



**FAIR LABOR**  
ASSOCIATION®

## INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: **Hugo Boss**

COUNTRY: **Indonesia**

ASSESSMENT DATE: **10/31/2017**

ASSESSOR: **Donny Triwandhani**

PRODUCTS: **Apparel**

NUMBER OF WORKERS:

# Summary of Code Violations

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.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

## FINDING NO.1

### TRAINING (MACRO)

**FINDING TYPE:** Sustainable Improvement Required

#### Finding Explanation

1. The orientation for new workers does not include Recruitment, Hiring, and Personnel Development, Industrial Relations, and Environmental Protection. In addition, the workers do not receive written documentation that substantiates all the issues covered in orientation. **ER.15**
2. The factory does not provide ongoing training to workers on all Employment Functions, except for fire and evacuation drills. There is no training on Workplace Conduct for the relevant managers, HR personnel and administrative staff. Additionally, the factory does not provide specific training for relevant supervisors on all Employment Functions. **ER.1, ER.15, ER.17, ER.25, ER.27**
3. There is inadequate PPE training conducted: **HSE.8**
  - a. Last PPE training was conducted on March 27, 2017 for 23 workers and on September 12, 2017 for one worker out of 2,028 total employees at the factory.
  - b. There is no training material filed along with documentation of PPE training.
  - c. The activity report of those training does not state that workers have been trained on how to maintain the provided PPE, how to identify damage and lifetime of the provided PPE, how to identify hazard on their job, what the hazards are and how to protect against those hazards.
4. There is inadequate workplace safety training conducted for all relevant workers: **ER.1**
  - a. Machinery safety training was conducted on September 12, 2017 for nine out of 15 snap button workers, while none of the sewing workers, cutters (bend knife operator, portable cutting machine), finishing workers (tag gunners and ironing) were trained
  - b. No training for all three Spot cleaners on how to do their job safely
  - c. No confined space training for the person responsible (one General Affair staff).
  - d. No lifting technique and work in-height, as well as fall hazard prevention trainings, conducted for warehouses workers in the finished goods and raw material sections.
5. There is no adequate specific training for maintenance department and building civil engineering people: **HSE.14**
  - a. No work in-height training for the two Maintenance workers and five Building civil engineering staffs.
  - b. No Lockout-tagout training for the two electricians and two Air Conditioner staffs and 12 mechanics who are responsible for production machineries (sewing machines, quilting machines, cutting machines).
  - c. No lifting technique for all 12 mechanics.
6. The last basic fire safety training conducted on August 16, 2017 is inadequate as did not include the following: **HSE.6**
  - a. The basic chemistry and composition of fire
  - b. How to identify fire hazards in the workplace
  - c. How to identify appropriate firefighting equipment based on fire hazards.

7. There is inadequate first aid training: **HSE.6**
  - a. There is no training for basic or general first aid for all employees that includes First Aid processes and procedures that at least consists of:
    - i. Who to contact for any incident that requires first aid or other medical assistance.
    - ii. Location of first aid equipment in work area
    - iii. How to report any work-related incident, which requires first aid or other medical assistance.
    - iv. Proper use of emergency eyewash or body flush units if exposed to hazardous material resulting in eye, face or body injury.

Current appointed First Aid Responders who have been certified by government is five personnel for 2,028 people instead of 14 personnel as per regulation.
8. There is no specific certification for firefighters at firefighting unit established at the factory as the workers responsible also have additional emergency response responsibilities. The missing certification is Level II and II Firefighting technic course which the Fire Coordinator Unit should be certified. The minimum number of fire coordinator unit is two people for every 25 people. For this factory with total employees of 2,028, there should be 167 fire coordinators unit. Currently, the factory does not have this unit. **HSE.5**
9. The factory does not conduct training on blood borne pathogen and airborne pathogen, as well as sanitation and personal hygiene for workers. **ER.1**

#### **Local Law or Code Requirement**

Act No 32 Year 2009 Article 65.2-5.; Safety Act No.1 Year 1970 Article 9.1.c., Manpower Minister Regulation No.8 Year 2010 Article 7.2.c.; Manpower Minister Regulation No 9 Year 2016 Article 29.1.; Government Regulation No 50 Year 2012 Section C.2.1. a.2., Attachment II Article 12.5.1., Manpower Minister Decree No 326 Year 2011 Decree 1.a; Government Regulation No. 101 Year 2014 Article 218.b.; Manpower Minister Decree No 18 Year 1999 Article 6.1-3. a-b.; Labour Minister Regulation No 7 Year 1964 article 8.9; FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.15, ER.17, ER.25, and ER.27; Health, Safety & Environment Benchmarks HSE.5, HSE.6, HSE.8, and HSE.14)

### **FINDING NO.2**

#### **COMMUNICATION & WORKER INVOLVEMENT (MACRO)**

**FINDING TYPE:** Sustainable Improvement Required

#### **Finding Explanation**

1. The factory does not communicate policies and procedures and their updates to the general workforce across all Employment Functions, except Compensation and Hours of Work. **ER.1, ER.16, ER. 25, ER. 27, ER.29, ER.30, ER.32**
2. The worker involvement component is missing across all Employment Functions. 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. Workers are neither systematically integrated nor consulted in decision-making processes. **ER.1.3, ER.25.2**

#### **Local Law or Code Requirement**

FLA Workplace Code (Employee Relationship Benchmarks ER.1.3, ER.16, ER. 25.2, ER. 27, ER.29, ER.30, and ER.32)

### **FINDING NO.3**

#### **COMPENSATION**

**FINDING TYPE:** Immediate Action Required

#### **Finding Explanation**

1. Six out of 40 selected sampled workers are compensated based on an “All-In”-system. These six production workers work in sewing, sample and mechanic departments categorized by factory as high skilled staff or assistant supervisors. These workers receive an incentive called the “smile incentive” of IDR 8,000 (USD 0.60) for two hours overtime per day and IDR 15,000 (USD 1.12) for four hours overtime per day instead of the overtime wage at the legal rate. Although the three workers receive a fixed position allowance, special allowances, and several unfixed allowances, the amount from these incentive and allowances do not equal the legally entitled overtime amount as per legal rate (first hour of overtime shall be compensated at 150% of the hourly rate and the second and all consecutive hours at 200% of the hourly rate). The wage deficiency between the received compensation and the actual legally entitled overtime wage ranged from IDR 75,197 to IDR 120,353 (USD 5.57 – USD 8.9) per month during peak season in May and September 2017 for two production staff. **C.1, C.7**
2. The last salary of terminated and resigned workers is on-hold until workers return their ID badge, CBA handbook, and completed resignation letter. After that their salary is then processed and paid in cash. There are many cases where workers have not returned to the factory and their last wages are still being kept by the factory. Based on the provided records, around 107 former workers terminated between January 2017 and September 2017 have not received their last pay ranging from IDR 111,000 to IDR 5,293,424 (USD 8.22 to USD 392). **C.1, C.4, ER.18**
3. The payroll records and workers’ pay slips do not include information on the join date. Therefore, length of service cannot be easily identified. **C.5, C.6**
4. The deduction for instalment of loan to cooperative institution for contracted cleaning workers exceeded the legal limit of 50% of the wages received by workers. For example: a cleaner only received net wage IDR 963,477 (USD 72) in August 2017 after deduction for the cooperative store IDR 2,158,208 (USD 161) , contribution of social insurance IDR 65,443 (USD 4.88) , healthcare insurance IDR 32,721 (USD 2.44) and pension insurance IDR 32,721 (USD 2.44). **C.1**
5. The workers are required to take annual leave for three to five days on dates arranged by the supervisors when production is in low season such as in October to November 2016, with annual leave deducted. Additionally, it is difficult for workers to take annual leave as their supervisors do not easily approve during peak production months. **HOW.12, HOW.13**
6. Assessors arrived at the factory at 7:30 on the third day of the assessment (November 3, 2017) and observed a female contracted security guard conducting patrol around the production building before 8:00, while her normal work hours start at 9:00. Female contracted security guard worked earlier than the scheduled shift without compensation. **C.7**
7. The factory deducts from the wages of outsourced security guards the legal stamp of IDR 18,000 (USD 1.34) that is attached to their work agreement, and the cost of medical check-up of IDR 75,000 (USD 5.60). **C.11**

#### **Local Law or Code Requirement**

Circular letter SE-2/M/BW/1987; Government Regulation (PP) the Republic of Indonesia number 78 year 2015 Article 20, 25 & 58; Decision of the Minister of Manpower and Transmigration No. KEP 102/MEN/VI (2004), Art. 11; FLA Workplace Code (Employee Relationship Benchmark ER.18; Hours of Work Benchmarks HOW.12 and HOW.13; Compensation Benchmarks C.1, C.4, C.5, C.6, C.7, and C.11)

#### **Recommendations for Immediate Action**

1. Comply with the regulation regarding “all-in workers” (overtime exempt workers). Only qualified staff can and should be paid under this arrangement. Compensate all workers in compliance with local law.
2. Pay all terminated and resigned workers their last wage in timely manner using normal payment system (bank transfer).
3. Record down the join date of workers in payroll records and pay slips so that actual years of service of workers and the provided legally required leave can be transparently verified.
4. Limit total deductions from workers’ wages only up to 50% of the wages received by workers.
5. Ensure workers take annual leave at their own choice.
6. Compensate all extra hours worked by female security guards retrospectively.
7. Ensure the contracted security agency pays legal stamp for work agreement and medical check-up of security guards.

## HOURS OF WORK

**FINDING TYPE:** Immediate Action Required

### Finding Explanation

1. The time in and out of time cards of 27 outsourced cleaning workers are written manually. Moreover, the time cards of female contracted security guards showed time in at 9:00 and time out at 18:00 every day or they worked only 8 regular hours. However, assessors arrived at the factory at 7:30 am on third day of assessment (November 3, 2017) and observed a female outsourced security guard already conducting patrol around the production building before 8:00, while her normal work hours start at 9:00. **ER.2, ER.23**
2. The working hour records do not identify pregnant or lactating workers to help ensure they receive their entitled legal protections concerning working hours. **HOW.5**

### Local Law or Code Requirement

FLA Workplace Code (Employee Relationship Benchmarks ER.2 and ER.23; Hours of Work Benchmark HOW.5)

### Recommendations for Immediate Action

1. Adopt a reliable and effective time keeping system to ensure that workers' attendance is accurately recorded.
2. Establish a system to identify pregnant and lactating workers to ensure they receive their entitled legal protections concerning working hours.

## FINDING NO.5

## TERMINATION

**FINDING TYPE:** Immediate Action Required

### Finding Explanation

1. The work agreements for contractual workers are not in line with FLA Code and local law and regulations. Based on the work agreement on point 7, the factory has a right to terminate workers without any obligation to pay the salary for the rest of contract period if they are incapable of doing their job. There is no system established to identify workers who are unable to meet expectations since no performance review is conducted for production workers. **C.1, ER.32**
2. Workers are terminated if they are absent for five consecutive days without submitting a written explanation why they were absent. However, the factory does not consistently follow termination process as regulated by Local Law, and CBA Article 60, such as sending proper notification letter at least two times before the worker is terminated. Only two summon letters were provided for review, and the letters were sent through production admin staff, not directly sent to workers through the Post Office. There is no evidence the summon letters had been received by relevant workers. **ER.1.1, ER.32**

### Local Law or Code Requirement

Law No. 13 on Manpower (2003), Art 58(1) - (2); Law No. 13 on Manpower (2003), Art. 168(1); FLA Workplace Code (Employment Relationship Benchmark ER.1.1 and ER.32; Compensation Benchmark C.1)

### Recommendations for Immediate Action

1. Delete point 7 on work agreement as it poses risk of unfair termination; follow the duration of the signed contract and compensate the wages for the rest of contract periods when there is early termination.
2. Send two official notification letters to the worker before beginning the termination process.

## **FINDING NO.6**

### **RECRUITMENT, HIRING AND PERSONNEL DEVELOPMENT**

**FINDING TYPE:** Immediate Action Required

#### **Finding Explanation**

1. Around 592 out of 1,974 production workers (30%) are employed under a PKWT fixed-term contract, even though they are working permanent jobs in the cutting, sewing, quality control, finishing, and packing departments. **ER.7, ER.8, ER.9, ER.11**

#### **Local Law or Code Requirement**

Law No. 13 on Manpower (2003), Art. 59; FLA Workplace Code (Employment Relationship Benchmarks ER.7, ER.8, ER.9, and ER.11)

#### **Recommendations for Immediate Action**

1. Convert all workers who perform jobs of permanent nature but are currently hired under a PKWT contract to permanent worker status, as per legal requirements.

## **FINDING NO.7**

### **WORKPLACE CONDUCT AND DISCIPLINE**

**FINDING TYPE:** Immediate Action Required

#### **Finding Explanation**

1. It was observed that security guards perform physical pat downs two times a day as workers leave the building for break time and after the end of the shift. Two cases of physical pat downs were observed not being conducted by guards of the same gender as the worker. One female security guard performed physical pat down to one male worker at the production gate who was walking out the building at the same time with female coworkers. The other case was a male security guard checking personal belongings in the motorcycle of a female worker including a body pat down. **H/A.10**

2. The records of disciplinary actions are maintained in a separate folder instead of in workers' personnel files. **ER.2, ER.27**

#### **Local Law or Code Requirement**

FLA Workplace Code (Employee Relationship Benchmarks ER.2 and ER.27; Harassment or Abuse Benchmark H/A.10)

#### **Recommendations for Immediate Action**

1. Ensure physical pat downs are not used as a general practice. As per FLA requirements, physical pat downs shall only be undertaken when there is a legitimate reason to do so and upon consent of workers. Physical pat downs must also be conducted by guards of the same gender as the worker.

## **FINDING NO.8**

### **REVIEW PROCESS (MACRO)**

**FINDING TYPE:** Sustainable Improvement Required



### **Finding Explanation**

1. The factory management does not periodically review its policies and procedures for all Employment Functions at least once a year. **ER.1, ER.29, ER.30, ER.31**

### **Local Law or Code Requirement**

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29, ER.30, and ER.31)

## **FINDING NO.9**

### **GRIEVANCE SYSTEM**

**FINDING TYPE:** Sustainable Improvement Required

### **Finding Explanation**

1. The grievance procedure is not posted near the grievance boxes. **ER.25**
2. The factory does not keep actual grievance letters submitted by workers. The factory only maintains a summary of the grievances. Around 70% of selected sample workers do not think the grievance channels are effective as there has been no management response or communication on grievances that have been submitted by workers. **ER.2, ER.25**

### **Local Law or Code Requirement**

FLA Workplace Code (Employment Relationship Benchmarks ER.2, and ER.25)

## **FINDING NO.10**

### **POLICIES & PROCEDURES (MACRO)**

**FINDING TYPE:** Sustainable Improvement Required

### **Finding Explanation**

1. The factory does not have a policy on performance review. The available procedures on performance review do not include prohibition of discrimination, does not provide written feedback, and does not comply with legal requirements. The factory conducts performance reviews only for supervisor levels and above, not for production workers. **ER.29**
2. The factory only has policy and procedures on Recruitment and Hiring. There are no policies and procedures on Personnel Development. **ER.28, ER.30**
3. The grievance policy lacks an anti-retaliation policy. **ER.1**
4. The disciplinary procedures do not include the presence of a third-party witness during imposition of disciplinary actions and providing opportunity for workers to appeal disciplinary actions taken against them. **ER.27**
5. The procedure for managing environmental impact within factory and to its surroundings only includes information on waste spillage and not how to manage environmental impact caused by accidental chemical spillage and leakage. There are no steps established to whom the occurrence shall be reported within management hierarchy and to external parties such as to the local head community which the occurrence has impacted, local environmental bureau or local authority. **ER.31, HSE.1**
6. There is no Health and Safety policy established, however there are procedures that regulate implementation of health and safety at the factory. **HSE.1**
3. Current procedure of Health and Safety has not included Standard Operating Procedures (SOPs) for each job with a focus on performing the job safely. **ER.31**
4. Health and Safety procedures have not included measures to protect the reproductive health of workers through minimizing exposure to workplace hazards. **HSE.12, ND.8**

5. Health and Safety procedures do not include steps for workers to raise health and safety concerns, therefore there is no protection against retaliation for such workers who raise health and safety concerns. **ER.31**
6. The emergency handling and prevention procedure does not include: **ER.31**
  - a. Steps for ensuring that walkways, aisles and emergency exits are free from obstruction.
  - b. List of responsible workers for coordinating evacuation process.
  - c. Steps for ensuring all contractors and service providers are safely evacuated.
  - d. Steps for ensuring special category workers and children that are in the factory are safely evacuated.
7. There is no procedure regarding fire preparedness that states: **ER.31**
  - a. List of workers along with names and/or titles who are responsible for managing fire equipment.
  - b. List of firefighting equipment in factory that includes at warehouses.
  - c. A fire risk assessment shall be established.
  - d. A list of contact information of external authorities to call.
8. There is no procedure concerning emergencies that identify and states: **ER.31**
  - a. Identification of managers and/or workers responsible in case of emergency.
  - b. Roles and responsibilities of emergency personnel.
9. There is no first aid and/or medical emergency response established yet that supposedly states: **ER.31**
  - a. A list of workers responsible for responding to emergencies with their qualifications/certifications-names and/or titles.
  - b. Phone numbers of medical assistance.
  - c. Steps to report injuries, illness and other health and safety issues.
10. There is inadequate written guidance for external contractors/service providers concerning the factory's health and safety policies as in accordance with PP No 50 Year 2012 that factory has obligation to have information procedure that guarantee Occupational Health and Safety information communication to all parties within company and other related party outside the company. Since, current procedure has not included Health and Safety induction training to them. **ER.31**
11. There is no adequate ergonomic program established at the factory such as: **HSE.17**
  - a. Written program that includes Job rotation, training, stretching and exercise.
  - b. Procedures of ergonomics.
  - c. Related apparatus such as adjustable seating, lifting belt, anti-fatigue mat.
  - d. Actual implementation of the written program.

### **Local Law or Code Requirement**

Safety Act No 1 Year 1970, article 14.a.; Health Act No.36 Year 2009 Article 48.1.e., Government Regulation No 61 Year 2014 Article 1.2.; Safety Act No 1 Year 1970 Article 12. e., Manpower Minister Regulation No 8 Year 2010 Article 5.2., Act No 20 Year 2016 Article 20.a-d.; Minister Regulation PU No 26 Year 2008 Article 11.; Act No.1 Year 1970. Article 11.1, Health Government Regulation No 56 Year 2016 Article 13.1-2.; FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.27, ER.28, ER.29, ER.30, and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.12, and HSE.17; Non-Discrimination Benchmark ND.8)

### **FINDING NO.11**

### **ENVIRONMENTAL PROTECTION**

**FINDING TYPE:** Immediate Action Required

### **Finding Explanation**

1. The factory has not monitored their effort to reduce waste, rain water utilisation, boiler fuel consumption nor set target or goal for every year. **HSE.1**
2. Factory's solid waste storage area is not secure and is not protected since there is no lockable door installed, as required by Manpower Minister Regulation No 9 Year 2016 Article 7.1. that employer and or caretaker is obligated to restrict access towards dangerous workplace from unauthorised people. It was also found that wastes was overflowing in the designated place. **HSE.1**
3. The toxic and hazardous waste has been piled up since 2014 without any disposal. **HSE.1, HSE.4**



4. There is no segregated waste stream or leachate stream provided at general waste temporary storage area. **HSE.1**
5. The last report of environmental management on January to June 2017 (1st semester), is inadequate: **HSE.1, HSE.4**
  - a. Air emission test only conducted on factory building 2, while none for building 1, 3, or quilting process building.
  - b. Air emission test report on building 1 does not identify the latitude and longitude where the air sampling taken.
  - c. Wet Bulb Globe Temperature or heat stress calculation only conducted on building 1 while none on building 2 (production, fabric and finished goods warehouse), building 3 (production and accessories warehouse)
  - d. Wet Bulb Globe Temperature or heat stress calculation is based on direct reading on thermometer only without using:
    - i. Allotted time for break and work.
    - ii. Metabolic rate and activity type.
    - iii. Uniform or working apparel worn.
    - iv. Define the applicable threshold (NAB).
6. There is inadequate ground water management: **HSE.1, HSE.4**
  - a. The factory does not keep daily extraction records; ground water extraction permit only allows maximum daily extraction is 20m<sup>3</sup>/day.
  - b. Monthly extraction since January to September 2017 is between 450 m<sup>3</sup> - 618 m<sup>3</sup> instead of maximum 420m<sup>3</sup> per month.
  - c. The factory does not submit ground water extraction report every month to the Governor through local ESDM.
  - d. The factory does not conduct water quality test to the accredited laboratory every three months to report it to local ESDM (Energi Sumber Daya Mineral /Mineral Resource Energy)
7. Factory does not have an appropriate system to respond to any unexpected environmental emergency such as chemical spills since the floor at chemical storage is not sloped one degree with sump to contain spillage and/or leakage. **HSE.5**
8. There is no adequate document maintenance in relation to environment protection such as: **HSE.2**
  - b. Toxic and Hazardous Waste inventory records which shall be submitted every three months to the local ESDM.
  - c. Disposal of Toxic and Hazardous Waste which shall be submitted every three months to local ESDM.
  - d. Lubricant management report which shall be submitted every three months to local ESDM.
  - e. No course certificate for designated PIC who prepare DPPL report for capability to conduct environmental risk assessment/environmental impact analysis.
9. Factory has not identified whether its on-site operations generate any negative environmental impacts through an Environmental Risks Analysis. **ER.31, HSE.1**

#### **Local Law or Code Requirement**

Government Regulation No 70 Year 2009 Article 19.1.a-b.; Manpower Minister Regulation No 9 Year 2016 Article 7.1.; Government Regulation No.101 Year 2014 Article 28 (1) b. 3. b.1-4.; Manpower Minister Regulation PU No 03 Year 2013 Article 37.3.b – c.; Government Regulation No. 27 Year 2012 Article 53.1.a-c.; Act No 32 Year 2009 Article 20.1. and 1.e.; Government Regulation No 43 Year 2006 Article 77.a-b.; Attachment of Environment Impact Control Bureau Head Decree No. 01 Year 1995. Article 2.3.1. d. a. b.; Government Regulation No 74 Year 2001. Article 31.; Environmental Impact Controller Bureau (Bapedal) Head Decree No 255 Year 1996, Article 6.; Act No 32 Year 2009 Article 49.1, Article 67; FLA Workplace Code (Employee Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.4, and HSE.5)

#### **Recommendations for Immediate Action**

1. Set target of reduction and monitor the reduction achieved every month to see whether the set-up goal has been reached every year.
2. Protect and secure solid waste storage area.
3. Dispose and record the disposal of waste as per regulation.
4. Provide segregated waste stream or leachate stream at general waste temporary storage area.
5. Complete every report of environmental management in every semester with air emission test at every building, identify the latitude and longitude where the air sampling proceeded, calculate Wet Bulb Globe Temperature or heat stress calculation on every process in every building and use the proper methods as per regulation applied.

6. Monitor and document daily extraction of ground water utilisation, maintain the extraction within allowed threshold stated on permit, submit the extraction every month to Governor through local ESDM (Energi Sumber Daya Mineral /Mineral Resource Energy), and conduct water quality test to the accredited laboratory in every 3 months then report it to local ESDM.
7. Repair the floor at chemical storage into one degree sloped with sump to contain spillage and/or leakage.
8. Ensure necessary documents are maintained such as: Toxic and Hazardous Waste inventory records are submitted in every three months to local ESDM, disposal of Toxic and Hazardous Waste which shall be submitted in every three months to local ESDM, lubricant management report which shall be submitted in every three months to local ESDM, course certificate for designated PIC who prepare DPPL report for capability to conduct environmental risk assessment/environmental impact analysis.

## **FINDING NO.12**

### **HEALTH AND SAFETY**

**FINDING TYPE:** Immediate Action Required

#### **Finding Explanation**

1. There is inadequate lighting intensity level monitoring in place since: **HSE.13**
  - a. No lighting level intensity monitoring conducted on building 2, 3, and quilting building.
  - b. Eight lightings at cutting area (2<sup>nd</sup> floor on building 2) that supposedly lighting cutting panel racks are not fully functioning due to its burnt-out ballast.
  - c. Two lightings at first-aid room are not functioning.
2. The overall structure of factory is not properly maintained: **HSE.1, HSE.20, HSE.25**
  - a. The kitchen ceiling is blackened by soot due to daily cooking activities; there is no VAC (Ventilation and Air Conditioning) installed.
  - b. The base floor of the stairway at the back door of building 3 is cracked which exposes workers with fall hazard during evacuation.
  - c. Window glasses on building 3 on the 2nd floor shattered due to windblown while two glass frames have broken hinges which made the glass frame dangerously half-hung and exposes workers with safety hazards.
  - d. Ceiling at the back area of building 3 is peeled off and have holes.
  - e. Many walls are made from wood sheet which exposes workers and building integrity with fire hazards (partition wall between building 1 and 2, partition at stair way in duck down building, fabric stock storage room at carton storage area of building 3).
  - f. There are eight damage toilets for female workers on the 2<sup>nd</sup> floor at building 3 since the last 12 months has been used for machines stock storage.

#### **Local Law or Code Requirement**

Attachment: Bipedal Head Decree No 01 Year 1995 Article 3.1.d.b; Health Minister Decree No. 261 Year 1998 Attachment II. J.b.; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.13, HSE.20, and HSE.25)

#### **Recommendations for Immediate Action**

1. Establish proper lighting intensity level monitoring as per regulation such as, at every building and recorded, install emergency light at every area, install anti-explosion lighting installed at compressor room, chemical storage and temporary storage for general waste temporary storage for toxic and hazardous waste, and immediately replace burnt-out lighting.
2. Maintain structure of factory such as ceiling, the beam, glass window, walls and toilets.

## **FINDING NO.13**

## HEALTH AND SAFETY

### FINDING TYPE: Immediate Action Required

#### Finding Explanation

1. No Fire Risk Assessment (FRA) has been conducted yet. **HSE.5**
2. There are inadequate efforts to reduce fire risk at the factory: **HSE.5, HSE.6**
  - a. No light fire extinguisher has been installed at the centre aisles in building 1 and 2.
  - b. No sprinkler and hydrant nor considerable replacement such as thermatic and elide balls has been installed.
  - c. One fire extinguisher installed in front of maintenance room is overpressure.
  - d. No anti-explosion lighting has been installed at compressor room, chemical storage and temporary storage for general waste temporary storage for toxic and hazardous waste.
3. Emergency exits at the factory are inadequate since: **HSE.5, HSE.6**
  - a. Emergency exit at Cutting building from the 2nd floor to ground is not used as emergency exit anymore and has a sign that states "Not exit door". However, there is still an illuminated exit sign installed which can confuse workers.
  - b. Quilting process room has two emergencies exit on the same side of the wall with evacuation routes leading to the same path from every workplace; causing risk of blockage during evacuation.
  - c. One emergency exit at the back of the duck down is difficult to open more than 70 cm, this makes it difficult for workers to do a speedy exit during fire and emergency occurrence. The emergency exit at the back area of duck down is sliding type which leads to a stairway and not directly to the main evacuation route.
  - d. Two Exit doors at office on the 3rd floor of duck down building and the exit door at front area of duck down process on the 2nd floor open inwards for its direction.
  - e. Stairway platform from office to duck down process floor is obstructed with plants.
  - f. The exit at the back side of duck down process on the 2nd floor is cluttered with rubbish. Also, evacuation route at accessories warehouse is partially blocked with goods.
  - g. Missing exit sign at one out of the two exits at quilting process building and one out of two exits at finished goods warehouse of building 1.
4. Missing emergency light at one out of two exits at finished goods warehouse, and quilting building, stairway at duck down building from the 2<sup>nd</sup> to 3<sup>rd</sup> floor. **HSE.5**
5. Current emergency alarm is not automatic or centralised, when the alarm is triggered, it cannot be heard throughout the factory and is not powered with a stand-alone battery. There is no back-up battery provided at the factory. No alarm button installed at stairway, chemical storage room, temporary storage of toxic and hazardous waste and solid waste, electrical main room, boiler and compressor rooms, production building and warehouses. **HSE.5, HSE.6**
6. There is no maintenance of emergency alarm as per manufacturing standards and is not tested regularly as per national law requirements including periodic lighting intensity monitoring conducted on work areas and emergency lights at the factory. **HSE.5**

#### Local Law or Code Requirement

Minister Regulation PU No 26 Year 2008 Article 11; Manpower Minister Regulation No 04 Year 1980 Article 4.5, Minister Instruction No 11 Year 1997 Article 3; Manpower Minister Regulation No. 04 Year 1980 Article 12.1. a.; SNI 03 – 1746 - 2000 Article 2.11 subsection 1, Article 4.1.9.1., Article 4.1.9.2.1-2., Article 5.1.4.1; Labor Minister Regulation No.7 of 1964 Article 13.4, SNI 03 – 1746 - 2000 article 13.1.2; Manpower Minister Regulation No 2 Year 1983 Article 57 (1); PUIL 2000 article 4.11.4.1.d, Article 8.5.5.a-d; Manpower Minister Regulation No 2 Year 1983 Article 58-60; Attachment of Manpower Minister PU No 29 Year 2006 Chapter III.3.1.3.b.; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.5 and HSE.6)

#### Recommendations for Immediate Action

1. Conduct factory's fire risk assessment.
2. Install light fire extinguisher in every 15 meters and ensure it is not over pressure or under pressure, install sprinkler and hydrant or its replacement such as thermatic and elide balls also replace lighting at compressor room, chemical storage and temporary storage for general waste temporary storage for toxic and hazardous waste with anti-blasting/explosion type.
3. Pull down exit sign on door that is not used as emergency exit, provide at least two exits that have different evacuation route from an area, lubricate the sliding mechanism of door to ensure its easiness for opening and closing, replace the sliding type into swivel or hinged type door (opened outward) for

exits that is not directly towards evacuation routes, and make sure every exit and evacuation are free from any obstruction, clean area surrounds every exit from rubbish and or waste or blockage and put exit sign every exit.

4. Install emergency light at one out of two exits at finished goods warehouse, and quilting building, stairway at duck down building from the 2<sup>nd</sup> to 3<sup>rd</sup> floor
5. Install an automatic and centralize emergency alarm with stand-alone battery including alarm button at stairway, chemical storage room, temporary storage of toxic and hazardous waste and solid waste, electrical main room, boiler and compressor rooms, production building and warehouses.
6. Conduct maintenance of emergency alarm as per manufacturing standards and national law requirements such as
  - a. Weekly, monthly and annually inspection frequency.
  - b. Simulation by turning-on alarm
  - c. Check bell function
  - d. Check the battery voltage and condition if stand-alone battery is used
  - e. Check the whole alarm system and record the inspection result on log book.
  - f. Monthly test covers: fire simulation, indicator lights, emergency power source, trial with disturbance condition upon the system, indicator panel for its cleanliness and record the inspection result on log book.
  - g. Annual test for installation voltage, functionality and condition of whole detector also test at least 20 % detector out of every installation group until at least within five years, the whole detector has been tested.

#### **FINDING NO.14**

#### **HEALTH AND SAFETY**

**FINDING TYPE:** Sustainable Improvement Required

#### **Finding Explanation**

1. The Safety Act No 1 Year 1970 regarding health and safety national regulation is not posted anywhere for workers. **ER.16**
2. The following documentation in regards to health and safety are not maintained as required: **HSE.2**
  - a. Sampling test conducted for food provided cooked at kitchen in every six months.
  - c. No eye wash and inventory maintained for the chemical stored at chemical storage and spot clean room. **HSE.7, HSE.9**
  - d. No inventory made for toxic and hazardous waste stored at temporary storage for toxic and hazardous waste. **HSE.9**
  - e. No disposal report and inventory report submitted to local BLH in every three months since no inventory made and no disposal proceeded yet.
3. There are several permits that have not never been obtained: **HSE.4**
  - a. Environment and Building Fire protection system organization consists of technical plan process and construction, execution, also utilization activity, preservation and demolition upon fire protection system in environment and building.
  - b. Automatic Fire Protection Installation permit.
  - c. Proper Function Permit (LSF) for current building condition.

#### **Local Law or Code Requirement**

Act No 32 Year 2009 Article 65.2.; Safety Act No 1 Year 1970, article 14.a.; Health Minister Regulation No. 715 Year 2003 Article 5.2., Labor Minister Regulation No 7 Year 1964 Article 8.7. Government Regulation No 74 Year 2001 Article 31; Government Regulation No 50 Year 2012 Article 15.2., Attachment I Section A.1.g.; Minister Regulation PU No 26 Year 2008 Article 11, Manpower Minister Instruction INS. 11/M/BW/1997 Attachment Section III Article 5, Minister Regulation PU No 25 Year 2007 Article 5.3; FLA Workplace Code (Employee Relationship Benchmark ER.16; Health, Safety & Environment Benchmarks HSE.2, HSE.4, HSE.7, and HSE.9)

#### **FINDING NO.15**

## HEALTH AND SAFETY

### FINDING TYPE: Immediate Action Required

#### Finding Explanation

1. The factory does not post warning sign for safety nearby the following machines: **HSE.14**
  - a. one press machine used for snap button test at laboratory in accessories warehouse.
  - b. four bend knife machines at cutting building.
  - c. four snap button machines at building 3.
2. Machinery guards which are intended to reduce risk are not properly installed and maintained to minimize safety hazards to the user, such as: **HSE.14**
  - a. Around 40% needle guards installed at sewing machines are installed too high which renders its capability to protect operator fingers from injury caused by speed motion needle.
  - b. One out of four safety machines on snap button machines on the 2nd floor of building 3 is not functioning. Since, the upper press points are still functioning when the operating pedal is pushed despite the safety tool is not pushed down by the operator.
3. Factory does not provide PPE to workers based on identified hazards since: **HSE.7**
  - a. Warehouses workers (finished goods, fabric, accessories) which also responsible for loading and unloading activity are not provided with lifting belt, hard hat, safety shoes and cotton gloves.
  - b. All seven firefighters who are responsible for evacuation process at the factory are only provided with one respiratory mask.
  - c. Respiratory mask provided for one firefighter who is responsible for evacuation is not Self-Contained Breathing Apparatus type, only half-face mask with filter to screen air from gas and micro-organic compound on air.
4. Iron process workers are not provided with rubber footwear for electrical shock protection since no rubber mat provided and workers are wearing their own sandals which some are made from rubber and some are not. **HSE.7**
5. There is inadequate PPE maintenance since: **HSE.7**
  - a. Three metal gloves used by cutters have already damaged which expose the related cutter to safety risk caused by accidental cutting way to their hands and/or fingers.
  - a. The condition of one half-face mask filter provided for firefighter is dirty and expired already since May 22, 1988.
  - b. Hard hats provided at factory have already been expired since based on information from manufacturer, the expiration will be reached on 12 months and the fitting rubber is valid for six months after the hard hat opened and/or used.
  - c. No PPE monitoring for its condition, expiration, dissemination, replacement and storage.
6. Current seating at the factory is not adjustable since it is the fixed type. While most of the adjustable seating provided is jammed on its mechanism hence it can't be heightened or lowered to compensate the height difference between working table and worker's height posture. **HSE.17**
7. Exhaust fans installed at production building 1,2 and 3 as well as at security guard main post are heavily dusty. **HSE.13**
8. There is no walk-path marked on ground from factory building exit to main gate. **HSE.1**

#### Local Law or Code Requirement

Safety Act No 1 Year 1970 Article 3.1.a and q, Article 14. b., Manpower Minister Regulation No 3 Year 1985 Article 4.1.d.; Manpower Minister Regulation No. 04 Year 1985. Article 4: Manpower Minister Regulation No. 01 Year 1980 Article 42.1.; Manpower Minister Regulation No 8 Year 2010 Article 2.1, Article 7.1, Article 7.2.c.a-b.; PUIL 2000 Article 2.1.6.1.; PP No 50 Year 2012 Attachment I Article 6.1.7.; Manpower Minister Regulation No 7 Year 1964 Article 9. Subsection 2.a-d.; Attachment II of Health Minister Decree No 1405 Year 2002 section III.B. Article 5. b.2.; Transportation Minister Regulation No PM 34 Year 2014 Article 11.a.; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.7, HSE.13, HSE.14, and HSE.17)

#### Recommendations for Immediate Action

1. Post warning sign for safety nearby every machine.
2. Install proper machinery guards with and monitor it
3. Provide PPE to workers based on identified hazards and provide training on the use and maintenance of PPE.
4. Provide rubber footwear for iron process workers.

5. Replace metal gloves used by cutters, half-face mask filter provided for firefighter, hard hats for related workers then monitor it with proper documentation.
6. Provide adjustable seating at the factory.
7. Clean every exhaust fans installed at the factory, document and monitor it.
8. Mark walk-path on ground from factory building exit to main gate.

## FINDING NO.16

### HEALTH AND SAFETY

**FINDING TYPE:** Immediate Action Required

#### Finding Explanation

1. The electrical safety maintenance at the factory is inadequate: **HSE.13**
  - a. Two electrical sockets are directly connected on electrical panel inside temporary storage for toxic and hazardous waste.
  - b. Switches inside the panel are not marked for identification and no arrow direction for turn-on and off.
  - c. No electrical diagram posted on the back of front electrical panel.
  - d. Not all rubber mats provided for every electrical panel, for example at the lobby area of office.
  - e. Blocked electrical panel at lobby of office.
  - f. Rubber mat installation is not properly placed to ensure people who stand in front of electrical panel is protected from electrical shock.
  - g. Many cables at cutting area are dangling without fix structure.
  - h. Exposed wiring at several places such as at external wall of building 3 and temporary storage for toxic and hazardous waste.
2. Most electrical panels are in dusty condition. **HSE.13**
3. PVC tape is used for permanent connection instead of temporary measures before permanent apparatus installed. **HSE.13**
4. None of the current staffs who are responsible for electricity at the factory have been certified by government as electrician expert. **HSE.4**
5. There is no evidence that electrical problems are fixed in a timely manner as there are no repair or curative maintenance recorded and there has been no replacement of damaged lights at the cutting building. **HSE.14.1**
6. There is no evidence that equipment with electrical problems that are identified are immediately removed from service until properly repaired. The factory has not implemented a lock out-tag out program by locking out equipment when needed then tag it as per LOTO requirements. **HSE.14**
7. There is no work in-height management in place since: **HSE.7, HSE.8**
  - a. No identification of work in-height at the factory.
  - b. Workers do not use fall protection apparatus due to no fall arrest apparatus provided yet.
  - c. No monitoring upon contractor's workers whether they carry their own fall protection apparatus, its condition and whether they wear it or not during job proceeded.
  - d. No written program that includes procedure for that as well as training for related workers and induction training for contractor's workers prior to the start of their job.
  - e. No work permit issued for work in-height whether for internal worker or contractor's workers. **HSE.4**
8. There is no evidence that fall protection is in good condition since: **HSE.14**
  - a. No safety cage for water tank at motorcycle park in front of office building.
  - b. No inspection conducted on scaffolding owned and used by contractor's workers to repair roof and ceiling at building 1 and 2.
9. Found that not all work and walking done on height have proper safety protection: **HSE.14**
  - a. exhaust fans installed at production building 1,2 and 3 as well as at security guard main post are very dusty.
  - b. No safety net installed around scaffolding used by contractor's worker to prevent them from accidentally falling.
  - c. No safety net installed on ceiling to prevent fallen materials or dangled cable to people who walk below it.
10. There is no related PPE provided for maintenance staffs such as: **HSE.7**



- a. Lifting belt provided.
  - b. Hard hat.
  - c. Fire resistant and electrical resistance gloves.
  - d. Body safety harness.
  - e. Portable grounding apparatus that includes static electric current protector.
11. Factory does not provide safety information to contractors. **HSE.14**

### **Local Law or Code Requirement**

PUIL 2000 article 8.8.1.f., Article 9.5.3.2; Government Regulation No 50 Year 2012 Article 6.5.7, Attachment II Section. A.6.5.7.; Manpower Minister Regulation No 9 Year 2016 Article 3.d; Manpower Minister Regulation No 8 Year 2010 Article 7.2.c.a-b.; Attachment I of PP No 50 Year 2012 Section A.1.d.; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.4, HSE.7, HSE.8, HSE.13, HSE.14.1, and HSE.14)

### **Recommendations for Immediate Action**

1. Ensure electrical safety is properly maintained such as:
  - a. No direct connection for electrical sockets from every electrical panel
  - b. Identify every switch inside panel and mark with arrow direction for turn-on and off.
  - c. Post electrical diagram on every back of front electrical panel.
  - d. Rubber mat shall be placed in every beneath of electrical panel.
  - e. No obstruction in front of electrical panel.
  - f. Adjust rubber mat to ensure it properly protects people who stand in front of electrical panel from electrical shock.
  - g. Fix every cable at cutting area with fix structure.
  - h. Install wiring with proper electrical current stopper for permanent insulation.
2. Clean electrical panel from dust and lint, document it as evidence and for monitoring purposes.
3. Use electrical type for temporary insulation and replace it with permanent electrical current stopper in timely manner.
4. Enrol electrician staffs who are responsible for electricity at the factory for government certification as electricity expert.
5. Maintain electrical preventive and curative action in documentation as evidence of timely repair. Once equipment with electrical problems are identified, it shall immediately be removed from service until properly repaired and documented as evidence and idle time monitoring. Lock out-tag out program shall be implemented along with procedure, training and LOTO equipment's provided.
6. Work in-height management shall be established in place such as:
  - a. Identify of work in-height at the factory.
  - b. Provide personal fall protection apparatus to related workers.
  - c. Monitors contractor's workers whether they carry their own fall protection apparatus, its condition and whether they wear it or not during job proceeded.
  - d. Establish written program that includes procedure for that as well as training for related workers and induction training for contractor's workers prior they start to do their job.
  - e. Issue work permit for work in-height whether for internal worker or contractor's workers.
7. Ensure all protection is in good condition by install safety cage for ladder that has reached at least 1.8 meters from ground and conduct inspection on scaffolding owned and used by contractor's workers to repair roof and ceiling at building 1 and 2.
8. Ensure all work and walking done on height have proper safety protection such as:
  - a. Install additional handrail on stairway provided at front area in duck down building from 1st to 2nd and 3rd floor.
  - b. Install safety net around scaffolding used by contractor's worker to prevent them from accidental falling.
  - c. Install safety net on ceiling to prevent fallen materials or dangled cable to people who walk below it.
9. Provides PPE for maintenance staffs such as:
  - a. Lifting belt provided.
  - b. Hard hat.
  - c. Fire resistant and electrical resistance gloves.
  - d. Body safety harness.
  - e. Portable grounding apparatus that includes static electric current protector.
10. Provides safety information to contractors.

## FINDING NO.17

### HEALTH AND SAFETY

**FINDING TYPE:** Immediate Action Required

#### Finding Explanation

1. No body wash station installed at chemical storage and temporary storage for toxic and hazardous waste. Also, eye wash station at chemical storage room has low pressure. Furthermore, the water used to rinse affected eyes is clean water instead of potable water. **HSE.6**
2. Stocking cartons are placed in front of emergency exits due to space limitations. While, accessories, fabric and finished goods are stacked up to ceiling. **HSE.5**
3. Many garbage are scattered around at the back of kitchen and at the temporary storage for solid waste area at the back of building 3. Non-functioning machinery are placed disorganised without clear plan when those will be disassembled and disposed. Furthermore, paper documents are stored at the back of building 3 without properly being secured and protected to prevent damage caused by natural elements. **HSE.19**
4. The factory does not prevent workers using used bottle of mineral water or soda when they take potable water for drinking. While those bottles are made from resin under Code No.1 which means the bottles are not allowed to be used for refills and shall be discarded once the content is used. **HSE.23**
5. There is no record of potable water laboratory test for the provided drinking water which the factory prepares by themselves. Furthermore, there is no hygiene test conducted in every six months to the provided drinking water by the canteen. **HSE.23**
6. There is no illness tracking conducted for illnesses occurring at the factory as documented by paramedic or nurse attended at first aid room in factory. **HSE.1, HSE.3**
7. Several practices are not in accordance with regulation such as: **HSE.1**
  - a. Current OSH expert has not undergone annual occupational health examination since the last one was on 2015.
  - b. Current first aid facility at factory is first aid room type instead of on-site clinic type since the total workforce is over 1,000 workers.
  - c. The head of health management in place is a paramedic or nurse instead of a Hiperkes (Hygiene, Factory, Health and Safety) certified doctor.
  - d. Birth control shots are sold for IDR 30,000 (USD 2.24) by the nurse at the first aid room instead of providing it for free.
  - e. No records maintained for medical waste as well as for syringe needle used.
  - f. Factory only have firefighters' unit and evacuation unit that fall under emergency response team instead of MPK or Fire Handling Management system while total employees hired is more than 500 people.

#### Local Law or Code Requirement

Labor Minister Regulation No. 15 year 2008 Attachment II; Bapedal Head Decree No. 113 Year 2000 Chapter V.1.a., ANSI/ISEA Z358.1 -2014; Labor Minister Regulation No 7 year 1964 article 5.11.; Act No 28 Year 2002. Article 24 (1); Attachment of Health Minister Regulation No 70 Year 2016, Chapter III. Section D. Article 1. a.3.; Manpower Minister Regulation No 04 Year 1987. Article 4. 2. C.4., Health Minister Regulation No 56 Year 2016 Article 3, Article 4.1.1-g.; Labor Minister Regulation No 2 Year 1980 Article 2, 3 & 9, Manpower Minister Regulation No.03 Year 1982 Article 5, Manpower Minister Regulation No 1 Year 1976 Article 1, BKKPN Head Regulation N0 78 Year 2011, Attachment I of Health Minister Regulation No 56 Year 201 Chapter II Section C Paragraph 1 point 3., Manpower Minister Decree No 11 Year 2000 Chapter IV Article 1.1.2. Health Minister Regulation No 27 Year 2017 Article 9.1; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.3, HSE.5, HSE.6, HSE.19, and HSE.23)

#### Recommendations for Immediate Action

1. Install body wash station at chemical storage and temporary storage for toxic and hazardous waste. And fix eye wash station at chemical storage room pressure then use potable water for eye wash station instead of clean water.
2. Cartons must be stored at material warehouse and ensure the stacking of accessories, fabric and finished goods are not up to ceiling.
3. Establish and manage waste management and document management.

4. Prevent workers using used bottle of mineral water or soda when they took potable water for drinking, communicate the related hazards of PET and provide container from PET no.5 material or glass material.
5. Conduct potable water laboratory test every month for microbiology and physical parameters and every six months for chemical parameters. Furthermore, hygiene test conducted in every six months to the provided drinking water by canteen.
6. Conduct illness tracking conducted for illnesses that occur at the factory.
7. Health and Safety practices must be in accordance with regulation such as:
  - a. Annual occupational health examination for factory OHS expert.
  - b. Elevate first aid facility type into on-site clinic type.
  - c. Hire a Hiperkes (Hygiene, Factory, Health and Safety) certified doctor for health providing at the factory.
  - d. Provide birth control means for free.
  - e. Maintain the record of medical waste and syringe needle used.
  - f. Establish MPK or Fire Handling Management system at the factory.