

*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	07003369D
IEM	BV CPS SA Indonesia
Date(s) in facility	November 22-23, 2005
PC(s)	NIKE, Inc.
Number of workers	1,349
Product(s)	Swim wear, fitness wear, body wear (top, pants, skirt), sport team wear, etc
Production processes	Warehouse, cutting, sewing, finishing, packing

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (un corroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features implemented	PC Remediation plan	Target Completion Date	Factory Response (Optional)	Company follow up (Cite date of follow up)	Documentation	(Status)
<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.	No posting of NIKE CoC at *** (Embroidery factory located in the area of ***) and at production area in factory II.				Management interview, record review, observation.		1. The factory to post Nike CoC at production at factory 2 2. The factory to develop a checklist to control Nike CoC posters (posting and appropriate distribution/workspaces coverage) 3. The factory to discontinue the use of *** as embroidery vendor process and will utilize Nike approved sub-contractor/vendor only for subcontracted works.	12/21/05  2/3/06		Completed: 12/21/05 Factory posted Nike CoC in factory 1&2.  Completed:02/03/06 Factory provided a checklist to control.  Completed: 12/13/05 Factory had stopped using *** as embroidery factory.	2. The factory provided a checklist to control posting of Nike CoC 3. The factory had stopped using *** for their embroidery works from December 13, 2005.	Completed
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 non-compliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	Nike has not maintained a secure communication channel that enables employees to report to the company on non-compliance.				Workers interview, management interview, record review, observation.		PC objective is to strengthen contract manufacturers' internal grievance systems, so that direct involvement by PC in employee grievances should be considered a last resort. In alignment with the PC's objective to strengthen contract manufacturers' internal grievance processes, two pilot educational programs facilitated by local Non-Governmental Organizations are underway currently in Indonesia and China. In addition, PC Compliance staff spends time listening to factory employees during one-on-one confidential interviews during in-depth Management Audits. More than 9,000 factory employees were confidentially interviewed by PC Compliance staff from August 1, 2002 through end of May 2004. PC will verify the factory's confidential grievance process in place meets MCLS standards and conduct worker interviews to verify effectiveness.			Completed:02/03/06 factory have provided internal confidential grievance system		Completed
Other: Policy & Procedure of Grievance System				No policy and no procedure for suggestion box as grievance system maintained onsite.			Management interview and document review		The factory to develop a policy and procedure for workers grievance and concerns, including to provide a related means and system e.g. grievance boxes and feedback system.	03/06/06		Completed: Factory developed a policy and procedure for workers grievance and concerns, including to provide a related means and system e.g. grievance boxes and feedback		Completed
<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														
Employment Records		Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision	The factory did not maintain employment agreement belong to 'borongan and training worker', as the management claimed that the workers were not direct employed by ***.				Management interview, workers interview and document review.		1. The factory to retain all worker related employment file onsite, including employment agreement. 2. The factory to develop a checklist of a complete personnel documentation as a way to better administer and control worker's personnel file. 3. The factory to appoint a specific person to administer personnel administration function including personnel file management.	03/06/06		Completed: 12/21/05 Factory had retained the files.  Completed:02/07/06 Factory have provided the checklist of complete documentation for new employee.  Completed:02/07/06 A specific person from HR responsible to administer personal files.		Completed
<b>3. Child Labor</b>														
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.														
Age Documentation		Employers will maintain proof of age documentation for all workers, such as a birth certificate, which verifies date of birth.	No personnel files and any documents for age verification belong to all piece rate and training workers maintained. Management claimed those workers were not direct employed, instead through 'foundation'. Thus they were not retained any documents of those workers				Management interview, workers interview, record review.		1. The factory to retain all worker related employment file onsite, including workers' age documentation. 2. The factory to develop a checklist of a complete personnel documentation as a way to better administer and control worker's personnel file. 3. The factory to appoint a specific person to administer personnel administration function including personnel file management.	03/06/06		Completed: 12/21/05 Factory had retained the files. Completed:02/07/06 Factory have provided the checklist of complete documentation for new employee. Completed: 02/07/06 A specific person from HR responsible to administer personal files.		Completed

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings				Sources/Documents used for corroborating	Notable Features Implemented	PC Remediation plan	Target Completion Date	Factory Response (Optional)	Company follow up (Cite date of follow up)	Documentation	(Status)
			Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (un corroborated)	If not corroborated, explain why								
<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.														
Verbal abuse		Employers will prohibit screaming, threatening, or demeaning verbal language	Expatriate management sometimes yelled by using Korean wording that means in Bahasa Indonesia = "babi / arjing" and talked with loud voice when dissatisfied with workers' job.				Workers interview.	1) The factory to conduct an appropriate training of Anti-abuse and Harassment for all supervisory level workers including expatriate and new supervisory level workers. This should include communication to all worker e.g. posting the policy, etc.) 2) The factory to conduct an investigation on the related reported case and advise the outcome to all workers.	03/06/06		On-going: In process of reviewing factory AH control system including prevention and corrective action.  On going	The factory had posted Anti-Harassment & Abuse Policy and to hold training in regular base. Training was given on 11 Jan '06 by a staff from department of manpower to all Korean management explaining about some cultural issues which could be misinterpreted or not suitable.	1&2 On-going	
Access to Facilities	Labor Minister Regulation PER-07/1964, regarding Condition of Health, Cleanmess and fighting in workplace article 6(3) A clean lavatory is a lavatory which fulfils the following conditions: does not smell, not dry, does not have flies, mosquitoes or other insects, provided with sufficient clean water for use, can be easily cleaned, cleaned at least – 3 times a day.	Access to food, water, toilets, medical care or health clinics or other basic necessities will not be used as either reward or punishment	Toilet, praying and drinking water activity is limited using card (2-3 toilet & praying cards, and 1 drinking water card for each section).				Workers interview	1. The factory to cease the practice of implementing card system for worker access of toilet, water fountain and pray exercise. 2. The factory to develop a revised policy related to toilet, water fountain and praying place access and submit to PC for review. This is including to communicate the policy to all workers.	12/20/05  03/06/06		Completed: 12/20/05 Factory have sloped the practice of implementing card system since 26 Dec'05.  Completed: 12/26/05 Factory have developed and communicated a revised policy related to toilet, water fountain, praying place access since 26 Dec'05.		Completed	
<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.														
Other: No communication of non-discrimination policy				The factory only posts the policy in Factory II (Accessories Warehouse). There is no communication of non-discrimination policy provided to workers.			Observation and workers interview.	1) The factory to post Non-discrimination Policy in all workplaces. 2) The factory to include "Non-discrimination Policy" as a subject of workers training/education.	03/06/06		Completed: 12/21/05 Factory has revised the non discrimination policy and has posted it.  Completed: 02/07/06 Factory has trained workers on non discrimination policy.		Completed	
Fire Safety Health and Safety legal compliance	1. Circular letter No. SE-05/BW/1997, the factory shall maintain hazard assessment to determine the personal protective equipment is sufficient for the working condition. 2. Labor minister regulation PER-01/MEN/1976 stated about the obligation of HYPERKES (Hygiene, Factory, Health and Safety) training for the company's doctor. Labor minister regulation PER-01/MEN/1979 stated about the obligation of HYPERKES (Hygiene, Factory, Health and Safety) training for the company's paramedics. 3. Labor Minister Regulation No. PER-G2/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  4. 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 of (4) The types of businesses and/or activities which are excluded from those referred to subsection (2) shall	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	1. No hazard assessment ever conducted in the factory in the factory, including at "" 2. No hyperkes for one paramedic and 2 doctors. 3. No medical check up conducted for all workers. 4. No Environmental Management Plan and Environmental Monitoring Plan (UPLUKL) maintained.			Workers interview, management interview, record review, observation.	1. Factory to conduct hazard assessment at all area. 2. Factory to send all paramedics/doctors to be certified by the government as the hygiene factory's health and safety employee. 3. The factory to conduct medical check up in accordance to local law requirements 4. The factory to conduct Environmental Management and Monitoring Plan (UPLUKL) in accordance to local law requirements. 5. The factory to assign a specific person to oversee subvendor compliance performance.	05/30/06  07/03/06		1. Pending This related to factory' financial issues. Nike will help to train factory on hazard assessment (tentative chedule on mid of September 2006). 2. On-going Two certified doctors were available per 30 Nov'05. The factory will hold training hyperkes for one paramedic in near time. Since training is conducted collectively by government, the factory could not give exact schedule for the time being. 3. Pending This is related to factory' financial issues. Medical check up has been done gradually starting January 2006. 4. On going The consultant have started work per 9/2/06, will be completed in mid Oct'06. Completed: 12/17/05	1. Pending 2. On-going 3. Pending 4. On going 5. Completed			
Document Maintenance/ Accessibility		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 provided for glue spray (adhesive) used in "", in addition no ventilation provided for the area of usage.				Observation, document review.	The factory to assign a specific person to oversee subvendor compliance performance.			Completed: 12/13/05 Factory had stopped using "" as embroidery factory.		Completed	

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings			Evidence of Non-compliance (uncorroborated)	If not corroborated, explain why	Sources/Documents used for corroborating	Notable Features Implemented	Remediation			Documentation	(Status)
			Non-compliance	Risk of Non-compliance	PC Remediation plan					Target Completion Date	Factory Response (Optional)	Company follow up (Cite date of follow up)		
Evacuation Procedure	The 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 (d) provide opportunities to evacuate during fire or other hazardous events.	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	1. Raw material warehouse found hectic and messy; all aisle spaces are obstructed by material; main exit is also fully obstructed by materials. In addition, area in front of main exit of accessories warehouse and almost all aisle space found obstructed by boxes. 2. Misplace "You Are Here" mark on all evacuation maps.				Observation, document review.		1. The factory to remove all of old stock of raw material and to ensure that warehouse housekeeping is appropriately maintained. 2. Factory to reserve a space for new incoming fabric and to develop a checklist for warehouse housekeeping inspections 3. Factory to update the evacuation maps.	03/06/06		Completed: 01/06/06 1. Factory had remove old stock and clean up warehouse regularly 2. Factory had reserve a space for new incoming fabric 3. Factory had up date the evacuation plan.	Completed	
Safety Equipment	1. 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 placed at position clearly seen, easily, reached and taken and equipped with marking. Article 4(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 22(7): Date, month and year of filling must be recorded on the body of said light fire fighting equipment. 2 & 3. The 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 (e) give first aid during accident.	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	1. One fire extinguisher at factory 2 near waste area is provided without marking. One fire extinguisher at raw material warehouse is found on floor and expired last Oct 27, 2005. One fire extinguisher near main exit "" found overpressure. 2. All first aid kit boxes at production area are not completed with adhesive bandage ("kain kasa") and scissors. Some first aid kit boxes are not completed with adhesive tape ("hansplast"). 3. No eyewash (boor water) provided at the area -- worker at the area mentioned that the boor water has been finished since about 2months ago.				Observation.	1. The factory to place a proper mark, mount, check and repair the pressure of all fire extinguisher onsite, including those that is noted during the audit. The factory to assign and train security staff for fire extinguisher maintenance and control. 2) The factory to supply all onsite first aid box with necessary items. The factory to assign a person to be responsible of all first aids box condition 3) The factory to provide the proper eyewash fountain or portable eyewash for any area identify as having related hazard.	03/06/06		Completed Factory have rectified the fire extinguisher issues and have trained the security guards on 9 Feb/06  Completed Factory supplies adequate first aid started on 4 Jan/06  Completed Factory has installed eye washes on 4 Jan/06.	Completed		
PPE	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.	Workers on spot cleaning section found working without Personal Protective Equipment (no gloves, no masks, no goggles). In addition, no earplug and mask provided at "" (doing embroidery).				Workers interview, observation.	1) The factory to enhance the training program for all workers on the PPE subject. This is including the respective worker noted in this finding. 2) The factory to provide the respective worker with an appropriate PPE including to replace the tear and wear PPE used by the respective worker. 3) The factory to assign a specific person to oversee subvendor compliance performance.	03/06/06  12/20/05		Completed:12/28/05 Factory conduct training regularly on PPE subject  Completed:12/29/05 Factory provided cleaning operators with proper PPE.  Completed:12/13/05 Factory had stopped using "" as embroidery factory thus no need a person to oversee the subvendor.	The factory conduct training regularly on PPE, the first training was done on 29 Dec 05 and second training was done on 28 Mar 06., next trainings will be conducted as scheduled.	Completed	
Chemical Management	The 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 (k) provide sufficient air refreshment.	All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances	At chemical warehouse, no label provided for thinner container.				Factory observation	1) The factory to label all chemical containers per the regulation or standard. 2) The factory to develop a monitoring system that include all chemical hazard survey, written procedure of chemical handling, completed and proper MSDS as well as training for all workers on chemical safety.		Completed Factory provided chemical labelling per standard since 29 Dec 2005.  Completed Factory developed a monitoring system that include all chemical hazard survey, written procedure of chemical handling, completed and proper MSDS since 29 Dec 2005		Completed		
Ventilation/Electrical/facility maintenance	The 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 Labor minister decision KEP-186/MEN/1999, regarding Fire Management Unit in Work Location article 2(2): 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 ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility	Three electrical panels at warehouse accessories and near cutting section found cannot be locked, as the locks are broken. One electrical panel near sewing section factory 1 found obstructed by raw material stack.				Factory observation	1. The factory to repaired the electrical panel and clear it up from any obstruction 2. The factory to develop a related electrical safety system that include a control checklist of any electrical equipment onsite.	12/21/05  02/03/06	Completed: 12/21/05 Electrical panels have been repaired make it clear from any obstruction.  Completed: 02/03/06 Checklist for electrical has been made		Completed		
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	About 5 machines from each line factory 2 are not completed with needle guard. At least 4 machines from line 3 & 4 factory 1 are not completed with pulley guard. Most high-speed machineries are not completed with eye guard.				Factory observation	1) Factory to equipped all sewing machines with needle and pulley guards as well as eye protector. 2) The factory to develop a related safety machine guarding system that include a control checklist of any safety guard of sewing machine.	12/27/05  03/28/06	Completed: 12/27/05 Factory had equiped all machines with needle guard  Completed: 02/28/06 Factory had developed machine checklist for each mechanic to check completeness of machine guard and other condition of the machines		Completed		
Sanitation in Facilities	1. Labor Minister Regulation PER-07/1964, regarding Condition of Health, Cleanness and lighting in workplace article 6(9) A clean lavatory is a lavatory which fulfills the following conditions, does not smell, not dirty, does not have flies, mosquitoes or other insects, provided with sufficient clean water for use, can be easily cleaned, cleaned at least 2 - 3 times a day. 2. Labor Minister Regulation PER-07/1964, regarding Condition of Health, Cleanness and lighting in workplace article 6(6): (6) The scale of lavatories must be as follows: Number of workers Number of toilet 1 - 15 = 1 16 - 30 = 2 31 - 45 = 3 46 - 60 = 4 61 - 80 = 5 81 - 100 = 6 And additionally for every 100 workers, 6 lavatories. 3. Government Regulation No.85/1999 regarding Management of Toxic and Hazardous Waste, table 2 list of B3 (Hazardous) waste originating from non-specific source, waste code D227, that clinic waste is included in hazardous waste. Government Regulation No.85/1996 Chapter III section 9 point 1 that every person responsible for use of hazardous and toxic materials and/or production of B3 waste in the business and/or activity shall reduce, process, and/or pile up the B3 waste.	All facilities including factory buildings, toilets, canteens, kitchens and clinics, shall be kept clean and safe and be in compliance with applicable laws	1. No water scoop provided for 5 female toilets at factory 1. 2. Only 60 toilets provided for 1,400 workers. In addition, one female toilet at factory 2 and 3 female toilet at factory 1 found dysfunction. Male toilet at PT.SIS found also dysfunction. 3. No procedure of clinic waste / needle disposal.				Workers interview, record review, observation.	1) The factory to develop a checklist to ensure adequate toilet equipment. 2) The factory is reviewing the plan of setting up additional lavatories as to comply with the regulation. This will include reviewing best practices for typical manufacturing industry. 3) The factory to develop a procedure of clinic waste and needle disposal. This will include to train all employee particularly respective paramedics and janitors about general universal precautions on biohazard and hygiene and sanitary.		Completed Factory provides the checklist since 26 Dec/06  On going Factory have a deviation permit from Government for number of toilet.  Completed Training have been done on 3 Feb/06	2. As per local standard should have 1 toilet for 15 workers. However, the factory have a deviation permit from Government for number of toilet.	1. Completed 2. On going 3. Completed		

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Fire Safety Health and Safety legal compliance	The 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	No posting of Safety Act No.1/1970				Factory observation		The factory to post the Act No. 1/1970 at its major workspaces.	03/06/06		Completed The safe act have posted on 4 Jan '06		Completed
Document Maintenance/ Accessibility		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 signs or diagrams indicating the need for PPE posted at PT.SIS.				Management interview, factory observation		The factory to assign a specific person to oversee subcontractor compliance performance.			Completed: 12/13/05 Factory had stopped using *** as embroidery factory thus no need a person to oversee the subcontractor.		Completed
Fire Safety Health and Safety legal compliance	Labor Minister Regulation PER-07/1964 regarding Condition of Health, Cleanliness and lighting in workplace article 9(2.d): seating facilities shall have a backrest for support.	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	1. No backrest as support for seating facilities at production area. Beside, the factory has not maintained yet ergonomic measurement for workstation. 2. Some chairs in finishing area and pressing area (orderampu/ section) are not completed with backrest.				Factory observation and management interview		1) The factory to step by step install the backrest for all seating facilities. The efforts will start from high risk area related to ergonomic measurement for work that involve sit posture/position. 2) The factory have been doing the ergonomic measurement for other related work position e.g.: lifting movement, footrest at hot press machine.	07/28/06		Completed Factory have provided backrest for all chairs since 6 Jan'06.  Completed Factory have conducted ergonomic measurement on 6 Jan'06		Completed
Fire Safety Health and Safety legal compliance	Circular letter No. SE-86/BW/1989, point 1, each catering company that provide food for the factory must first obtain the recommendation from labor department in the region.	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 recommendation for catering service from local labor department.				Management interview, document review		The factory to obtain the required government recommendation letter from the catering company	12/27/05		Completed Factory had received the recommendation for CV. Sari Rasa from Local Labor department dated Dec 29th 2005.		Completed
<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														
<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 benefits	Labor Law 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 No. 14/1993), article 2 stated that the employer is obligated to register their employees to Social Security Fund Scheme (JAMSOSTEK). Government Regulation PER 04/MEN/1994 article 2.1 stated that the employer is obliged to provide festivity allowance to workers with service period equal to 3 consecutive months or more. Article 3.1(b) stated that worker who has service period more than 3 consecutive months but less than 12 months, the festivity allowance is given proportionally.	Employers will provide all legally mandated benefits to all eligible workers	There are workers with piece rate status and training status. For piece rate workers, they do not register into JAMSOSTEK and do not receive festivity allowance (THR), even though their service period are more than three months. And for training workers, they only received Rp. 150.000,- for festivity allowance without seeing their working period.				Workers interview, management interview, record review, observation.		1) The factory to enroll all workers to Jamsostek regardless of their employment status. 2) The factory to back pay all festivity allowance accrued by all "contract workers" in accordance to local law at least in the past one year.	1) 01/15/06 2) 04/01/06		Completed Factory had registered the workers to Jamsostek on Dec 05.  Completed Factory had paid the festive allowance to contract workers on February 6th 2006.		Completed
Other: Legal Compliance	Government Regulation PP No.8/1981, article 10 (1) stated that wage should directly pay to the employee in accordance with the agreement. Article 10 stated that if the wage is late to be paid, from the fourth day until the eighth day from the day where the wage should be paid, there should be additional 5% of wage added for each late day.		The workers' wage for September 29-October 28, 2005 period that should be paid on November 5, 2005 was paid on November 14, 2005 due to factory is still on Iedul Fitri Holiday from October 31- November 10, 2005 and factory provide loan money as much Rp. 500.000,- on October 25, 2005. Note: based on management information, the workers themselves that proposed the system above to the factory.				Workers interview, management interview, record review.		1) The factory to implement a payment system that ensure a full base salary paid to the workers for the similar circumstances. 2) The factory to develop a schedule that demonstrate a plan for all salary payment during the long holiday (lebaran) period.	02/01/06		Completed: 31 January'06 Factory has a letter on 31 January'06 to confirm the commitment to pay at least workers basic salary if the salary date period has been due and the payment date occur within the holiday's period in future.  Completed: 1 February'06 Factory has made salary payment schedule on 1		Completed
Payment of Legal Benefits	Government Regulation PER 04/MEN/1994 article 4.2 stated that the employer is obliged to provide festivity allowance to workers at latest 7 (seven) days before the holiday.	Legally mandated benefits will be provided or paid in full within legally defined time periods	The festivity allowance was paid six days before Iedul Fitri Holiday. As stated in the Local Law: Government Regulation PER 04/MEN/1994 article 4.2 stated that the employer is obliged to provide festivity allowance to workers at latest 7 (seven) days before the holiday. So, facility should paid the festivity allowance at least 7 (seven) days before the Iedul Fitri Holiday, not 6 (six days) before.				Workers interview, management interview, record review.		The factory to develop a system ensuring the festivity allowance to be paid within the period per the local law requirements.	02/01/06		Completed: 02/01/06 Factory had developed a schedule for festivity allowance in year 2006.		Completed
Timely Payment of Benefits	Government Regulation (PP) No.14/1993 regarding implementation of social security scheme (JAMSOSTEK), article: 10 stated payment of fee by employer to the executive bureau is executed monthly in cash and not more than day of 15th on the next month.	All legally mandated deductions for taxes, social insurance, or other purposes will be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc. The employer will not hold any of these funds over from one pay period to the other unless the law specifies that deposits are to be made less frequently than pay periods (e.g., monthly deposits, weekly pay). If the law does not specify, then deposits will be made before the next pay period in all cases	The last payment for JAMSOSTEK was paid in Oct 27, 2005 for July 2005 period. As stated in the Local Law: Government Regulation (PP) No.14/1993 regarding implementation of social security scheme (JAMSOSTEK), article: 10 stated payment of fee by employer to the executive bureau is executed monthly in cash and not more than day of 15th on the next month. It means that the JAMSOSTEK's payment for July period should have been paid on August 15 (at latest). And the payment in October should be for September period, not for July period.				Management interview, record review.		1. The factory to pay all Jamsostek payment due. 2. The factory to appoint a specific person to administer personnel administration function including worker social insurance payment requirements.	02/28/06		Completed Factory had paid the Jamsostek payment for June period on 8 August'06  Completed Factory have provided a specific person since 28 Feb'06.		Completed

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	IRM Findings	Risk of Non-compliance	Evidence of Non-compliance (un corroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features Implemented	Remediation	Target Completion Date	Factory Response (Optional)	Company follow up (Cite date of follow up)	Documentation	(Status)
Legal Compliance for holiday/leave	Local Act UU No. 13/2003 regarding termination of employment Article 156(4) stated the compensation pay that the resign worker/labourer ought to have as mentioned under subsection (1) shall include: a. Annual leaves that have not expired and not have taken; b. Costs or expenses for transporting the worker/labourer and his or her family back to the point of hire; c. Compensation for housing allowance, medical and health care allowance is determined at 15% (fifteen percent) of the severance pay and or reward for years of service pay for those who are eligible; d. Other compensations that are stipulated under the work agreement, company regulations or collective labour agreements.	Workers will be paid for holidays and leave as required by law	The resignation workers do not received the rest of their annual leaves that has not been taken. (at least two sewing workers that has been resign in August '05 do not received their last five days of annual leaves).				Management interview, record review.		The factory to review all resigned/terminated workers documents and back pay all payment dues related to resignation/termination process.	03/31/06		Completed Factory have back paid related to resignation/termination process since 3 Feb'06		Completed
Legal compliance	Government Regulation PER 01/MEN/1998 article 15 stated that if Company establish its own healthcare security with better service standard than what Jamsostek gives, the employer shall ask for legalization to the chief of local labor department.		Factory has establish its own Healthcare Security Program cooperated without *** Hospital is no legalization from Local Labor Dept. Factory only has acknowledgement letter from Local Labor Dept's representative.				Records review and management interview		PC to verify the factory has registered its healthcare program to the respective authority and obtained a proper certification per the local requirements.	03/31/06		Pending (Its related with factory financial issue). Factory shall appoint *** as Health Care Insurance Provider.		Pending
<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	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 1	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	Maximum working hours found was 24,5 hours of total working hours on August 5-6, 2005 & 21 hours of total working hours on July 29-30, 2005 for at least one packing 1 worker. And maximum working hours per week found was 70,5 hours of total working hours for at least one worker in packing 1 section in August 22-26, 2005 period, 65 hours/week of total working hours for at least one worker in QC-2 section and 64,5 hours/week of total working hours for at least 16 workers in QC-2 section in September 19-23, 2005 period.				Record review, workers interview.		The factory to develop a system to ensure that working hours not exceeding local law or any other standard limit.	12/05/05		On going Factory had maintained a maximum 60 hrs of working hours. Factory had stopped to use security guard as escort and replace with custom broker since 01 Feb'06	The factory had maintained a maximum 60 hours of working hours. Exceeding Overtime of 60 hours happened when they assigned security guard to escort goods to warehouse for export purpose and pcs were assigned to do overtime for final inspection.	On going
Other: Overtime Voluntary Form	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.	The employer will demonstrate a commitment to reduce mandated overtime and to enact a voluntary overtime system to meet unforeseen situations	No Overtime form maintained for overtime until 17:30				Workers interview, management interview, record review.		1) The factory to develop an OT form that is in accordance to local law (covers all OT works), including to communicate the revised form to all respective staff. 2) The factory to develop an OT work standard operating procedures (SOP) to prevent the recurrence of the issue.	03/06/06		Completed: 12/21/05 Factory uses the proper OT format currently  Completed: 12/22/05 Factory provided SOP of OT	1) The factory developed an OT form and personnel section had issued internal memo for every section to use the forms and they are practically using it.	Completed
<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.														
OT Compensation	Labor Act UU No.13/2003, regarding working hour, chapter XI paragraph 4 article 77.2 stated that normal working hour is 7 hours/day and 40 hours/week. Labor Minister Decree No. KEP-102/MEN/VI/2004, regarding the overtime working time article 1(1), stated that Overtime is a working time that more than 7 (seven) hours a day and 40 (forty) hours 1 (one) week for 6 (six) working days in 1 (one) week or 8 (eight) hours a day and 40 (forty) hours 1 (one) week for 5 (five) working days in 1 (one) week or working time on weekly rest day and or on official holiday determined by Government. Labor Minister Decree No. KEP. 102/MEN/VI/2004, regarding the calculation of basic overtime wage, article 8.2 stated that the calculation method of one-hour wage is 1/173 times a month wage. Article 11 stated that calculation methods of overtime pay are as follows: If the overtime work is executed on working day: - for the first overtime hour, must be paid a pay amounted to 1.5 (one and half) times of one-hour pay; - for each next overtime hour, must be paid a pay amounted to 2 (two) times of one-hour pay. If the overtime work is executed on weekly rest day and/ or official holiday for working time of 6 (six) work - if the official holiday falls on the shortest working day, the calculation of overtime pay for the first 5 (five) if the overtime work is executed on weekly rest day and/ or official holiday for working time of 5 (five) work	The factory shall comply with applicable law for premium rates for overtime compensation	Lack payment of overtime wage for at least one worker in sewing 3-2 as much Rp. 31.066,- and one worker in general section as much Rp. 6.260,- in September 29-Oct 28, 2005 period.				Document review.		1. The factory to pay the overtime shortage payment to respective workers. The factory to back pay all related discrepancy occurred on OT calculation including to workers noted during the audit. 2. The factory to review the OT payment record at least those that related to miscalculation identify during the audit. The review result will be used to determine the backupay for any shortage of OT payment.	02/05/06		Completed: 03/02/06 Factory had paid the overtime balance to *** in Sewing 3-2 amounting to Rp 31066 and to ***, an operator in General section  Completed Factory have back paid on 3 Feb'06		Completed
<b>Miscellaneous</b>														
Unauthorized subcontracting				No designated person to oversee the subcontractors to ensure their contract is implemented in compliance with the code.			Management interview, record review, observation.		1) The factory to assign a specific person to oversee subvendor compliance performance.	12/21/05				
Other: Unclear Employment Status	Labor Act UU No.13/2003, chapter IX, regarding employment relations, article 50 stated that Employment relation exists because of the existence of a work agreement between the entrepreneur and the worker / labourer.		Unclear of employment status for at least 280 workers. Moreover, no working agreement for at least 12 sample of workers (eight piece rate workers and four training workers).				Workers interview, management interview, document review.		The factory to review the employment status of all respective workers and change the status as appropriate in accordance to local law.	03/31/06		Completed: 11/30/05 Factory give clear status as contract workers to 280 mentioned workers and had provided them with employment agreement.		Completed
Other: Company Registration Number	Company Registration Number: # 100335502007		Company Registration Number has been expired on June 6, 2005.				Document review.		The factory to renew the company registration number as per local law.	03/06/06		Completed: 06/15/05 Factory had renewed the company registration number as per local law		Completed
Other: Obligation Report	Labor law UU No.7/1981 regarding report obligation, article 7 stated that the employer obliged to report in written yearly for a matter of employees to the related minister.		Workforce obligation report has been expired since March 2003.				Document review.		The factory to report and obtain the workforce obligation report per local law	03/06/06		Completed: 01/2/06 Factory had renewed workforce obligation report and valid until March 2007.		Completed

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings						Remediation					(Status)	
			Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (un corroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features Implemented	PC Remediation plan	Target Completion Date	Factory Response (Optional)	Company follow up (Cite date of follow up)	Documentation		
Other: Appointed Letter	Labor Act UU No.13/2003, chapter IX, regarding employment relations, article 63.1 stated if a work agreement for an unspecified time is made orally, the entrepreneur is under an obligation to issue a letter of appointment for the relevant worker/ labourer.		No written acknowledgment provided to workers informing that they have been promoted as permanent workers.					Document review, workers and management interview.		1) The factory to provide appointment letter for any workers that have been assigned to become a permanent workers. 2) The factory to appoint a specific person to administer personnel administration function including ensuring that any change status is inform in writing top respective workers.	03/31/06		Pending Factory still has internal problem with workers to complete the issues. Workers are hesitant because they have been working in the factory for many years without having to sign paperwork. PC will work with factory on this issue and follow up during next visit.	Management had tried to provide it for workers but they were suspicious because they have been working for many years without signing it.	1.Pending 2.Completed