

FLA Audit Profile	
Factory Code	550233756G
Country	Indonesia
FLA Affiliate	Columbia Sportswear, Nike Inc.
Other FLA Affiliates in Factory	None
Monitor	Bureau Veritas
Audit Date	July 31- August 1, 2008
Products	Knit Wear: Top & Bottom
Processes	Cutting - Sewing - Finishing & Embroidery
Number of Workers	1,496



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## 550233756G\_Indonesia

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### Wages, Benefits and Overtime Compensation: A. Holidays, Leave, Legal Benefits and Bonuses

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

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/31/2008	External	FLA Independent External Monitoring	Bureau Veritas	1 (out of 5)

<b>Explanation:</b>	<p>1) It was noted at least one worker from sewing special has been taking long sick leave for more than 1 year and the wage payment already came to 25% of wage in accordance to regulation on long sick paid leave issue. However, last May 2008, the worker came to work for 4 days only. After the 4 days work, the worker got illness again and still received wage 25% of wage instead of full wage, although the worker submitted legitimate sick letter from the clinic to prove his medical status condition. (Labor Act UU No: 13/2003, article: 93 (3) stated the amount of wages payable to workers who are taken ill as mentioned under point a of subsection (2) shall be determined as follows: a. For the first four months, they shall be entitled to receive 100 % (one hundred percent) of their wages; b. For the second four months, they shall be entitled to receive 75 % (seventy five percent) of their wages; c. For the third four months, they shall be entitled to receive 50 % (fifty percent) of their wages; and d. For subsequent months, they shall be entitled to receive 25 % (twenty five percent) of their wages prior to the termination of employment by the entrepreneur.)</p> <p>2) It was noted that there was no uniform provided for newly hired security guards (4 workers) while they were required to wear the uniform every working day. Currently they wore uniform borne by themselves.</p>
<b>Plan Of Action:</b>	<p>1) Work with factory to investigate the issue and review the law regarding sick leave and payment. Verify the discrepancy in sick leave benefits and request retroactive payments, as needed. 2) Standardize uniforms for security guards, search for a uniform supplier and provide uniforms.</p>
<b>Deadline Date:</b>	01/31/2009
<b>Supplier CAP:</b>	<p>1) This issue was not discussed during the closing meeting. Factory said the worker has been taking sick leave less than 1 year (not more than 1 year per FLA monitor). Factory will investigate the issue and review the law regarding sick leave and payment. 2) Factory has agreement that the new workers are not provided the uniform; however they are planning to provide the uniform for all security guards including new workers.</p>
<b>Supplier CAP Date:</b>	08/01/2008
<b>Action Taken:</b>	<p>1) Factory has paid the discrepancy of the worker's wage. Since the worker has been on sick leave less than 1 year, factory paid 50% of the wage (not 25% of wage). The payment was verified by Nike's agent. 2) The factory has conducted a meeting with management regarding uniforms. The issue was reported to management and they are still working on a solution to obtain uniforms for the security guards. Factory provided uniforms for all new security guards, a total of 5 workers, on December 1st, 2008.</p>

Plan Complete:  
 Plan Complete Date: 06/30/2009  
 Action Verified:  
 Action Verified Text:  
 Action Verified Date:  
 Comments:

**Wages, Benefits and Overtime Compensation: Y. Other - Wages, Benefits and Overtime Compensation**

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/31/2008	External	FLA Independent External Monitoring	Bureau Veritas	3 (out of 5)

**Explanation:** The factory provided wage more than legal minimum wage as basic wage for about 95% workers employed. The basic wage included Seniority allowance (Rp. 5,000 to 15,000 per month) for worker's employed one year and above. The factory also provided some allowances for their workers, which is not mandatory by local regulation such as; - Skill or Position allowance (Rp. 10,000 to Rp. 397,700 per month). - Miscellaneous allowance for chief level (Rp. 100,000 to Rp. 289,000 per month). - Allowance for sample workers (Rp. 20,000 per month). - Housing allowance (Rp. 15,000 to Rp. 20,000 per month) for those employed more than 3 years. - Attendance allowance (at minimum Rp. 114,450 per month) for those have fully attendance in a month. - Meal allowance (Rp. 6,000 per attendance day) for all workers. - Transportation allowance (Rp. 4,500 per attendance day) for those did not use bus provided by the factory. - Shift allowance (Rp. 2,500 per attendance day) for those worked in shift system. Others than mentioned above, the factory also provided a can of milk per week and additional cash as much as Rp. 4,000 per day for extra fooding for certain job and section; such as spot cleaning, embroidery, worker's worked in shift 3 and security. Furthermore the THR (the 13th salary) that normally will be paid before big moslem holiday once in a year was paid with the calculation above regulation applied (e.g Rp. 50,000 for those employed less than 3 months, proper calculation as regulation for those employed 3-12 months and 115% of salary for those employed 1 year till 5 years, 157% of salary for those employed 5-8 years, 210% of salary for those employed 8-10 years, and 215% of salary for those employed 10 years and above). Those rules were regulated on the CBA.

Plan Of Action:  
 Deadline Date:  
 Supplier CAP:  
 Supplier CAP Date:  
 Action Taken:  
 Plan Complete:  
 Plan Complete Date:  
 Action Verified:  
 Action Verified Text:  
 Action Verified Date:  
 Comments:

## Freedom of Association: A. General Compliance Freedom of Association

FOA.1 Employers shall comply with all local laws, regulations and procedures concerning freedom of association and collective bargaining. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/31/2008	External	FLA Independent External Monitoring	Bureau Veritas	1 (out of 5)

**Explanation:** The CBA was valid from January 1, 2004 to December 31, 2005. However, until now the factory has not maintained a new CBA. Management claimed that it was still under negotiation between the management and the union. (Labor Act UU No: 13/2003 article 123 section 1 stated The validity of the collective labour agreement is for 2 (two) years. Section 2 stated The effectiveness of the collective labour agreement as mentioned under subsection (1) may be extended for no longer than 1 (one) year based on a written agreement between the entrepreneur and the trade/labour union(s).)

**Plan Of Action:** 1) Work with factory to conduct a series of meeting with the union on CBA renewal. 2) Ask for regular review of updates needed in CBA.

**Deadline Date:** 09/30/2009

**Supplier CAP:** Factory has conducted a meeting with union to discuss new CBA and we will make sure the new CBA is agreed by both side and it will be send to Labor department.

**Supplier CAP Date:** 08/01/2008

**Action Taken:** The CBA is under final revision by union and management. It will be finished in December 2008. 2/5/09: Factory held a meeting between union and management on January 2; they planned to meet again regarding the CBA on January 24. 5/18/09: Factory has yet to finalize the new CBA with the union due to changes in the union chairman in the middle of negotiations. Factory has obtained an extension on the CBA from the local manpower office until September 09; however, factory is targeting to finalize the negotiations by end of June 09. 6/09/09: Management is still in negotiations with union regarding CBA renewal. The process has faced some challenges including internal disputes among the union (some members attempted to form another union). Management has obtained a letter from the Department of Labor to complete the renewal by September 2009; however, management is targeting to complete the negotiations by July 2009.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

## Harassment or Abuse: B. Discipline/Progressive Discipline

H&A.2 Employers shall have a written system of progressive discipline (e.g., a system of maintaining discipline through the application of escalating disciplinary action moving, for instance, from verbal warnings to written warnings to suspension and finally to termination). Any exceptions to this system (e.g., immediate termination for gross misconduct, such as theft or assault) shall also be in writing and clearly communicated to workers. (P)

**550233756G – Indonesia: Columbia Sportswear, Nike Inc.**

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
07/31/2008	External	FLA Independent External Monitoring	Bureau Veritas	1 (out of 5)

**Explanation:** Based on the review of the CBA, there was no terms and condition indicated in the disciplinary practice policy for the Work Suspension that could be applied to workers.

**Plan Of Action:** 1) Work with factory to include disciplinary practice policy into revised CBA. 2) Ask for regular updates on need for renewals.

**Deadline Date:** 06/30/2009

**Supplier CAP:** Factory will provide the disciplinary procedure in complete explanation and will mention it in the new CBA

**Supplier CAP Date:** 08/01/2008

**Action Taken:** The Company has revised the suspension rule, and has included it in the new CBA. The suspension rule is explained in detail in the disciplinary procedures. 2/5/09: The disciplinary procedures are mentioned in the CBA, but the CBA has yet to be finalized. Factory met to discuss the CBA on January 24. 5/18/09: The suspension policy is mentioned on the new draft of the CBA; however the new CBA has yet to be finalized due to changes in the union chairman in the middle of negotiation. In the meantime, the factory has developed a procedure on suspension: whenever there is a case of suspension before the CBA is finalized, the factory will communicate the procedure through the union, bipartite meeting, training to workers and posting the procedure on the announcement board. Once the CBA has been finalized, the factory will provide workers with copy of CBA.

**Plan Complete:**

**Plan Complete Date:** 06/30/2009

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Harassment or Abuse: C. Discipline/Review of Disciplinary Action**

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

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
07/31/2008	External	FLA Independent External Monitoring	Bureau Veritas	1 (out of 5)

**Explanation:** It was noted that the disciplinary practice system did not provide workers with an opportunity to reply, challenge or make appeals against the termination.

**Plan Of Action:** 1) Work with factory to set up policy and procedure for employees to comment/appeal disciplinary actions. 2) Work with factory to include the policy in the revised CBA. 3) Communicate policy and procedure to workers.

**Deadline Date:** 09/30/2009

**Supplier CAP:** Factory will provide the disciplinary procedure in complete explanation and will mention it in the new CBA.

**Supplier CAP Date:** 08/01/2008

**Action Taken:** The Company has revised the suspension rule so that workers have the opportunity to appeal against termination. The suspension rule is explained in detail in the disciplinary procedures in the new CBA. 5/19/09: CBA is yet to be finalized due to change in union leadership mid-negotiation. The factory is targeting to complete the CBA by the end of June 09. 6/09/09: Disciplinary practice system with appeal procedure against termination is still undergoing the approval process of both management and union along with the revision of the new CBA. Management is attempting to develop a company internal policy and procedure while waiting for the CBA's completion. Nonetheless, management was advised to establish a disciplinary practice system with appeal procedure against termination, and communicate the process to the employees for their awareness.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

## Harassment or Abuse: F. Discipline/Worker Awareness and Participation of Workers

H&A.6 Workers must be informed when a disciplinary procedure has been initiated against them. Workers have the right to participate and be heard in any disciplinary procedure against them. Employers shall maintain written records of all disciplinary actions taken. Workers must sign all written records of disciplinary action against them. Such records must be maintained in the worker's personnel file. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/31/2008	External	FLA Independent External Monitoring	Bureau Veritas	1 (out of 5)

**Explanation:** It was found that there was no proper keeping system maintained for the warning letter issued to workers. It was noted that some warning letters were kept in one folder, while some were kept in related worker's personnel file. Hence, there were some difficulties found when tracing the historical warning letter issued to workers.

**Plan Of Action:** 1) Work with factory to create a system to maintain warning letters issued to workers. 2) Train factory to review all warning letter documentation and to make a copy of the warning letter and keep one copy in the concerned personnel file.

**Deadline Date:** 01/31/2009

**Supplier CAP:** Factory will keep the warning letter on each personal file and will maintain it properly

**Supplier CAP Date:** 08/01/2008

**Action Taken:** The warning letter has been kept in each personnel file, and it is being maintained properly.

**Plan Complete:**

**Plan Complete Date:** 10/27/2008

**Action Verified:**

Action Verified Text:  
 Action Verified Date:  
 Comments:

### Harassment or Abuse: G. Discipline/Training of Management

H&A.7 Employers shall ensure managers and supervisors are fully familiar with the factory disciplinary system and trained in applying appropriate disciplinary practices. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/31/2008	External	FLA Independent External Monitoring	Bureau Veritas	1 (out of 5)

**Explanation:** There was no specific training ever conducted for manager and supervisor level on applying appropriate disciplinary practice.

**Plan Of Action:** 1) Work with factory to develop training material on applying disciplinary actions. 2) Train all supervisors on the new policy and request updates of training as needed.

**Deadline Date:** 01/31/2009

**Supplier CAP:** Factory will conduct the training as requirement for all managers and chiefs and mentioned on annual training program and It will be conducted on regular basis

**Supplier CAP Date:** 08/01/2008

**Action Taken:** Factory has written schedule to conduct training on disciplinary practices and will conduct the training as scheduled. 2/5/09: Factory is still in the process of conducting disciplinary training for managers and supervisors. 5/18/09: Company verified that factory has completed training all managers and supervisors on the warning letter issuance procedure.

**Plan Complete:**

**Plan Complete Date:** 10/27/2008

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

### Harassment or Abuse: M. Violence/Harassment/Abuse

H&A.13 Employers shall ensure that the workplace is free from any type of violence, harassment or abuse, be it physical, psychological, sexual, verbal, or otherwise. Employers shall refrain from any action and shall take all appropriate action to ensure that all workers refrain from any action that would result in an intimidating, hostile or offensive work environment for workers. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/31/2008	External	FLA Independent External Monitoring	Bureau Veritas	1 (out of 5)

**Explanation:** 1) Based on management response of the letter received through suggestion box and workers interview, it was noted that there were two complaints delivered by the workers regarding chief and supervisor who likes to yell to workers due to production issues.

**Plan Of Action:** 1) Follow-up with factory regarding supervisor/chief motivation tactics. 2) Work with factory to provide training on harassment and abuse to all

supervisors.

**Deadline Date:** 08/28/2009

**Supplier CAP:** Factory will conduct training and will do an investigation process on each harassment and abuse case and will give warning to the workers or manager as mentioned on the H & A Procedure.

**Supplier CAP Date:** 10/27/2008

**Action Taken:** Factory has already investigated the harassment and abuse case prior to the FLA audit. In response (prior to FLA audit), the supervisor was given a verbal warning. In addition, a harassment and abuse training program was provided to both supervisors and workers. The factory has scheduled a repeat training. 2/5/09: Company verified the factory has taken the following steps: the factory is maintaining all records of verbal warning letters; factory will give appropriate punishment to each harassment and abuse case; the factory will keep records on each case. Based on Nike's agent review: 1) Factory re-investigated the case regarding the supervisor and came to the same conclusion as the first investigation. 2) To prevent re-occurrence, the factory has conducted re-training program on the harassment and abuse policy and procedure for all supervisors and chiefs in the sewing section on January 6, 2009. 3) Factory included harassment and abuse topics for the annual training program for workers and supervisors. 4) Factory revised harassment & abuse investigation form and provided a disciplinary record for verbal warnings. 5/28/09: Verbal harassment or abuse was reported again during the current visit. Interviewed workers reported that they were occasionally being scolded at in public by their supervisor for poor performance and misbehavior. Management was advised to provide communication and further training with all personnel regarding possible harassment or abuse.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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**Miscellaneous: A. Code Awareness**

GEN.1 Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/31/2008	External	FLA Independent External Monitoring	Bureau Veritas	1 (out of 5)

**Explanation:** There was no evidence that the Company has formally conveyed the workplace standards to the factory. Furthermore originally the Company provided Code of Conduct in English through the Company's QC officer of the Company's local office in Indonesia. The factory actually obtained the Code of Conduct in Bahasa Indonesia through its head office in Korea. The Code posted was sized A4 format in form of photo copy document only. There were 2 the Company's Code of Conduct posted, one posted nearby drinking water spot and sewing area and another one posted nearby the canteen area. Due to size of the Code of Conduct, it did not make clearly visible as a Code of Conduct poster.

**Plan Of Action:** Company will ask the factory to enlarge the Code of Conduct poster



550233756G – Indonesia: Columbia Sportswear, Nike Inc.

**Deadline Date:** 12/31/2008

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:** Factory has posted Code of Conduct (Nike and Columbia's) in production area (posted at main door in sewing section and on the announcement board). 2/5/09: Company conducted verification visit on Jan 15. and confirmed that factory has posted Code of Conduct (Nike and Columbia's) in production areas listed above.

**Plan Complete:**

**Plan Complete Date:** 01/15/2009

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/31/2008	External	FLA Independent External Monitoring	Bureau Veritas	1 (out of 5)

**Explanation:** There was no evidence indicated that the Company has undertaken other efforts to educate the management and the employees about the Company's standards on a regular basis.

**Plan Of Action:** Company will investigate whether code standards and workers rights are currently covered in new hire orientation and/or regular training program. Company will ask factory to add more content on code standards and workers rights to existing training program and/or to increase frequency of training to ensure broader code awareness by management and employees. Company will conduct verification visit in January 2009 to check improved code awareness.

**Deadline Date:** 01/31/2009

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

GEN.3 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.

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/31/2008	External	FLA	Bureau	1 (out of 5)

Independent Veritas  
External  
Monitoring

**Explanation:** There was no evidence indicated that there is a noncompliance reporting mechanism including a non-retaliation policy, which allows factory workers to contact the Company in the factory.

**Plan Of Action:** The Company's objective is to strengthen contract manufacturers' internal grievance systems, so that direct involvement by the company in employee grievances should be considered a last resort. In alignment with this objective, we work with contract manufacturers' to strengthen their internal grievance processes. In addition, company Compliance staff spends time listening to factory employees during one-on-one confidential interviews during audits and during follow up visits. Company will verify the effectiveness of factory's grievance process during the next follow up visit in January 2009.

**Deadline Date:** 01/31/2009

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:** Columbia Sportswear internal auditors gave business cards with contact information to some workers interviewed during Columbia's August 2007 audit. The company will continue to provide contact information to interviewed workers so that workers may contact the company confidentially to report issues in the factory.

**Plan Complete:**

**Plan Complete Date:** 01/31/2009

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

## Health and Safety: A. General Compliance Health and Safety

H&S.1 Employers shall comply with all local laws, regulations and procedures concerning health and safety. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/31/2008	External	FLA Independent External Monitoring	Bureau Veritas	1 (out of 5)

**Explanation:** It was noted that factory has never conducted any specific medical examination. The medical examination conducted was only periodic medical examination with same type of examination for all workers regardless their job station and job risk. Furthermore, it was noted at least 1 worker from sewing special section has been taking long sick paid leave for months due to illness. However, the factory has not conducted special medical examination yet to verify whether or not the worker's illness was due to job related disease. (The safety act UU No.1/1970, regarding Occupational Safety Law chapter III article 8.2: the employer shall be obligated to have all workers under their supervision regularly inspected by doctor designated by employer and confirmed by Director. Labor Minister Regulation No PER-02/MEN/1980 regarding Periodical Medical Examination, article 2, 3 & 9: any undertaking as referred to in subsection 2 (2) of Safety Act No. 1/1970 shall provide pre-medical examination, periodical examination and special medical examination to workers.)

**Plan Of Action:** Work with factory to establish medical examination policy and procedure and follow-up on conducting check-ups.

**Deadline Date:** 01/31/2009

**Supplier CAP:** The medical examination based on High Risk assessment is under processing for approval by management and still under processing being reviewed by external consultant.

**Supplier CAP Date:** 09/30/2008

**Action Taken:** The factory is using an external consultant to do the medical checkup and is currently waiting for confirmation from the consultant. 2/5/09: Factory has contacted a consultant to conduct medical checkups and is now in the process of scheduling checkups. 5/18/09: The assessment to determine the type of medical checkups based on job function and risk is being conducted by the factory through \*\*\*COMPANY NAME\*\*\* (medical checkup consultant). For high risk employees, the medical checkup was conducted on Friday, March 6th, 2009 by \*\*\*COMPANY NAME\*\*\* for a total of 46 workers. The result of the medical checkup for the 1st group was received by the factory on March 19, 2009 and presented to the consultant on April 2nd, 2009. The factory is still working to carry out the recommendations from the consultant. For the 2nd group, the factory plans to conduct the medical checkup in September 2009.

**Plan Complete:**

**Plan Complete Date:** 10/27/2008

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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## Health and Safety: H. Permits and Certificates

H&S.8 The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/31/2008	External	FLA Independent External Monitoring	Bureau Veritas	1 (out of 5)

**Explanation:** It was noted that factory has not maintained the Environmental Management Plan/Environmental Monitoring Plan Document (UPL/UKL) onsite since it was still under process. (Government Regulation No.27 of 1999 Regarding Analysis of Environmental Impacts, chapter I, article 3: (1) Businesses of activities that might cause notable and significant impacts on the environment are: a. Transformation of land structure and topography condition; b. Exploitation of renewable and non-renewable natural resources; c. Process and activities potentially capable to cause depletion, pollution, and damage to environment, and depletion of natural resources in application; d. Process and activity that may affect the natural, manmade, social and cultural environment; e. Process and activity that may affect the preservation of natural resources conversation sites and/or cultural conservation sites; f. The introduction of type of plants, animals and micro organisms; g. The production and usage of organic and non-organic substances; h. Application of technology predicted to have considerable potential to affect the environment; i. Activity having high risk and/or affecting national security. (2) Types of businesses and/or activities referred to subsection (1) required having environmental impact

assessment, which shall be established by the Minister after taking account of the recommendation and opinions of other minister and/or head of non-departmental agencies involved. (4) The types of businesses and/or activities which are excluded from those referred to subsection (2) shall establish environmental management plan and environmental monitoring plan, assisted by the agency in charge of the relevant business and/or activity.)

**Plan Of Action:** Work with factory to: 1) Send application documents to local environmental department. 2) Search for a consultant. 3) Review the current conditions with consultant. 4) Conduct environmental monitoring and impact assessment. 5) Document and review findings. Create a process based on findings. 6) Validate environmental monitoring process. 7) Re-new UPL/UKL report as required.

**Deadline Date:** 05/18/2009

**Supplier CAP:**

**Supplier CAP Date:** 08/01/2008

**Action Taken:** Factory consulted with [Consultant Name] to obtain the DPPL Document from the Environment Department. The following actions were completed by the factory: 1) Meeting with the consultant [Consultant Name] to prepare the documentation as required on January 28, 2009. 2) The measurement test was conducted on February, 2009. 3) Factory completed the document as required since Feb 3 - 27, 2009. 4) Factory received a draft of the DPPL document from the consultant on Feb 27, 2009. 5) Meeting with [Consultant] on April 20, 2009. 6) Factory visit by [Consultant] to [Factory] on April 22, 2009. 7) For next step, an assessment process by the Environmental local government office will be conducted on May 18, 2009

**Plan Complete:**

**Plan Complete Date:** 10/27/2008

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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

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

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/31/2008	External	FLA Independent External Monitoring	Bureau Veritas	1 (out of 5)

**Explanation:** 1) One boiler operator has never participated on boiler operator training conducted by the local labor department. (Labor Minister Regulation PER-01/MEN/1988, chapter III regarding qualifications, article 3(f) stated that operator for boiler shall graduate the exams from local labor department cq. subunit maintenance and control.) 2) It was noted that 2 snap machines were not provided with finger guard. (The safety act UU No.1/1970, regarding Occupational Safety Law chapter III 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. Labor Minister Regulation PER-01/MEN/1980 regarding machines protectors, article 42.1 stated: the machineries shall be installed with proper protectors to guarantee worker safety. Labor minister regulation No: PER-04/MEN/1985, article 110 stated that running parts of sewing machinery must be entire covered, except on the part that necessary opened.)

**Plan Of Action:** 1) Work with factory to train boiler operation and obtain approval from environmental office. 2a) Work with factory to install finger guard on snap machines. 2b) Request factory to develop system to check periodically.

**Deadline Date:** 01/31/2009

**Supplier CAP:** 1) Factory will planning to get the boiler certificate from Labor dept for one boiler operator, but still in waiting list as participant. 2) Factory will provide the finger guard on each snap machine with proper condition

**Supplier CAP Date:** 08/01/2008

**Action Taken:** 1) Factory is still waiting for information from the Labor Dept in Bekasi area regarding a training program for the boiler operator. 2/5/09: Factory is still awaiting a boiler operator training program from the local labor department. 5/18/09: The factory has provided a training and certification program for boiler operator on behalf of [Name]. The training was conducted on February 16-20th, 2009 by a consultant. Currently, the factory has 2 boiler operators that are trained and certified. 2) Factory provided the finger guards on the snap machines and verified they were installed properly. 2/5/09: Company conducted a visit on January 15 and verified that snap machine safeguards were re-installed on 10 machines. 5/18/09: Factory has redesigned and reinstalled the machine guarding for all of available snap machines (10 machines). The factory also conducted a 5 minute safety talk on machine guarding on the production line. For snap machine guarding, the factory plans to conduct training in May 2009. For machine guarding monitoring, the factory plans to develop machine guarding inspection that will be conducted by a Safety Officer joint with the Mechanic section on a weekly basis

**Plan Complete:**

**Plan Complete Date:** 10/27/2008

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

## Health and Safety: W. Toilets

H&S.23 Employers shall establish the number of toilets required under applicable laws within reasonable distance of the workplace. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/31/2008	External	FLA Independent External Monitoring	Bureau Veritas	1 (out of 5)

**Explanation:** There were insufficient number of female toilets in the factory. There were total of 16 male toilets and 58 female toilets where there were 130 male workers and 1,378 female workers in the factory. Based on local law, factory has more than enough of male toilets but was lack of 28 female toilets. Based on observation, there were no long queue found in female toilets, even though the numbers were insufficient. (Labor Minister Regulation PER-07/1964, regarding Condition of Health, Cleanness and lighting in workplace article 6: (6) The scale of lavatories must be as

follows: for 1-15 workers = 1 lavatory, 16-30 workers = 2 lavatories, 31-45 workers = 3 lavatories, 46-50 workers = 4 lavatories, 61-80 workers = 5 lavatories, 81-100 workers = 6 lavatories, and additionally for every 100 workers is 6 lavatories.)

**Plan Of Action:** Work with factory to create more toilets or obtain permission on operations with current number.

**Deadline Date:** 01/31/2009

**Supplier CAP:** Factory will plan to build the new toilets as per regulation. We are still making a process to get a permit from Labor Dept regarding the lack of total toilets.

**Supplier CAP Date:** 08/01/2008

**Action Taken:** 2/5/09: Factory has been monitoring toilets and has calculated the total number of toilets to comply with the Health Minister Decision No. 1405/Menkes/SK/XI/2002. 5/18/09: Factory will do an observation and survey for the number of toilets in the sewing and finishing areas. From this survey, factory will calculate the total number of toilet compared with Health of Minister Decision No. 1405/Menkes/SK/XI/2002. Factory also has a plan to get approval from Labor Department for existing toilet condition.

**Plan Complete:**

**Plan Complete Date:** 10/27/2008

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

## Hours of Work: A. General Compliance Hours of Work

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

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/31/2008	External	FLA Independent External Monitoring	Bureau Veritas	1 (out of 5)

**Explanation:** Based on the attendance records reviewed, in isolated case (less than 5% of workers) it was noted the maximum overtime hours conducted was 4.5 hours/day on February 28, 2008 & March 28, 2008 and 21.5 hours/week in March 24 to 28, 2008 period. For the workers worked more than 60 hours, it only occurred to few workers from QC and Finishing workers. (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.)

**Plan Of Action:** 1) work with factory to develop work hour monitoring procedure.

**Deadline Date:** 01/31/2009

**Supplier CAP:** Factory will follow the overtime working hours as regulation. Factory has been implementing Daily Accumulative Working Hours Control Sheet and controlling it on daily/weekly basis to prevent from doing OT more than the required limit.

**Supplier CAP Date:** 08/01/2008

**Action Taken:** Factory conducted a meeting on systems to control working hours on

**550233756G – Indonesia: Columbia Sportswear, Nike Inc.**

December 5, 2008. Factory has controlled total working hours according to the regulation since August 2008. 5/18/09: Based on Nike agent's review it was noted that factory has: 1) an administrative person or leader, such as a supervisor/chief, in charge to monitor and control working hours on a daily and weekly basis. 2) established a refresher training for the monitoring person. 3) disciplinary action in place for un-procedural excessive working hours. 4) developed excessive OT root cause analysis.

**Plan Complete:**

**Plan Complete Date:** 10/27/2008

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:** 05/13/2009

**Comments:**

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