance	Evidence of Non-compliance (uncorroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	PC Remediation plan	Target Completion Date	Factory Response (Optional)
Legal compliance	Labor minister regulation PER-07/MEN/1964, regarding health and safety of work area article 9.2(d) stated: seat for workers must be completed with backrest.		No backrest provided for chairs at pocket section.				Observation and management interview	Factory is to provide all workers with back rest chairs as per anthropometric measurement. The implementation could be done gradually.	Finished on August 1, 2005	
Other: Legal compliance	Safety act UU No.1/1970, regarding Occupational Safety Law chapter III article 3: by means of regulation, the following occupational safety requirements are stipulated to: a) prevent and reduce accident		There are no handrails on moving stairwells except for the one located in material warehouse. The height of stairwell is about 1.6 m.				Observation and management interview	**A.** Factory is to equip the movable stairs with handrails at both sides and stopper on the wheels. **B.** Factory is to ensure that workers do not use movable stairs with no handrails. **C.** Factory is to post a warning sign to prevent workers from using movable stairs with no handrails in warehouse or other areas needed	A. Finished on October 10,2005 B & C. will be finished on Oct 28,2005	
7. Freedom of Association and Collective Bargaining										
Employers will recognize and respect the right of employees to freedom of association and collective bargaining										
Employer Interference in registration		The employer will not interfere, to the detriment of worker's organizations, with government registration requirements regarding the formation of workers' organizations.			**INDICATOR:** The freedom of association policy of the factory explicitly states that freedom of association is to take the form of company level association or Paguyuban, whereas it is supposed to be workers' decision to choose the right association for them. Additionally, most of the position of Paguyuban is being filled by chief and supervisor level staff. The management also claimed that none of trade union representatives have approached them. But, from external sources of information, it was noted SPSI union branch visited the factory last year, along with local labor department for an annual government program to select the best factory in assisting women workers. At that time, the SPSI union also aimed to introduce the union and seek for affiliation channel at the factory. The SPSI representative said that he met with management of the factory, and the management seemed not very keen on the union visit.		Management & Paguyuban representative interview and record review	Factory is to revise the freedom of association policy so that it clearly mentions the following: 1. worker right to form/join or not any union, 2. there is no obstruction to affiliate with any independent unions, 3. guarantee that no intimidation to workers who form or join a union.	Will be finished on Oct 28,2005	
Legal Compliance	Labor Act UU No.13/2003, regarding the Industrial Relationship, chapter XI article 106(1) stated that Every enterprise employing 50 (fifty) workers/ laborers or more is under an obligation to establish a bipartite cooperation institution. Labor Minister Decree No.255/MEN/2003, chapter II, regarding the establishment procedure, article 8 (1) stated that bipartite team established shall be registered to the local labor department at latest 14 days after the establishment.		The factory has not yet established bipartite cooperation institution.				Management interview	**A.** Factory is to establish bipartite institution per the local law requirements. **B.** Factory to utilize the bipartite institution by having regular meeting to discuss any issues related to work and working conditions.	A. Finished on August 23,2005 B. Plan to program Bipartite Nov 20 ,2005	
Other: Legal Compliance	Labor Act UU No.13/2003, regarding the Company Regulation, section VI, Article: 111.3: The company regulation is valid for two years and shall be renewed upon its expiration. Article: 114 stated that the entrepreneur is under an obligation to notify and explain, as well as deliver, the contents of the company regulations or its changes to the worker/ laborer.		Company regulation has expired since April 2004. Moreover, the contents of company regulation has not been conveyed to the workers yet.				Record review, management and workers interview	**A.** Factory is to register the Collective Bargaining Agreement (CBA) with Manpower Department. **B.** Factory is to provide a copy to every worker and 'socialize'/communicate the new CBA to all workers. **C.** Factory is to start negotiating the renewal of the CBA with its union before it expires.	A. Finished on August 23,2005 B. Plan to be socialized by Nov 16,2005 C. For next renewal of CBA	
Other: Independent worker representation policy				The factory has no clear written policy about independent worker representation. The factory maintained freedom of association policy that in summary stated, the factory would comply with the government regulation and business partnership regulation regarding freedom of association, which is facilitated through suggestion box, PAGUYUBAN (company level association), weekly meeting and training.			Record review and management interview	Factory is to revise the freedom of association policy so that it clearly mentions the following: 1. worker right to form/join or not any union, 2. there is no obstruction to affiliate with any independent unions, 3. guarantee that no intimidation to workers who form or join a union.	Will be finished on Oct 28,2005	
8. Wages and Benefits										
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits										
Accurate recording of wage compensation	Labor Act No. 13/2003, chapter XII article: 157.2 stated that in case the worker/ laborer's wages is paid on the basis of daily calculation, a one-month wage shall be equal to 30 times a one-day wage. Labor Minister Circular Letter No. SE-05/BW/1996 stated that the factory shall use daily rate calculation: basic wage or minimum wage divided by 30 as daily rate basis of monthly payment worker for the payment and deduction.	All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately	There is inadequate wage payment found in pay period May 16 to 31, 2005. In this case, the factory only paid 15 days instead of 16 days, although comparison with payroll records for the period of January 16 -31, 2005 and March 16 -31, 2005 showed that the factory had paid for 16 days for those periods.				Record review, management interview	PCs have reviewed the payroll and pay slip records and found out that it was a program error in printing and actually workers got 16 days payment.	Done (Completed)	
False Payroll Records		Employers will not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason.	Unable to verify hours of work and wage paid to workers due to inconsistency found in records: · At the first day of audit, the factory took hours to provide signed pay slip for review and event then could only provide some selected sample of worker's signed pay slip. · At the first day of audit, there were at least 2 workers with discrepancies between their pay slip and the payroll sheet. · A worker's signature on the pay slip differed from one month to the other (June different with May and April). · Pay slip given to auditor was on white paper, while workers interviewed stated that the white paper is given to them and it is the red paper that the factory kept. · From voluntary overtime form reviewed, Sunday working found for at least 2 workers of cutting section and 2 workers of sample section, while from attendance record provided no Sunday working found for these workers. In addition, the management did not give the auditors access to the area where payroll and attendance records are kept. Therefore, the				Record review, workers interview	**A.** Factory is to organize their document filing system and ensure that there is no double-book keeping which will be considered a very serious non-compliance. **B.** Factory is to provide full access to the authorized auditor(s).	A. Plan to be finished by Jan 10, 2006. B. Plan to be finished by Oct 25, 2005.	
Payments of Legal Benefits	Act (UU) No. 3/1992 regarding social security scheme (JAMSOSTEK), article: 18 stated (1) Employer is obliged to have a list of workers and their family, list of wages and its changes and list of work injury in the company or part of the company; (2) in addition to obligation as mentioned in article (1), employer is obliged to inform the workforce and company data related with social security scheme program to the relevant bureau; (4) If employer inform the incorrect data as mentioned in article (2), lead to lack of social security scheme payment for workers, employer is obliged to pay for the lack amount. Government Regulation (PP) No.14/1993 regarding implementation of social security scheme (JAMSOSTEK), article: 9, stated: Contribution is 5.7% of monthly wage for each worker, paid by employer (3.7%) and by employee (2%).	Legally mandated benefits will be provided or paid in full within legally defined time periods.	The factory paid worker and company's contribution for pension fund of Jamsostek based on legal minimum wage (Rp. 710,000) only, regardless of the worker's actual wage. For example, one QC supervisor with a basic wage as much as Rp. 1,800,000 per month had his Jamsostek contribution paid based on the legal minimum wage.				Record review, management interview	**A.** Factory is to pay the Jamsostek contribution, overtime, festivity allowance (THR) based on basic wage including the fixed allowance (seniority). **B.** Factory is to revise the salary program to ensure that the fixed allowances (e.g. functional and seniority allowances) are included in the fixed wage. **C.** Factory is to make retroactive payment for the balance of payment of overtime and festivity allowance. The retroactive pay to date back to January 2004.	A, B & C in process until 2006	
Other: Legal compliance	Labor Minister Regulation PER-01/MEN/1999, regarding the legal minimum wage, article 13.2 stated that minimum wage shall be applied to workers with less than one service year.		The factory paid basic wage of Rp. 710,000 (legal minimum wage) to all production workers (about 90% of the total workers) regardless of the service year of the workers. As a result, social security scheme (Jamsostek) contribution, festivity allowance (THR) benefit and severance payment is calculated on the basis of an amount less than the actual wage received. In addition, the factory only paid various basic wages that above legal minimum wage to the most of its staff.				Record review, management interview	See above comment.		
Other: Legal compliance	Labor Act No. 13/2003, regarding Termination of Employment, chapter XII article: 158.4 stated Workers/ laborers as mentioned under subsection (1) whose duties and functions do not directly represent the interest of the entrepreneur shall be given detachment money whose amount and the procedures or methods associated with its payment shall be determined and stipulated in the work agreements, company regulations, or collective labor agreements. Article: 162.2 stated Workers/laborers who resign of their own will, whose duties and functions do not directly represent the interest of the entrepreneur shall, in addition to the compensation pay payable to them according to subsection (4) of Article 156, be given detachment money whose amount and the procedures/methods associated with its payment shall be regulated in the work agreements, company regulations or collective labor agreements.		The factory does not have a 'detachment' benefit policy. This benefit is paid to the worker as part of termination package.				Record review, management interview	Factory is to negotiate detachment money with its union and include the negotiation result in the CBA.	Detachment regulation is now mentioned on CBA (July 29,2005)	
Other: Legal compliance	Labor Minister Decree No. KEP.102/MEN/VI/2004 regarding overtime hour and overtime pay, article: 7.1, stated that Company assigning workers/ labors during overtime work is under obligation to (a) pay overtime pay; (b) provide chance for having an enough rest; (c) provide meals and drinks at least 1.400 calories if the overtime work is executed for 3 (three) hours or more. Article 7.2 stated that the meals and drinks provided could not be replaced by money.	Employers will provide all legally mandated benefits to all eligible workers	The factory does not provide meal and beverage for workers working overtime for 3 hours or more. Instead the factory provides meal allowance as much as Rp. 2,600 for the workers. Since 2003 the factory has stopped providing meal to the workers working OT due to varying meal preferences of the workers. Workers proposed to the management to convert to meal allowance.				Record review, management and workers interview	Regardless of the workers' request to substitute the meal with allowance, factory is to follow the Manpower Decree No. 102 Year 2004 regarding overtime work and pay. The regulation stipulates that factory must provide meal to workers who work overtime 3 hours or more and the meal cannot be substituted with allowance.	Plan to discuss with Union Oct 19,2005	
Accurate Benefit Compensation	Labor Act No. 13/2003, article: 59, stated that (1) A work agreement for a specified time can only be made for a certain job, which, because of the type and nature of the job, will finish in a specified time, that is: a. Work to be performed and completed at once or work which is temporary by nature; b. Work whose completion is estimated time which is not too long and no longer than 3 (three) years; c. Seasonal work; or d. Work that is related to a new product, a new activity or an additional product that is still in the experimental stage or try-out phase. (2) A work agreement for a specified time cannot be made for jobs that are permanent by nature. Labor Minister Decree No. KEP.100/MEN/VI/2004 regarding terms and conditions of implementation specified period of time contract, article: 3, stated that (1) Specified period of time contract based on completing certain job is for work to be performed and completed at once or work which is temporary by nature. (2) The contract agreement what is prescribed under subsection (1) is made no longer than 3 years. (4) The contract agreement itself shall be written limitation of period the work that declared finish/complete. Article: 4, stated that (1) Seasonal work is job that depends on the season and climate. (2) Specified period of time contract what is prescribed under	All employees will be credited with all time worked for an employer for purposes of calculating length of service to determine the benefits to which workers are entitled	Although about 39 workers are employed under 'specified periods of time contract' (the period ranging from 3 months to 1 year), the work they are doing actually qualifies as permanent, which entails different terms and conditions of employment. These workers are working at security, PPIC, bonding, shipping, laboratory and process engineering section. In addition, the contracts of 3 security guards have been extended continuously without 30 days break time in between (grace period).				Workers and management interview, record review			
9. Hours of Work										
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period										
Overtime Limitations	Labor Act UU No.13/2003, regarding the working time chapter X paragraph 4 article 78.1(b) stated that maximum overtime work allowed are 3 hours per day and 14 hours per week. Labor Minister Decree No. KEP.102/MEN/VI/2004 regarding overtime hour and overtime pay, article: 3, (1) Overtime work can only be executed for maximum 3 (three) hours in 1 (one) day and 14 (fourteen) hours in 1 (one) week. (2) The stipulation of overtime work as meant in paragraph (1) does not include overtime work executed on weekly rest day or on official holiday	Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts	Unable to verify the actual hours of work due to inconsistent records found. However, based on the attendance records reviewed, the maximum total working hours per day is 12.5 hours (with 5.5 hours of OT) for at least 5 workers at sewing line and 1 worker at PPIC section on June 28 & 30, 2005. The maximum total working hours per week is found 67.5 hours (with 27.5 hours of OT) for at least 1 worker at bonding section in payment period of June 6 to 11, 2005.				Record review	**A.** i) Factory is to control the working hours of all workers. ii) Factory needs to find the root causes of exceeding working hours and take action on the root causes. **B.** Factory is to follow Manpower Act No. 102 regarding overtime work and pay and not to exceed hours of work limit.	A. Finished August 30,2005 B. Finished August 30,2005	
Voluntary OT	Labor Minister Decree No. KEP.102/MEN/VI/2004, article 6.1 stated that for executing overtime work, there should be a written instruction from the entrepreneur and a written agreement from the respective workers/ labors. Article 6.2 stated that The written instruction and written agreement as meant in paragraph (1) can be prepared in the form of a labors / workers list who are willing to work overtime, which is signed by the respective workers/labors and the entrepreneur. Article 6.3 stated that the entrepreneur as meant in paragraph (2) must prepare list of overtime work execution, which consists of name of the workers/ labors who will perform overtime work and the length of the overtime work.	Overtime hours worked in excess of code standard will be voluntary	Based on the review of overtime consent form in 2005, there is no voluntary overtime consent form for workers at cleaning service, bonding and mechanic section. It was confirmed by the concerned workers that they never signed voluntary overtime form for overtime work.				Record review, workers interview	Factory is to apply the overtime consent form to all sections including cleaning service, bonding and mechanic.	Done.	
10. Overtime Compensation										
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.										
Accurate recording of OT hours worked		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	Unable to verify hours of work and wage paid to workers due to inconsistent records found. See HOW and WB above.				Record review	See above remediation plan on hours of work and wage (D-54) & benefit section (D-62).	(see target completion date plan in hours of work and wage (D-54) & benefit section (D-62)).	(refer to D-54 & D-62).
Miscellaneous										
Unauthorized subcontracting				The factory does not have someone overseeing the subcontractors used (painting, piping and embroidery) to ensure their contracts are implemented in compliance with the code.			Management interview	Factory is to do regular audit of its subcontractors (at least on an annual basis). Factory can use the buyers' (Adidas AG & Nike) SOE/Code of Conduct as well as Indonesia law and regulation as references.	Start on Feb,2006	

			Status	Updates		Updates		Status	Updates		Status
FLA Code/ Compliance issue	Company follow up (Cite date of follow up) February 17, 2006.	Documentation	Completed; Pending; On-going	Company Follow up (Cite date of follow up) May 3, 2006	Documentation	Company Follow up August 7, 2006 & October 2006	Documentation	Completed; Pending; On-going	Company Follow up (January 16, 2007)	Documentation	Completed; Pending; On-going
Legal compliance	Factory has implemented the remediation plan accordingly.	Inspection	Completed	**IN PROGRESS.** Almost all back rest chairs have been provided (about 75% progress achieved to date).	Picture	**Done.** All chairs have been modified to have backrest.	Picture	COMPLETED			
Other: Legal compliance	Factory has implemented the remediation plan accordingly.	Inspection	Completed	**A, DONE.** Handrails installed on moving stairway in warehouse area. **B&C. DONE.** Warning sign posted on moving stairway in warehouse area.	Picture			COMPLETED			
Employer Interference in registration	Will be checked on upcoming visit			**DONE** - The Freedom of Association (FOA) policy has been revised and posted in production areas. This policy has been communicated to all workers during training on Buyers' SOE/Code of Conduct. - Factory socialized the FOA policy through notice boards (for workers) and meetings with supervisors and managers. Workers responded by forming a new Workers Union (an affiliation) beside Paguyuban, which has just been established in May 2006.	FOA policy Training records			Completed and ongoing	Currently there are 2 active unions / workers reps in factory: 1. Paguyuban 2. GSPMII (Gerakan Serikat Pekerja Manufakturing Independent Indonesia) which is newly established Factory management holds regular meeting with both unions on monthly basis (bipartite meeting)	- minutes of bipartite meeting	COMPLETED
Legal Compliance	Factory has done all the remediation plan accordingly. The first Bipartite Meeting was conducted on February 1, 2006.	**A.** Bipartite certificate that signed by Manpower Office **B.** Minutes of Meeting	Completed	**NO PROGRESS** Factory does not understand the concept of Bipartite Institution, which is a different form than the bipartite meetings conducted monthly with union representatives. Factory plans to seek more information from the related authorities.		Bipartite Institution has been established and registered with the Manpower Office. The meeting has been conducted on a monthly basis. Topics discussed during meetings include, new regulations, transportation facilities for workers, sport & art activities for Independence Days celebration, clarity about Social Security Insurance (Jamsostek Scheme).	Registration Letter Minutes of meeting	Completed			
Other: Legal Compliance	Factory has done all the remediation plan accordingly.	Copy of CBA	Completed	**A. DONE** The CBA already available. Factory distributed copies of CBA to supervisors which continued the distribution to workers in their lines. **B. IN PROCESS** Content of CBA socialized by giving out its copies to all workers, also plan to conduct CBA trainings at possible times.	CBA handbook.			Completed			
Other: Independent worker representation policy	Will be checked on upcoming visit			**DONE** - The Freedom of Association (FOA) policy already revised and posted in production areas. - Factory socialized the FOA policy through notice boards (for workers) and meetings with supervisors and managers. Workers responded by forming a new Workers Union (an affiliation) beside Paguyuban, which has just been established in May 2006.	FOA policy.			Completed			
Accurate recording of wage compensation			COMPLETED								
False Payroll Records	**A.** The working hours record system has been changed to Barcode System as of February 1st, which will ensure more accurate recording of working hours. **B.** Management guaranteed that such limitations won't happen in the future.	Inspection and Working Hours Records.	COMPLETED	**A. PARTLY DONE** Data keeping and document system from now on will be organized and more reliable due to the use of a barcode system. Unreliable records were due to improper filing system and because working hour records were summarized manually. Factory to take necessary measures to prevent unreliable working hour records from recurring in future by improving the filing system and starting to use electronic time recording system linked to payroll.	Payroll and time card records.	**A. Ongoing.** No more double-book keeping. Barcode time recording system has been applied. HoW will continue to be monitored by PC by crosschecking barcode information with other records and via workers' interviews. **B. Done.** Management promises that no such limitations will be imposed in the future. The commitment in written will be sent to adidas/Nike by August 29.	Payroll and time card records.	Pending	**A. Ongoing** Salary calculation program for monthly workers has been revised and is working correctly as of January 2007. **B. PENDING.** Management promises to send a written commitment to adidas/Nike that guarantees no double bookkeeping practice in the future. Deadline already due in August 29, 2006.	Payroll and time card records.	Pending
Payments of Legal Benefits	Factory is in the process of discussing this issue with the HQ office. Factory promised to provide the decision on when this issue will be settled in March.		On-going	**A. PARTLY DONE** Factory states willingness to change the calculation system according the correct procedure. Jamsostek contribution, overtime pay, festivity allowance (THR) already calculated based on basic wage which include fixed allowance such as seniority. However, presently it is implemented for daily workers only. **B. IN PROCESS** Salary program has been revised with seniority pay included in the basic wage. However, it still needs to apply to monthly staff. **C. NO PROGRESS** Factory management is still awaiting the decision from HQ regarding retroactive payment. The top management based in the factory has approved the plan for retroactive payment. However, factory is facing difficulties in gathering all the necessary data for the past due to unorganized system used previously.	- salary payment statement. - Payroll records	**A. & B.** Seniority as part of fixed allowance will be implemented to all monthly staff as of January 2007, which is when the factory will be upgrading salaries. The back pay will be computed accordingly (until the seniority and functional allowances become part of fixed allowance). **C.** Factory realizes the difficulties in computing the retroactive payment. Therefore factory has confirmed that the following actions will be taken in order to remediate the issue: - Factory will commission an independent consultant to accurately calculate the retroactive payment. The deadline is December 15, 2006. - Factory will discuss the result with the buyers' compliance team (Nike & adidas) in December 2006. - Retroactive payment will be done commencing March 1, 2007. Whether this will be in installments or a one-time payment will be decided once consultant completes calculation of backpay.	- salary payment statement. - Payroll records	Pending	**A&B. DONE** Payroll program revised and seniority included as part of fix wage for all monthly staff as of January 2007. **C. PENDING** - Factory has not yet selected any consultant to help with calculation of the retroactive payment. The deadline is already past (December 2006). - Factory has not yet discussed the difficulties with buyer's compliance team (Nike & adidas) as planned before in December 2006. - Last agreement made with factory is that retroactive payment will be made starting from March 2007 until 2008.	- salary payment statement. - Payroll records	Pending
Other: Legal compliance	See above comment.			**A. PARTLY DONE** Factory states willingness to change the calculation system according the correct procedure. Jamsostek contribution, overtime pay, festivity allowance (THR) already calculated based on basic wage which include fixed allowance such as seniority. However, presently it is implemented for daily workers only. **B. IN PROCESS** Salary program has been revised with seniority pay included in the basic wage. However, it still needs to apply to monthly staff. **C. NO PROGRESS** Factory management is still awaiting the decision from HQ regarding retroactive payment. The top management based in the factory has approved the plan for retroactive payment. However, factory is facing difficulties in gathering all the necessary data for the past due to unorganized system used previously.		**A. & B.** Seniority as part of fixed allowance will be implemented to all monthly staff as of January 2007, which is when the factory will be upgrading salaries. The back pay will be computed accordingly (until the seniority and functional allowances become part of fixed allowance). **C.** Factory realizes the difficulties in computing the retroactive payment. Therefore factory has confirmed that the following actions will be taken in order to remediate the issue: - Factory will commission an independent consultant to accurately calculate the retroactive payment. The deadline is December 15, 2006. - Factory will discuss the result with the buyers' compliance team (Nike & adidas) in December 2006. - Retroactive payment will be done commencing March 1, 2007. Whether this will be in installments or a one-time payment will be decided once consultant completes calculation of backpay.		Pending	**A&B. DONE** Payroll program revised and seniority included as part of fix wage for all monthly staff as of January 2007. **C. PENDING** - Factory has not yet selected any consultant to help with calculation of the retroactive payment. The deadline is already past (December 2006). - Factory has not yet discussed the difficulties with buyer's compliance team (Nike & adidas) as planned before in December 2006. - Last agreement made with factory is that retroactive payment will be made starting from March 2007 until 2008.	- salary payment statement. - Payroll records	Pending
Other: Legal compliance	The detachment money is now clearly mentioned in CBA article 38.			**DONE.** Detachment money already regulated and included in the new CBA.	CBA handbook (chp XI page 31)	-		Completed			
Other: Legal compliance	- Factory has discussed this issue with the union and asked workers to vote whether they are willing to get meal allowance or management to provide the food. The result favored meal allowance. - Management has to re-discuss with the union to make them understand that this is a legal requirement. If no agreement is reached then management has to seek mediation from Manpower Office (Disnaker). - Adidas AG Compliance Team has also explained the union the binding nature of meal provision. The union promised to consider it.			**NO PROGRESS** Management conducted polling with workers and workers insist on receiving meal allowance instead. The practice remains the same to date. However, since this is a requirement of the Law and meant for the benefit of the workers, management is advised to proceed with substituting meal allowance with real food for workers doing overtime, regardless of what preferences the workers have.	Polling result (signed by management and workers' representative).	Factory and union/workers have different stands on this isse. Therefore, in order to solve this problem, factory is going to have a meeting with union and Manpower staff as it is stipulated in the Indonesian Regulation (Manpower Decree No. 102 Year 2004 concerning overtime work and pay). The meeting result would become the policy of the factory. The meeting is scheduled for mid September 2006.	Polling result (signed by management and workers' representative).	Pending	Based on workers polling result, factory decided to give overtime meal allowance instead of food although this goes against the legal requirement. Decision was made between factory management and union/workers reps. However, no direct involvement or consultation from local Manpower department. Factory will have to discuss the matter directly with reps from local Manpower Dept. as well as with the union. Final decision or agreement reached must be made in writing and signed by all three parties (Factory mgt-Union-Manpower Dept.)	Polling result (signed by management and workers' representative).	Pending
Accurate Benefit Compensation						Factory has reviewed the existing contract work system. According to the factory's record they had 37 contract workers (at the time of the audit there were 39 such workers). Of those 37 contract workers, factory has decided to promote 24 workers as permanent while the rest has been terminated or have resigned. October 2006 update: Factory employs 24 workers under contract working agreement in Sewing and Bonding areas. Those workers are temporarily hired in order to overcome worker shortage problem due to some workers taking maternity leaves. Their contract will expire by the end of November 2006. The term and conditions applied do not breach the legal law (Manpower Decree No. 102 of 2004 and Act. 13 of 2003).	copy of contract agreement	Ongoing	Currently factory employs 2 workers (nurses) on a contract work agreement, which was done after consultation with local Manpower Dept. and Health Department. Factory management has been requested to review their capacity planning and to hire multi-skilled workers instead of using contract workers.	- Copy of contract work agreement	COMPLETED
Overtime Limitations	**A.** Completed. The root cause for excessive working hours is due to the lack of monitoring for total weekly working hours of individual workers. Some workers, due to their position or skill or job assignment, may have longer working hours than most other workers, as stated in the finding above. The second cause is related to the 6 work days system which does not allow for OT outside the regular working days. **B.** Five-Working Days System has been implemented in order to control the total number of working hours per week which should comply with the legal law i.e. Manpower Decree No. 102 Year 2004 and buyers' standards.		Completed	**A & B.** After the implementation of 5 the working day system, factory is allowed to have workers work up to 60 hours per week in total as per local law. Factory monitored working hours and send the monthly reports as requested by buyer.	A&B. Working hours record and report of monthly WH & OT hours.			COMPLETED			
Voluntary OT				**(May 31, 2006)** **DONE.** Current practice requires all workers doing overtime work to sign overtime consent form before performing the actual work. The department overseeing the consistent implementation of OT consent form is the HR and factory Compliance team. Currently factory is using a reliable time recording system linked to payroll for any OT payment, plus there are voluntary consent forms as means to crosscheck workers' actual working hours. The issue of unreliable working hour records has been remediated. In addition, factory has their own internal audit team which oversees this issue and conducts worker interviews when necessary; factory communication channels i.e. lunch meeting, SMS / text messaging channel, etc., show no complaint of forced OT. And based on numerous worker calls or SMS directly received by adidas SEA team in Indonesia as well as numerous worker interviews that have been conducted there have been no complaints of forced OT.	Overtime consent form.			COMPLETED			
Accurate recording of OT hours worked	(refer to D-54 & D-62).	(refer to D-54 & D-62).	COMPLETED								
Unauthorized subcontracting	- Factory has started auditing the subcontractor located on the same premises. - Factory is asked to have audits scheduled for the rest of subcontractors.		On going	**IN PROCESS** Presently factory uses around 5 subcontractors. Factory plans on auditing these subcontractors, but the implementation time is yet to be determined.		**IN PROCESS** - Factory has conducted a briefing/meeting with the subcontractors on August 3, 2006. - Audit for selected subcontractors will be conducted in September 2006. - Factory is going to provide all its subcontractors with the requirements based on buyers' code of conducts/SOE and ask the subcontractors to sign an acknowledgement letter. The deadline is October 2006.	Minutes of meeting	Pending	**Briefing:** - 6 subcontractors were invited on August 3 '06 to attend briefing/training regarding topics of lean system, 6S, quality standard, testing requirement standard, labour & safety standard. **Audit of Subcontractors:** - all 6 subcontractors have been audited by Factory compliance coordinator and team between August and September 2006. No progress on acknowledgement letter yet. **Pending:** Factory management to obtain written acknowledgement of compliance standard from each subcontractor's top mgt. - Factory to provide copy of compliance standards (along with acknowledgement request) to each subcontractor	**Briefing:** - minutes of meeting - list of attendance - training materials **Audit:** - written summary of audit result	PENDING

			Status	Updates		Status			Status			Status			Status
FLA Code/ Compliance issue	Company Follow up (April 10, 2007)	Documentation	Completed; Pending; On-going	Company Follow up (Jan. 2008)	Documentation	Completed; Pending; On-going	Company Follow Up (July 8, 2008)	Documentation	Completed; Pending; On-going	Company Follow Up (October 31, 2008)	Documentation	Completed; Pending; On-going	Company Follow Up (February 25, 2009)	Documentation	Completed; Pending; On-going
Legal compliance															
Other: Legal compliance															
Employer Interference in registration															
Legal Compliance															
Other: Legal Compliance															
Other: Independent worker representation policy															
Accurate recording of wage compensation															
False Payroll Records	**A. Done**. No more double-book keeping. Barcode time recording system has been applied. Hours of work will continue to be monitored by PC by crosschecking barcode information with other records and via workers' interviews. Salary calculation program for monthly workers has been revised, and working correctly as of January 2007. **B. PENDING.** Management promises to send a written commitment to adidas/Nike that guarantees no double book keeping practice in the future. Deadline (August 29, 2006) is past due. Factory management promised to send the letter by the end of April 2007.	Payroll and time card records.	A. Ongoing B. Pending	**A.**Final step to prevent unreliable working hour records is for factory management to provide a written letter expressing commitment to maintainance of reliable records. **B.** Commitment letter received from Factory management.	Signed commitment letter	Ongoing				A. Completed B. Completed. Commitment letter received in Jan 08	Signed commitment letter	COMPLETED			
Payments of Legal Benefits	**A&B. DONE** Payroll program revised and seniority included as part of fixed wage for all monthly staff as of January 2007. **C. PENDING** - An external party/consultant was selected to do the calculation of the retroactive payment. - Calculation was conducted on April 9, 2007 and the result will be communicated by consultant in 2 (two) weeks' time (by late April 2007). - Factory must call consultant to do calculation for Jamsostek fee and festivity allowance which was not included in the first calculation on April 9. - Factory to send detailed time plan as to when back pay will commence and when it will be completed. 1).The deadline for complete calculation (overtime, jamsostek, festivity allowance) is April 30, 2007. 2).The deadline for sending detailed time plan of retroactive payment is 2 weeks after receiving the results from the consultant.	- Salary payment statement. - Payroll records - Summary letter of audit from CSCC	A & B. Completed C. PENDING	C. Back payment to workers has commenced as of July 07 Factory HR team calculated owed Jamsostek fee and festivity allowance; payment for both were included in the current scheme. However, several workers have claimed the result of the calculation conducted by the consultant is different (lower) compared to their own calculations. Because the consultant didn't' give a detailed calculation report, the factory needs to recalculate retroactive payment. Factory expects to complete recalculation by April '08.	-posted announcement of back payment plan	ON GOING	**C**. Recalculation of retroactive payment has been completed and verified; retroactive payment schedule has been completed. Payment for the missing overtime pay, Jamsostek contribution, and festivity allowance already completed for all existing workers. Payment for former factory workers has not been completed yet. Factory has drafted the announcement but has not yet posted it for public view.	* Retroactive payment summary / total recap * Workers' signed receipts	ON GOING	**C**. Payment for existing workers on going and scheduled to be finished by June 2009. Posting announcement and retroactive payment plan for eligible ex-workers have yet to be done. Factory stated they are waiting for approval from headquarter to release the payment allocation. New Deadline: Dec 1, 2008	-	PENDING	**C.** Payment for existing workers is on going and scheduled to be finished by June 2009. During the process, fty continues to accept workers' complaints should they still feel their backpay calculation is different from what the factory had calculated. If there is a deficit, factory will include the difference in a further payment schedule. Posting of announcement and retroactive payment plan for eligible ex-workers have yet to be completed. Management stated that due to current global crisis the company is cutting back on their budget and it is getting hard to ask for additional expenditure on immediate effect. Nonetheless, factory promises to follow up and update the SEA about progress.	-	PENDING
Other: Legal compliance	**A&B. DONE** Payroll program revised and seniority included as part of fixed wage for all monthly staff as of January 2007. **C. PENDING** - An external party/consultant was selected to do the calculation of the retroactive payment. - Calculation was conducted on April 9, 2007 and the result will be communicated by consultant in 2 (two) weeks' time (by late April 2007). - Factory must call consultant to do calculation for Jamsostek fee and festivity allowance which was not included in the first calculation on April 9. - Factory to send detailed time plan as to when back pay will commence and when it will be completed. 1).The deadline for complete calculation (overtime, jamsostek, festivity allowance) is April 30, 2007. 2).The deadline for sending detailed time plan of retroactive payment is 2 weeks after receiving the results from the consultant.	- Salary payment statement. - Payroll records - Summary letter of audit from CSCC	A & B. Completed C. PENDING	C. Back payment plan available and total payment predicted to be finished within 12 months time	Back payment plan	ON GOING	C. Back payment plan for existing workers available and payment process has started. Payment plan for former workers will be completed soon.	-	ON GOING	C. Payment plan for eligible ex-workers has not yet been completed. Fty is still waiting for approval from their headquarter. New Deadline: Dec 1, 2008	-	PENDING	C. Payment plan for eligible ex-workers not yet developed. Fty is still waiting for approval from their headquarter.	-	PENDING
Other: Legal compliance															
Other: Legal compliance	Factory has made written agreement with union in which union/workers representatives stated their preference to receive overtime meal allowance instead of food even though they are aware that the law stipulates differently. Factory management has sent the agreement to the Manpower Dept. along with a letter explaining the condition. Manpower Dept. has sent a reply letter which stated their acknowledgement of union / workers representatives' agreement to overtime meal allowance over actual meal.	- agreement between management and union - mgt letter to manpower dept - reply letter from manpower dept.	COMPLETED												
Accurate Benefit Compensation															
Overtime Limitations															
Voluntary OT															
Accurate recording of OT hours worked															
Unauthorized subcontracting	1. Copy of company's standard of compliance provided to each subcontractor along with acknowledgement to be signed 2. 3 of the 6 subcontractors have returned acknowledgement letter, 3 pending. Factory management to obtain 3 more pending acknowledgement letters from its subcontractor factories. The deadline is April 30, 2007	-Copy of company's compliance standards as provided to subcont -Signed letter of acknowledgement from 3 subcontractors	PENDING	Acknowledgement letters of compliance received from 6 subcontractors	Copy of acknowledgement letters	COMPLETED									

	Findings							Remediation				
FLA Code/ Compliance issue	**Country Law/Legal Reference**	**FLA Benchmark**	**Noncompliance**	**Risk of Non-compliance**	**Evidence of Non-compliance (uncorroborated)**	**If not corroborated, explain why**	**Sources/Documentation used for corroborating**	**PC Remediation plan**	**Target Completion Date**	**Factory Response (Optional)**	**Company follow up (Cite date of follow up)** **February 17, 2006.**	**Documentation**
Other: Unclear status of embroidery section					**INDICATOR:** There is embroidery section inside the factory area. The workers mentioned that embroidery workers were employed under ***. Most of workers interviewed didn't know about the existence of ***. Management claims the embroidery section does not belong to the factory. It belongs to ***. However, from the purchase order of embroidery work record reviewed, the address of *** is not the same as the production location. The auditors were not given access to worker interview and document review pertaining to the workers in that section.		Management & workers interviewed	Factory is to do regular audit to its subcontractors (at least annually basis). Factory can use the buyers' (Adidas AG & Nike) SOE/Code of Conduct as well as Indonesia law and regulation as references.	Start on Feb,2006		- Factory has started auditing the subcontractor located on the same premises. - Factory is asked to have audits scheduled for the rest of subcontractors.	

	[Status]	Updates		Updates		[Status]	Updates		[Status]
FLA Code/ Compliance issue	**Completed; Pending; On-going**	**Company Follow up (Cite date of follow up)** **May 3, 2006**	**Documentation**	**Company Follow up** **August 7, 2006 & October 2006**	**Documentation**	**Completed; Pending; On-going**	**Company Follow up (January 16, 2007)**	**Documentation**	**Completed; Pending; On-going**
Other: Unclear status of embroidery section	On going	**IN PROCESS** Presently factory uses around 5 subcontractors. Factory plans on auditing these subcontractors, but the implementation time is yet to be determined.	Briefing records	- Factory has conducted a briefing/meeting with the subcontractors on August 3, 2006. - Audit for selected subcontractors will be conducted in September 2006. - Factory is going to provide all its subcontractors the requirements based on buyers' code of conducts/SOE and ask the subcontractors to sign an acknowledgement letter. The deadline is October 2006.	Briefing records	Pending	**Briefing:** - 6 subcontractors were invited on August 3 '06 to attend briefing/training regarding topics of lean system, 6S, quality standard, testing requirement standard, labour & safety standard. **Audit of Subcontractors:** - all 6 subcontractors have been audited by Factory compliance coordinator and team between August and September 2006. No progress on acknowledgement letter yet. **Pending:** Factory management to obtain written acknowledgement of compliance standard from each subcontractor's top mgt. - Factory to provide copy of compliance standards (along with acknowledgement request) to each subcontractor.	**Briefing:** - minutes of meeting - list of attendance - training materials **Audit:** - written summary of audit result	PENDING

	Updates		[Status]	Updates		[Status]			[Status]			[Status]			[Status]
FLA Code/ Compliance issue	**Company Follow up (April 10, 2007)**	**Documentation**	**Completed; Pending; On-going**	**Company Follow up (Jan. 2008)**	**Documentation**	**Completed; Pending; On-going**	**Company Follow Up (July 8, 2008)**	**Documentation**	**Completed; Pending; On-going**	**Company Follow Up (October 31, 2008)**	**Documentation**	**Completed; Pending; On-going**	**Company Follow Up (February 25, 2009)**	**Documentation**	**Completed; Pending; On-going**
Other: Unclear status of embroidery section	1. Copy of company's standard of compliance provided to each subcontractor along with acknowledgement to be signed 2. 3 of the 6 subcontractors have returned acknowledgement letter, 3 pending. Factory management to obtain 3 more pending acknowledgement letters from its subcontractor factories. The deadline is April 30, 2007	-Copy of company's compliance standards as provided to subcont -Signed letter of acknowledgement from 3 subcontractors	PENDING	Acknowledgement letters of compliance received from 6 subcontractors	Copy of acknowledgement letters	COMPLETED									