FLA Comment: In situations where a FLA-affiliated company is no longer sourcing from a factory that has received an Independent External Monitoring visit, the company shall submit information on (a) the reason for exiting; (b) the status of compliance and a summary of efforts to remediate noncompliances in the factory; and (c) plans to follow up on critical issues. The FLA-affiliated company in this case has submitted the following information, which has not been verified by the FLA.

Company Comment: In late 2008, the agent using this factory terminated its business relationship with the adidas-Group. Because the business relationship was with the agent, and not directly with the factory, the adidas-Group no longer holds a relationship with this factory. As a result, the adidas Social and Environmental Affairs Department is unable to carry out a remediation plan for the noncompliances found during the FLA IEM audit.
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Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses

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

Noncompliance

Explanation: There were improper legally mandated benefits provided to workers as follows:

1) No system in place to have proper leave records for workers; hence, during audit it was unable to trace annual leave history of workers and others (e.g., parents date, etc.). Factory actually recorded annual leave in book without clear information regarding total entitled annual leave each worker received. In practice, worker's annual leave will be automatically deducted if worker is absent. However, the worker's wages will also be deducted for absent days.

(Labor Act UU No.13/2003 regarding working hours, subsection 4: Article 79.1: Entrepreneurs are under obligation to allow workers to take a rest and leave. Article 79.2: Period of rest and leave as mentioned under subsection cover, Yearly period of rest is 12 workdays after worker works for 12 months consecutively. Article 84: Every worker/laborer entitled to rest time in same manner as mentioned in Article 79, and entitled to obtain full wage.)

2) Improper miscarriage leave provided to workers, for example, at least 1 worker from attachment took a miscarriage leave shorter than 1.5 months in July 2008. Factory only provided leave from July 17 to 30, 2008, as per doctor recommendation letter.

(Labor Act UU No.13/2003 regarding working hours, subsection 4, Article 79.1: Entrepreneurs under obligation to allow workers to take rest and leave. Article 82: (a) Female workers/laborers entitled to 1.5 month period of rest before time they are estimated by obstetrician or midwife to give birth, and another 1.5 month period of rest thereafter, (b) Female worker/laborer who has miscarriage is entitled to period of rest of 1.5 months or period of rest. Article 84: Workers using leave rights as mentioned in Article 82 are obliged to receive full wage.)

Factory provided improper festivity allowance (compulsory 13th salary) in 2007 to all contract workers. Although workers have been employed for years as contract workers, they received end of Ramadan bonus, Tunjangan Hari Raya (THR), at a range of Rp. 200,000 to Rp. 400,000, instead of full wage for those already employed a year or more.

(Local Minister Regulation PER 04/MEN/1994 Article 2.1: Employer obliged to provide festivity allowance to workers with service periods equal to 3 consecutive months or more. Article 3.1(b): For workers with service period of more than 3 consecutive months but less than 12, festivity allowance is given proportionally.)
4) Factory provided overtime allowance (Rp. 3,000 per day for operator and Rp. 5,000 per day for supervisor and above), instead of nutritious meal as required by law/regulation.

(Labor Minister Decree No. KEP.102/MEN/VI/2004 regarding overtime hour and overtime pay: Article 7.1: Company assigning workers/laborers during overtime work is under obligation to: (a) pay overtime pay; (b) provide chance for having enough rest; (c) provide meals and drinks of at least 1,400 calories if overtime work is executed for 3 hours or more, Article 7.2: meals and drinks provided could not be replaced by money.)

5) In granted Company Regulation, there were incorrect rules on marriage leave (2 days) and there were no regulated rules on miscarriage leave.

(Labor Act UU No.13/2003 regarding working hours, subsection 4, Article 79.1: Entrepreneurs are under obligation to allow workers to take a rest and leave. Article 79.2: Period of rest and leave as mentioned under subsection cover- Yearly period of rest is 12 workdays after worker works for 12 months consecutively; Article 82.1: Female workers/laborers entitled to obtain rest time of 1.5 months before time to bear a child and 1.5 months after bearing child, according to calculations by relevant doctor or midwife. Article 84: Workers using leave rights as mentioned in Article 82 obliged to receive full wages. Article 93(4): Wages paid toward employee/laborer not included in same manner as mentioned above, like: employee/laborer married, 3 days paid; marriage of child, 2 days paid; child’s circumcision, 2 paid days; child’s baptism, 2 paid days; wife gives birth or has miscarriage, 2 paid days; husband/wife, parent/parent-in-law, child or daughter-in-law passes away, 2 paid days; family member in house passes away: 1 paid day. Article 82: (a) Female workers/laborers entitled to 1.5 month period of rest before time are estimated by obstetrician or midwife to give birth and another 1.5 months period of rest thereafter. (b) Female worker/laborer that has miscarriage is entitled to period of rest of 1.5 months or period of rest. Article 84: Workers using leave right as mentioned in article 82 are obliged to receive a full wage.)

6) Based on social security scheme (JAMSOSTEK) payment receipts for June 2008, total of 680 out of 709 (number of workers in June 2008) workers enrolled to JAMSOSTEK packet covering working accident security, death security, pension fund. Factory provided own managed health care security (JPK) for workers in joint cooperation with local clinics. However, based on agreements made with clinics, were only 2 clinics cooperating for health care service provided. It was noted it was still substandard clinic and benefit of health care security provided not in lieu of enrollment benefits into JAMSOSTEK health care scheme. Also, no evidence health care benefit program provided being monitored by local labor department. Additionally, was late payment of JAMSOSTEK made. Factory not paid yet JAMSOSTEK contributions for July 2008 that should have been paid by August 15, 2008.
(Act No.3/1992 regarding JAMSOSTEK, Article 3 (2): Every worker has right to participate in JAMSOSTEK. Article 6: social security scheme consists of working accident security, death security, pension fund and health care security. Article 16(1): Workers, husbands, wives and children have right to health care security. Government Regulation (PP) No.14/1993 regarding JAMSOTEK implementation, Article 2(3): Employers who employ minimum of 10 workers or pay wage minimum Rp. 1,000,000 a month must participate. Article 2: Employer obligated to register employees in JAMSOSTEK. Article 10: Payment of JAMSOSTEK should not be dated later then 15th of next month. Labor Minister Decree No. KEP-150/MEN/1999 regarding JAMSOSTEK arrangement for loose daily workers, piece rate workers and specified period of time contract workers, Article 2: Every entrepreneur employing free daily workers, piece rate workers and specified period of time contract workers obliged to enroll workers in JAMSOSTEK.)

7) Employer and employees' contribution for JAMSOSTEK, including pension fund, made 2% of legal minimum wage 2008 instead of actual monthly wage of workers, regardless of worker’s salary earned.

(Government Regulation (PP) No.14/1993 regarding implementation of JAMSOSTEK, Article 2(3): Employers who employ minimum of 10 workers or pay wage minimum Rp. 1,000,000 a month must enroll employees in social security scheme. Article 2: Employer obligated to register employees to JAMSOSTEK. Article 9: Stated contributions: for working, 0.24% of monthly wage (textile and garment industries) for each worker paid by employer; death security, 0.3% of monthly wage for each worker paid by employer; pension fund, 5.7% of monthly wage for each worker, paid by employer (3.7%) and by employee (2%); health care security is 6% of monthly wage for each married worker or 3% of monthly wage for each single worker paid by employer.)

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Wages, Benefits and Overtime Compensation: General Compliance Wages, Benefits and Overtime Compensation

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

Noncompliance

Explanation: 1. The service allowance (Rp. 100 per year) was not treated as a fixed allowance and set apart from the worker's basic wage. Meanwhile the review for the amount of wages (service allowance) that shall be received by workers who work more than one year is not based on the written agreement between employee/union and employer.

(Labor Minister Regulation PER-01/MEN/1999, regarding legal minimum wage, Article 13 (2): Minimum wage shall be applied to workers with less than 1 service year. Article 14 (3): Review for amount of wages received by workers employed more than 1 year based on written agreement between employee/union and employer. Labor Act (UU) No. 13/2003, Article 92: (1) Entrepreneurs shall formulate structure and scales of wages by taking into account level, position, years of work, education and competence of worker/laborer, (2) Entrepreneurs shall review their workers'/laborers' wages periodically by taking into account their enterprise's financial ability and productivity.

Labor Minister Decree No. KEP-49/MEN/IV/2004 regarding determination structure and scales of wages, Article 2: Entrepreneurs shall formulate the structure and scales of wages in the company. Article 3: In formulating the structure and scales of wages as mentioned under subsection (2) are based on job analysis, job description and job evaluation.)

2) It was noted that there was improper calculation in the severance package for service year rewards for at least 3 workers terminated on August 1, 2005. The calculation was based on 4 times salary instead of 5 times salary, while the workers had worked for more than 12 years. Furthermore, there was no policy for termination/retrenchment for operational purposes maintained on-site. All the termination rules referred to was regulation applied and regulated on the company regulation.

(Labor Act UU No.13, 2003 article 156(3): About calculation of service year award: 3 - less than 6 years is 2 months salary, 6 - less than 9 years is 3 months salary, 9 - less than 12 years is 4 months salary, 12 - less than 15 years is 5 months salary, 15 - less than 18 years is 6 months salary, 18 - less than 21 years is 7 months salary, 18 - less than 21 years is 8 months salary, more than 24 years is 10 months salary.)
Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Wages, Benefits and Overtime Compensation: Premium/Overtime Compensation

WBOT.10 The factory shall comply with all applicable laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days, and overtime. (S)

Noncompliance

Explanation: Based on review of provided records, the premium overtime calculation for rest days was not in accordance with applied regulation. There was no multiplying of 4 for the overtime hours conducted at the 10th hours and above. Furthermore, during the audit the factory was unable to provide complete records of separate overtime payments (unrecorded hours) to prove the payments due to record keeping system reasons. Therefore, inconsistencies between time card records and overtime form records have led to the unpaid overtime payment. Additionally, in the granted company regulation, there were incorrect rules on the overtime calculations for piece rate workers. It was still used as an outdated rule reference.

(Labor Minister Decree No. KEP-102/MEN/VI/2004, Article 8: (1) Calculation of overtime pay is based on monthly wage. (2) Calculation method of 1-hour wage is 1/173 times a month wage. Article 9: (1) Loose daily workers, (harian lepas), paid on per day basis, monthly wage calculation is daily wage multiplied by 25 for company using 6 day working system AND daily wage multiplied by 21 for company using 5 day working system. (2) For employees working based on piece rate jobs, (borongan), calculation of monthly wage is average wage in last 12 months. (3) If worker has been employed less than 12 months in manner as mentioned at (2), monthly wage calculation is based on average wage during period of time employee has worked; applying lower than minimum wage prohibited. Article 10: (1) If wage component contains basic wage and fixed allowance, basis of overtime wage calculation will be 100% of whole wage. (2) If wage components are basic wage, unfixed allowance and fixed allowance, value of all components used as basis for overtime wage calculation. It is 75% of whole wage if basic wage plus fixed allowance is less than 75% of amount of whole wage. Article 11: Calculation methods for overtime pay are as follows:

If OT work is on a working day: (a) for first OT hour, worker must be paid 1.5x 1-hour pay; (b) for each following OT hour, worker must be paid 2x of 1-hour pay.

If OT work is on a weekly rest day and/or official holiday for schedule of 6 working days/40 hours a week: 1) calculation of OT pay for first 7 hours is 2x one-hour pay, 8th hour is 3x one-hour pay, 9th and 10th hours are 4x one-hour pay; 2) if official holiday falls on shortest working day, calculation of OT pay for first 5 hours is 2x one-hour pay, 6th hour 3x one-hour pay, 7th and 8th hours are 4x one-hour pay; If OT work on a weekly rest day and/or official holiday for schedule of 5 working days/40 hours a week, calculation of OT pay for first 8 hours is 2x one-hour pay, the 9th hour is 3x one-hour pay, 9th and 10th hours are 4x one-hour pay.
Wages, Benefits and Overtime Compensation: Overtime Compensation Awareness

WBOT.11 Workers shall be informed, orally and in writing, about overtime compensation rates prior to undertaking overtime. (P)

Noncompliance

Explanation: There was no evidence indicated there were efforts to inform others, orally and in writing, about OT compensation rates prior to undertaking OT for workers’ awareness.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Wages, Benefits and Overtime Compensation: Accurate Calculation and Recording of Wage Compensation

WBOT.17 All payments to workers, including hourly wages, piecework, benefits, bonuses, and other incentives shall be calculated and recorded accurately. (S)

**Noncompliance**

**Explanation:** The worker's signed pay slip records are not maintained by the factory. In practice, the pay slip would be provided to workers and then the factory's receipt; the workers just signed the general summary of payment record (no details on payments listed). Since the factory did not maintain copies of actual pay slips provided to workers and the payment record keeping system is unorganized, during the audit the actual payment received by the workers could not be fully verified.
Wages, Benefits and Overtime Compensation: False Payroll Records

WBOT.19 Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason. Payroll records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: Payment record keeping system unreliable and contained inaccurate hours. System was misleading, not allowing verification for actual working hours and payment, due to the following reasons:

1) Some of the clock-in and clock-out times indicated on the time card were manually written and corrected using a correction pen.

2) Overtime forms did not reflect the same clock-in and clock-out time information as indicated on the time cards; some overtime forms did not even indicate at all on the time card. For example: Most worker time cards did not indicate work on rest days (Saturdays) of May 24 and May 31, 2008, while the overtime form indicated overtime work up to 12:00 PM and 14:00 PM. On the overtime form, most workers from finishing indicated overtime work till 21:00 PM and some workers from packing indicated work overtime till 22:00 PM, while the worker's time cards indicate work till 18:00 PM only.

3) In the payment periods from January till March 2008, the factory still paid their workers minimum wage for 2007 (Rp. 820,280 per month) instead of new legal minimum wage for 2008 (Rp. 895,980). However, the payroll records for the pertaining months did not indicate the actual minimum wage paid to workers. Although the amount was for the legal minimum wage of 2008, it actually was not implemented yet. It claimed that displaying the legal minimum of 2008 was intended for overtime calculation system purposes; the lack of payment occurred for the basic wage payment only. The amount of the balance for legal minimum wage (basic wage) paid was Rp. 75,700 per month; payment started in the April till June 2008 payment periods. The lack of payment was paid in April to June 2008 payment periods and cited under the 'Lain-Lain' (Etc.) column of the payroll. Additionally, the factory maintained a bipartite agreement with workers' representatives regarding delayed payment of the 2008 minimum wage for the mentioned periods.

4) There was a separate payment practice for overtime payment made for overtime conducted on a rest day and, in some cases, also on normal working days (above 18:00). A couple of days after the overtime was conducted, payment was made in cash. No pay slip was provided to the workers; it was just required to sign the company's reference record. Additionally, there was an unorganized system for both payroll records and documents supporting separate payments made.
Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Wages, Benefits and Overtime Compensation: Record Maintenance

WBOT.21 Employers shall ensure that all legally required payroll documents, journals and reports are available, complete, accurate and up-to-date. (P)

Noncompliance

Explanation: Due to this unorganized system, the factory could only provide payroll, hours and benefits records for just the year of 2008.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Wages, Benefits and Overtime Compensation: Worker Wage Awareness

WBOT.22 Employers shall make every reasonable effort to ensure workers understand the wages, including the calculation of wages, incentives systems, benefits and bonuses they are entitled to in a factory and under applicable laws. To this end, employers shall communicate orally and in writing to all workers all relevant information in the local language or language(s) spoken by the workers, if different from the local language. (P)

Noncompliance

Explanation: The factory has maintained a simple overtime policy and procedures for annual leave, maternity leave and sick leave. There was, however, no evidence proving efforts were undertaken by the factory to educate employees about their wages and benefits.
Wages, Benefits and Overtime Compensation: Pay Statement

WBOT.26 Employers shall provide workers a pay statement each pay period, which shall show earned wages, wage calculations, regular and overtime pay, bonuses, all deductions and final total wage. (P)

Noncompliance

Explanation: There was no pay slip provided at all for separate payments made.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Wages, Benefits and Overtime Compensation: Wage Receipt

WBOT.27 All payments of wages and benefits in cash and in-kind made directly to the worker must be properly documented and their receipt and accuracy must be confirmed by the relevant worker in writing (signature, thumbprint, etc.). No one can receive wages on behalf of a worker, unless the worker concerned has, in full freedom, authorized in writing for another person to do so. (P)

Noncompliance

Explanation: Although the payroll register or log includes the name and identification number of each worker, gross pay, withholdings, deductions, net pay and payment dates; most of the time, meal and transport allowances were recorded separately. They were not included under the same payroll record system.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
**Forced Labor: Employment Records**

F.9 Employers shall maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision. (P)

**Noncompliance**

**Explanation:** From random personnel file reviews, it was noted at least 2 personnel files were not completed with an employment agreement due to the reason of being misplaced. They belong to the security guards, who are employed under contract (PKWT) status. Additionally, the factory has maintained an appointed letter. However, the letter mainly highlighted the status of the workers’ probation periods. Hence, it misled the intent of the appointed letter made.

*(Labor Act UU No.13/2003, regarding the employment relation, chapter IX, Article 50: Employment relation exists because there is a work agreement between the entrepreneur and the worker/laborer. Article 54.3: A work agreement shall be made in 2 counterparts which have the same legal force, one copy of which shall be kept by the entrepreneur and the other by the worker/laborer. Article 57.1: A work agreement for a specified time shall be made in writing and must be written in the Indonesian language with the Latin alphabet. Article 63: (1) 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. (2) The letter of appointment, as mentioned under subsection (1), shall at least contain information concerning: a) the worker/laborer’s name and address, b) the date they start work, c) the type of job or work and d) the amount of wages.)*

**Plan Of Action:**

**Deadline Date:**

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**
Forced Labor: Other - Forced Labor
Other

Noncompliance

Explanation: There was no forced labor policy and/or procedure maintained on-site.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Freedom of Association: General Compliance Freedom of Association

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

Noncompliance

Explanation: The Bipartite Cooperation Institution was established in January 2008. However, there was no evidence proving workers’ representatives are democratically appointed by workers/laborers to represent worker/laborers’ interests in the relevant enterprise. Moreover, members were appointed by management and there was an indication the respective workers appointed as workers’ representatives in the institution were not aware of the institution’s existence.

(FOA3: Employers shall refrain from any interfering acts of workers’ organizations, including acts designed to establish or promote the domination, financing or control of workers’ organizations by employers. Labor Act No. 13/2003 regarding industrial relationship, chapter XI, Article 106 (3): Membership composition of Bipartite Cooperation Institution as mentioned under subsection (2) shall include entrepreneur’s representatives and workers/laborers’ representatives democratically appointed by workers/laborers to represent worker/laborer interests in the relevant enterprise.)

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Freedom of Association: Grievance Procedure

FOA.26 Employer shall have in place written grievance procedures that allow first an attempt to settle grievances directly between the worker and the immediate supervisor but that, where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the enterprise. Employers shall ensure that the grievance procedures and applicable rules are known to workers. (P)

Noncompliance

Explanation: Factory established a simple grievance system in order for workers to voice their grievances. However, the system had no information on how the grievance results would be communicated back to workers. There was also no evidence proving that the existing grievance system has been efficiently and actively utilized by workers and management.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Freedom of Association: Other - Freedom of Association and Collective Bargaining

Other

Noncompliance

Explanation: There was no written policy established by management recognizing and respecting freedom of association and collective bargaining; there was also no supporting independent worker representation. Furthermore, workers stated that they heard from other employees that since 1993, one of the unions (SPSI), has never asked workers to join. However, there was no follow up with the issue. Another worker stated that once an employee suggested forming a union around 1997, but it was not approved by management. Workers said that they did not know the reason why the union was never approved. Other workers have stated since 1997 they felt their voice would not be heard by management, therefore, they have never suggested any union establishment. Additionally, some other workers expressed they think they needed an organization that could be used as a workers’ representative, but they were not sure if factory management would support it.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Harassment or Abuse: Discipline/Progressive Discipline

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

**Noncompliance**

**Explanation:** The factory has not yet maintained policy and procedures for handling discipline, including on the granted company regulation. Currently, according to management, if a warning letter is issued it will be based on verbal advice from the supervisor/chief. There was no guidance at all for the violation reference of each warning letter type maintained.

**Plan Of Action:**

**Deadline Date:**

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**
Harassment or Abuse: Discipline/Review of Disciplinary Action

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

Noncompliance

Explanation: There was no evidence proving the current disciplinary system applied provides workers with the opportunity to reply, challenge or appeal against the termination.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Harassment or Abuse: Discipline/Worker Awareness and Participation of Workers

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

Noncompliance

Explanation: It was found that there was no proper record keeping system maintained for the warning letters issued to workers. All personnel files did not have leave and disciplinary action records; the factory filed the records separately and in improper order. Furthermore, there was no evidence proving the factory provides copies of issued warning letters to the respective workers.

Plan Of Action:

Deadline: 

Date: 

Action Taken: 

Plan Complete: No 

Plan Complete Date: 

Harassment or Abuse: Discipline/Training of Management

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

Noncompliance

Explanation: No training was ever conducted on a manager and supervisor level about applying appropriate disciplinary practices.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Harassment or Abuse: Other - Harassment or Abuse

Other

Noncompliance

Explanation: The factory has maintained harassment and abuse policies. However, it was noted that the policy has not been signed yet by top management. Also, the policy has not communicated yet to all workers, including supervisor and management level, either through posting or training.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Child Labor: Proof of Age Documentation

CL.3 Employers shall collect and maintain all documentation necessary to confirm and verify date of birth of all workers, such as birth certificates. In addition, the employers shall take reasonable measures to ensure such documentation is complete and accurate. (P)

Noncompliance

Explanation: From random personnel files review, it was noted at least 6 personnel files were missing age documentation. Furthermore, all personnel files did not have leave and disciplinary action records; the factory still filed the records separately and in improper order.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Child Labor: Young Worker Identification System

CL.8 Employers shall have a system for identifying work stations and operations that are inappropriate for young workers according to applicable laws. (P)

**Noncompliance**

**Explanation:** During audit it was noted there were no juvenile workers employed on-site. However, there was no system in place to ensure whether or not the factory employs juvenile workers. Also, management lacks knowledge and understanding of the existing laws/regulations regarding restrictions applied for juvenile workers.

**Plan Of Action:**

**Deadline Date:**

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**
Child Labor: Other - Child Labor

Other

**Noncompliance**

**Explanation:** The factory has not yet maintained a child labor policy and an age verification procedure on-site. The factory has created a simple policy for hiring workers that has not been communicated or signed yet. The policy stated they only hired workers at least 18 years old; the applicant must bring some required documentation during hiring such as an application letter, copy of ID card, copy of school certificate and photo.

**Plan Of Action:**

**Deadline Date:**

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**
Non-Discrimination: Recruitment and Employment Practices (Job Advertisements, Job Descriptions, Evaluation Policies)

D.3 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. (S)

Noncompliance

Explanation: There was no evidence to prove how the factory based decisions regarding work assignments, job training, promotions and wages based on skill and ability. There was no system in place to measure a worker’s performance on assignments, job training, promotions and pay. So far, the practice was based solely on management decision.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Non-Discrimination: Possible Marriage or Pregnancy

D.7 Employers shall not threaten female workers with dismissal or any other employment decision that negatively affects their employment status in order to prevent them from getting married or becoming pregnant. (S)

Noncompliance

Explanation: Prior to employment, workers were being told verbally that they were required not to marry and become pregnant during the first year of their employment contract. Based on random personnel file review, at least one worker's personnel file consisted of a letter from the local region stating the respective worker had never been married. Furthermore, the factory has no hiring procedure system ensuring no questions are asked that could lead to a discrimination practice.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Non-Discrimination: Other - Non-Discrimination

Other

Noncompliance

Explanation: There was no non-discrimination policy and/or procedure maintained on-site.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Code Awareness:

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

Noncompliance

Explanation: There was no evidence to prove that either the company or the factory has formally conveyed code obligations to both management and workforce. Management claimed that only 2 personnel department staff usually attended and joined the company’s training conducted outside the factory. There was no company code of conduct posted on-site. Only posted were types of the company’s ad products and a company letter in Bahasa Indonesia (language) called ‘Surat Terbuka’ (‘Open Letter’) in some accessible areas on-site. The [agent name] claimed that the company's COC has been provided to management. From the management's interview, it was noted there was still lack of understanding on the company's COC.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

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

Noncompliance

Explanation: There was no company code of conduct posted on-site. Only posted were types of the company's ad products and a company letter in Bahasa Indonesia called 'Surat Terbuka' in some accessible areas on-site. The [agent name] claimed the company's COC has been provided to management. From the management's interview, it was noted there was still lack of understanding on the company's COC. Also, there was no training related to code of conduct provided to workers at the time of induction or on an ongoing basis, other than fire and evacuation training.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Code Awareness:

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Noncompliance

Explanation: There was a company letter in Bahasa Indonesia called 'Surat Terbuka' posted in some accessible areas on-site. In essence, the letter was informing that adidas and Reebok are now under one company. Also, if the workers have any queries or concerns regarding the company or the workplace standards, the workers could contact the company directly. On the letter was written hotline numbers (mobile #, office phone, fax #), company's local address, and their email address. However, there was no indication that the company communicated a non-retaliation policy for workers using the noncompliance reporting mechanism at the factory level.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Miscellaneous: Illegal Subcontracting
MISC.1 Illegal Subcontracting

Noncompliance

Explanation: 1) Factory employed 269 out of 704 workers under specified period of time contracts (PKWT) status that were positioned in almost all production areas and were doing jobs that are permanent by nature. Based on document reviews, backdating was noted for the contract period. For example, based on the record, the worker’s 1st contract agreement was from October 2006 to April 2007 and the 2nd contract agreement was from May 2007 to May 2008. The worker then was provided with a grace period from September 2007 to October 2007, while the 3rd (latest) contract agreement was from October 2007 to October 2009. Thus, there was backdating found for the agreement; while management only maintained the workers' last contract agreement in the personnel files.

(Labor Act No. 13/2003, Article 58.1: Work agreement for a specified time cannot stipulate probation. Article 59.1: Work agreement for a specified time can only be made for certain jobs, because the type and nature of the job will finish in a specified time, that is: (a) work is performed and completed at once or work temporary by nature; (b) work whose estimated time of completion is no longer than 3 years; (c) seasonal work or (d) work related to a new product or activity or an additional product still in the experimental stage or trial phase. Article 59.2: Work agreement for a specified time cannot be made for jobs that are permanent by nature. Article 59.7: Any work agreement for a specified time that does not fulfill the requirements mentioned under subsection (1), subsection (2), subsection (4), subsection (5) and subsection (6) shall, by law, become a work agreement for an unspecified time. Decree of The Minister of Manpower and Transmigration of The Republic Of Indonesia Number: KEP. 100/MEN/VI/2004 regarding stipulation on implementation of work agreement for specified period of time, Chapter III, PKWT for seasonal work, Article 4 (1): Seasonal work is work whose execution depends on the season or weather conditions. (2) PKWT for work as meant in paragraph (1) can only be made for one type of work in a certain season. Article 5 (1): Work which has to be done to fulfill orders or certain targets can be executed with PKWT as seasonal workers. (2) PKWT for work as meant in paragraph (1) is only valid for the worker/laborer doing additional work. Article 6: Entrepreneurs who employ workers/laborers based on PKWT as meant in Article 5 shall create a list of workers/laborers’ names who perform additional work. Article 7: PKWT as meant in Article 5 cannot be renewed. Article 15.2: In the case PKWT does not fulfill the stipulation as meant in Article 4, paragraph (2), or Article 5, paragraph (2), PKWT is changed into PKWTT from the time the working relation existed.)

2) Factory used a subcontractor for outsole process. However, there was no evidence showing the factory conducted compliance monitoring for the subcontractor used.
Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete:

No

Miscellaneous: Possible Homework

MISC.2 Possible Homework

Uncorroborated Evidence of Noncompliance

Explanation: Sewing workers sometimes would do their work during lunch or at home in order to finish their target.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete:

No

Plan Complete Date:
Health and Safety: General Compliance Health and Safety

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

Noncompliance

Explanation: 1) There was no occupational medical examination ever provided to workers.

(The Safety Act UU No.1/1970, regarding Occupational Safety Law, chapter III, Article 8.2: The employer shall be obligated to have all workers under their supervision regularly inspected by a doctor designated by employer and confirmed by Director. Labor Minister Regulation No PER-02/MEN/1980 regarding periodical medical examination, Articles 2, 3 and 9: Any undertaking referred to in subsection 2 (2) of Safety Act No. 1/1970 shall provide pre-medical exams, periodical exams and special medical exams to workers.)

2) There was no current information on health and safety regulations maintained on-site. There was no Safety Act No. 1/1970 posted in the factory.

(Safety Act UU No.1/1970, regarding Occupational Safety Law, Chapter X, Article 14.1: Employers shall be obligated to place in writing in the workplace they supervise, all obligatory occupational safety requirements, this law and all implementation regulations applicable for the workplace concerned, in a visible and readable place, pursuant to direction from supervising employees or occupational safety experts.)

3) Factory has never conducted Hazard Assessment in the facility.

(Labor Ministry Circular No. SE-05/BW/1997: Factory shall maintain hazard assessment to determine if personal protective equipment is sufficient for the working conditions.)

4) The work environment appeared not properly cleaned.

Plan Of Action:

Deadline Date:

Action Taken:
Health and Safety: Health and Safety Management System

H&S.5 The health and safety policy shall contain the framework for a comprehensive health and safety management system within which employers' responsibilities and workers' rights and duties, various responsibilities of designated personnel, procedures that enable workers to raise health and safety concerns and procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) are clear and regularly tested and reviewed. (P)

Noncompliance

Explanation: There was no written health and safety policy/procedure maintained in the factory.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Notification and Record Maintenance

H&S.7 Employers shall notify the relevant authorities of all illnesses and accidents as required by applicable laws. All illness, safety and accident reports shall be maintained on site for at least one year, or longer if required by law. (P)

Noncompliance

Explanation: There were no records maintained by the management to learn the types of injuries likely to occur.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Permits and Certificates

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

Noncompliance


(Government Regulation No.27 of 1999 regarding analysis of environmental impact, chapter I, Article 3: (1) Business activities that might cause notable and significant impact on the environment are: a.) transformation of land structure and topography conditions; b.) exploitation of renewable and non-renewable natural resources; c.) processes and activities potentially capable of causing depletion, pollution, damage to the environment and depletion of natural resources in application; d.) processes and activities that may affect the natural, manmade, social and cultural environment; e.) processes and activities that may affect the preservation of natural resources, conservation sites and/or cultural conservation sites; f.) introduction of types of plants, animals and microorganisms; g.) production and usage of organic and non-organic substances; h.) application of technology predicted to have considerable potential effects on the environment; i.) activities having high risks and/or affecting national security. (2) Types of businesses and/or activities referred to subsection (1) are required to have an environmental impact assessment which shall be established by the Minister, after taking in account the recommendations and opinions from other ministers and/or heads of non-departmental agencies involved.)

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: 1) The evacuation map provided in the factory was indicating the whole area of the facility. Hence, workers at each work station did not have enough information regarding the precise location they were located. 2) The last evacuation training conducted with all workers in participation was July 25, 2008. However, the last fire fighting training was conducted about 3 years ago and no proper records were maintained.

(Labor minister decision KEP.186/MEN/1999, regarding fire management unit in work location, Article 2(1): The employer shall be obligated to prevent, alleviate and extinguish fires as well as run training for fire management in the work location.)

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation:

1) It was found that not all fire extinguishers (approximately 50%) were provided with instructions in the local language and an inspection checklist.

(Labor Minister Regulation PER-04/MEN/1980, regarding requirements for the installation and maintenance of light fire fighting equipment, Chapter II, Article 14: Guidelines to use light fire fighting equipment must be clearly readable.)

2) Based on observation, there was no procedure posted that deals with first aid. Factory only posted a poster related to the usage of Personal Protective Equipment (PPE). Additionally, the last first aid training was conducted in March 2004. There was no regular first aid training conducted for workers.

3) There were incomplete supplies in the first aid kit boxes provided in production areas. In general, the items provided in the first aid kit box are fabric bandage, antiseptic, cotton balls, adhesive tape and scissors. Most of the boxes were found to be missing some supplies (e.g. missing burn cream, ammoniac inhalants, etc).

4) Based on observation, there was no fire extinguisher provided in the dormitory.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Personal Protective Equipment
H&S.11 Workers shall be provided with effective and all necessary personal 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 health and safety hazards, including medical waste. (S)

Noncompliance

Explanation: It was noted that workers working with chemicals (e.g., glue, etc.) only used fabric masks and workers using UV light were only provided with hand covers and UV goggles to protect (eyes and skin) from stray indirect UV light. Also, workers dealing with the heat generating machine were not wearing gloves while working. Moreover, the factory has never conducted a hazard assessment in the facility to identify Environmental, Safety and Health (ESH) hazards and has never provided PPE training to their workers.

(The Safety Act UU No:1/1970, regarding Occupational Safety Law, Chapter XI, Article 14(3): The employer shall be obligated to provide for free, all protective devices obligated to the workers under their supervision and to other persons entering the workplace, plus directions required pursuant to directions from supervising officials or occupational safety experts. Labor Minister Regulation PER-01/MEN/1981, regarding The Obligatory Report on Occupational Diseases, Article 4.3: Employer is obliged to supply all protective equipment that may be used by workers in their undertaking to prevent occupational diseases free of charge. Article 5.2: Workers must use obligatory protective equipment to prevent occupational diseases.)

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Use of Personal Protective Equipment

H&S.12 Workers shall not incur any costs related to the normal and regular provision and maintenance of personal protective equipment. (P)

Noncompliance

Explanation: The factory did not provide aprons for the workers; the aprons used were provided by workers themselves.

(The Safety Act UU No:1/1970, regarding Occupational Safety Law, Chapter XI, Article 14(3): The employer shall be obligated to provide, for free, all protective devices obligated to workers under their supervision and to others person entering the workplace, plus directions required pursuant to directions from supervising officials or occupational safety experts.)

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Noncompliance

Explanation: It was noted that there was no secondary containment for chemicals used at generator area.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

Noncompliance

Explanation: There was no MSDS for Desmodur RC and there was no Material Safety Data Sheet (MSDS) provided at the screen printing section. Most of the MSDS provided were not in the local language, as they were still in English. In addition, there is no evidence to proving chemicals handling training has been provided to workers.

(Labour Minister Decree No. KEP.187/MEN/1999 regarding hazardous chemicals control at work, Articles 2 and 3: companies using, storing, wearing, producing and transporting hazardous chemicals at the workplace are obliged to control the chemical by providing MSDS. Article 16: MSDS shall be put up in a place easily noticed by the worker.)

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Ventilation/Electrical/Facility Installation and Maintenance

H&S.17 All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and in such a manner as to prevent or minimize hazardous conditions to workers in the facility. (S)

Noncompliance

Explanation: There was no MSDS for Desmodur RC and there was no Material Safety Data Sheet (MSDS) provided at the screen printing section. Most of the MSDS provided were not in the local language, as they were still in English. In addition, there is no evidence to proving chemicals handling training has been provided to workers.

(Labour Minister Decree No. KEP.187/MEN/1999 regarding hazardous chemicals control at work, Articles 2 and 3: companies using, storing, wearing, producing and transporting hazardous chemicals at the workplace are obliged to control the chemical by providing MSDS. Article 16: MSDS shall be put up in a place easily noticed by workers.)

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Machinery Maintenance and Worker Training

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

Noncompliance

Explanation: It was noted that most sewing machines were not provided with pulley guards; the UV light used for the mid-sole process at the grinding section was above eye level.

(The Safety Act UU No.1/1970, regarding Occupational Safety Law, Chapter III, Article 4.1: By means of regulations, occupational safety requirements are established in the planning, production, transport, circulation, trade, installation, use, utilization, maintenance and storage of materials, goods, technical products and production apparatus which may cause an accident. Labor Minister Regulation PER-01/MEN/1980 regarding machines protectors, Article 42.1: Machineries shall be installed with proper protectors to guarantee worker safety. Labor Minister Regulation No: PER-04/MEN/1985, Article 110: Running parts of sewing machinery must be entirely covered, except on the part where opening is necessary.)

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Proper Use of Machinery

H&S.19 Employers shall only use positive incentives (risk awareness training, demonstration of proper use, awards, bonuses, etc.) to ensure workers use machinery, equipment and tools properly and safely. Workers shall not suffer any negative consequences for refusing to work with machinery, equipment or tools that are not properly guarded or reasonably considered unsafe. (P)

Noncompliance

Explanation: Based on observation, the stairway at material warehouse that leads to carton box warehouse only had one handrail. In addition, there was no safety fence at the carton box warehouse, which is located on the 2nd floor.

(Labor Minister Regulation No: PER-07/1964, regarding Condition of Health, Cleanness and Lighting in Workplace, Article 2: Every establishment of an undertaking shall include the following measures: a.) to prevent fire and accident; b.) to prevent poisoning and infection from occupational diseases; c.) to promote cleanliness and good order; d.) to provide sufficient lighting and suitable conditions for carrying out the work; e.) to provide a proper temperature and sufficient ventilation; f.) to prevent the spread of dust, gas steam and unpleasant smells.)

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Bodily Strain

H&S.20 Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains. Employers shall train workers in proper lifting techniques and items such as belts shall be provided. (S)

Noncompliance

Explanation: The factory has never conducted ergonomic measurements in the workplace. For example, no back rests are provided for workers’ chairs and no chair is to be used occasionally for workers who work standing.

(Labor Minister Regulation No. PER-07/1964 regarding Condition of Health, Cleanness and Lighting in Workplace, Article 9(2.d): Seating facilities shall have back rests for support. Article 9.3: A worker, who works standing, walking, crawling, squatting or lying shall be provided with seating facilities for occasional use.)

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Medical Facilities

H&S.21 Medical facilities shall be established and maintained in factories as required by applicable laws. Medical staff shall be fully licensed and recognized under applicable local rules and regulations. An appropriate number of medical staff shall be on duty during all working hours, including any type of overtime, as required under local law. An appropriate stock of medical supplies shall be maintained at all times. Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner. (P)

Noncompliance

Explanation: Factory only provided one room that could be used for workers to take rests when they were sick. However, there were no trained medical personnel on-site.

(Labor Minister regulation No. 03/MEN/1982, regarding Occupational Medical Service, On the Implementation Guidance, Point 1.a: The factory with a workforce of more than 500 workers must have occupational medical service, in the form of a clinic led by one doctor, who officially attended on a daily basis.)

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Sanitation in Factory Facilities

H&S.22 All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations. (S)

Noncompliance

Explanation: Based on observation, the bathroom facilities did not appear clean and well maintained. Furthermore, there was no soap provided at the bathroom facilities and not all bathrooms were provided with dustbins.

(Labor Minister Regulation No. 7 of 1964 regarding Condition of Health, Cleanliness and Lighting in Workplace, (9) A clean lavatory is one that fulfills the following conditions: a.) does not smell; b.) is not dirty; c.) does not have flies, mosquitoes or other insects; d.) is provided with sufficient clean water for use; e.) can be easily cleaned; f.) is cleaned at least 2-3 times a day. (10) Doors of lavatories shall easily close.)

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Toilets
H&S.23 Employers shall establish the number of toilets required under applicable laws within reasonable distance of the workplace. (S)

Noncompliance

Explanation: There were a total of 6 male toilets and 14 female toilets where there were 129 male workers and 575 female workers in the factory. Based on local law, there was lack of 2 male toilets and 22 female toilets. Based on observation, there were no long queues found in the toilets, even though the numbers were insufficient.

(Labor Minister Regulation PER-07/1964, regarding Condition of Health, Cleanness and lighting in workplace article 6: (6) The scale of lavatories must be as follows: for 1-15 workers = 1 lavatory, 16-30 workers = 2 lavatories, 31-45 workers = 3 lavatories, 46-50 workers = 4 lavatories, 61-80 workers = 5 lavatories, 81-100 workers = 6 lavatories and additionally for every 100 workers is 6 lavatories.)

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Drinking Water

H&S.26 Safe and clean drinking water shall be freely available at all times, within reasonable distance of the workplace. Drinking water shall be of a reasonable temperature and the means to drink water (cups, etc.) must be safe and sanitary and available in an appropriate number. (S)

**Noncompliance**

**Explanation:** Factory has never conducted any drinking water tests; it was also found there was an improper drinking water container.

*(Labor Minister Regulation No. 7 of 1964 regarding Condition of Health, Cleanliness and Lighting in Workplace, Article 8.5(f): Water, used for food and drink, must be tested periodically by the health laboratory.)*

**Plan Of Action:**

**Deadline Date:**

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**
Hours of Work: General Compliance Hours of Work

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

Noncompliance

Explanation: Based on random provided time card records reviews, it was noted the maximum overtime hours found were as follows: - 7 hours per day or till 24:00 AM on May 6, 2008 for at least 4 packing workers. - 21 hours per week in period of June 16 to 21, 2008 for at least all development workers. Nevertheless, since there were unreliable and inaccurate hours due to bad record keeping, it was misleading and unable to fully verify actual the working hours of workers.

(Labor Act UU No.13/2003, regarding Working Hours, Chapter XI, Paragraph 4, Article 77.2: The working hours as mentioned under subsection (1) cover: a.) 7 hours a day and 40 hours a week for 6 workdays a week or b.) 8 hours a day and 40 hours a week for 5 workdays a week; Article 78.1: Entrepreneurs who require their workers/ laborers to work longer than the working hours determined under subsection (2) of Article 77 must meet the following requirements: a.) approval of the relevant worker/laborer and b.) Maximum overtime work of 3 hours a day and 14 hours a week.)

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
**Hours of Work: Time Recording System**

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

**Noncompliance**

**Explanation:** There was unreliable and inaccurate timekeeping that was misleading. Actual working hours and payment were unable to be fully verified, due to following reasons: a.) some of the clock-in and clock-out times indicated on the time card were manually written and corrected using a correction pen, b.) overtime form did not reflect the same clock-in and clock-out time information as indicated on the time card, and some overtime forms did not indicate any time at all. For example: Most worker’s time cards did not indicate work on rest days (Saturday) of May 24 and 31, 2008, while the overtime form indicated overtime work up to 12:00 PM and 14:00 PM. On the overtime form, most workers from finishing indicated overtime work till 21:00 PM and some workers from packing indicated work overtime till 22:00 PM, while the worker’s time cards indicated work till 18:00 only. c.) workers used time cards to record the working hours. However, they did not punch their own time cards when they finished working. Their time cards would be punched by the chief or the appointed person of each department since there would be a long queue if workers clocked out by themselves. Hence, workers only punched their own time card when they started working. Moreover, when work time finished at about 17:30, two workers were seen punching other workers’ time cards.

**Plan Of Action:**

**Deadline Date:**

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**
Hours of Work: Calculation of Absences

HOW.21 Absences from work for reasons beyond the control of workers, such as sick leave or periods during which factory operations are suspended, shall not be counted as annual leave nor shall they be deducted from calculations concerning length of service, unless specified differently under local laws, regulations and procedures. (S)

Noncompliance

Explanation: Worker's annual leave will be automatically deducted if the worker is absent from work. There was no system in place to keep a recorded track of workers’ leave; hence, during audit tracing the annual leave history of workers was not possible. The factory’s only record in the book without clear information was regarding the entitled annual leave of each worker.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date: