

*The factual information set forth on the Tracking Charts was submitted to the FLA by each Independent External Monitor and Participating Company and reviewed by FLA staff. It is being made available to the public pursuant to the FLA Charter in order to strengthen the monitoring process. The FLA Charter provides for regular public disclosure of the factual results of independent monitoring and the resulting specific actions taken by Participating Companies.*

### **What is a Tracking Chart?**

Compliance is a process, not an event. A Tracking Chart outlines the process involved in FLA independent external monitoring and remediation. It is used by the accredited independent external monitor, the participating company and the FLA staff to do the following:

- **Record Findings:** The independent external monitor uses the Tracking Chart to report noncompliance with FLA Code standards. The monitor should also cite the specific Code benchmark or national/local law that was used to measure compliance.
- **Report on Remediation:** The FLA participating company uses the Tracking Chart to report on the remediation program that was implemented in order to resolve the noncompliance and prevent any future violations.
- **Evaluate Progress:** The FLA uses the Tracking Chart for purposes of collecting and analyzing information on the compliance situation of a particular factory and for publication on our website. This information is updated on an ongoing basis.

### **What a Tracking Chart is NOT -**

- An exhaustive assessment of factory conditions

Working conditions - in any type of workplace - are dynamic. Each Tracking Chart represents a survey of the factory's conditions on a specific day. Over time, a fuller picture emerges as we compile information from various sources to track the compliance progress of a factory.

- A pass or fail evaluation

The Tracking Charts do not certify whether or not factories are in compliance with the FLA Code. Monitoring is a measurement tool. The discovery of noncompliance issues is therefore not an indication that the participating company should withdraw from a factory. Instead, the results of monitoring visits are used to prioritize capacity building activities that will lead to sustainable improvements in the factory's working conditions.

- A one-time event

Each monitoring visit is followed by a remediation program, further monitoring and remediation in an ongoing process. The Tracking Charts are updated accordingly.

**Note on Language**

Please be advised that because FLA independent external monitors are locally-based and English is generally not their native language, the language presented may at times appear unclear to a reader who is a native English speaker. In order to preserve the integrity of the transparency process and the information we receive, our policy is to publish the original text from the monitor and participating company. However, the reader will note that we have taken the precaution to remove any identifying information about the factory that was monitored or the workers interviewed.

For example, in cases where monitors and/or participating companies have cited the actual number of workers in reference to a noncompliance issue, in order to protect the workers' identities, we have replaced the numbers with generic wording in brackets (i.e. "[some]", "[worker interviews revealed that]", etc.).

We do not disclose the name of the factory that was monitored in order to ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory and the workers.

**Instructions for Printing**

The information contained in the Tracking Charts is organized by columns and rows in a table format. Due to the number and width of the columns, the charts have been formatted for legal size (8.5 x 14in.) paper. To print the charts, please make sure to select "legal" size paper from Print properties.

FLA Audit Profile	
Country	Indonesia
Factory name	10023389C
IEM	BVCPS Indonesia
Date(s) in facility	September 29, 30, October 01, 2004
PC(s)	Phillips-Van Heusen, Liz Claiborne Inc.
Number of workers	712
Product(s)	Jackets, Pants
Production processes	Cutting and Sewing

FLA Code/ Compliance issue	Country Law/Legal Reference	Findings					Remediation			
		FLA Benchmark	Monitor's Findings	Documentation (If finding was corroborated/verified through multiple sources, list all sources)	Was Finding Corroborated? Yes or No	If not corroborated, explain why	Best Practice	Company Remediation plan	Target Completion Date	Factory Response (Optional)
<b>1. Code Awareness</b>										
Code posting/information		<b>FLA Principle of Monitoring, Obligation of Companies:</b> Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	The company (PVH) has not given yet their Code of Conduct to the factory as well as provided formal training to the factory.	Management interview and observation.	No	At the opening meeting, the management has informed they do not receive Code of Conduct from PVH, and the training about workplace standard ever occurred is from [non-FLA Company].		It is Liz Claiborne's practice to provide the new factories with Code of Conduct. [Note: PVH is no longer having business with [this factory]]		
Worker/management awareness of Code		<b>FLA Principle of Monitoring, Obligation of Companies:</b> 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.	In regards with finding above, the factory has not informed their workers about the workplace standard (the Code of Conduct) orally and through posting in prominent place, in local language as well as undertake effort to educate workers about it on a regular basis. Note that based on record review, there is [a non FLA Company] workplace standard training to 22 persons represented management & workers on July 19, 2004.	Workers interview, management interview, record review, observation.				Liz Claiborne requires that the Code of Conduct in local language be posted in the prominent areas of the production floor. The factory management have to introduce the Code to the newly joined workers during orientation, and organize workshops to educate the workers about the Code at least twice a year.		
Confidential non-compliance reporting channel		<b>FLA Principle of Monitoring, Obligation of Companies:</b> 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.	Phillips Van Heusen has not developed a secure communication channel to enable workers report non-compliance to the company. Note that based on observation, it was noted other Participating Company (Liz Claiborne) has provided a secure communication channel in a form of contact information posted in prominent place. The factory itself developed secure communication channel (posting as Harassment & Abuse policy) with reporting direct to the management (President Director or Managing Director) by PO BOX, but it has not been updated yet since both those management have no longer worked in this factory.	Workers interview, management interview, record review, observation.				PVH is no longer having business with [the factory]. The Harassment and Abuse policy, in particular, the secure communication channel to the senior management, has been updated. [Please refer to the Harassment and Abuse section.]	Please refer to the Harassment and Abuse section.	
<b>2. Forced Labor</b>										
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise										

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Employment Records		Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision	Based on record review, it was noted several workers files have statement letter from workers which mentioned that workers have to agree if needed for night-shift working, otherwise workers shall agree to quit by their own will. Another statement letter mentioned that if workers were against the company regulation, they would agree to accept termination without severance payment. This observed at personal files for workers who employed in this facility at the year of 1997-1999. Management mentioned it was old policy that no longer in used.	Management interview, record review.				The policy identified by the IEM is no longer valid. Liz Claiborne will require the factory to set up a policy to ensure that the workers work overtime on a voluntary basis. [Please refer to the Hours of Work section.]		The factory confirmed that the policies mentioned by the IEM were scrapped.

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Other: No overtime order form maintained for overtime until 17:30.	Labor minister decree No.Kep.102/MEN/VI/2004, article 6.3 stated that the factory shall maintain overtime voluntarily form completed with list of workers who work overtime and total hours of overtime performed.		The factory does not maintain overtime order form for overtime working until 17:30 (1 hour overtime) while new labor decree issued in June 2004 required the factory to maintain overtime order form for all overtime hours working.	Workers interview, management interview, record review.	Yes.			The factory is required to maintain an overtime order form. The form should include a list of employees who work overtime and the total hours of overtime.	The factory confirmed that the corrective actions had been taken on July 18, 2005.	The factory agreed to maintain an overtime order form, which includes a list of employees who work overtime and total hours of overtime.
<b>3. Child Labor</b>										
Age Documentation		Employers will maintain proof of age documentation for all workers, such as a birth certificate, which verifies date of birth.	The factory does not keep record of security workers (outsourcing: 25 workers); therefore, the auditor cannot review, for age verification for 3 security workers out of all 26 sampled workers. In addition, 4 other files out of 27 worker personal files sampled are not completed with age documentation (e.g. copies of ID card, copies of school certificate). Based on files reviewed and interview, those 4 workers employed in this facility in range of 16 – 22 years ago. Based on observation, no child labor employed in this facility.	Management interview, record review.	Yes.			Regarding the outsourced service (security guards), the factory should have an agreement with the outsourced party. The agreement stipulates the outsourced party to treat the workers pursuant to the local regulations (for example, working hours, minimum wages and OT compensations, and legally mandated benefits). The outsourced party is required to keep track of the working hours, and to maintain the time cards and payroll records. On the other hand, the factory is required to monitor the outsourced party to verify if it treats the workers properly. In addition, the factory should maintain proof of age documentation for all workers, such as a birth certificate, copy of ID card, or copy of school certificate.	The factory confirmed that the corrective action would be taken by 9/30/2005.	The factory agreed to sign an agreement with the outsourced party which employs security guards. This will ensure that those employees working for it be entitled to all legally mandated benefits. Besides, the factory agreed to assign a person from the Personnel and General Affairs Department to ensure that both copy of ID card and school certificate be maintained in each personnel file.
<b>4. Harassment or Abuse</b>										
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.										
Training of Management in Disciplinary Practices		Employers will provide training to managers and supervisors in appropriate disciplinary practices	No training about harassment and abuse policy and procedure to the management and also the workers.					The factory should provide training to all managers and supervisors on a regular basis. The workshops should cover topics on disciplinary practices and policy on harassment and abuse.	The factory confirmed that the training on disciplinary practices as well as harassment and abuse policy would be conducted periodically. It should be completed by November 30, 2004.	The factory agreed to provide training to managers and supervisors on disciplinary practices as well as harassment and abuse policy at least twice a year.
Other: The harassment and abuse policy maintained and posted in the facility found outdated.			The factory has policy of Harassment and Abuse, which are completed contact information to do reporting direct to the management (President Director or Managing Director) by PO BOX, but it has not been updated yet since both those managements have no longer worked in this factory.	Record review, management interview, observation.				The reporting channel to senior management (President Director or Managing Director) as stated in the harassment and abuse policy has to be updated.	The factory confirmed that the corrective action had been taken on November 30, 2004.	The factory agreed to update the reporting channel of the harassment and abuse policy. The revised policy is posted at the production floor.
<b>5. Nondiscrimination</b>										
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.										

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Hiring Discrimination Practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement	The factory employed 2 types of workers: permanent workers and specified period of time (contract) workers. Permanent workers receive several allowances while contract workers do not. The allowances are: meal allowances, attendance allowance (for never being absent in a pay period), and female workers allowance (for not taking the menstruation leaves).	Workers interview, management interview, record review.	Yes.			The workers, regardless of permanent or temporary employment, are entitled to basic benefits.	The factory confirmed that there would be no contract workers at the factory. Starting from July 1, 2005, all employees are permanent in nature.	The factory originally agreed to ensure that all the employees including the contract ones are entitled to benefits and allowances. However, effective July 1, 2005, there would be only permanent workers working at the factory.
Hiring Discrimination Practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement	As healthcare insurance for permanent workers, the factory cooperates with one nearby hospital named ***. However, for contract workers, they can only use the clinic maintained onsite.	Workers interview, management interview, record review.	Yes.			The factory should provide healthcare insurance for both permanent and contract workers.	The factory confirmed that there would be no contract workers at the factory. Starting from July 1, 2005, all employees are permanent in nature, and are entitled to healthcare insurance.	The factory originally agreed to ensure that all the employees including the contract ones are entitled to healthcare insurance. However, effective July 1, 2005, there would be only permanent workers working at the factory.
Marital Discrimination		Employers will not prohibit the employment of married women	Several workers files have statement letter for female workers (signed by the worker), which mentioned that they agree not to marry at first year of employment. If they married, they would agree to quit without severance payment. This observed at personal files for workers who employed in this facility at the year of 1997-1999. Management mentioned it was old policy that no longer in used.	Record review and management interview.						The factory confirmed that the policy mentioned by the IEM was scrapped.
Marital Discrimination		Employers will not prohibit the employment of married women	There is question about marital status in the employment application form.	Record review.	Yes.			The question regarding marital status in the employment application form should be removed immediately.	The factory confirmed that the corrective actions had been taken on June 1, 2005.	The factory agreed to make the employment decision solely based on employees' education, training, demonstrated skills and abilities. The employment application form will be amended, and the question about marital status in the employment application form will be deleted.
Other: No policy and procedure of nondiscrimination maintained at the facility.			The factory does not maintain policy and procedure of nondiscrimination.	Management interview and record review				The factory should establish a policy and related procedures on nondiscrimination. The policy should well be communicated to workers.	The factory confirmed that they would set up a policy and related procedures on nondiscrimination by July 1, 2005.	The factory agreed to maintain a policy on nondiscrimination, and this policy would be incorporated into the Collective Bargaining Agreement and the Employee Handbook. The factory will explain the policy to employees during the orientation.

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Other: Menstruation leaves			The factory does not maintain policy of menstruation leaves to explain female workers about their rights of 2 days menstruation leaves in a month, even though the female workers are given allowance of 2 days wages if not taking it, as well as procedure of how to take the menstruation leaves.	Workers interview, management interview, record review.				The factory should establish a policy and related procedures on menstruation leaves for female employees. They are entitled to two-day menstruation leave in a month. If they do not take the days off, the factory will pay them two-day allowance. The policy should well be communicated to female workers.	The factory confirmed that they would set up a policy and related procedures on menstruation leaves by July 1, 2005.	The factory agreed to maintain a policy and procedures on menstruation leaves. Female employees are provided with two days off as menstruation leave every month. If female workers do not take the leaves, the factory will pay them two-day allowance. The policy and procedures will be incorporated into the Collective Bargaining Agreement and the Employee Handbook. The factory will arrange meetings to explain the new policy to the female workers.
<b>6. Health and Safety</b>										
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										
Evacuation Procedure		All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures	Almost all stairwells in the factory equipped with handrails but only on one side. One stair lead to warehouse area, near sewing line A is found not equipped with handrails for both sides. Even though there are walls at the sides of the stairs, the factory shall provide handrails for each side of stairwells.	Observation	Yes			The stairwells are equipped with rails on one side and have walls on the other side. As such, this does not pose any hazards to the workers during evacuation.		The factory confirmed that, in the factory, all the stairwells were equipped with rails on one side and have walls on the other side.

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Evacuation Procedure		All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures	One exit near cutting area that is used in the morning and afternoon is found locked during working hours.	Observation	Yes			The factory should keep the emergency exit unlocked at any time during the day. Employees can make the evacuation immediately in case of emergency.	The factory confirmed that the corrective action had been taken by October 15, 2004.	The factory agreed to keep the emergency exit unlocked. The person-in-charge of Health and Safety issues is responsible for ensuring the emergency exit unlocked.
Evacuation Procedure	Labor minister regulation PER-07/MEN/1964, regarding health and safety of work area article 13 stated: Exit, alley, etc leading to the outside must have emergency light and must be visibly marked.	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures	The borderlines and arrow marking leading to outside at production area have been blurred.	Observation	Yes			The borderlines and arrows showing the workers how to leave the production floor must be visibly marked.	The factory confirmed that the corrective action had been taken by April 1, 2005.	The factory agreed to repaint the borderlines and arrows. The painting will be performed twice a year.
Machinery Maintenance	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.	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner	Missing needle guard for about 3 sewing machines out of 30 machines per line at sewing area (total are 15 lines).	Observation	Yes			The factory should ensure that all sewing machines be equipped with proper protective equipment such as needle guards.	The factory confirmed that all sewing machines had been equipped with needle guards. It was completed by October 31, 2004.	The factory agreed to ensure that all sewing machines be properly equipped with needle guards. The person-in-charge of Health and Safety issues is responsible for checking the sewing machines on a monthly basis.
Sanitation in Facilities	Labor Minister Regulation PER-07/1964, regarding health and safety of work area article 6 stated: - The toilets must be segregated by gender to avoid any possible modesty abuse. - The toilets must be kept clean by cleaning service person. - The ideal number of toilets is 1 toilet for every 15 workers. - The toilet's floor and wall must be keeps clean. - The sanitary toilet requires the condition as follows: no smelly, no dirt, no available any insect, hygiene running water always be available, maintaining cleanliness of toilets at least 2-3 times a day, and the toilet's door is able to open and close easily.	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws	Poorly maintained toilets near warehouse (first floor); it was noted 7 toilets in that area are not completed with appropriate equipment (bucket & water dipper). Moreover, only one toilet found equipped with towel, as hand drying device, and all toilets are not provided with soap.	Observation	Yes			The factory should ensure that the toilet facilities should have the bucket, water dipper, hand drying device such as towel, and soap.	The factory confirmed that the corrective actions had been taken by July 1, 2005.	The factory agreed to provide appropriate equipment such as bucket and water dipper at the toilet facilities. Soap and towel will be placed at each toilet. The Personnel and General Affairs Department is in charge of the toilet housekeeping, and inspection is conducted twice a day.
Worker Participation	- Labor minister regulation PER-04/MEN/1987, 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. - The safety act UU No.1/1970, chapter X article 10.2 stated that the chart and tasks of the health and safety committee is determined by the related minister.	Workers should be involved in planning for safety, including through worker safety committees	The factory has once maintained organizational chart of health & safety committee, but it is found outdated (many of the workers have left the factory). Moreover, the factory has not registered the occupational health & safety committee (XXX team) to labor department for legalization.	Observation and record review.				The factory should maintain the updated organization chart of the health & safety committee, and the factory should register the occupational health & safety committee (XXX team) with the local labor department.	The factory confirmed that the corrective action had been taken by August 26, 2005.	The factory agreed to update the organization chart of the health & safety committee, and also to register the occupational health & safety committee (XXX team) with the local labor department.
Other: Posting of legal requirement	The safety act UU No.1/1970, regarding the obligation of the employer, chapter X article 14 (a) stated that employer must display clear and legible written notices and safety posters describing all statutory health and safety requirements, including a copy of the Safety Act of 1970 and consequent regulations.		No posting of the safety act No.1/1970.	Observation	The finding is incriminating.			The factory is obliged to post the Safety Act No. 1/1970 at production floor.	The factory confirmed that the corrective action had been taken by February 28, 2005.	The factory agreed to post the Safety Act No. 1/1970 at production floor.
<b>7. Freedom of Association and Collective Bargaining</b>										
Employers will recognize and respect the right of employees to freedom of association and collective bargaining										



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Other: Collective Bargaining Agreement found expired.	<p>The Collective Bargaining Agreement of the factory has validation date until September 05, 2003.</p> <p>Local Law UU No. 13/2003 regarding wage article 93(4) stated wage which be paid toward the employee/labor be not included job in the same manner as mentioned at paragraph (2c) as like:  Employee/labor is marriage, paid for during 3 (three) days; Married off him child, paid for during 2 (two) days; Circumcise his child, paid for during 2 (two) days; Baptize him child, paid for during 2 (two) days; Wife give birth or miscarriage, paid for during 2 (two) days; Husband/wife, parent/parent in law, or child or daughter in law is pass away, paid for during 2 (two) days; and Family member in the 1 house is pass away, paid for during 1 (one) day.</p>		<p>The Collective Bargaining Agreement found expired on Sept 05, 2004. Moreover, it was noted the casual mandatory leaves (e.g. marriage, death, etc) have not been revised in accordance with labor law No.13/2003. Based on management and union leader, the new CBA is in process.</p>				<p>The factory should renew the Collective Bargaining Agreement before its expiry. All relevant and newly legislated regulations should be incorporated into the agreement.</p>	<p>The factory confirmed that the Collective Bargaining Agreement, which includes newly legislated regulations, would be finalized and concluded by April 30, 2005.</p>	<p>The factory agreed to renew the Collective Bargaining Agreement as required by the IEM.</p>	

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<b>8. Wages and Benefits</b>										
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										
Legal Compliance for holiday/leave	Local Law UU No. 13/2003 regarding wage article 93(4) stated wage which be paid toward the employee/labor be not included job in the same manner as mentioned at paragraph (2c) as like: Employee/labor is marriage, paid for during 3 (three) days; Married off him child, paid for during 2 (two) days; Circumcise his child, paid for during 2 (two) days; Baptize him child, paid for during 2 (two) days; Wife give birth or miscarriage, paid for during 2 (two) days; Husband/wife, parent/parent in law, or child or daughter in law is pass away, paid for during 2 (two) days; and Family member in the 1 house is pass away, paid for during 1 (one) day.	Workers will be paid for holidays and leave as required by law	1 worker from *** department are given leaves as 2 days on September 27 – 28, 2004 while according to labor law No.13/2003, the marriage leaves is 3 days.	Worker interview, management interview, record review.				The factory has to adhere to labor law No.13/2003 to provide the workers with 3-day marriage leave.	The factory confirmed that the employees would be entitled to three-day off as marriage leave. This change became in effect by November 30, 2004.	The factory agreed to revise the policy of marriage leave (i.e.. three days) as stipulated by law.
Accurate recording of wage compensation	Labor Law UU No.13/2003, article: 157.2, and labor minister circular letter No. SE-05/BW/1996, the factory shall use daily rate calculation of monthly basic wage or minimum wage divided by 30 as a daily rate basis of monthly payment of permanent worker.	All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately	The factory calculates workers wage as daily with formula: basic wage/21 while the law required that the daily rate calculation shall be calculated as: basic wage/30 (rest days & holidays are paid). In this way, if the worker being absent without notice, she/he will be deducted for her wage at the day that is basic wage/21, while the law mentioned that one day deduction for being absent without notice is basic wage/30	Management interview and record review.				For permanent workers, the factory should adopt the Laws of Republic of Indonesia, Number 13 Year 2003 about Manpower, section 157 (2). The daily rate calculation of a monthly paid worker is to have his/her monthly salary divided by 30.	To be determined.	The factory insisted that the Article 9.1 of Kep No. 102 applied to the factory. The factory also obtained a written confirmation issued by the local labor authority. The factory claimed that the labor authority accepted that the factory could calculate workers' wages using the Basic Wage to be divided by 21.
Accurate benefit compensation	- Labor law UU No.13, 2003 article 156(2) stated about calculation of separation payment: less than 1 year is 1 month salary, 1 – less than 2 years is 2 months salary, 2 – less than 3 years is 3 months salary, 3 – less than 4 years is 4 months salary, 4 – less than 5 years is 5 months salary, 5 – less than 6 years is 6 months salary, 6 – less than 7 years is 7 months salary, 7 – less than 8 years is 8 months salary, more than 8 years is 9 months salary. (The calculation for separation payment stated in Minister Decree Kep.150/MEN/2000 article 22 is only until 7 months salary: ...., 5 – less than 6 years is 6 months salary, more than 6 years is 7 months salary. ) - Labor law UU No.13, 2003 article 156(3) stated about calculation of service year award: 3 – less than 6 years is 2 months salary, 6 – less than 9 years is 3 months salary, 9 – less than 12 years is 4 months salary, 12 – less than 15 years is 5 months salary, 15 – less than 18 years is 6 months salary, 18 – less than 21 years is 7 months salary, 18 – less than 21 years is 8 months salary, more than 24 - Labor law UU No.13, 2003 article 164(3) stated the	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	Since 2002, the factory has program retrenchment gradually (until the audit day). For the severance payment, the factory refers to labor decree No.150/MEN/2002 while in the midyear 2003, the government issued new labor law No.13/2003. This caused lack of severance payment for workers with service year more than 7 years.	Worker interview, management interview, record review.				Pursuant to the new labor laws No.13/2003, the factory is required to pay the severance payment to employees who have worked for the factory for more than 7 years.	The factory confirmed that the severance payment would be paid to the employees according to the newly legislated regulations. It should be completed by December 31, 2004.	The factory agreed to pay the severance payment to employees as per legal requirements. The workers who have worked for more than 7 years are entitled to severance payment.
Other: Social Security Scheme (Jamsostek)	Government Regulation No.14/1993 article 10 stated that payment of Jamsostek should not be more than date 15th of the next month.		The factory paid for Social Security Scheme (JAMSOSTEK), based on document review, last time payment was on August 02, 2004 for June 2004 period. While the law required that payment of JAMSOSTEK should not be more than date 15th of the next month.					The Social Security (Insurance) payments should be settled within 15 days of the following month.	The factory confirmed that the social security payment would be made on time as stipulated by the law. It should be completed by December 31, 2004.	The factory agreed to make the social security payment on or before the 15th of the following month.

FLA Code/ Compliance issue	Findings							Remediation		
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Other: Social Security Scheme (Jamsostek)	Government Regulation No.14/1993 (PP N0 14/1993), article 2 stated Contribution is 5.7% of monthly wage for each worker, paid by employer (3.7%) and by employee (2%).		The factory calculates the worker contribution for pension insurance as 2% of Legal Minimum Wage, while the law requires as 2% of monthly wage (basic wage).					The factory should calculate the workers' contribution for pension insurance based on 2% of the monthly wage.	The factory confirmed that the corrective action would be completed by December 31, 2004.	The factory agreed to calculate and make the workers' contribution for pension insurance based on 2% of the monthly wage.
Other: Social Security Scheme (Jamsostek)	- Labor Law No.3/1992 (UU No.3/1992), article 3 (2) stated that every worker has the right to participate in Social Security Scheme (JAMSOSTEK). - Government Regulation No.14/1993 (PP N0 14/1993), article 2 stated that the employer is obligated to register their employees to Social Security Fund Scheme (JAMSOSTEK).		All contract workers are not registered to JAMSOSTEK.					All workers, regardless of permanent and contract workers, are required to be registered to JAMSOSTEK.	The factory confirmed that there would be no contract workers at the factory. Starting from July 1, 2005, all employees are permanent in nature.	The factory originally agreed to register the contract workers to the Social Security Fund Scheme (JAMSOSTEK). However, effective July 1, 2005, there would be only permanent workers working at the factory.
Other: Social Security Scheme (Jamsostek)	- Labor Law No.3/1992 (UU No.3/1992), article 6 stated that Social security fund consist of working accident security, death security, pension fund and healthcare security. - Government Regulation PER 01/MEN/1998 article 1-2 stated that Company may establish its own healthcare security as long the service standard is better than what Jamsostek gives.		All permanent workers are registered to JAMSOSTEK, but excluded the healthcare insurance. The factory maintains they own insurance (cooperates with one nearby hospital); however, it was noted the service is below the JAMSOSTEK standard.					The factory is allowed to establish its own healthcare insurance as long the service standard is better than that required by JAMSOSTEK.	The factory confirmed that the corrective action had been taken by April 1, 2005.	The factory agreed to ensure that the standard of its own healthcare insurance is better than that required by JAMSOSTEK.
<b>9. Hours of Work</b>										
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	The factory's waiver No.2/32210/JU/2003 stated that maximum working hours permitted is 10 hours/day and 60 hours/week.	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	Overtime applied in the factory is usually in range of 1 – 3.5 hours/day. However, based on attendance record review, it was noted overtime working until 12.5 hours/day (total working hours = 20.5 hours/day) for 4 warehouse workers on July 02, 2004 and for 3 warehouse workers & 5 packing workers on July 09, 2004. Management mentioned that it was caused by shipment. Moreover, maximum overtime per day found is 14 hours (total working hours = 22 hours/day) for at least 2 packing workers on July 09, 2004. Maximum overtime per week found is 40.5 hours (total working hours = 80.5 hours/week) for one packing worker on July 12 – 16, 2004 period.	Workers interview and record review.				Under normal business circumstances, workers should not be required to work more than 60 hrs per week. The factory will take steps to gradually reduce the working hours to an acceptable level. All overtime must be on a voluntary basis.	The factory confirmed that the corrective actions had been taken on April 30, 2005.	The factory agreed to control the working hour within a maximum of 60 hours a week, and set up a system to ensure that the overtime is on a voluntary basis. Since April 30, 2005, the factory has allocated the finishing and packing processes to a sister factory, ***. By doing so, this will enhance productivity and have better operational and logistics efficiency. However, this is a temporary solution. ***, a bigger factory, is scheduled to open in January 2006. Both *** will cease operation, and all the production will be taken up by the new factory.
Overtime Limitations		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	It was noted several consecutive working that caused workers not received at least one rest day in a week working. Noted 10 consecutive days on August 18 – 27, 2004 for 2 sewing workers and on September 21 – 30, 2004 for 7 sewing workers. Maximum consecutive days found is 13 days on June 07 – 19, 2004 and June 21 – July 03, 2004 for 2 supervisory sewing.	Workers interview and record review.				The facility should arrange the workers to have at least one day off in a week.	The factory confirmed that the corrective actions had been taken on April 30, 2005.	The factory agreed to ensure that the workers could have a day off in a week, and set up a system to ensure that the overtime is on a voluntary basis. Since April 30, 2005, the factory has allocated the finishing and packing processes to a sister factory, ***. By doing so, this will enhance productivity and have better operational and logistics efficiency. However, this is a temporary solution. ***, a bigger factory, is scheduled to open in January 2006. Both *** and *** will cease operation, and all the production will be taken up by the new factory.

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<b>10. Overtime Compensation</b>										
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.										
<b>Miscellaneous</b>										
Other: outsourcing workers (25 security workers).	Labor Law UU 13/ 2003, chapter IX article 65.4, stated that job protection and job condition for the workers from other factory whom one factory has subcontracted working; at least must be in the same manner with the job protection and job conditions at the factory who subcontracting the work; OR comply to the valid laws regulation.		The factory applied outsourcing for security workers (25 workers). The factory does not monitor the job protection and job condition for those workers to ensure that the workplace standards & legal law applied to them. Moreover, the security workers interviewed mentioned that they started as contract worker (3 month period), after that, if they are "good" the contract will then extended for one year. Working day for security is 6 days – 8 hours/day (total is 48 working hours/week). They never work overtime, unless one of them is sick, one will substitute, and this substitution is not compensated in overtime payment (they receive the same wage at the end of the month).	Workers interview, management interview, record review.				Regarding the outsourced service (security guards), the factory should have an agreement with the outsourced party. The agreement stipulates the outsourced party to treat the workers pursuant to the local regulations (for example, working hours, minimum wages and OT compensations, and legally mandated benefits). The outsourced party is required to keep track of the working hours, and to maintain the time cards and payroll records. On the other hand, the factory is required to monitor the outsourced party to verify if it treats the workers properly. In addition, the factory should maintain proof of age documentation for all workers, such as a birth certificate, copy of ID card, or copy of school certificate.	The factory fully understands the approach and is under discussion with the outsourced party. The corrective actions will be taken by September 30, 2005.	The factory agreed to sign an agreement with the outsourced party which employs security guards. This will ensure that those employees working for them be entitled to all legally mandated benefits. The security guards will be under permanent employment.
Other: specify period of time contract workers	Labor minister decree Kep.No.100/MEN/VI/2004, chapter 3, stated that the factory should make a list of the contract workers and reported to the local labor department at maximum 7 days after the contract signed. The implementation of contract workers usage must be determined into 3 types: Article 3, contract workers made based on work to be performed and completed at one OR work that is temporary by nature based on end of certain job. The requirements are: the working agreement shall state determination of job that declare the end / when the job would be finished, the contract must be made no longer than 3 years, and under unusual circumstances, if the job has not finished yet, the extension can be made after at least 30 days after the previous working agreement finished.  Article 4 & 5, contract workers made based on kind of job under certain season. This type of job could be applied on workers who employed for additional work. The contract cannot be renewed. Article 8 & 9, contract workers made based on new product activity. This type of job could be applied for work related to new activity or additional product. The contract cannot be renewed.		The factory applied specify period of time (contract) workers in range of 1 – 3 months to workers for almost all section (about 30 workers at the audit day) while they are doing a permanent work by nature. The factory has not reported their list of contract workers to the labor department. In addition, the worker does not receive copy of the employment contract.	Workers interview, management interview, record review.				The factory should make a list of the contract workers, and report it to the local labor department. These workers should get a copy of the employment contract.	The factory confirmed that there would be no contract workers at the factory. Starting from July 1, 2005, all employees are permanent in nature.	The factory originally agreed to make a list of the contract workers and reported the list to the local labor department. However, effective July 1, 2005, there would be only permanent workers working at the factory.
Other: appointed letter	- Labor law No.13/2003 (UU No.13/2003), regarding working agreement, article 63(1) stated in the event that working agreement was made in verbal, the employer must make Appointed Letter to pertinent worker. - Labor law No.13/2003 (UU No.13/2003), regarding the working relation, article 54(3) stated that working agreement has to be provided at least in two copies; one for the employer and one for the employee.		The factory does not maintain appointed letter of permanent workers to all permanent workers who started to be employed as contract workers.					The factory should maintain the appointed letters to confirm employment for the permanent workers who started to be employed as contract workers.	The factory confirmed that the corrective action had been taken by July 1, 2005.	The factory agreed to provide the appointed letter to those permanent workers who started to be employed as contract workers.