

Jakarta, 27th June 2005

Dear Adam,

As per your discussion with Mr. J.D. Hearn, following is a reply to the specific points raised from the Audit Report:

1. To our knowledge and the knowledge of the Union of PT. Sepatu Bata Tbk (SPSI Sepatu Bata Tbk), no formal training of the Union of PT. Sepatu Tbk, which will be conducted or financed by OXFAM, or any other organization has been discussed or agreed upon by any of the management or membership of The Union of PT. Sepatu Bata.
2. After discussion with the Footwear Manufacturer Association, it has been discussed determined that it was not an NGO associated with or supported by OXFAM that conducted the training of the Union memberships that lead to the closure of one of the member of Footwear Manufacture Association.
3. With Regard to the procedure for applying for women's menstruation leave, it is important to understand that the law states that a woman is only allowed to apply for menstruation leave if she is actually sick during the first few days of menstruation. This has been severely abused in the past. However, as suggested By Prof. Dr. Payaman J. Simanjuntak in his report (point 7.b.) we have discussed this issue with the Union and have subsequently streamlined the procedure. We have discussed our female workers to now report first to the doctor and then, with a note from the doctor, to advise to the manager of the factory concerned.
4. The point regarding the single status of women as pertains to medical coverage is a common policy in Indonesia. We have decided to amend our stance on this inline with point 6.C of Prof. Simanjuntak's report whereby, in the case of a husband and wife who are both employed, the husband and wife will decide which one will be designated to receive benefits for the family and the employer of the husband will provide a letter from his employer confirming that he has waived his family medical benefits from his employing company. In the case of single women there is no need for family coverage since, ideally, there is no family. However, specific cases will be reviewed individually if there is an exception to this.

Regards,

PT. SEPATU BATA Tbk.
JAKARTA


Yudhi Komarudin
HRD Director