FLA Audit Profile		Independent External Verification
Country	Indonesia	Indonesia
Factory name	010233362F	010233362EV
IEM	Bureau Veritas - CPS Indonesia	Donny Triwandhani
Date(s) in facility	September 19-20, 2006	October 20-21, 2011
PC(s)	adidas, Nike	adidas
Number of workers	1,404	1,292
Product(s)	Knit Jackets, Shirts, Pants	
Production Processes	Cutting, Sewing, Trimming, Ironing, Finishing, Packing	

			IEM Findings					
FLA Code/Compliance Issue	**Country Law/Legal Reference**	**FLA Benchmark**	**Noncompliance**	**Risk of Noncompliance**	**Evidence of Noncompliance (Uncorroborated)**	**If Not Corroborated, Explain Why**	**Sources/Documentation Used for Corroborating**	**Notable Features**
1. Code Awareness								
Worker/Management Awareness of Code		**FLA Principle of Monitoring, Obligation of Companies:** 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.		Most workers were aware that factory has policy regarding working hours restriction; minimum age; minimum wage; non-discrimination; harassment and abuse; forced labor; and health and safety. Most workers are also aware that PCs have strict policy regarding working hours and minimum age. However, none of them have received PCs' Code of Conduct (COC) when they were hired.			Management and worker interviews; document review	
Confidential Noncompliance Reporting Channel		**FLA Principle of Monitoring, Obligation of Companies:** Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be	No evidence found that company put in place a confidential noncompliance reporting mechanism that allows workers to report complaints directly to the FLA-affiliated company. According to the management, when company representatives visited the factory, they interviewed workers directly and provided their business cards to the workers. Union members also confirmed this.				Factory observation; management and worker interviews	
2. Forced Labor								
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.								
Employment Records	Labor Act UU No.13/2003, chapter IX, regarding working agreement, article 58.1 stated that a work agreement for a specified time cannot stipulate probation.	Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision.	Factory applied probation period for at least 3 finishing workers, although they had already gone through consecutive employment contracts under specified period of time (PKWT). Practically, factory required this kind of worker to submit a new employment application after they finished the employment contract under a specified period of time. Factory only maintained latest employment agreement in the new workers' personnel file; actual date of hiring will be based on new employment agreement issued. In addition, old personnel files and employment agreements under PKWT were not kept together with current personnel files and employment				Management and worker interviews; document review	
Other: Appointment 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/ laborer.		Factory did not provide appointment letters to workers who pass the probation period and are promoted to permanent workers. Personnel file and hiring procedure review found that employment agreements of permanent workers mentioned that new workers should take a 3 month probation period. However, there was no statement that after evaluation of probation period, workers were automatically appointed as permanent workers. When monitors sought clarification with management, it was admitted that there was no formal official letter issued to workers who pass the probation period.				Management and worker interviews; document review	
3. Child Labor								
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.								
Age Documentation		Employers will maintain proof of age documentation for all workers, such as a birth certificate, which verifies date of birth.						
Juvenile Worker Identification System		Employers will have a system for identifying work stations and operations that are inappropriate for young workers according to applicable laws.		Factory has established policy to only employ workers at least 18 years old. However, there was no policy and procedure established regarding the protection of juvenile workers in the case of apprentice/vocational students.			Management and worker interviews; document review	
4. Harassment or Abuse								
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.								
Progressive Discipline		Employers will utilize progressive discipline, e.g., escalating discipline using steps such as verbal warning, written warning, suspension, termination. Any exceptions to this rule, e.g., immediate termination for theft or assault, shall be in writing and clearly communicated to workers.		Factory has policy regarding disciplinary practice and it was also included in CBA (PKB). However, no clear explanation regarding type of violation resulting in a suspension. CBA Article 35 regarding 'Payment during Suspension' does not specify rules whereby workers receive suspension, which could potentially lead to unfair suspension.			Management and worker interviews; document review	
Progressive Discipline		Employers will utilize progressive discipline, e.g., escalating discipline using steps such as verbal warning, written warning, suspension, termination. Any exceptions to this rule, e.g., immediate termination for theft or assault, shall be in writing and clearly communicated to workers.		On August 23, 2006, factory issued termination announcements for 172 workers. On announcement letter posted on announcement board, there was a note that decision made could not be challenged or replied. Moreover, no policy or procedure that. in the case of discipline process resulting in termination, workers have opportunity to reply, challenge or make appeals against the termination.			Management and worker interviews; document review	
Disciplinary Practices	Factory's CBA (PKB) article 54B7 stated: warning letter can be issue for working not comply with the task and operational standard procedure defined.	Employers will utilize consistent written disciplinary practices that are applied fairly among all workers	At least 2 warning letters were issued due to unachieved production targets. The subject of those warning letters was CBA Article 54B7 regarding work not complying with the task and operational standard procedure. However, warning letters did not indicate the operational mistake that caused the target not to be achieved.				Management and worker interviews; document review	
Disciplinary Practices	Law No. 13 (2003), Art. 6, Every worker/laborer has the right to receive equal treatment from the entrepreneur without discrimination	Employers shall apply disciplinary rules, procedures and practices in a fair and non-discriminatory manner to all workers.						
Training of Management in Disciplinary Practices		Employers will provide training to managers and supervisors in appropriate disciplinary practices	No training to managers and supervisors in appropriate disciplinary practices in order to ensure disciplinary actions taken were in accordance with CBA (PKB). In practice, the supervisor has authority to determine whether or not a worker is subject to receive a warning letter. Then, the nature of the violation/mistake is reported to Personnel Department, which in turn, issues the warning letter and communicates it to the respective worker.				Management interview, document review	
5. Nondiscrimination								
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.								
Hiring Discrimination Practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement		Factory has established a non-discrimination policy. However, criteria for decisions on work assignments, job training, promotions, pay, etc. and whether they are based solely on skill and ability is unclear.			Management and worker interviews; document review	
Hiring Discrimination Practices	Law No. 13 (2003), Art. 5, Every worker has the same opportunity to obtain a job without discrimination.	Recruitment and employment policies and practices, including job advertisements, job descriptions, and performance/job evaluation policies and practices shall be free from any type of discriminatory bias.						
6. Health and Safety								
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.								
Fire Safety: Health and Safety Legal Compliance	Labor Minister Regulation No. PER-01/MEN/1979 regarding obligation of HYPERKES (Hygiene, Factory, Health and Safety) training for the company's paramedics, article: 1 stated Every company is obliged to participate its company's paramedics for HYPERKES training.	Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits.	The appointed doctor and nurse served the on-site clinic. However, none of the paramedics participated in HYPERKES (Hygiene, Factory, Health and Safety) training.				Management and paramedics interviews; document review	
Fire Safety: Health and Safety Legal Compliance	Labor Ministry Circular No. SE-05/BW/1997, stated the factory shall maintain hazard assessment to determine the personal protective equipment is sufficient for the working condition.	Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits.	Factory has identified the hazards of particular work and provided appropriate PPE. However, no written hazard assessment that identified potential risks and hazards pertaining to jobs in all sections.				Management interview, document review	
Fire Safety: Health and Safety Legal Compliance	Labor Minister Regulation No. PER-02/MEN/1980 regarding Periodical Medical Examination, article 2)2: any undertaking as referred to in subsection 2 (2) of Safety Act No. 1/1970 shall provide pre-medical examination to workers (including 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	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.	Factory has never provided occupational medical examinations (pre-medical examinations, periodic medical examinations or specific medical examinations) including exams for workers dealing with chemicals.				Management and worker interviews; document review	
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.	Factory had 2 spot cleaning rooms called Sewing Spot Cleaning and Finishing Spot Cleaning. However, there was an eye wash station only in Sewing Spot Cleaning. Management explained that they planned to utilize only 1 spot cleaning room in future.				Factory observation; management and worker interviews	
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.	No second containment provided in spot cleaning rooms to prevent spillage when refilling chemical into the spray gun.				Factory observation; management and worker interviews	
Sanitation in Facilities	Labor Minister Regulation No.7 of 1964 regarding Condition of Health, Cleanness and lighting in workplace, article 6.9 stated 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	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws		During busy hours (e.g., around 12:00 PM and 5:00 PM), there was lack of running water in workers' toilet.			Factory observation; management and worker interviews	
Sanitation in Dining Area		All food preparation shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. Safe drinking water should be available in each building.	There is lack of a dining facility (e.g., chairs, tables) for workers to have their meals during lunch or dinner. The current dining facility can only accommodate about 20% of total workforce. During lunch or dinner workers have their meals around the factory grounds (factory's front yard, parking lot, etc.). Outdoor setting could cause problems to workers when it is raining.				Factory observation; management and worker interviews	
7. Freedom of Association and Collective Bargaining								
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.								
Employer Control/Favoritism		The employer will not interfere with the right to freedom of association by controlling workers' organizations or favoring one workers' organization over another						
Compliance to Local Collective Bargaining Laws	Law No.13 on Employment (2003), Art. 111(3), The validity of company regulation is 2 years and must be reviewed after the expiration.	Employers will comply with all national and local laws and regulations concerning collective bargaining and free association. Where conflicts are known to exist, employers will use the standard that provides the greatest protection for workers.						
Other: Policy and Procedure for Termination/Retrenchment for Operational Purposes		Questions from Audit Instrument: (5A.17a) Does the factory have a policy for termination/retrenchment for operational purposes?		No policy and procedure for termination/retrenchment for operational purposes established in place. Furthermore, August 23, 2006, factory terminated 172 workers. Reason for mass termination mentioned on announcement letter was for efficiency of production workforce. However, such termination reason was not stipulated in CBA or any policy and procedure.			Management and worker interviews, document review	
8. Wages and Benefits								
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.								
Wage Benefits Awareness	Labor Act (UU) No. 13/2003, article: 92, stated (1) Entrepreneurs shall formulate the structure and scales of wages by taking into account the level, position, years of work, education and competence of the worker/ laborer.(2) Entrepreneurs shall review their workers/laborers' wages periodically by taking into account their enterprise's financial ability and productivity. Also Labor Minister Decree No. KEP-49/MEN/IV/2004 regarding Determination structure and scales of wages.	Employers will communicate orally and in writing to all employees in the language of the worker the wages, incentive systems, benefits and bonuses to which all workers are entitled in that company and under the applicable law		No proper policy and procedure regarding communication of wage, incentive, benefits and deduction systems established to educate workers. Factory has included some information related to wages in CBA (PKB). However, it was not comprehensive and there was no clear base decision in determining incentive/allowance given to workers. I.e., No clear information regarding how much and to whom target bonus is to be paid. No information regarding skill allowance that is practically provided to QC workers only. The amount of this allowance varies.			Management and worker interviews; document review	
Deduction for Services		Deductions for services to employees will not exceed the cost of the service to the employer. If questioned, employers will demonstrate the reasonableness of these charges	In practice, factory provided free work tools (e.g., scissors, thread spool, bobbin case, pressure foot, etc.) to workers upon hire. However, from records of broken/lost small tools review, found that if worker loses tools for any reason, factory will require workers to pay for tools at range pf Rp. 500-5,500. Worker interviews indicated that payment has to be made in cash. This practice was not regulated by CBA. Management also admitted that broken small tools would be freely replaced, but for lost tools, workers should compensate in cash.				Management and worker interviews; document review	

	Remediation				[Status]	Updates		[Status]
FLA Code/Compliance Issue	**PC Remediation Plan**	**Target Completion Date**	**Company Follow Up (March 2007)**	**Documentation**	**Completed, Pending, Ongoing**	**Company Follow Up (June 26, 2007)**	**Documentation**	**Completed, Pending, Ongoing**
1. Code Awareness								
Worker/Management Awareness of Code	Factory is to develop induction training program for new workers that includes information regarding COC.	Dec-06	Training on COC has been included in the induction training.	Induction training materials	Completed			
Confidential Noncompliance Reporting Channel	Company compliance team provides workers with business cards during worker interviews in order for workers to contact compliance team confidentially. In addition, company compliance staff does not identify workers who contact company to factory management, but investigates their claims during company internal audits.				Completed and Ongoing			
2. Forced Labor								
Employment Records	1) Factory to develop or review written procedure regarding hiring system which must follow local regulation. 2) Factory to keep all worker's documents from when workers started work in the factory and to update them regularly.	Dec-06	1) Factory still needs to revise the existing hiring procedure to add information/procedure for when they want to recruit temporary workers, although currently there are no temporary workers.	Hiring procedure	Ongoing	1) Factory management has revised recruitment procedure for contract/temporary workers. 2) In addition, each worker has their own employee file in a folder which factory management updates regularly with training records, promotion information, warning letters, etc. Factory has employee database with easy employee file tracking.	Hiring procedure	Completed
Other: Appointment Letter	1) Factory management to create a policy that clearly indicates how workers become permanent workers after completing their probationary period. 2) Factory management is to review the hiring procedure which must provide appointment letters for workers who successfully complete their 3-month probationary period.	Dec-06	1) Factory management must still revise the policy, since it is not clear how workers can become permanent.	Hiring procedure	Ongoing	Factory has revised the recruitment procedure which states the appointment letter for workers who passed their 3 months probation period.	Hiring procedure	Completed
3. Child Labor								
Age Documentation								
Juvenile Worker Identification System	Factory management to develop policy and procedure for juvenile workers in case apprentice/vocational students apply and are hired by the factory.	Jan-07	Procedure regarding juvenile workers has been developed. In the apprentice procedure, if applicants' age is less than 18 years old, then the work hours are only 3 hours/day and they must have a permit from their parents or school. The maximum apprenticeship is 3 months. All the contents in the factory apprentice procedure are based on the local regulation regarding apprentices.	Apprentice procedure	Completed			
4. Harassment or Abuse								
Progressive Discipline	Factory to discuss and develop with the union additional notes regarding the suspension section on CBA (PKB).	Feb-07	Renewal of CBA (PKB) still is in the process of negotiation. Negotiation and renewal between management and workers' union will be completed by June 2007.	Management interview	Ongoing	The new CBA has been completed between workers' union and management and includes the suspension period policy under the termination procedure section.	New CBA, management and workers' union interviews	Completed
Progressive Discipline	1) Factory management to discuss and develop with union an appeal and termination procedure; it should be fair and transparent and in compliance with local law and SEA Standards. 2) Termination procedures to be communicated to workers once developed.	Feb-07	Renewal of CBA (PKB) still is in the process of negotiation. Negotiation and renewal between management and workers' union will be completed by June 2007.	Management interview	Ongoing	The new CBA has been developed, including a section on the disciplinary sanctions. Factory has developed an industrial dispute procedure.	New CBA, industrial dispute procedure	Completed
Disciplinary Practices	Factory to conduct training to managers and supervisors regarding implementation of disciplinary practice to ensure the disciplinary action taken is in accordance with the CBA (PKB).	Dec-06	Renewal of CBA (PKB) still is in the process of negotiation. Negotiation and renewal between management and workers' union will be completed by June 2007.	Management interview	Ongoing	The disciplinary procedure has been communicated to all managers, supervisors and workers through factory's training program.	Training record, training program (2007)	Completed
Disciplinary Practices								
Training of Management in Disciplinary Practices	Factory management to conduct training to managers and supervisors regarding implementation of disciplinary practice to ensure the disciplinary action taken is in accordance with the CBA (PKB).	Dec-06	Renewal of CBA (PKB) still is in the process of negotiation. Negotiation and renewal between management and workers' union will be completed by June 2007.	Management interview	Ongoing	The disciplinary procedure has been communicated to all managers, supervisors and workers through the factory's training program.	Training record, training program (2007)	Completed
5. Nondiscrimination								
Hiring Discrimination Practices	1) Factory is to develop clear performance appraisal system that should be in compliance with labor law and SEA standards, and strictly be based on work performance. 2) Factory management to train all managers and supervisors on performance appraisal system once completed.	Final draft (April 2007), May 2007	1) The draft has been developed and it is being finalized by the [Factory group].	Draft performance appraisal system	Pending	Performance appraisal system is still waiting for approval from top management.	Draft performance appraisal system	Ongoing
Hiring Discrimination Practices								
6. Health and Safety								
Fire Safety: Health and Safety Legal Compliance	Factory has already changed the provider for health service in the factory to a provider where the doctor and the nurse who already have the certificate from HYPERKES.	Done		Certificate Hyeres	Completed			
Fire Safety: Health and Safety Legal Compliance	1) Factory is to conduct a risk assessment to determine the PPE needs in each factory section. 2) Factory should provide training to workers on the importance and proper use and storage of PPE and also enforce the use of proper disciplinary procedures for workers who fail to wear the PPE provided by the factory.	Mar-07	1) Draft of risk assessment form has been developed. Factory plans to conduct the risk assessment in April 2007. 2) Training regarding PPE has been conducted.	1) Draft risk assessment form, 2) PPE training record	Ongoing	Risk assessment for all processes in the factory have been developed. Yet, risk assessments did not provide proper measuring tools to control and eliminate risks, other than through the use of PPE. Factory should create a risk control, as PPE should be considered the last measure to eliminate risk.	Risk assessment record	Ongoing
Fire Safety: Health and Safety Legal Compliance	1) Factory is to conduct the following medical check ups (MCU): a) Pre-employment MCU, b) Annual MCU, c) Special MCU based on health risk assessment. 2) All MCU records are to be kept on file accordingly. 3) Factory is to make these medical check ups part of its regular HSE programs. 4) Pre-employment MCU is to be made part of factory's Recruitment and Selection Procedures, but not to be used as a way to screen workers with certain conditions in order to prevent them from working in the factory.	Aug-07	1 a-c) Factory already has an agreement with the health provider to conduct medical check ups by June 2007.	Agreement letter between factory management and medical provider	Ongoing	1 a, b) Medical check ups have been conducted for pre-employment and annual MCUs for some workers. Factory plans to provide MCUs for all workers.	1st stage of medical check-up record	Ongoing
Chemical Management	1) According to the SEA HSE guidelines, the eyewash station must be reachable within 30m of the workstation. 2) Provide maintenance control check list for the eyewash stations, and ensure that they are located in areas where chemicals are used and stored.	Dec-06	1, 2) Eyewash facility and the maintenance check list have been provided and implemented.		Completed			
Chemical Management	Factory management to provide secondary containment for all stored liquid chemicals and chemicals in the refilling area that may require a secondary container.	Dec-06	Secondary containment has been provided in the area where the chemicals are stored.		Completed			
Sanitation in Facilities	1) Factory management cleaning service staff to conduct inspection to ensure that the tap is closed when not in use in order to prevent waste. 2) If necessary, factory is to add to the capacity of the water tank to ensure the availability of running water in the toilets during all hours of operation.	Dec-06	1) Inspections to all toilets are being conducted regularly. 2) Factory has added 10% quantity to its purchase order of water. There were no complaints from workers regarding water shortage in the toilets.	Toilet inspection form, water quantity order, worker interview	Completed			
Sanitation in Dining Area	Factory management has planned to extend the current dining facility in order to accommodate the entire workforce.	Dec-07	The canteen proposal has been sent to top management for approval.	Canteen proposal	Ongoing	Canteen renovation started in June and is expected to be finished by the middle of August.	Factory observation, canteen proposal	Ongoing
7. Freedom of Association and Collective Bargaining								
Employer Control/Favoritism								
Compliance to Local Collective Bargaining Laws								
Other: Policy and Procedure for Termination/Retrenchment for Operational Purposes	Factory management to discuss and develop with the union the termination procedure, which should be fair and transparent, and in compliance with local law and SEA Standards.	Feb-07	The renewal of CBA (PKB) is still in process of negotiation. Negotiation and renewal between management and workers' union will be completed by June 2007.	Draft of CBA (CBA)	Ongoing	The new CBA has been developed which states procedures regarding the disciplinary sanction. Factory has developed industrial dispute procedures should workers have the need to appeal a disciplinary action.	New CBA, Industrial dispute procedure	Completed
8. Wages and Benefits								
Wage Benefits Awareness	Factory management is to clearly inform all workers of wage calculations, incentives, benefits and deductions policies. Training should be provided in writing, by posting information on bulletin boards and during new employee/ongoing employee trainings.	Apr-07	Training regarding wages and other benefits has been conducted.	Training record	Ongoing	Factory has developed training program for 2007, which includes training on wages and benefits. Wages/benefits have been posted.	Training program	Ongoing
Deduction for Services	1) Factory management to stop the practice of penalizing workers via monetary deductions for any violations in the workplace. If factory management verifies that workers lose tools due to negligence and not due to overuse or theft they may be given a non-monetary disciplinary procedure that is in accordance with factory CBA and internal regulations. 2) This policy must be announced to all workers including mechanics, managers, supervisors and the personnel department.	Dec-06			Completed	Factory has developed a policy that prohibits monetary penalties. Policy has been communicated to all employees, including mechanics.	Announcement of monetary penalizing policy	Completed

	Updates		[Status]	Updates		[Status]	Third-Party Verification		Company Verification Follow Up	
FLA Code/Compliance Issue	**Company Follow Up (April 23, 2008)**	**Documentation**	**Completed, Pending, Ongoing**	**Company Follow Up (November 28, 2008)**	**Documentation**	**Completed, Pending, Ongoing**	**External Verification (October 20-21, 2011)**	**Documentation**	**Company Follow Up (January 10, 2012)**	**Documentation**
1. Code Awareness										
Worker/Management Awareness of Code							COC training had been conducted in 2007. The COC was included in the induction training for new workers only until 2010. However, information regarding COC has not been included in the induction training program since January 2011. **[Pending]**	Record inspection; worker and management interviews	Factory provided COC training as part of induction training. Training topics regarding factory's Compliance Policies included freedom of association, wages, working hours, non-harassment, etc. which are part of the COC. Factory is to develop induction training program for new workers that includes information regarding COC. Factory is to provide COC training as refresher training for current workers. Factory is to ensure that COC always become part of induction training and regular training program. It should be stated clearly in the Training Procedure.	Training record review; management and worker interviews
Confidential Noncompliance Reporting Channel							Company has posted an Open Letter procedure in the production building for a confidential noncompliance reporting mechanism that allows workers to report complaints directly to the FLA-affiliated company. **[Completed]**	Visual inspection, record inspection; worker and management interviews		
2. Forced Labor										
Employment Records							The factory has had no more hired contract workers since February 2009. All workers are hired with permanent status. The new workers have to complete 3 months of probation period before they are promoted to permanent status. **[Completed]**	Record inspection; worker and management interviews		
Other: Appointment Letter							The workers who pass the probation period are provided appointment letters. All workers are hired as permanent workers. The appointment letters of permanent status workers are maintained in personnel files. **[Completed]**	Record inspection; worker and management interviews		
3. Child Labor										
Age Documentation							Factory used people from local area (outsourced workers) to help with unloading fabrics from containers. However, copy of age documentation of outsourced workers was not maintained. Based on unloading records, there were unloading processes conducted at least once a week. Management admitted that a group of people from the local area requested jobs as helpers to unload fabrics from containers. However, management confirmed that the factory did not maintain copy of age documentation. In addition, factory did not maintain a list of outsourced workers names for each loading process. **[New Finding]**	Record inspection, management interview	Factory to cease this practice, as it is not in compliance with local legal regulation (Manpower Decree No. 100 Year 2004 concerning Contractual Working System). Based on regulation, factory is not allowed to use outsourced workers, as this process is considered a permanent process. Therefore, factory should use their internal workers to do such processes instead of outsourced workers. It is very common in Indonesia for local community to stage demonstrations if factory does not have a good communication when implementing a policy that could impact the community. Factory should discuss with local community and explain to them that factory cannot use temporary workers due to it breaking the Ministry of Manpower Decree No. 100 regarding temporary workers. Factory should find a better way to accommodate local community support, such as managing food sellers surrounding the factory, so they are more tidy and clean, or other activities which do not directly involve the factory's direct production work activity. Meeting minutes from discussion	Management interview
Juvenile Worker Identification System							Factory has maintained policy and procedure regarding the protection of juvenile workers in case apprentice/vocational students are available and hired. Based on factory apprentice procedure, work hours for apprentice/ vocational students are only 3 hours/day with a maximum apprenticeship program of 3 months and they must have a written permit from their parents and school. **[Completed]**	Record inspection, and management interview		
4. Harassment or Abuse										
Progressive Discipline							The type of violations resulting in a suspension have been included in the CBA (PKB). **[Completed]**	Record inspection, management interview		
Progressive Discipline							The discipline process resulting in termination has been included in the CBA (PKB). Workers have opportunity to reply, challenge or make appeals against the termination. However, there was no more termination of workers since the last termination in 2006. **[Completed]**	Record inspection; worker and management interviews		
Disciplinary Practices							Disciplinary records showed 2 workers were given warning letter type 2 on April 11, 2011 due to not reaching the production target. The subject of those warning letters was CBA Article 55BII regarding work not complying with task and operational standard procedure. However, the warning letters still did not indicate the operational mistake that caused the target not to be achieved. In addition, there is no record showing that these workers received retraining or guidelines so that they can meet the standards set by the factory. **[Pending]**	Record inspection; worker and management interviews	Factory to recall all warning letters that were issued improperly, i.e., due to unachieved production targets. Factory should find root causes for not achieving production targets, such as insufficient skills, unreasonable production target setting, machinery problem. Factory to review and revise its Disciplinary Procedure, so that it includes a cross-checking process on the need to issue a warning letter. Factory to conduct training to managers and supervisors regarding implementation of disciplinary practice to ensure disciplinary actions are taken in accordance with CBA (PKB).	Management interview, disciplinary procedure review
Disciplinary Practices							As punishment for poor performance and attendance, workers are deprived from OT work. Majority of selected sample workers stated that they are excited to work OT to earn more income. I.e., 1) [Employee name] working in sewing line got this punishment because they did not come to work on September 6, 2011 without valid reason after Muslim holidays (Idul Fitri) in period of August 26-September 5, 2011. They were not given OT for at least 12 days. OT approval form (SPL) showed [Employee name] was highlighted in pink/blue and was not allowed to work OT from September 12 to 16, 22, 23, 26 to 30, 2011, but supervisors interviewed stated that highlighting on the SPL was not from them. It was possibly done in the production office. 2) 2 workers, [Employee name] and [Employee name] received warning letter type 2 on April 11, 2011 due to not reaching the production target. These 2 workers were also not given OT hours for several days. **[New Finding]**	Record inspection; worker and management interviews	Factory is to cease this practice. There must be no improper disciplinary action taken against workers who are following company regulations. Factory should take proper disciplinary practice against those supervisors followed this practice. Factory to make sure that there is no discriminatory practice in selecting workers for OT. It should be clearly communicated to all supervisors and workers that this decision is solely made based on production needed and workers' skills. Factory to review and ensure that its OT procedure contains a process of selecting workers for OT. Once OT procedure is revised, it should be communicated to all supervisors. Factory should take progressive disciplinary actions against supervisors that breach the procedure.	Management interview, overtime procedure review
Training of Management in Disciplinary Practices							The managers and supervisors received training on harassment and abuse. The last training was conducted August 10, 2011. However, there was still no training for managers and supervisors on appropriate disciplinary practices in order to ensure disciplinary actions taken were in accordance with CBA (PKB). **[Pending]**	Record inspection, management interview	Factory management to conduct training to managers and supervisors regarding implementation of disciplinary practice to ensure disciplinary actions taken are in accordance with CBA (PKB). Factory needs to develop a training program plan for 2012, which includes training for managers and supervisors regarding disciplinary procedures. Factory had conducted training for managers and supervisors regarding implementation of disciplinary practices and its part in their training program.	Management interview, training program
5. Nondiscrimination										
Hiring Discrimination Practices	1) Performance Appraisal (PA) system has been already established (procedure effective as of late 2007, this included a clear and fair category of assessment, and training on such to factory by an external consultant in Q3 2007). In the first stage, PA system was implemented to promote contract workers to permanent status, and has been implemented for all staff levels. Application for non-managerial level employees will be conducted between Q3 2008 - 2009. 2) Training on PA system (procedure, steps, etc.) was first provided to upper level management. Training for other supervisory levels will follow prior to application of PA for operators.	1) Performance appraisal procedure, 2) Training record	Completed and Ongoing	1) Factory has developed clear performance appraisal system based on fair work performance assessment (Note that capacity building for HR/compliance team was facilitated in SEA Project Year 2007 regarding how to develop effective Performance Appraisal system. SEA hired external expert consultant to provide training and guidance to selected Indonesian factories on the topic). System finalized by mid-2008 and improvements to the system are done accordingly as it is implemented. 2) Socialization and trainings on PA system have been given to top management level and supervisory level. Information on system given to workers during meetings with their supervisors. PA system has been implemented gradually to workers, i.e., for promotion from contract agreement/probationary period to permanent position.	1) PA policy, procedure, forms, criteria, etc. 2) Attendance list of meeting/socialization on PA system	Completed	Factory updated its non-discrimination policy January 5, 2011, which clearly states that work assignments, job training, promotions, wages and incentives are based on skill, ability and qualification of education. **[Completed]**	Record inspection; worker and management interviews		
Hiring Discrimination Practices							Factory has a non-discrimination policy. However, hiring notices posted on the main security post showed upper age limit, gender and marital status. Factory looked for 1 single male mechanic, whose age ranged from 20-30 years old; 10 sewing operators, from the ages of 19 to 28; and 1 single female staff member, from the ages of 18 to 25. **[New Finding]**	Record inspection, management interview	Factory is to cease such practices and ensure all factory practices are in line with all company policies. Factory is to ensure all decisions in regards to employment practices (from recruitment until termination) are solely made based on a person's ability to do the job; not based on personal characteristics such as race, national origin, gender, religion, age, disability, marital status, parental status, association membership, sexual orientation, and political opinion. Factory needs to review and ensure its Recruitment Procedure clearly mentions process of ensuring that recruitment activities are not discriminatory. Factory should provide training to all staff in HR Department regarding company policies and recruitment procedures.	Management interview, recruitment procedure review
6. Health and Safety										
Fire Safety: Health and Safety Legal Compliance							The available paramedic in the clinic received HYPERKES (Hygiene, Factory, Health and Safety) certificate March 21, 2011. **[Completed]**	Record inspection, paramedic and management interview		
Fire Safety: Health and Safety Legal Compliance	1) HIRAC (Hazard Identification, Risk Assessment & Control) manual has been developed/completed. This includes identification of types of PPE needed in areas identified as hazardous. 2) PPE training has been conducted regularly per developed HSE training schedule. Factory also includes component of compliance with 6S (which include safety measures) in CBA disciplinary system, and it is a consideration point in production line bonus proportion.	1) HIRAC Manual, 2) 2007-2008 training schedule and HSE training records	Completed				Factory has maintained written hazard assessment called HIRAC (Hazard Identification, Risk Assessment & Control) manual that identifies potential risks and hazards pertaining to jobs in all sections. As per HIRAC manual, the line leaders and HSE coordinator are designed to monitor the implementation of the hazard assessment program. **[Completed]**	Record inspection; line leader and management interview		
Fire Safety: Health and Safety Legal Compliance	1 a, b, c) Medical check ups have been conducted for pre-employment, with annual MCUs for some workers. MCUs for all workers have been conducted, prioritizing workers in hazardous areas first. MCUs are conducted in cooperation and as part of an agreement with the medical service provider; 2) All MCU records are kept on file; 3) Annual MCU is included in HSE regular work program; 4) Pre-employment MCU is included in factory's Recruitment and Selection Procedure. General MCU program is provided at the last stage of recruitment and only for positions designated for hazardous areas, there are additional checks to ensure workers' fitness if they are placed in those areas.	1) a, b, c. MCU schedule and summary/recap data, 2) MCU records, 3) HSE work program, 4) Recruitment Procedure	Completed and Ongoing				Facility started to provide occupational medical examinations for workers with following details: June 8, 2008 for 8 workers; January 19, 2009 for 179 workers; November 7, 2009 for 207 workers; and November 28, 2010 for 298 workers. Based on medical examination records, around 600 out of 1,292 workers have not yet been provided with occupational medical examinations. **[Ongoing]**	Record inspection; worker and management interviews	1) Factory is to conduct the following medical check-ups (MCU): a) Pre-employment MCU, b) Annual MCU, c) Special MCU based on health risk assessment. 2) All MCU records are to be kept on file accordingly. 3) Factory is to make these medical check ups are part of its regular HSE programs. 4) Pre-employment MCU is to be made part of factory's Recruitment and Selection Procedures, but not to be used as a way to screen workers with certain conditions in order to prevent them from working in the factory. 5) Factory to ensure MCUs are conducted in a timely manner. 6) Factory should include MCUs as part of HSE Procedures, i.e., Procedures of Identification and Review HSE Legal List, and Corrective and Preventive Actions.	Management interview, medical check-up plan
Chemical Management							Factory currently only has 1 spot cleaning room next to the sewing department; eye wash station was available in the area. **[Completed]**	Visual inspection		
Chemical Management							All chemical containers in spot cleaning room observed provided with secondary containment. **[Completed]**	Visual inspection		
Sanitation in Facilities							Adequate running water observed in workers' toilet; available all the times. **[Completed]**	Visual inspection, worker interviews		
Sanitation in Dining Area	Canteen renovation was finished as planned in August 2007. It is equipped with enough tables and chairs to accommodate workers at lunch time.	Factory canteen observation	Completed				Factory has expanded the canteen capacity so that there are more chairs and tables available for workers. **[Completed]**	Visual inspection		
7. Freedom of Association and Collective Bargaining										
Employer Control/Favoritism							There are 2 workers' unions at the factory called SPTP and SPSI. New union (SPTP) was established October 2010. Each union maintained signed statements from their members stating that they were willing to joint the union and agreed to contribute IDR 1,000/month. It was observed that majority of workers are members of the new union (SPTP). However, factory has held deductions for union member fees since January 2011 with agreement from unions. Therefore, unions are unable to collect funds from their members. Based on written agreement dated January 13, 2011, the reason factory holds deductions for union member fees is that there was dualism of leadership in workers' union. Before SPTP was established, [Employee name] was on the board of SPSI. But in October 2010, [Employee name] established and leads SPTP. Since factory holds the union fees, SPTP and SPSI cannot run their work programs properly. **[New Finding]**	Record inspection; worker, union representative and management interviews	Factory should find a better solution to clarify with both unions the accurate union members, respectively. It could include, but not be limited to, inviting both unions to a meeting explaining the need for them to solve their internal problems (i.e., between both unions). It should be clearly mentioned that management is responsible for seeking accurate data and supporting evidence from both unions prior to deducting workers' salaries for union dues. Factory should help and facilitate both unions in holding a membership verification process. Based on the results of this process and with authorization letter from respective workers, factory should continue helping union to deduct union dues from workers' salaries on a monthly basis. Factory has conducted workers' deductions for one of the trade unions representing workers (SPTP), as they have provided a consent letter from their members allowing factory to deduct their union dues from their salary. However, the other union (SPSI) has yet to provide the consent letter from their members. As a result, factory management cannot make deductions for union dues. Factory does not have authority to make deductions from workers' salaries without consent letters from respective workers.	Management interview
Compliance to Local Collective Bargaining Laws							The CBA (PKB) has expired since 2009. However, there was no record to show that the PKB (period of 2007 to 2009) is in the process of renewal. **[New Finding]**	Record inspection; union representative and management interviews	Despite ongoing conflict between both unions on a national level, factory should do its utmost to ensure this conflict will not stop factory from having a renewal CBA process. Factory should find a better way to make unions aware of the importance of renewing CBA immediately. It should be addressed in formal meeting; there should be meeting minutes signed by management and both unions. Factory should also send a letter to invite both unions (SPTP and SPSI) to discuss CBA. Factory should keep the receipt of the letter on file.	Management interview
Other: Policy and Procedure for Termination/Retrenchment for Operational Purposes							The factory has not yet maintained policy and procedure for termination/retrenchment for operational purposes. **[Pending]**	Record inspection, management interview	Factory should ensure that its Termination Policy and Procedure includes termination/ retrenchment for operational purposes that are fair, transparent, and in compliance with local law and SEA Standards. Factory had updated their termination procedure, which included termination for operational purposes.	Management interview, termination procedure review
8. Wages and Benefits										
Wage Benefits Awareness	As stated in June 26, 2007 follow up, regular training which includes topics such as wage calculations, incentives, benefits and deductions policies, etc. has been provided to workers. Company policies and procedures are posted on the announcement board and included in the Worker Handbook/CBA. Additionally, regular refreshment training is provided to current workers, and conducted in new worker orientation training.	Related company policies and procedures; training schedule and labor training records; training material given to workers on training session, CBA/workers' handbook	Completed and Ongoing				Workers have been trained on wages and benefits. Induction training for new workers also covers communication on wages, incentives, benefits and deduction systems. Target bonus is given to workers who reach the production target and workers have been informed that the amount of the target bonus is IDR 5,000 per day. QC workers receive the same amount of IDR 75,000 per month as skilled allowance. **[Completed]**	Record inspection; worker and management interviews		
Deduction for Services							All working tools are provided for free. The workers do not need to pay for replacement of lost tools. **[Completed]**	Record inspection; worker and management interviews		

			IEM Findings						Remediation				[Status]	Updates		[Status]	Updates		[Status]	Updates		[Status]	Third-Party Verification		Company Verification Follow Up	
FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Sources/Documentation Used for Corroborating	Notable Features	PC Remediation Plan	Target Completion Date	Company Follow Up (March 2007)	Documentation	Completed, Pending, Ongoing	Company Follow Up (June 26, 2007)	Documentation	Completed, Pending, Ongoing	Company Follow Up (April 23, 2008)	Documentation	Completed, Pending, Ongoing	Company Follow Up (November 28, 2008)	Documentation	Completed, Pending, Ongoing	External Verification (October 20-21, 2011)	Documentation	Company Follow Up (January 10, 2012)	Documentation
Time Recording System		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																					Factory used outsourced workers for unloading process. A group of people from local area requested jobs as helpers to unload fabrics from containers. Outsourced workers are hired only when containers arrive at the factory. However, factory did not maintain attendance records for outsourced/casual workers when the unloading process was conducted. There was no information on the number of hours worked by each outsourced/casual worker. Factory also did not have information on the number of outsourced workers for each loading process. The management stated that the leader of outsourced/casual workers will arrange for and bring workers to the factory, The number of workers in a group will depend on the workload. **[New Finding]**	Record inspection, management interview	Factory to cease this practice, as it is not in compliance with local legal regulation (Manpower Decree No. 100 Year 2004 concerning Contractual Working System). Based on regulation, factory is not allowed to use outsourced workers, as this process is considered a permanent process. Therefore, factory should use their internal workers to do these processes, instead of outsourced workers. It is very common in Indonesia for local community to stage demonstrations if factory does not have good communication when implementing a policy that could impact the community. Factory should discuss with local community and explain to them that factory cannot use temporary workers due to it breaking the Ministry of Manpower Decree No. 100 regarding temporary workers. Factory should find a better way to accommodate local community support such as managing food sellers surrounding the factory, making them be more tidy and clean, or other activities which do not directly involve factory direct production work activity. Meeting minutes from the	Management interview
Accurate Benefit Compensation	Labor Act No. 13/2003, regarding Termination of Employment, chapter XII article: 157.2, in case the worker/ laborer's wages is paid on the basis of daily calculation, a one-month wage shall be equal to 30 times a one-day wage.	All employees will be credited with all time worked for an employer for purposes of calculating length of service to determine the benefits to which workers are entitled	Payroll record review found that workers who resigned/ were terminated in May and August 2006 (particularly for those resigned/terminated on the 2nd period of payday) are owed 1 day's pay. Management suggested this was due to computer system error in calculating the day.				Management and worker interviews; document review		1) Factory to regularly check computer program for salary payment to prevent miscalculation on salary. All workers who are terminated or resign from factory must be given all payments in accordance with the law. 2) Factory to change the system to manual calculation for periods 16 to 31 (for resigned/termination cases). 3) Factory to inform all workers regarding the channels of communication if they want to	Immediately	1, 2) Factory has already sent more to payroll staff to add 1 day's payment if the total days in the month that a worker resigns or is terminated is 31 days. 3) The pay slip states that if the amount of salary is not correct, workers can contact the payroll staff.	1) Memo to payroll staff, 2) Pay slip form	Completed										Based on the payroll records, the workers who resigned are paid correctly. **[Completed]**	Record inspection		
Accurate Benefit Compensation	Act (UU) No. 3/1992 regarding social security scheme (JAMSOSTEK), article: 18 stated (1) Employer is obliged to have a list of workers and their family, list of wages and its changes and list of work injury in the company or part of the company; (2) In addition, employer is obliged to inform the workforce and company data related with social security scheme program to the relevant bureau. Contribution is 5.7% of monthly wage for each worker, paid by employer (3)7%) and by employee (2%).	All employees will be credited with all time worked for an employer for purposes of calculating length of service to determine the benefits to which workers are entitled	Record review found that JAMSOSTEK contribution was made based on legal minimum wage (UMR) for region in 2006 (Rp. 800,000) instead of actual wages. For monthly workers paid more than Rp.1,000,000 per month, contribution was still based on Rp. 1,000,000. Only for those paid wage less than Rp. 1,000,000 per month, but more than legal minimum wage per month, contribution was based on the actual wage.				Management and worker interviews; document review		1) Factory must review the contribution payment for JAMSOSTEK which must be based on basic wages, which include fixed allowance (seniority). 2) Factory to do the retroactive payment for the balance payment of JAMSOSTEK since 2005 to all workers.	1) January 2007, 2) March 2007	2) Retroactive payment for JAMSOSTEK (social security insurance) was paid December 9, 2006.	Payment slip review, worker interviews	Completed										Based on contribution records of social security (JAMSOSTEK) and payroll records, contributions are calculated correctly from actual wages of workers. **[Completed]**	Record inspection; worker and management interviews		
Record Maintenance	Regulation of the Minister of Manpower No. KEP-06/MEN (1990), Every entrepreneur is obliged to prepare, possess and maintain a wage book. A wage book is a record book that is easy to be understood by all parties concerning the payment and the amount of wage to the employees of the company concerned.	All legally required payroll documents, journals and reports will be available complete, accurate and up-to date. (In the United States terms this would include W-4s, I-9s, green cards, 941s and supporting material																					Factory used outsourced workers for unloading process. A group of people from local area requested jobs as helpers to unload fabrics from containers. Outsourced workers are hired only when containers arrive at factory. Sample payment receipt/voucher of IDR 70,000 for costs of unloading containers on September 30, 2011 provided for review. However, the itemized payroll for those workers was not available. There was no information on the number of hours worked or the number of workers in groups that received IDR 70,000. The management stated that they did not maintain detailed payroll, since they are paid based on piece rates (per container). **[New Finding]**	Record inspection, management interview	Factory to cease this practice, as it is not in compliance with local legal regulation (Manpower Decree No. 100 Year 2004 concerning Contractual Working System). Based on regulation, factory is not allowed to use outsourced workers, as this process is considered a permanent process. Therefore, factory should use their internal workers to do these processes, instead of outsourced workers. It is very common in Indonesia for local community to stage demonstrations if factory does not have good communication when implementing a policy that could impact the community. Factory should discuss with local community and explain to them that factory cannot use temporary workers due to it breaking the Ministry of Manpower Decree No. 100 regarding temporary workers. Factory should find a better way to accommodate local community support such as managing food sellers surrounding the factory, making them be more tidy and clean, or other activities which do not directly involve factory direct production work activity. Meeting minutes from the	Management interview
9. Hours of Work																										
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period.																										
Overtime Limitations	Labor Act UU No.13/2003, regarding the working time chapter X paragraph 4 article 78.1(b) stated that overtime can only be conducted maximum 3 hours in one day and 14 hours in one week. Labor Minister Decree No. KEP-102/MEN/VI/2004, regarding the working time article 3(1), stated that overtime can only be conducted maximum 3 hours in one day and 14 hours in one week.	Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	Attendance record review found that most workers (particularly from sewing and finishing sections) worked up to 12 hours per day (4 OT hours per day) March 27, 28, 29, 2006 and April 11, 12 & 13, 2006 and most workers from all sections worked up to 60 hours per week (20 OT hours per week) at least, in April 3-10, 2006, March 6-12 & 20-26, 2006 and August 7-13, 2006.				Management and worker interviews; document review		1) Factory is to control the working hours of all workers. Factory needs to find the root causes of exceeding working hours and take action on the root causes. 2) Factory is to follow Manpower Act No. 102 regarding overtime work/pay and not exceeding hours of work limits/requirements.	Dec-06	1) Factory has set the overtime schedule to a maximum of 3 hours per day, with additional overtime on Saturday if needed. Factory working days are from Monday-Friday.	Overtime schedule	Completed and Ongoing										Based on time records, all workers worked within the legal limit of 3 hours OT per day and 14 hours OT per week. **[Completed]**	Record inspection, worker interviews		
Voluntary OT		Overtime hours worked in excess of code standard will be voluntary.		Practically, workers will sign OT agreement form (SPL) provided by each leader/supervisor in the morning, no matter whether or not OT is actually carried out. For OT on rest day (e.g., Saturday), workers will sign SPL on Friday mornings together with SPL for OT on Friday. From worker evaluation records maintained by supervisor, it is recorded as bad performance if worker cannot come to work on rest day despite having signed SPL Friday morning. Furthermore, this worker's evaluation record will be used as basis of performance evaluation by management to determine issuance of warning letter, demotion, etc. Management mentioned they required workers to sign PL Friday morning for OT work on Saturday (rest day), due to lunch meal and work arrangement reasons.			Management and worker interviews; document review		1) Factory to train managers and supervisors regarding implementation of OT procedure which must be accordance with CBA. 2) Factory must clearly inform managers and supervisors that workers cannot be given warning letters because of refusal to do overtime work. 3) In addition, all OT must be strictly voluntary, and workers should only be asked to sign when they agree to work OT.	Dec-06	1, 2) Training regarding overtime procedure has been provided to supervisors and managers.	Training record	Ongoing	Factory has developed training program for 2007, which includes training on overtime procedures.	Training program	Completed							Workers can decline overtime. No worker's evaluation record was used as a basis of performance evaluation for not coming to work on a rest day (Saturday) even if SPL was already signed on Friday morning. **[Completed]**	Record inspection; worker, supervisor and management interviews		
10. Overtime Compensation																										
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.																										
Miscellaneous																										
Illegal subcontracting		Questions from Audit Instrument: (3I.1) Does the factory have someone overseeing the subcontractors to ensure their contracts are implemented in compliance with the code? (3I.2) Please explain any discrepancies, noncompliances, risks or uncorroborated evidence of noncompliance. (5E.1b) Do contracts between the factory and any subcontractors and/or recruitment agencies comply with the FLA COC, including one rest day, maximum hours of work, minimum wage and OT payments, minimum age and health and safety requirements?. (5E.2) Please explain any discrepancies, noncompliances, risks or		Factory does not have someone overseeing subcontractors used (embroidery, washing and canteen provider) and no evidence the factory conducted monitoring visits to ensure their contracts are implemented in compliance with the code.			Management interviews, document review (no document evidence found)		1) Factory is to make a list of their subcontractors. 2) Factory is to communicate compliance policies to its subcontractors and conduct monitoring exercises at subcontractors' facilities as well. Factory can use the buyers' COC as well as Indonesian laws/regulations as references.	1) January 2007, 2) June 2007	1) List of subcontractors has been made. 2) Factory has been conducting compliance monitoring at their subcontractors, such as with printing and food suppliers and communicated compliance policies during visits as well.	Photos of monitoring visit	Completed										Factory has conducted monitoring and provided orientation on COC to the subcontractors used such as a printing factory on November 22, 2006, [Factory name] on November 9, 2009, embroidery factory on November 7, 2006 and catering supplier on May 4, 2011. **[Completed]**	Record inspections management interview		