

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

28 Oct 2021



Factory Information

FLA Affiliates	KMD Brands
Country	Indonesia
Number of Workers	

Understanding this Report

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

FLA Code Element

Number of Violations

Compensation (C)	6
Employment Relationship (ER)	25
Freedom Of Association And Collective Bargaining (FOA)	2
Harassment Or Abuse (H/A)	2
Health, Safety And Environment (HSE)	27
Hours Of Work (HOW)	6

Assessment Information

Assessor	Donny Triwandhani
----------	-------------------

Assessment Date	28 Oct 2021
-----------------	-------------

Assessment Purpose	Factory Assessment (In-Person)
--------------------	--------------------------------

ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.5
Benchmark Details	Contract/contingent/migrant/temporary workers shall: Receive at least the minimum wage for regular workers or the prevailing industry wage for regular workers, whichever is higher; Receive all legally mandated benefits; and Receive at least the same compensation as regular workers performing the same job functions or tasks with similar levels of experience or seniority.
Finding Details	Please review C.2 for details
Recommendation for Immediate Action	
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	C.9.3
Benchmark Details	Employees shall be compensated for overtime hours at such premium rate as is legally required in the producing country
Finding Details	The security guards are compensated based on a fixed monthly rate, and they are not paid a premium overtime rate when they work beyond eight regular hours per day or 40 hours per week. The security guards at the factory work on a 12-hour shift schedule per day. Overtime is conducted when another guard is absent from work and the guard who was previously on duty will continue working another 12-hour shift. Guards are paid the regular rate instead of the overtime rate (1.5 for the first overtime hour and at 2.0 for each next overtime hour). In addition, they are not paid premium overtime when they are on duty during public holiday.

Recommendation for Immediate Action	Pay security guards with overtime at the legal rate. Provide backpay to those workers who were not paid the legal overtime rate.
Compliance Classifications	Immediate Action Required
Local Law	Decision of the Minister of Manpower and Transmigration No. KEP 102/MEN/VI on Overtime work and Overtime pay (2004), Article 11 ; Joint Decision Minister of Mapower and Head of Police of Republic Indonesia KEP Number 275/Men/1989 and No.Pol Kep/04/1989 About Arrangement of Working hours, Shift and Break Hours Security Unit (Satpam)
Benchmark ID	C.22
Benchmark Details	Employers must establish a system through which workers can dispute compensation and receive clarifications in this respect in a timely manner.
Finding Details	There are no policy or procedures for how workers can submit grievance mechanisms for compensation related issues. There is no a separate system for other grievances either.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	C.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning the payment of compensation to workers.

Finding Details	1. Casual workers are not registered to receive Social Insurance and Health Insurance BPJS. Out of 514 workers, only 152 workers are covered with Health Insurance BPJS, and only 251 workers are registered to receive Social Insurance BPJS. 2. The factory uses an incorrect wage formula for 320 casual workers (daily employment). These workers are paid IDR 133,333 (9.35USD)/day or the basic monthly wage of IDR 4,000,000 (280 USD) divided by 30 days and they are not paid if they do not show up for work. Based on Government Regulation No.35 Year 2021 Article 10, daily employment is only up to 21 days in a month. Therefore, the daily rate for this category worker should be IDR 4,000,000 divided by 21 days or IDR 190,476 (13.35US)/day.
Recommendation for Immediate Action	1. Register all workers to receive Social Insurance (work accident insurance, life insurance, pension plan, and pension guarantee program) and Health Insurance BPJS. 2. Pays casual workers (daily employment) correctly as per Law, and ensure their working days are only up to 21 days a month.
Compliance Classifications	Immediate Action Required
Local Law	Law No. 13 on Manpower (2003), Article 99(1); Law No. 24 Year 2011 Chapter V Article 15 (1 and 2); Government Regulation No.35 Year 2021 Article 10
Benchmark ID	C.2
Benchmark Details	Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher, for regular working hours (not including overtime). Workers should also be informed about the legal minimum wage.

Finding Details	<p>The factory has not paid the local (Tangerang Regency) minimum wage in the past two years. - The 2021 local minimum wage is IDR 4,230,792.65 (296USD)/month. Instead, the factory pays the basic wage IDR 4,000,000 (280USD)/month. This amount was approved by the local labor office No: 560.4/2/0001.v.31-DTKT/I/2021 January 6, 2021 for the reason that the factory was affected by the COVID-19 pandemic and is allowed to adjust the wage amount. The approval is valid for 12 months until end of December 2021. The approval also stated if the factory pays workers below the 2020 legal minimum wage, then the factory should pay the wage gap between the current implemented wage and the 2020 minimum wage. - The 2020 local minimum wage was IDR 4,168,268.62(292USD)/month and the minimum wage sectorial for the footwear industry was IDR 4,272,475.34 (299USD)/month. However, this factory also received approval from the Banten Governor for a minimum wage deferral and the factory was allowed to pay a basic wage of IDR 3,841,369 (269USD)/month. The approval was issued on January 10, 2020 and valid for 12 months. Note: Supreme Court Decree No.72/PUU-XIII/2015 reiterates the explanation on Article 90.2 of Labour Act no.13/2003 “not obligated to pay legal minimum wage requirement during wage postponement permitted” was breaching Law (UUD) 1945 and not legally binding. This Supreme court decree was not retroactive which means the above decree start to legally bound on Sept 29th, 2016, and not applied to previous cases. As result of Supreme Court Decree No.72/PUU-XIII/2015, the factory is obligated to back pay the 2020 wage difference. The amount of back pay should be to IDR 326,899.62 (22.91USD)per worker (2020 legal minimum wage of IDR 4,168,268.62 – wage deferral of IDR 3,841,369 = IDR 326,899.62). However, the factory has not provided this back pay to workers.</p>
Recommendation for Immediate Action	<p>1. Make efforts to pay at least the minimum wage or the prevailing industry wage, whichever is higher. 2. Pay the wage difference between the current (2021) implemented wage and 2020 minimum wage once the approval from local labor office ends at the end of December 2021. 3. Retroactively pay the wage difference from the 2020 wage deferral.</p>
Compliance Classifications	Immediate Action Required

Local Law	Decision of the Minister of Manpower and Transmigration No. KEP 231/MEN on Postponement of Minimum Wages (2003), Article 2; Supreme Court Decree No.72/PUU-XIII/2015; Local labor office decree No: 560.4/2/0001.v.31-DTKT/I/2021
Benchmark ID	C.21.1
Benchmark Details	Employers shall provide all legally mandated benefits, including holidays, leave, bonuses, severance payments and 13th month payments to all eligible workers within legally defined time periods.
Finding Details	The factory does not provide compensation money or severance pay to workers under a fixed-term contract (PKWT -Perjanjian Kerja Waktu Tertentu) when their contracts ends as stipulated in new Government Regulation.
Recommendation for Immediate Action	Provides compensation money to the fixed-term contract (PKWT) workers when their contracts ends.
Compliance Classifications	Immediate Action Required
Local Law	Government Regulation No.35 Year 2021 Article 15 and 16

Employment Relationship (ER)

Benchmark ID	ER.17.5
Benchmark Details	Employers shall have in place procedures to track the number, types, and timing and resolution of grievances, and to communicate the resolution of grievances to the workforce.
Finding Details	Factory management stated there are three suggestion boxes available but there have never been any grievances. The assessor only found two boxes and neither of them could be opened because the lock was rusty. There is no evidence that suggestion boxes are checked and opened on a regular basis. There is no communication or training on grievance system to workers.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.9.3
Benchmark Details	Contract/contingent/temporary workers shall only be hired if one of the following conditions is met the permanent workforce of the enterprise is not sufficient to meet unexpected or unusually large volume of orders, exceptional circumstances* may result in great financial loss to the supplier if delivery of goods cannot be met on time, or work that needs to be done and is outside the professional expertise of the permanent workforce.
Finding Details	Please review ER.9.1 for details
Recommendation for Immediate Action	
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	ER.11.7
Benchmark Details	Employers must ensure the following minimum terms and conditions are met in the employment of contract/contingent/migrant/temporary workers: contract/contingent/temporary workers are given priority when the enterprise is seeking 'new' permanent employees.
Finding Details	Please review ER.9.1 for details
Recommendation for Immediate Action	
Compliance Classifications	Immediate Action Required

Local Law	
Benchmark ID	ER.1.2
Benchmark Details	Employers shall assign responsibility for the administration of human resources to a clearly defined and adequately qualified staff member or staff members and ensure workers at all levels receive communication and training about existing policies and procedures or any revisions.
Finding Details	1. There is no any ongoing training to workers on all FLA's Code elements and Employment Functions. There was a training on the Code of Conduct on March 26, 2019 but only 15 employees from office, warehouse, packing, cutting, purchasing and marketing attended. 2. The factory does not clearly define qualified staff responsible for social compliance issues at the workplace.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.2
Benchmark Details	Employers shall ensure that all legally mandated requirements for the protection or management of special categories of workers, including migrant, juvenile, contract/contingent/temporary, probationary workers, home workers, and pregnant or disabled workers, are implemented. Where local laws and FLA standards differ, the employer is expected to follow the highest applicable standard.
Finding Details	According to management, there are no disabled workers in the factory and no procedure or program to hire disabled workers. This practice does not comply with local law which requires the factory to hire one person with disability per 100 workers. Thus, for a factory of 514 workers, the factory must employ at least 5 workers with disabilities.

Recommendation for Immediate Action	Establish a program to provide training and employ workers with disabilities.
Compliance Classifications	Immediate Action Required
Local Law	Law No.8 Year 2016 About Persons with Disabilities on Article 53
Benchmark ID	ER.5.1
Benchmark Details	Employers shall ensure that all supervisors are trained in national laws, workplace regulations, and the FLA Code, workplace grievance systems, and the appropriate practices to ensure compliance.
Finding Details	There is no any specific training for relevant supervisors on all FLA's code elements and employment functions.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.17.1
Benchmark Details	Employers shall have a clear and transparent system of worker and management communication that enables workers to consult with and provide input to management. This might include suggestion boxes, worker committees, designated spaces for worker meetings, union representatives, and meetings between management and workers' representatives.
Finding Details	There are no policies and procedures on grievance systems.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	
Benchmark ID	ER.15.1
Benchmark Details	Employers shall have in place a procedure for determining termination payouts, including methods for correct assessment of payouts for all modes of termination/retranchment, taking into account national legal requirements.
Finding Details	There is no COVID-19 specific training provided for all supervisors.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.1.1
Benchmark Details	Employers shall have in place written policies and practices and maintain proper and accurate records governing all aspects of employment from recruitment, hiring and probation, including written terms and conditions of employment, job descriptions, administration of compensation, and working hours for all positions, through to retranchment and termination processes.
Finding Details	1. There is no specific policy on recruitment and hiring. Moreover, the procedure on recruitment and hiring is inadequate since the available procedure do not reflect the date the procedure was created, the responsible person, and management's signature. 2. The policy on nondiscrimination does not clearly prohibit discrimination on the basis of gender, race, religion, age, sexual orientation, ethnic origin, marital status, or union affiliation or sympathy. In addition, there are no procedures on nondiscrimination. 3. There is a policy on forced labor but there are no procedures. 4. There is a policy on child labor but there are no procedures. 5. In cases where child labor is found, there are no procedures to remediate the issue. 6. There are no policies or procedures governing all aspects of termination and retranchment. 7. There is policy on compensation but there are no procedures.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.9.2
Benchmark Details	Employers shall have in place written policies and procedures regulating the recruitment and hiring of contract/contingent/temporary workers.
Finding Details	There are no policies or procedures on recruitment and hiring of contract/contingent/temporary workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.1
Benchmark Details	Employers shall have written disciplinary rules, procedures and practices that embody a system of progressive discipline (e.g. a system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally to termination).
Finding Details	There is a policy on workplace conduct/discipline but there are no procedures.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	
Benchmark ID	ER.6.1
Benchmark Details	Employers shall have written policies and procedures and implement practices that encourage ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers within the factory or beyond.
Finding Details	There are no written policies and procedures on personnel development that encourage ongoing training with the goal of raising or broadening workers' skills so they can advance in their careers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.7.1
Benchmark Details	Employers shall have written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirements.
Finding Details	1. There are no policies or procedures on performance reviews. 2. The factory does not conduct written performance reviews.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Benchmark ID	ER.8
Benchmark Details	Employers shall have written policies and procedures with regard to promotion, demotion, and job reassignment that outline the criteria, demonstrate linkages to job grading, and prohibit discrimination or use of demotion or job reassignment as a form of penalty or punishment, are provided in writing and seek feedback from employees in writing, and follow all local legal requirements.
Finding Details	There are no policies or procedures on promotion, demotion, or job reassignment.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.9.1
Benchmark Details	Employers shall hire contract/contingent/temporary workers only if such hiring is consistent with the national law of the country of production.
Finding Details	1. Out of 514 production workers, 194 workers are employed under a PKWT fixed-term contract and 320 workers are employed as casual daily rate workers even though they work permanent jobs. No workers have permanent status. 2. The casual (local term called Harian Lepas) and daily rate workers have been working more than three months and for years, and their work agreement does not reflect the length of employment or validity period. The Government Regulation No.35 Year 2021 Article 10 states the daily employment agreement shall be implemented on condition that the worker works for less than 21 (twenty one) days in 1 (one) month, and not more for 3 (three) consecutive months. 3. The work agreements for workers under a PKWT fixed-term contract and casual workers are not registered with the local labor department. 4. Workers are not provided with a copy of the work agreement.

Recommendation for Immediate Action	1. Convert all workers who perform jobs of permanent nature but are currently hired under a PKWT contract and casual daily workers that have been working for years to become permanent worker status. 2. Reflect length of employment or validity period in the work agreement of casual workers 3. Register all work agreements to local labor office. 4. Provide a copy of the work agreement to each worker.
Compliance Classifications	Immediate Action Required
Local Law	Government Regulation No 35 year 2021 Chapter II Article 4 (2), Article 10, Article 13 and Article 14
Benchmark ID	ER.4
Benchmark Details	Employers shall inform workers about workplace rules, environmental protection systems, health and safety information, and laws regarding workers' rights with respect to freedom of association, compensation, working hours, and any other legally required information, and the FLA Code through appropriate means, including posted in local language(s) throughout the workplace's common areas.
Finding Details	1. There is no regular communication to workers on all FLA's Code elements and Employment Functions. 2. There is no FLA Code or affiliate code available at the factory. 3. There is no COVID-19 specific training provided to all workers. 4. There is no training for supervisors and managers on any revisions to the emergency management plan related to COVID-19.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.19.1

Benchmark Details	Employers shall maintain on file all documentation needed to demonstrate compliance with the FLA Workplace Code and required laws.
Finding Details	The FLA-affiliated company's written workplace standards are not made available for workers to view.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.10.1
Benchmark Details	Employers shall not hire contract/contingent/temporary workers as a means to support continuing business needs on a long-term basis.
Finding Details	Please review ER.9.1 for details
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.10.2
Benchmark Details	Employers shall not renew contracts for multiple successive short-terms in lieu of providing regular employment.
Finding Details	Please review ER.9.1 for details
Recommendation for Immediate Action	

Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	ER.3.1
Benchmark Details	Employers shall provide an orientation to new employees at the time of hiring, which includes explanations of the employers' rules, compensation package and policies for human resources, grievance systems, industrial relations, including respect of the right to freedom of association, workers' rights and responsibilities, FLA Code of Conduct, health and safety, and environmental protection.
Finding Details	There is no orientation training that covers all FLA's Code elements and Employment Functions for new workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.1.3
Benchmark Details	Employers should implement an annual, review process with input from workers of all policies, procedures and their implementation to ensure they meet legal requirements and the FLA Workplace Code.
Finding Details	1. There are no policies or procedures on a regular review process for all available policies and procedures. 2. The worker involvement component is missing across all employment functions. Workers are not consulted or integrated in the decision-making process of aspects concerning workplace and working conditions (e.g., creation or revision of policies and procedures, changes on production processes, hours of work, etc.). This indicates that the factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.3.4
Benchmark Details	Records of disciplinary action must be maintained in the worker's personnel file.
Finding Details	The records of disciplinary actions are maintained in a separate folder instead of in workers' personnel files.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.6
Benchmark Details	The workplace shall commit to non-retaliation for all steps of the disciplinary process, including for a worker requesting a witness and filing an appeal of disciplinary action.
Finding Details	There is no written commitment to nonretaliation from factory management for the disciplinary process, including if a worker requests a witness or files an appeal of disciplinary action.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Benchmark ID	ER.16.2
Benchmark Details	When employers are faced with major changes in production, program, organization, structure, or technology and those changes are likely to result in temporary or permanent layoffs, employers shall communicate any alternatives to retrenchment that have been considered and consult any workers' representatives as early as possible with a view to averting or minimizing layoffs.
Finding Details	There was no retrenchment during the periods reviewed. However, there are no procedures for the consultation process with worker representatives in bipartite forum for any decision making including the case if there is retrenchment. The indication as follows: - The bipartite committee does not conduct regular meetings. The last meeting was on October 11, 2020. - The committee is not clearly indicated which representatives are from management side and which worker representatives are. - Workers are not aware who their representatives are.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Law No. 13 on Manpower (2003), Art. 106(2)
Benchmark ID	ER.3.3
Benchmark Details	Workers should be provided with written documentation that substantiates all the issues covered in orientation briefings.
Finding Details	There is no orientation provided for new workers. As result, the factory does not provide written documentation that substantiates all the labor and HSE issues covered.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	
Freedom Of Association And Collective Bargaining (FOA)	
Benchmark ID	FOA.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning freedom of association and collective bargaining. national laws, rules, and procedures protecting the rights of workers to organize and bargain collectively. Where local laws and FLA standards differ, the employer is expected to follow the highest applicable standard.
Finding Details	The factory has a policy on freedom of association and collective bargaining but there are no procedures.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	FOA.11
Benchmark Details	Employers shall not interfere with the right of workers to: draw up their constitutions and rules; to elect their representatives; or to organize their administration and activities
Finding Details	The following issues were noted with the Bipartite committee: - Management board in Bipartite Committee is not updated on every three years as per Law. The last establishment of Management board of Bipartite Committee was on March 6, 2012 for periods until March 6, 2015. - The committee does not conduct regular meeting and the activity of the Bipartite Committee is not reported to the local labor office every six months. The last meeting was on October 11, 2020 and the report to local labor office was on December 20, 2020. - It is not clear which representatives are from management and which are workers. - Workers do not know who their representatives are.

Recommendation for Immediate Action	Ensure the membership of the bipartite committee is valid only 3 years, and consists of the elements of employer and workers who are appointed democratically by the workers to represent the interests of the workers in the factory. Conduct regular meetings to discuss labor issues in the factory. Ensure that workers are aware of their committee representatives.
Compliance Classifications	Immediate Action Required
Local Law	Regulation of Ministry of Manpower No. 32/MEN/XII/2008 on Procedure for the Establishment and Membership of Bi-partite Committee (2008), Article 5 and 17; Law No. 13 on Manpower (2003), Article 106(1) - (2) - (3)

Harassment Or Abuse (H/A)

Benchmark ID	H/A.10.1.2
Benchmark Details	Body searches and physical pat downs shall only be undertaken when there is a specific, legitimate reason to do so and upon consent of workers, unless a state official with the power to do so (e.g. police officer) has ordered the search.
Finding Details	Workers are subject to routine body searches at the exit door of the production area before they go home. The search is conducted by same gender security guard.
Recommendation for Immediate Action	Ensure body searches and physical pat downs are only be undertaken when there is a specific, legitimate reason to do so and upon consent of workers.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	H/A.10.1.3

Benchmark Details	Body searches shall not be undertaken in public and the person who undertakes the search shall be of the same sex as the person who is being searched.
Finding Details	Please review H/A.10.1.2 for details
Recommendation for Immediate Action	
Compliance Classifications	Immediate Action Required
Local Law	

Health, Safety And Environment (HSE)

Benchmark ID	HSE.30.1
Benchmark Details	Employers shall develop, maintain, and regularly review health, safety, and environmental policies to ensure that they comply with all national laws, regulations and the FLA Workplace Code concerning health, safety, and environmental standards, regulations and procedures.
Finding Details	There are policies regarding environmental protection, but there are no procedures.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.6.2
Benchmark Details	A sufficient number of workers shall be trained in first aid and firefighting techniques. Training shall be upon hire and with periodic refresher training.

Finding Details	1. The factory has trained an insufficient number of workers on how to use fire extinguishers. Only 15 workers received the training on March 26, 2019 and 14 workers on January 13, 2021. The factory has around 514 workers. 2. The factory has not trained an adequate number of workers on procedures concerning the provision of first aid. Only 8 workers participated in the general training of MSDS, chemical identification & risk, which included basic first aid, in January 2021.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Act No. 1 on Safety (1970), Article 9(3)
Benchmark ID	HSE.5.3
Benchmark Details	Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually.
Finding Details	The last evacuation that involved all workers on the day shift was in 2019. The last evacuation in January 13, 2021 was only conducted for 14 night shift workers in building C.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Act No. 1 on Safety (1970), Article 9(3)
Benchmark ID	HSE.5.1.5
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all of the following elements: employee education and training

Finding Details	Workers do not receive basic fire safety training, including their duties in the event of a fire. In addition, there is no firefighting team. Only 14 workers received training on the use of fire extinguishers in January 2021.
Recommendation for Immediate Action	1. Establish a firefighting team and provide training on their duties in the event of a fire. 2. Provide basic fire safety training to all workers.
Compliance Classifications	Immediate Action Required
Local Law	Act No. 1 on Safety (1970), Art. 9(3)
Benchmark ID	HSE.5.1
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all of the following elements: posting evacuation plans; the installation and maintenance of fire alarms; the installation and maintenance of emergency lighting; ensuring aisles/exits are not blocked and that workers are not blocked within their workstations; employee education and training; and evacuation procedures and fire drills.
Finding Details	1. The factory does not have procedures or post signs on the prohibition of smoking within 15 meters (~50 ft.) of all closed areas. 2. Two out of three available exits doors in each production building are closed by security guard 15 minutes before lunch break time. The door was unable to be opened by the supervisor from inside the building A when it was tested. This is a risk for workers who do not have another option of accessible emergency exits during emergency evacuation because those exit doors are already closed when workers are still working.
Recommendation for Immediate Action	1. Post signs of prohibition smoking within 15 meters (~50 ft.) of all closed areas. 2. Ensure all exit doors are closed only when there is no worker inside the building.
Compliance Classifications	Immediate Action Required

Local Law	Ministerial Decree of Public Works No. 10/KPTS on Technical Security Provisions of Fire Hazard in Buildings and Environment (2000), Annex Chapter I, Article 2.6 and Chapter 3, Article 2(3)
Benchmark ID	HSE.5.1.6
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: evacuation procedures and fire drills
Finding Details	The factory does not conduct an assessment after a fire drill to learn how to improve the evacuation process.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.5.1.3
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: installation and maintenance of emergency lighting
Finding Details	The maintenance staff does not regularly check emergency lights. All emergency lights in building B, C and most in building A were not in the charging position. In addition, the illumination of most exit signs is off.
Recommendation for Immediate Action	1. Check and test all emergency lights regularly to ensure all of them are working when the power goes out. 2. Ensure the illumination on all exit signs are on.
Compliance Classifications	Immediate Action Required
Local Law	Regulation of the Minister of Labour No. 7 (1964), Article 13(1&2) - (4)

Benchmark ID	HSE.5.1.2
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: installation and maintenance of fire alarms;
Finding Details	The emergency alarm system at the factory is not automatic or centralized. The emergency alarm also does not have a backup battery.
Recommendation for Immediate Action	Ensure to have centralized fire alarm system with backup battery.
Compliance Classifications	Immediate Action Required
Local Law	Regulation of the Minister of Manpower No. PER-02/MEN on Automatic Fire Alarm Installations (1983), Art. 45(3)
Benchmark ID	HSE.19
Benchmark Details	All facilities including workplace 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.
Finding Details	1. The garbage, including production waste, is not regularly removed. As result, the back area of the factory buildings are not clean or free of excess debris. 2. There was no water available in the workers' toilets for almost a full day on the 1st day of assessment due to a broken water pump. As a result, the toilets were not clean and sanitized. 3. The lactation room is accessed from the clinic, which exposes lactating mothers to cross contamination of airborne diseases.
Recommendation for Immediate Action	1. Maintain factory areas clean and free from excess debris. 2. Ensure running water is available in workers' toilets at all times, and have a clean water truck supply water when there is a problem with the internal water supply. 3. Separate the lactation room from the medical clinic.

Compliance Classifications	Immediate Action Required
Local Law	Regulation of the Minister of Labour No. 7 (1964), Article 3(5) and 6(9); Permenkes No 15 Year 2013 Article 10 Lactation room health requirement
Benchmark ID	HSE.13
Benchmark Details	All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and to prevent or minimize hazardous conditions to workers in the facility.
Finding Details	1. At least two cables in Building C, near the main electrical panel, appeared to be repaired or connected with electrical tape as a permanent fix. Electrical tape should only be used as a temporary fix. 2. The electrical switch panel in the building C, near the main electrical panel, does not have an inner cover.
Recommendation for Immediate Action	1. Do not use electrical tapes to permanently fix cable splices or connections. 2. Ensure all electrical panels have an inner cover.
Compliance Classifications	Immediate Action Required
Local Law	Government Regulation No. 36 on Building (2005), Article 36; Labor Minister Decree No. KEP-75/MEN (2002), Article 2
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	1. The traffic lanes and walk paths are not clearly marked on the ground. 2. The factory does not implement a lockout-tagout maintenance safety system for all relevant equipment.
Recommendation for Immediate Action	1. Paint and clearly mark the dedicated walking path from main gate to entrance of each building and also mark the traffic lanes. 2. Implement a lockout-tagout maintenance safety system for all relevant equipment.

Compliance Classifications	Immediate Action Required
Local Law	Government Regulation No. 36 on Building (2005), Art. 36 (1)
Benchmark ID	HSE.6.1
Benchmark Details	All safety and medical equipment (e.g. fire fighting equipment, first aid kits) shall be available in sufficient numbers throughout the workplace, maintained and stocked as prescribed, and easily accessible to workers.
Finding Details	1. There is a sign for a fire extinguisher on the wall in the grinding room at the back of building B but there is no fire extinguisher. 2. The water pump for the fire hydrant at the factory is not working. As a result, the fire hydrant is not functional. 3. There is no fire sprinkler or thermatic fire extinguisher installed at the buildings. 4. There are no functioning eyewash facilities in the chemical room or the hazardous waste storage room.
Recommendation for Immediate Action	1. Ensure fire extinguishers are available in each room. 2. Ensure the fire hydrant can be used with adequate water pressure. 3. Install fire sprinkler or thermatic fire extinguisher specially in high risk areas such as chemical room, hazardous waste storage room, utility /maintenance room, boiler room, warehouse, etc. 4. Provide functioning eyewash facilities in chemical room and hazardous waste storage room.
Compliance Classifications	Immediate Action Required
Local Law	Regulation of the Minister of Manpower and Transmigration No. PER-04/MEN (1980), Article 4(5); Ministerial Decree of Public Works No. 10/KPTS on Technical Security Provisions of Fire Hazard in Buildings and Environment (2000), Annex Chapter V, Article 3 (3) and 4 (1); Manpower Minister's Regulation No. PER- 15 /MEN/VIII/on first aid in workplace (2008), Article (8)
Benchmark ID	HSE.4.1

Benchmark Details	Employers shall at all times be in possession of all legally required and valid permits and certificates related to health, safety, and environmental issues, such as: Purchase and storage of chemicals; Fire safety inspections; Machinery inspections; Waste disposal; Environmental licenses/permits; Sanitation permits, including those required for canteens; and Vehicle inspection and driver permits for all employer provided transportation.
Finding Details	There is no certified first aid personnel at the factory.
Recommendation for Immediate Action	Assign responsible persons to take training and obtain first aid license and log book issued by local labor office, with ratio of one first aid personnel per 150 workers.
Compliance Classifications	Immediate Action Required
Local Law	Manpower Minister's Regulation No. PER- 15 /MEN/VIII on first aid in workplace (2008), Art. (3).
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.

Finding Details

1. The factory has not conducted a fire risk assessment. 2. The factory has not conducted an asbestos assessment so there is no label used for any material in the factory containing asbestos. 3. The production solid material waste is mixed with hazardous waste in the temporary hazardous waste storage room. 4. Assessors noted many empty chemical containers placed exposed to sun and rain at the back of building A. 5. The hazardous waste collection area does not have signage with appropriate safety precautions. 6. Empty chemical containers that considered hazardous waste are not collected and disposed by authorized /licensed chemical waste collector. The authorized /licensed chemical waste collector only collects ash or dust generated from boiler. 7. Wastewater generated from cleaning print screen is not treated or contained to ensure that it is not directly discharging into the environment. 8. The Health and safety committee (P2K3) does not actively conduct meetings to discuss health and safety standards or issues in the factory. 10. The factory does not post information on room capacities to allow for at least one meter distance between individuals, at all relevant locations. 11. The maximum occupancy is not posted at the entrance of all worker common areas to limit the number of workers inside at a given time. 12. There are no procedures to quarantine employees who are back from the regions that are considered at-risk for COVID-19 exposure. 13. The factory does not take all necessary steps to protect the environment from negative impacts. 14. There is no training to all health and safety committee members.

Recommendation for Immediate Action	<p>1. Assign a third party expert to conduct the fire risk assessment. 2. Conduct an asbestos assessment and label any materials in the factory containing asbestos. 3. Ensure the production solid material waste is not mixed with hazardous waste. 4. Properly store empty chemical containers that have hazardous waste in the available temporary hazardous waste storage room. 5. Post signage of appropriate safety precautions in hazardous waste collection area. 6. Ensure empty chemical containers that are considered hazardous waste are collected and disposed by authorized /licensed chemical waste collector. 7. Ensure wastewater from cleaning the print screen is contained and do not dispose it directly to ground/the drain. 8. Ensure the health and safety committee (P2K3) conducts regular meetings to discuss health and safety standard or issues in factory. 10. Post information on room capacities to allow for at least 1 meter distance between individuals, at all relevant locations. 11. Post maximum occupancy at the entrance of all worker common areas such as praying room to limit the number of workers inside at a given time.</p>
Compliance Classifications	Immediate Action Required
Local Law	<p>Government Regulation No. 82 on Water Quality Management and Water Pollution Control (2001), Article 40&42; Labor Minister Regulation No: PER.04/MEN/1987 on Workplace Health and Safety Committee and Appointment of Occupational Safety Expert (1987), Article 12; Decision of the Minister of Manpower No. KEP-187/Men on Control of Hazardous Chemicals at Workplace (1999), Article 2; Government Regulation No. 18 on Management on Hazardous and Toxic Waste (1999), Art. 40 (1)</p>
Benchmark ID	HSE.28
Benchmark Details	<p>Employers shall create a system to ensure that all necessary Health and Safety protections are provided for external contractors; including protection when working within , confined spaces, maintenance issues, and general Health and Safety Issues.</p>
Finding Details	<p>The factory does not provide safety information to visitors and contractors.</p>
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.12
Benchmark Details	Employers shall ensure that women are not engaged in work that constitutes a substantial risk to their reproductive health.
Finding Details	The factory does not have the procedures or measures to protect the reproductive health of workers through minimizing their exposure to workplace hazards.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.29
Benchmark Details	Employers shall provide all necessary protection for workers when working at heights, confined spaces, and other high-risk areas.
Finding Details	1. The confined spaces (e.g. sewer culvert and water tank) are not marked with a sign "do not enter without permit" to ensure that there is no unauthorized entry. 2. There is no safety cage on the ladders to the three water towers of around nine meters above ground. 3. There is no body harness provided to maintenance workers in case if they need to work at heights. 4. The high work areas (such as: water tower) are not properly marked with safety precaution (such as: fall hazard sign and usage of PPE sign). 5. There is no procedure established for entering confined spaces.

Recommendation for Immediate Action	1. Mark confined spaces with a sign "do not enter without permit or authorized person only" to ensure that there is no unauthorized entry. 2. Install safety cages to the water tower ladders. 3. Provide body harness for maintenance workers in case if they are assigned to work at heights. 4. Mark sign of safety precaution (such as: fall hazard sign and usage of PPE sign) in all high work areas.
Compliance Classifications	Immediate Action Required
Local Law	Regulation No. PER-01/MEN (1980), Art. II(8)
Benchmark ID	HSE.17.2
Benchmark Details	Employers shall train workers in proper lifting techniques, and items such as lifting belts shall be provided.
Finding Details	The factory does not provide training to workers on ergonomics, including lifting techniques.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.23.1
Benchmark Details	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. The means to drink water (e.g. cups) must be safe and sanitary and available in an appropriate number.
Finding Details	Around 70% of workers at production drink water from empty mineral water bottles that are made under PET code 1 which is not allowed for refill.
Recommendation for Immediate Action	Inform workers not to use plastic bottle except with PP 05 plastic material, also train the workers on how to identify plastic bottle material and the impact to human health.

Compliance Classifications	Immediate Action Required
Local Law	Kepmenperind No 705 Year 2003 Article 9
Benchmark ID	HSE.5.4
Benchmark Details	The emergency evacuation plan (EEP) includes procedures for notifying local community authorities in case of accidental discharge or release of chemical/waste products or any other environmental emergency.
Finding Details	The factory does not have an appropriate system to respond to any unexpected environmental emergencies, such as chemical spills or chemical waste water.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Government Regulation No. 18 on Management on Hazardous and Toxic Waste (1999), Article 11
Benchmark ID	HSE.30.2.6
Benchmark Details	The health, safety, and environmental policies shall contain the framework for a comprehensive health, safety, and environmental management system including a HS&E risk assessment within which the following are clear and regularly tested and reviewed: protections to workers who allege health, safety, and environmental violations;
Finding Details	The factory does not conduct a health & safety risk assessment.
Recommendation for Immediate Action	Conduct health and safety risk assessment.
Compliance Classifications	Immediate Action Required

Local Law	Government Regulation No. 50 on Implementation of Management System Occupational Health and Safety (2012), Article. 7 (2)
Benchmark ID	HSE.7
Benchmark Details	Workers shall be provided at no cost with all the appropriate and necessary personal protective equipment (e.g. gloves, eye protection, hearing protection, respiratory protection) to effectively prevent unsafe exposure (e.g. inhalation or contact with solvent vapors, noise, dust) to health and safety hazards, including medical waste.
Finding Details	Please review HSE.29 for details for related finding of fall protection (No safety cage on the ladders and no body harness provided).
Recommendation for Immediate Action	
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.8
Benchmark Details	Workers shall be provided with training on the use and maintenance of personal protective equipment. Training shall be upon hire with periodic refresher training offered to all workers. Management will ensure use of PPE as necessary.
Finding Details	The factory does not provide training to all workers regarding PPE usage and maintenance.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Regulation No. PER-08/MEN/VII on Personal Protective Equipment (2010), Article 7

Benchmark ID	HSE.5.2
Benchmark Details	Workers shall be trained in evacuation procedures.
Finding Details	The workers are not trained on their duties in the event of an emergency.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Act No. 1 on Safety (1970), Article 9(3)
Benchmark ID	HSE.16
Benchmark Details	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.
Finding Details	There is no procedure or communication on workers' right to refuse to perform work under unsafe conditions. The workers are not aware of their right to refuse to perform work under unsafe conditions.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.14.2
Benchmark Details	Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use.

Finding Details	The factory does not provide safety training to designated workers with special/high-risk responsibilities (such as working with electrical issues, confined space, lockout/tagout, work at heights).
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Act No. 1 on Safety (1970), Article 9(1) - (2)
Benchmark ID	HSE.17.1
Benchmark Details	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.
Finding Details	1. Around three seating facilities in the assembly line and four seating arrangements in the grinding room are not equipped with backrests for support. 2. The factory does not take proactive steps to reduce repetitive motion stress or injuries such as providing short break for exercise, adjustable chairs, and anti-fatigue mats for workers working in standing position.
Recommendation for Immediate Action	1. Ensure all seating facilities are equipped with a backrest for support. 2. Take proactive steps to reduce repetitive motion stress or injuries such as providing short break for exercise, adjustable chairs, and anti-fatigue mats for workers working in standing position.
Compliance Classifications	Immediate Action Required
Local Law	Regulation of the Minister of Labour No. 7 (1964), Art. 9(1) - (2) - (3)

Hours Of Work (HOW)

Benchmark ID	HOW.22.1
--------------	----------

Benchmark Details	Employers shall have in place policies for managing all working hour, overtime, and leave records in normal and exceptional circumstances.
Finding Details	The available policy and procedures on hours of work do not include information on exceptional circumstances.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HOW.5
Benchmark Details	Employers shall maintain necessary records identifying all women workers and all workers under the age of 18 entitled to legal protection concerning work hours.
Finding Details	The working hour records do not identify pregnant or lactating workers to help ensure they receive their entitled legal protections concerning working hours.
Recommendation for Immediate Action	Establish a system to identify pregnant women or nursing women in working hour records.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HOW.14
Benchmark Details	Employers shall provide workers taking annual leave their normal or average wages for the full period of annual leave in advance, unless specified differently under national laws, regulations and procedures.
Finding Details	The factory does not provide annual leave and pay to all workers.

Recommendation for Immediate Action	Provide annual leave with pay to workers who have been working for 12 (twelve) months continuously.
Compliance Classifications	Immediate Action Required
Local Law	Law No. 13 on Manpower (2003), Article 79(2c)
Benchmark ID	HOW.11.1
Benchmark Details	Employers shall provide workers with paid annual leave as required under national laws, regulations and procedures.
Finding Details	Casual or daily rate workers are not provided with legal required leave, including sick leave and casual leave.
Recommendation for Immediate Action	Ensure all workers are provided with sick leave and casual leave.
Compliance Classifications	Immediate Action Required
Local Law	Law No. 13 on Manpower (2003), Article 93 (2, 3 & 4)
Benchmark ID	HOW.16
Benchmark Details	Employers shall provide workers with sick leave as required under national laws, regulations and procedures.
Finding Details	Please review HOW.11.1 for details.
Recommendation for Immediate Action	
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HOW.21

Benchmark Details	Other than in exceptional circumstances, the total weekly work hours (regular work hours plus overtime including any alternative shifts such as 4x4 or 3x3) shall not exceed 60 hours per week.
Finding Details	All five male security guards work a 12-hour shift per day. As a result, their total weekly working hours reaches 66. In addition, one security guard worked double shift or on duty nearly 24 consecutive hours on July 20, 2021.
Recommendation for Immediate Action	Ensure the security guards do not work overtime more than 4 hours per day or more than 12 total daily work hours, with total weekly work hours including overtime limited up to 58 hours as required by law.
Compliance Classifications	Immediate Action Required
Local Law	Joint Decision Minister of Mapower and Head of Police of Republic Indonesia KEP Number 275/Men/1989 and No.Pol Kep/04/1989 About Arrangement of Working hours, Shift and Break Hours Security Unit (Satpam); Government Regulation No.35 Year 2021 Article 26

