

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	010033108B
IEM	BVCPS-SA, Indonesia
Date of audit	August 19 & 20, 2003
Days in the facility	2 days
PC(s)	adidas-Salomon
Number of workers	514
Product(s)	Jacket, Shorts, Pants
Production processes	Cutting, Sewing, Finishing, Packing and Duck Down Feather Stuffing

** NOTE: DUE TO LACK OF RESPONSE TO THE ACTION PLAN SINCE DEC 04 AND LACK OF TRANSPARENCY AND COOPERATION, THE BUSINESS RELATIONSHIP HAS BEEN TERMINATED WITH THIS FACTORY AS OF AUGUST 2004.

FLA Code/ Compliance Issue	Legal Reference / Country Law	FLA Benchmark	Findings			Remediation				Updates		
			Monitor's Findings	Documentation	Best Practice	PC Internal Audit Findings	PC remediation plan	Target Completion Date	PC Follow-up (22 April 2004)	Documentation	PC follow up (9 July 2004)	Documentation
1. Code Awareness												
Confidential non-compliance reporting channel		FLA, Principles of Monitoring: 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.	The factory did not have a non-compliance reporting mechanism in place.	Visual Observation		Agree that the non-compliance reporting mechanisms are insufficient. There is no workers committee or union at the factory. If workers encounter any problems relating to work, they are expected to communicate directly with their supervisor or the Personnel department staff.	Build more open communication channels, for example, workers committees; improved grievance procedures, regularly scheduled meetings between management and workers; social activities; and suggestion boxes.	Implementation to start following the Lebaran holiday (December 2003). Ongoing.	Supervisors act as workers' representatives that attend regular meeting with management. Factory will expand the participants in the regular meeting not only supervisors but operators should attend this meeting. Meeting minutes will be posted in announcement board and socialized by supervisors in morning briefing. On going process. (April 2004)	Discussion with management	No progress or action being done from the previous follow up. (July 9,2004)	Factory CAN NOT provide documentation evidence.
Worker/management awareness of Code		FLA, Principles of Monitoring: 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.	It was noted the factory did not communicate about PC code of conducts provisions to all workers.	Document review, management and workers interview		Agree that there is poor communication of workplace rules and regulations, employment terms and conditions, and general compliance issues. Factory lacks any training to 'socialize' the adidas SOE (code of conduct) and factory regulations amongst the workforce.	Build and conduct training programs covering the factory regulations, payment terms and calculations (such as overtime calculations), provision of JAMSOSTEK and other benefits, personal income tax payments, health and safety requirements.	Implementation to start following the Lebaran holiday (December 2003). Ongoing.	Factory has already posted code of conduct in visible place where workers can easily find and read it. Factory will post the information on how to calculate overtime on announcement board and this will be socialized it in morning briefing. On going process. (April 2004)		No Progress noted. No training is conducted as per the agreed remediation plan (July 9,2004)	Factory CAN NOT provide documentation evidence.
2. Forced Labor												
3. Child Labor												
4. Harassment or Abuse												
Disciplinary Practices (inappropriate warning letter)	According to Labor Law No. 13/2003, Article 151, in the case of all efforts having been conducted but layoffs are unavoidable then the intention of layoffs must be negotiated by employer with Labor Union or the worker him/herself if he/she is not a member of Labor Union. Article: 156, stated In the case of layoff, employers are obliged to pay a package consisting of : separation pay, service year award and money right compensation.		Up to now the factory was using the same form of warning letter (type 1, 2 & 3) for disciplinary practice, which stated that the factory can use any case that is stated on a warning letter as a reason to terminate the worker without a termination package. Thus, the factory is not following the legal procedure for terminating an employee.	Document review, management and workers interview		Agree with findings. Previously in the warning letter template, there was a statement that the factory can terminate a worker without providing any termination package or other compensation.	Revise the warning letter template so that it clearly sets out the types of unacceptable behaviors / practices which warrant formal discipline, and eliminate any statements which violate local law relating to termination and unduly penalize workers.	Completed. Since mid September a new warning letter template has been in use.	Factory has already revised warning letter form and eliminated any statement which violates local law. Done. (April 2004)	Document review and copies kept on adidas file.		
Disciplinary Practices (inappropriate warning letter)	According to article 31.1 (D) of factory's company regulation (Legalized by local labor dept.) stated a warning letter 1 will be given for 2 consecutive days being absent without any reason.		The factory will issue warning letter 1 for their workers who absence without any reason, while its company regulation article: 31.1 (D) stated that warning letter will be given for 2 consecutive days being absent without any reason.	Document review, management and workers interview		Agree with findings. The company regulations are not well implemented in the workplace.	Provide a copy of the company regulations and conduct the necessary training to 'socialize' the regulations to all employees.	Implementation to start following the Lebaran holiday (December 2003). Ongoing.	Socialization of factory regulation is conducted by supervisor in morning briefing. On going process. (April 2004)		No progress noted. Copy of Company regulation has not been given to workers (July 2004)	Factory CAN NOT provide documentation evidence.
Training of Management in Disciplinary Practices		Employers will provide training to managers and supervisors in appropriate disciplinary practices.	It was noted there is no training provided for management and workers about PC code of conducts provisions.	Document review and management interview		See comments above under Code Awareness.	See comments above under Code Awareness.	Implementation to start following the Lebaran holiday (December 2003). Ongoing.	See above.		No progress noted. (July 2004)	
5. Nondiscrimination												
Hiring Discrimination Practices	According to Labor Law No. 13/2003, Article: 9 stated Every worker has the same opportunity without discrimination to obtain job. Article: 153 stated Employer is prohibited to lay off female worker due to: pregnancy, delivering a baby, miscarriage or breast-feeding a baby.	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 has established form (Rules and Regulations statement letter) which states that the worker is willing to not marry or get pregnant before 1 year service of employment term, otherwise they agree to be terminated or resign from the factory. This statement form usually was used together with employment agreement for new worker. According to workers and management interviewed, no one has been laid off at the factory so far for this reason.	Document review, management and workers interview		Agree with the findings. Workers are requested to provide their commitment that they will not become pregnant within a certain period.	Workers must not be asked to sign guarantees relating to pregnancy. The practice must be stopped immediately and an appropriate announcement should be made to workers. Those workers who have signed such guarantees must be advised that they are not valid.	Immediately.	The revision has been made and since last year factory has not used the old form, they now use the new form (April 2004).		Factory has yet to announce to all workers regarding the old pregnancy policy which is supposed to be not valid any more. Found new finding that one pregnant workers did not get paid during maternity leave (July 2004).	Discussion with management and from workers interview.

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Allowances	According to Article: 6 of Labor Law No. 13/2003, stated Every worker has the same treatment without discrimination from employer.	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	It was noted all workers at helper section and several (approximately 10 to 30%) workers at cutting, finishing and warehouse sections were paid meal and transportation allowance as much as Rp. 1,700 per day, while others received Rp. 2,500 per day. In addition, there should be no meal allowance difference, as all production workers have the same job responsibility and use the money to buy the food in the same location.	Document review, management and workers interview		Agree with findings.	Factory must clearly inform workers about the meal and transportation allowance amounts provided to workers, and this amount should be consistent regardless of the job allocation or any other considerations.	Immediately.	There is still different allowance based on the difficulty and the load of job. Factory agreed to review the amount of this allowance every year. (April 2004)		No progress noted or action taken from the previous visit (July 2004).	Document review
6. Health and Safety												
Medical Examination	According to Article: 8 of The safety act UU No.1/1970 and Labor Minister Regulation No. PER-02/MEN/1980 & PER-03/MEN/1982 that the employer is obliged to have their employees get medical check ups periodically by the doctor assigned by the employer with the agreement of the director.		The factory has not held any medical examination for all workers yet.	Document review, management and workers interview		Agree with the findings. Factory has never conducted any medical check-ups for workers.	Factory to arrange medical check-up for all workers. As a first step, priority should be given to those workers in high risk areas, e.g. workers who come in direct contact with chemicals or workers who have already worked for more than 5 years in the factory and may suffer from latent occupational illness (e.g. gradual hearing loss or deterioration of the lung lining).	March 2004	Medical check up (for workers in garment washing area that have direct contact with chemicals) has yet to be conducted. Factory still looking for the provider who will conduct medical check up. (April 2004)		No progress noted. (July 2004)	Discussion with management and document review
Document Maintenance/ Accessibility	Labor minister decision KEP.187/MEN/1999, regarding the providing of MSDS article: 3 stated: employer is responsible to provide Material Safety Data Sheet (MSDS).	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	It was noted no material safety data sheet (MSDS) for chemical used for spot cleaning called "Densol".	Document review, management interview, visual observation		Agree with findings. Some chemicals being used are not accompanied by the correct/necessary MSDS.	Factory must obtain MSDS's from the supplier and post it prominently where chemicals are used in the factory.	March 2004	Factory has posted MSDS in cleaning area. Done. (April 2004)	Physical inspection		
Safety Equipment (First Aid Kit)		All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees	It was noted insufficient contents of first aid kit on site; lack of burn cream at ironing section and eye wash at feather stuffing section (duck down).	Per visual observation.		Agree with findings. Additionally, first aid kits are not inspected monthly.	Appoint the responsible person to regularly inspect the first aid kits, and restock as required.	March 2004. Inspections ongoing.	Factory has appointed one person to regularly inspect the first aid kits and restock as required. (April 2004)	Physical inspection and photos kept on file. (July 2004)		
Safety Equipment (Fire Alarm)	According to Article: 2 of Labor Minister Decree No.KEP.186/MEN/1999, stated: as preventive of fire, employer is responsible to provide instrument of detection, alarm, fire extinguisher and evacuation map.	All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees	It was noted no fire alarm button available on site. However, the factory has installed smoke detector & automatic fire alarm on site.	Per visual observation		Agree with findings. Additionally, factory does not separate clearly the fire alarm system from any other alarm systems to avoid any confusion amongst workers.	Install the appropriate fire alarm points. Separate clearly the fire alarm system from any other alarm systems to avoid any confusion amongst workers when an alarm sounds.	March 2004	Factory still looking for the supplier for fire alarm. On going process. (April 2004)	Discussion with management	Done. (July 2004)	Physical inspection and photos kept on file. (July 2004)
PPE	According to Article 14 of The Safety Act No. 1/1970: (c) Entrepreneur obliged to provide Personal Protective Equipment needed to the workers without charge or visitor entering the workplace.	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.	It was noted insufficient personal protective equipment provided; no rubber gloves for finishing section (spot cleaning), respiratory & eye protector for feather stuffing section (duck down for jacket).	Per visual observation and workers interview		Agree with findings. Workers use inappropriate and insufficient PPE.	Provide appropriate PPE for workers, in particular those who works with chemicals, and train workers how to use the PPE properly.	All necessary PPE and initial training to be completed by March 2004. Ongoing training required.	Factory has provided PPE to workers and reminds workers to use it in morning briefing. On going process. (April 2004)	Discussion with management and physical inspection (photos kept on file)	Found workers that did not wear proper PPE when working with chemicals. Training has not yet been given to workers regarding safe handling of chemicals as per the agreed remediation plan (July 2004)	Physical inspection and photos kept on file. (July 2004)
Chemical Management		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	It was noted there is no training provided for workers appropriate to their job responsibility, in the safe of chemicals and other hazardous substances.	Document review, workers and management interview		The factory has never conducted any type of training for workers.	Develop a proper training program for workers specifically on PPE usage and requirements. Conduct biannual training on chemical handling for workers who work with chemicals.	Training program to be rolled-out by March 2004. Ongoing training required.	Training program has not yet been developed or implemented. (April 2004)	Document review	No progress noted. (July 2004)	Factory Can NOT provide documentation evidence. (July 2004)
Chemical Management for Pregnant women and juvenile workers		To prevent unsafe exposure to hazardous chemicals, appropriate accommodations shall be made for pregnant women and minors as required by applicable laws in a manner that does not unreasonably disadvantage employees							Factory does not allow pregnant workers to work closely with chemicals. Factory will create written policy for this. (April 2004)	Discussion with management and worker interview	Written policy has not yet been created (July 2004)	Factory CAN NOT provide documentation evidence. (July 2004)
Ventilation/Electrical/facility maintenance	According to Article 3 of The Safety Act No. 1/1970: (1) Working condition requirements include: (a) to built a safety condition and to avoid, reduce the risk and to overcome accident such as electrical shock.	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	It was noted there is electrical wire of hot cutter machine at accessories warehouse obstructing the aisle.	Per visual observation		Agree with findings. Additionally, some aisles are not sufficiently wide, less than 1.1 m	Widen the aisles to at least 1.1m wide and conduct regular inspections to make sure that aisles are not obstructed.	March 2004. Inspections ongoing.	Factory will provide yellow line marking the aisles to clearly separate between the work area and the area that should be free from obstruction. On going process. (April 2004)	Physical inspection and photos kept on file.	Factory has yet to complete the action as per the previous follow up (July 2004)	Physical inspection and photos kept on file.
Machinery Maintenance	According to Article 4 of The Safety Act No. 1/1970: (1) As stated working safety devices, it requires planning of installation on production instrument that pose high injury risk.	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner	It was noted all sewing machines were not installed with needle guard.	Per visual observation		Agree with findings.	Install needle guards for all sewing machines and eye protectors for high speed sewing machines.	March 2004	Needle guards have been installed on all sewing machines. DONE. (April 2004)	Physical inspection and photos kept on file.		

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Sanitation in Facilities	According to Article 6 of Regulation of Labor Minister No. 7/1964, stated (3) The scale of lavatories must be as follows: for 1-15 workers is 1 lavatory, 16-30 workers are 2 lavatories, 31-45 workers are 3 lavatories, 46-50 workers are 4 lavatories, 61-80 workers are 5 lavatories, 81-100 workers are 6 lavatories, and additionally for every 100 workers are 6 lavatories. (2) The toilets must be segregated by gender to avoid any possible modesty abuse. The toilet must provide clean running water	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws	It was noted insufficient amount of toilets on site. There are only 7 toilets available for production workers and 3 toilets available for staffs. All toilets are not segregated by gender and sometimes lack clean running water.	Visual observation and workers review		Agree with findings.	Factory must add sufficient number of toilets so that the ratio is 1 toilet : 40 workers.	March 2004	Toilets have been segregated by gender and there is person appointed to clean up the toilet and make sure the water is available. DONE. (April 2004)	Physical inspection and photos kept on file.		
Worker Participation	According to Labor Minister Regulation No. PER-02/MEN/1992 and PER-04/MEN/1987, the factory must provide Occupation Safety and health Committee (P2K3) in the workplace	Workers should be involved in planning for safety, including through worker safety committees	No occupational health & safety committee (called P2K3 in Indonesia) on site. The factory only assigned some workers to take care of the maintenance of fire extinguishers and the fire & evacuation matters.	Management and worker interview		The factory has a Health & Safety committee but it is not effective and does not function properly. It does not have a clear program, and has never been socialized to all workers.	Factory is to re-establish the H&S committee with a clear organization, clear program and supported by top management. The committee must be registered with the Manpower Department.	March 2004	The H & S committee is still in the process of registration with the Manpower Department. On going process. (April 2004)	Discussion with management	No progress from the previous follow up. (July 2004)	Discussion with management and document review
Posting of health & safety regulation	The safety act UU No.1/1970, regarding the obligation of the employer, chapter X article 14 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.		The factory did not post Safety Act No. 1/1970 on site.	Per visual observation.		Agree with findings. Factory does not keep an copies of the health and safety regulations on site.	Obtain the most up-to-date H&S regulations and ensure that the company uses them as a legal reference.	March 2004	Factory maintains the regulations regarding health & safety. All activities must have reference to the regulations. Provide proper documentation for that. DONE. (April 2004)	Physical inspection.		
7. Freedom of Association and Collective Bargaining												
8. Wages and Benefits												
Minimum Wage	According to Article 14.1 of Labor Minister Regulation No.PER-01/MEN/1989, states that the wage paid by the employer to permanent worker, time limit contract, piece rate worker and in probation period worker is, at a minimum, in compliance with the legal minimum wage. According to Article 90 of Labor Law No. 13/2002 states that the Employer prohibited to pay less than minimum wage determined by Governor.	Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher.	The factory has established in the employment agreement, that during probationary periods only the worker who already has experience will receive legal minimum wage.	Document review and management interview		Agree with findings.	Revise the letter of employment by eliminating the offending statement.	Immediately.	Factory has revised the old form and has started to use the new one. DONE. (April 2004)	Document kept on file with PC.		
Minimum Wage	According to Article 14.1 of Labor Minister Regulation No.PER-01/MEN/1999, stated that wage paid by the employer to permanent worker, time limit contract, piece rate worker and in probation period worker is, at minimum, comply to the legal minimum wage. According to Article 90 of Labor Law No. 13/2002 stated Employer prohibited to pay less than minimum wage determined by Governor.	Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher.	It was noted that wages paid to piece rates workers and daily rate workers is not in compliance with the legal minimum wage. The factory paid wage for piece rate workers is between Rp. 387,920 per month and Rp. 764,920 per month (for full attendance in July 2003 period including overtime on normal working hours and rest day). Those total wages cannot be fully verified, as working hours cannot be separated into the total of normal working hours and overtime hours. In addition, it was noted the factory paid wages for daily rate workers between Rp. 20,000 per day, while legal minimum wage is Rp. 628,675 per month or Rp. 29,936.7 per day for Tangerang area.			Agree with findings. Additionally, during the peak season, factory employs temporary workers at piece rate payments which are below the minimum wage.	Every worker must receive monthly payments which are in accordance with the minimum wage (at a minimum) and all benefits required to be paid at law. These basic requirements should be set out in the letter of employment / work contracts. Regular and over time hours must be clearly separated in time records and paid according to the proper rates required by law.	Immediately.	No more piece rate and daily rate workers since last September. Factory will develop procedure for contracting workers based on the government regulation. On going process. (April 2004)	Document review and workers interview	New findings: found 20 contract workers who are extended improperly according to law and all contract workers are not receiving correct benefits as per law. (July 2004)	Worker interview and document review. (July 2004)
Pay statement		Employers will provide workers a pay statement each pay period, which will show earned wages, regular and overtime pay, bonuses and all deductions.	It was noted all piece rate and daily rate workers were not provided with pay stub in every paycheck.	Document review and workers interview		Agree with findings.	All workers must receive a pay statement with their wages, regardless of their status as contract or permanent employees.	Immediately.	All workers have been provided with pay slip. DONE. (April 2004)	Worker interview and document review. (July 2004)		
Time-recording system (1)		Time worked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards.	It was noted all piece rate and daily rate's workers did not use a reliable and accurate time recording system. The factory only provided an attendance sheet, which used tick (u) markings based on daily attendance without the actual time of beginning and end of work.	Document review, management and workers interview		Agree with findings.	All workers must be provided with their own attendance card and be responsible for marking their own start and finish times. The factory must implement a proper mechanical or electronic time recording system which is clearly linked to the payroll. Any manual records (such as supervisor over time forms) must be carefully cross checked against the time cards or electronic records each month.	Requires immediate attention. System to be properly implemented by March 2004.	All workers have been provided with their own attendance card. Since September, there were no more piece rate and daily rate worker. Factory will provide procedures for contract and piece rates worker that must follow the regulation. On going process. (April 2004)	Discussion with management and worker interview.	Still found workers who did not punch their time card by themselves. (July 2004)	Worker interview and document review. (July 2004)

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Time-recording system (2)		Time worked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards.	All interviewed workers and management mentioned that the administration staff is punching their time cards for beginning and end of working hours. The interviewed workers sometimes found on the following day, that there are discrepancies of working hour stated in the time card and the actual (i.e. 15 minutes up to 1 hour or 4 hours of overtime work is not recorded).	Workers and Management interview		Agree with findings. Additionally, where workers do 'punch in' their own time cards, there are long queues to reach the time clocks.	See notes directly above regarding the time recording system and verification of working hours.	Requires immediate attention. System to be properly implemented by March 2004.	Factory will provide written policy that all workers must punch their attendance card by themselves and factory to make sure that there will be no long queue to reach the time clocks. On going. (April 2004)	Discussion with management.	No progress noted from previous follow up visit (July 2004)	Worker interview and document review. (July 2004)
Legal benefits	According to Article 3 of JAMSOSTEK (Social Security Scheme) Act No. 3/1992: (2) Every worker has the right to participate in Social Security Scheme (JAMSOSTEK). According to Article 2 of Regulation of Government of Republic of Indonesia No. 14/1993: (3) Management employing 10 employees/more OR spend on pay at least Rp. 1,000,000 per month is obligated to insure its employees in the social security scheme (JAMSOSTEK).	Employers will provide all legally mandated benefits to all eligible workers.	It was noted there are 378 out of 541 workers being covered by social security scheme.	Document review and worker interview		Agree with findings. Not all employees are covered by the social security scheme (Jamsostek).	All workers must be enrolled in the scheme, as required by law.	Requires immediate attention. System to be properly implemented by March 2004.	All workers have been covered with Jamsostek since November last year. (April 2004)	Document review.	New findings: 97 contract workers and 18 permanent workers that work less than one year are not cover by Jamsostek. (July 2004)	Document review. (July 2004)
Legal Compliance for holiday/leave	According to Labor Law No. 13/2003, Article: 94 stated Casual leave with paid as follow : Worker is married – 3 days; Worker son/daughter married – 2 days; Circumcision of a son or baptize a child – 2 days; Wife delivering a baby or miscarriage – 2 days; Death of spouse, parent, parent-in-law or child – 2 days; Death of family member in the same house – 1 day. Article: 82 stated Female worker has right for 1.5 months of leaves after miscarriage. According to Government Regulation No.8/1981, article 5 stated that the factory shall give the permission with payment for several matters; sick matter, the marriage, families' funeral, blessing ceremony, and maternity leaves.	Workers will be paid for holidays and leave as required by law.	The factory will deduct workers wage based on per day if the workers is absent for any reason, even if the workers are sick and provides doctor's letter for illness or miscarriage. For legally provided leaves such as, marriage, death parent/family member, etc, the worker has to give notification letter from the relevant authority to receive the payment on the day that they were absent for. Even when the employees provide a doctor's letter, the factory does not pay their wages on the day they were absent	Document review, management and worker interview		Agree with findings. Additionally, factory does not clearly inform workers about those types of leave for which they can receive payment (in addition to annual leave).	Factory must clearly communicate to all workers the kinds of leave for which they can receive payment based on the government regulations. Factory must also explain clearly the rules relating to absence.	Implementation to start following the Lebaran holiday (December 2003). Ongoing.	Factory has yet to take action as per the agreed remediation plan (April 2004).	Document review.	No progress noted. (July 2004)	Worker interview and document review. (July 2004)
Minimum wage/ Quotas	According to Article 14.1 of Labor Minister Regulation No.PER-01/MEN/1999, stated that wage paid by the employer to permanent worker, time limit contract, piece rate worker and in probation period worker is, at minimum, comply to the legal minimum wage. According to Article 90 of Labor Law No. 13/2002 stated Employer prohibited to pay less than minimum wage determined by Governor.	Workers paid on the basis of incentive quotas will be paid not less than the minimum or prevailing wage, whichever is higher.	The factory only paid all piece rate workers [straight production salary regardless of hours worked] (no overtime compensation), [workers also earned less than the minimum wage, workers earned] Rp. 20,000 per day, while legal minimum wage is Rp. 628,675 per month or Rp. 29,936.7 per day for Tangerang area.	Document review, management and worker interview		Agree with findings.	See notes above under Minimum Wage.	Immediately.	No more piece rate and daily rate workers since last September. Factory will develop procedure for contract workers based on the regulation. On going process. (April 2004)	Worker interview and document review.	Factory has yet to develop procedure of contract workers, more over factory gave false information regarding contract workers information. (July 2004)	
Other	According to Article: 81 Labor Law No. 13/2003, stated Female worker on menstruation who feels sick and informs the employer, the female worker shall not work at the first & second days of menstruation period.		The factory has established two additional days paid in lieu of menstrual leave as additional allowance of wage with condition if a worker does not take her 2 days menstruation leave in a month. If the worker is absent for any reason, this allowance will not be paid. Factory does not allow women to take their menstrual leave but does pay them for 2 additional days if they are not absent for the month.	Document review and management interview		There is no clear explanation regarding the policy of menstrual leave.	Factory must provide a clear explanation regarding menstrual leave policy as part of ongoing training for workers regarding factory rules and regulations, and benefits to workers. The menstruation leave regulations must not be confused with any kinds of leave.	Training to start following the Lebaran holiday (December 2003). Ongoing.	In accordance to the government regulation, factory does not have obligation to pay menstrual leave. Factory only has to give permission for workers who get sick because of menstruation. Worker's salary will not be deducted because of taking menstrual leave or other sick leave. Factory will develop policy and procedures for workers who want to take their leave and provide related training on the policy and procedures. On going process. (April 2004)	Document review.	New findings : a number of workers did not get paid when taking sick leave, despite having submitted the doctor note to personnel.	Worker interview and document review. (July 2004)
Benefits	According to Labor Law No. 13, 2003, article 90 stated: Employer must pay minimum wage determined by Governor And labor minister regulation; The factory must give social security scheme (JAMSOSTEK) regardless piece rate, contract, daily rate workers.	Employers will provide all legally mandated benefits to all eligible workers	Contract workers, piece-rate workers and daily rate workers not provided with legally mandated benefits.	Management interview		Agree with findings.	All workers must provide with all legally mandated benefits.	Immediately.	No more piece rate and daily rate workers since last September. Factory will develop procedure for contract workers based on the government regulation. On going process. (April 2004)	Discussion with management	Factory has yet to develop procedure of contract workers; additionally, factory gave false information regarding contract workers information. (July 2004)	Worker interview and document review. (July 2004)

FLA Code/ Compliance issue	Findings					Remediation				Updates		
	Legal Reference / Country Law	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Internal Audit Findings	PC remediation plan	Target Completion Date	PC Follow-up (22 April 2004)	Documentation	PC follow up (9 July 2004)	Documentation
Other	According to Article 114 of Labor Law of Republic of Indonesia No. 13/2003. Entrepreneur obliged to convey and explain the content of company regulation and distribute company regulation or document of its amendment to all workers/labors.		It was noted there is no company regulation posted on site and all workers interviewed did not know anything about contents of company regulation and other policies that should be received by the workers as per legal requirement (i.e. overtime calculation, compulsory leaves, wage and benefit, etc) and according to them, the factory did not communicate anything about these issues.	Per visual observation, document review, management and worker interview		Agree with findings.	See comments above under Code Awareness.	Training to start following the Lebaran holiday (December 2003). Ongoing.	Socialization of factory regulation conduct by supervisor in morning briefing. On going process. (April 2004)	Discussion with management	Training program has yet to be developed and implemented as per the remediation plan. (July 2004)	workers interview and document review. (July 2004)
9. Hours of Work												
Overtime Limitations	According to Factor's Waiver issued by Tangerangang of Labor Dept, the factory is allowed to work at a maximum 10 hours per day of total working hours and at a maximum 60 hours per week of total working hours.	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	Based on randomly selected time card records, it was noted that the total maximum working hours found were 11 hours per day (excluding break time) and 61.5 hours per week (excluding break time) at mechanic and QC sections in period of April 2003.	Document review		Agree with findings. There is no control system regarding working hours in order to avoid excessive working hours.	Implement control systems for the working hours which ensure that workers do not work more than 60 hours in week. (adidas SEA Team has conducted SOE training for all factories in Indonesia on problems relating to excessive over time, including coverage of voluntary over time requirements. Additionally, adidas has established, as part of its SOE strategy and project planning for 2003, a Working Hours Task Force with the mission of researching root causes of, and then formulating strategies for minimizing, excessive working hours).	Ongoing.	Factory will develop procedure regarding overtime and make sure that workers do not work more than 60 hours in a week. On going process. (April 2004)	Discussion with management	No progress from the previous follow up visit. (July 2004)	Worker interview and document review. (July 2004)
10. Overtime Compensation												
Accurate recording of OT hours worked		Employees will be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work	The payment for all piece rate workers at trimming section and all daily rate workers at duck down feather stuffing section cannot be distinguished between normal working hours and overtime hours including overtime hours on a rest day.	Document review		Agree with findings.	See notes above under Minimum Wage and Time Recording System.	Immediately.	No more piece rate and daily rate workers since last September. Factory will develop procedure for contract workers based on the government regulation. On going process. (April 2004)	Document review.	New finding : Found workers who work OT without being paid properly. Some workers were not punching their own time card. (July 2004)	Document review and workers interview. (July 2004)
OT Compensation Awareness		Workers shall be informed about overtime compensation rates, by oral and printed means.	It was noted that there is no communication about the calculation for overtime compensation rates by oral and printed means. However, according to management and workers information, the management will only explain if the workers ask for it.	Per visual observation, management and workers interview		Agree with findings.	Provide training on overtime compensation and payment calculations according to law.	Training to start following the Lebaran holiday (December 2003). Ongoing.	Factory has yet to provide training as per the remediation plan. (April 2004)	Discussion with management	No progress noted. (July 2004)	Worker interview and document review. (July 2004)
OT Compensation for Piece	Labor minister decision No.72/1984 (Kep. 72 / MEN / 1984), regarding the calculation of basic overtime wage, article 4 stated that total overtime hours calculation for normal working days (in this factory are Mon to Sat) : 1st hour OT working calculated by 1.5 and the next OT hours are calculated by 2. For Sundays and other national holidays : 7 first overtime working hours are calculated by 2, the 8th OT working is calculated by 3 and the next OT hours are calculated by 4. Wages per hour calculation is: 1/173 x monthly wages OR 3/20 x daily wages OR 1/7 x average of daily wages (for piece-rate workers).	Where workers are paid on a piece rate, the payment for overtime work performed shall result in no less payment than the premium pay required by law.	All piece rate and daily rate workers were not compensated with overtime payment, even when they were working up to 9:00 PM after normal working hours or on a rest day.	Document review, management and workers interview		Agree with findings.	See notes above under Minimum Wage and Time Recording System.	Immediately.	No more piece rate and daily rate workers since last September. Factory will develop procedure for contract workers based on the government regulation. On going process. (April 2004)	workers interview and document review.	Factory has not yet developed procedure for contract workers (July 2004)	Document review
Other	Labor minister decision No.72/1984 (Kep. 72 / MEN / 1984), regarding the calculation of basic overtime wage, article 4 stated that total overtime hours calculation for normal working days (in this factory are Mon to Sat) : 1st hour OT working calculated by 1.5 and the next OT hours are calculated by 2. For Sundays and other national holidays : 7 first overtime working hours are calculated by 2, the 8th OT working is calculated by 3 and the next OT hours are calculated by 4. Wages per hour calculation is: 1/173 x monthly wages OR 3/20 x daily wages OR 1/7 x average of daily wages (for piece-rate workers).		On the company regulation, it was stated that all daily rate workers would receive overtime payment with rate formula: 3/20 of daily wage, while in fact they were not compensated at all for overtime payment.	Document review, management and workers interview		Agree with findings.	See notes above under Minimum Wage and Time Recording System.	Immediately.	No more piece rate and daily rate workers since last September. Factory will develop procedure for contract workers based on the government regulation. On going process. (April 2004)	Workers interview and document review.	see above	see above
Miscellaneous												

FLA Code/ Compliance issue	Findings					Remediation				Updates		
	Legal Reference / Country Law	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Internal Audit Findings	PC remediation plan	Target Completion Date	PC Follow-up (22 April 2004)	Documentation	PC follow up (9 July 2004)	Documentation
Employment Agreement	According to Article:63 of Labor Law No. 13/2003 stated the employer must make Appointment Letter to pertinent worker. Appointment Letter shall contain : Worker's name and address,- Worker's starting date,- Type of job,- Amount of salary.		Based on document reviewed, it was noted at least 19 out of 31 personnel files reviewed belong to workers who have already became permanent workers but do not have appointment letter as permanent worker.	Document review		Agree with findings. The personnel files have never been updated for those workers.	Review all personnel files and ensure that all records and information is current.	March 2004.	Factory still reviews all workers personnel documents and updates those which do not have an appointment letter as permanent workers. On going process. (April 2004)	Document review and discussion with management	Only 20% of total permanent workers get the appointment letters as permanent workers. (July 2004)	Document review. (July 2004)
	According to Article 59 of Labor law of Republic of Indonesia No. 13/2003: (1) Employment agreement for specified periods of time can only be made for certain jobs, which according to kind and character or its job activity will finish in certain time, are (a) job which is for one time finish or temporary, (b) job which is estimated to finish in no longer than 3 years, (c) Seasonal job, (d) job which is related to a new product, new activity or additional product which may still be in trial. (2) Employment agreement for specified periods of time cannot be implemented for stable job character. (3) Employment agreement for specified periods of time can be implemented at a maximum for 2 years and only prolonged one time for time period maximum 1 year.		Based on document reviewed, it was noted at least 2 employment agreements of 2 workers who were employed for specified periods of time exhibited that their employment agreement has been extended 2 times consecutively.	Document review		Agree with findings.	The employment agreement for temporary workers must be renewed according to the law - temporary workers must be made permanent in accordance with the local regulations.	Immediately.	Some of temporary workers have become permanent worker starting last year. Factory will provide procedure regarding temporary or contract workers which must follow government law. (April 2004)	Document review and discussion with management	No progress noted. (July 2004)	Worker interview and document review. (July 2004)
	According to Article: 56 of Labor Law No. 13/2003, stated Working agreement for certain time must be limited by:- Time, or- The end of certain job		Based on document reviewed, it was noted that the employment agreement for piece rate workers has no stated employment term, as they were employed for specified periods of time. The worker can be terminated at anytime depending on the job volume or other circumstances. In addition, there is also a statement that if the worker is sick, the factory will not compensate for medical fee.	Document review		Agree with findings.	The employment agreement for temporary workers must contain terms and conditions that comply with local legal requirements and adequately protect workers.	Requires immediate clarification; recruitment system and personnel records must be updated accordingly.	No more piece rate and daily rate workers since last September. Factory will develop procedure for contract workers based on the government regulation. On going process. (April 2004)	Document review and discussion with management		