

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

29 May 2023



Factory Information

FLA Affiliates	MEC Mountain Equipment Company
Country	Indonesia
Number of Workers	1479

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)	1
Employment Relationship (ER)	15
Health, Safety And Environment (HSE)	15

Assessment Information

Assessor	Donny Triwandhani
Assessment Date	29 May 2023
Assessment Purpose	Factory Assessment (In-Person)

ASSESSMENT RESULTS

Compensation (C)

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	<p>(1) The factory does not provide certain benefits and compensation elements equally for all workers, leading to a risk of discrimination.</p> <ul style="list-style-type: none"> - Most workers (cutting, QC, finishing, packing and warehouse) receive an attendance incentive ("Permi kerajinan"), but none of workers in sewing department receive this incentive. - The amount of the attendance incentive is solely determined by the head of each department. There are no criteria or scales in place to determine the amount, leading to some workers receiving a much higher attendance incentive than others without clear reason. For instance, the assessment observed 2 QC workers who have equal years of service, were both promoted almost at the same time to become QC leaders, and have the same results on their performance review. One of these workers received an attendance incentive of IDR 19,300/day (approx USD 1.30) while the other received only IDR 1,220/day (approx USD 0.08). <p>(2) Female workers who work the 2nd shift, departing at 11:10pm, do not receive transportation to their homes, as required by local law.</p>
Recommendation for Immediate Action	<p>(1) Provide equal benefits to all workers at the same position, unless the differing amount is based on documented criteria such as seniority, job title, or performance review result.</p> <p>(2) Provide transportation to female workers traveling to/from work between 11:00pm and 05:00am, as required by law.</p>
Compliance Classifications	Immediate Action Required
Local Law	Decision of the Minister of Manpower and Transmigration No. KEP 224/MEN on Work between 11.00 P.M. until 07.00 A.M (2003), Article 2(2)

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	The factory's grievance procedures and practices do not meet FLA Code standards, and the assessment found that the factory's response to grievances is inadequate. (1) According to the factory's grievance procedure, the suggestion box should be opened once a month. Opening the box only once a month poses a risk of waiting too long to respond to sensitive issues. (2) Four grievances were lodged in February 2023 complaining of uncomfortably high temperatures in the free metal room. Grievances lodged in December 2022 mentioned the lack of space in the canteen due to unused sewing machines being stored there. Other grievances in December 2022 requested that the factory provide transportation for female workers on the 2nd shift for safety reasons. There were no responses from factory management for any of those 3 issues.
Recommendation for Immediate Action	(1) Check and open the grievance boxes at least on a weekly basis. Maintain records of opening the box. (2) Follow up on all grievances and communicate the resolution of grievances to workers.
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	There are no ongoing trainings to workers covering FLA's Code elements and Employment Functions. As of the time of the assessment, (a) There were no such trainings on workplace standards conducted in past 12 months. (b) The last such trainings were in March 2022 and were attended by only 184 workers and supervisors out of 1,479 employees. The training covered recruitment, working hours, compensation & benefits, leave, social insurance (BPJS), freedom of association and grievances. There was no information on the FLA or company code of conduct, personnel development, or termination & retrenchment.
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	There are only 10 workers with disabilities out of a total of 1,479 employees at the factory, which is not in full compliance with local law. Local law requires that one person with disabilities be hired per 100 employees. Thus, for a factory with 1,479 employees in total, the factory should hire at least 15 workers with disabilities.
Recommendation for Immediate Action	Establish a program to provide training and employ more workers with disabilities.
Compliance Classifications	Immediate Action Required
Local Law	Law No.8 Year 2016 About Persons with Disabilities on Article 53 (2)

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 specific training for supervisors that includes all FLA Code elements and Employment Functions. The last relevant trainings were in March 2022 and attended by 184 workers and supervisors to discuss recruitment, working hours, compensation & benefit, leave, social insurance (BPJS), freedom of association, and grievance mechanisms. The factory does not have a copy of the FLA Workplace Code of Conduct.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.17.6
Benchmark Details	Employers shall have a system in place to prevent retaliation against or discrimination towards workers who are filing grievances, including grievances regarding harassment, abuse, violations of factory procedures, compensation, or unsafe working conditions
Finding Details	The factory does not have a policy or procedure on anti-retaliation. There is no system in place to prevent retaliation against, or discrimination towards, workers who are filing grievances, including grievances regarding harassment, abuse, violations of factory procedures, compensation, unsafe working conditions, and raise health, safety or environmental concerns.
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 retrenchment and termination processes.
Finding Details	There are no policies or procedures governing retrenchment.
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 and procedures for the recruitment and hiring of contract/contingent/temporary workers.
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	The factory has no policies or procedures on performance reviews to include steps and processes, linkages to job grading, nondiscrimination, written feedback, and compliance with legal requirements. In practice, the factory conducts performance reviews only for non-sewing workers who will be promoted, not for all workers.
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	Based on employment records, approx. 39 out of 1,479 workers are employed under a fixed-term contract (PKWT), even though they are working permanent jobs in the warehouse, sewing, quality control, and finishing sections.
Recommendation for Immediate Action	Hire all workers whose jobs at the factory are permanent as permanent workers, rather than using fixed-term contracts.
Compliance Classifications	Immediate Action Required
Local Law	Government Regulation No 35 year 2021 Chapter II Article 4 (2)
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	The factory does not provide regular communication to workers on all FLA Code elements and Employment Functions.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement 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 are no records or other evidence available to indicate that the orientation training for new workers covers all FLA Code elements and Employment Functions.
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. The factory does not have policies or procedures for reviewing internal documents. As a result, the factory does not conduct a regular review process to make sure that all policies and procedures are updated according to changes in local law, regulations/FLA code, and internal/external audit results. 2. 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.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	
Benchmark ID	ER.18.4
Benchmark Details	The disciplinary system shall include a third party witness during imposition, and an appeal process.
Finding Details	The factory's disciplinary procedures do not include workers' right to request a witness or their right to file an appeal of disciplinary action.
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	The factory does not have policies or procedures for anti-retaliation. As a result, the factory has not established a written factory commitment to non-retaliation during the disciplinary process, guaranteeing that workers will not face retaliation should they request a witness or file an appeal of disciplinary action.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Health, Safety And Environment (HSE)

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 to prohibit smoking or post signs to prohibit smoking within 15 meters (~50 ft.) of all closed areas. (2) Two aisles in the finished goods warehouse of building 2 were obstructed by boxes during the assessment.
Recommendation for Immediate Action	(1) Establish policies/procedures prohibiting smoking within 15 meters (~50 ft.) of all closed areas and post signs to this effect in the appropriate language/s. (2) Ensure all aisles are clear of any obstructions.
Compliance Classifications	Immediate Action Required
Local Law	Regulation No. PER-01/MEN (1980), Article 5(1)
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	There is no assessment after fire/evacuation drills to learn how to improve the evacuation process.
Recommendation for Immediate Action	Conduct assessments after drills to learn how to improve the evacuation process.
Compliance Classifications	Immediate Action 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 factory does not regularly check and service the emergency lights above the exits. Three out of five randomly-selected emergency lights were not working when they were tested. These non-functioning emergency lights are located at the exits from the sewing section to the canteen, from the sewing section to the cutting building, and the cutting building's exit.
Recommendation for Immediate Action	Ensure that all emergency lights above the exits are regularly checked and serviced, and replace immediately if not functioning.
Compliance Classifications	Immediate Action Required
Local Law	Regulation of The Minister of Labor No.7 on Health Condition, Cleanlines and Lighting in Work Place (1964), Article 13.4
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 centralized fire alarm at the factory is not functioning properly, (a) When a fire alarm button is pulled, the control panel indicator that should identify the location of the pulled alarm is not functioning; (b) The fire alarm in the cutting building of factory 1 is not integrated into the factory's centralized fire alarm system; (c) There is no record of the factory testing the fire alarm, the backup battery, or the control panel to ensure that they are functioning.
Recommendation for Immediate Action	Ensure that centralized fire alarms cover all buildings and that the location indicator in control panel is properly functioning. Ensure an adequate 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), Article 57
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) There have been no assessments for determining thermal comfort problem areas in the sewing area of building 1 and the cutting building. (2) The temperature in the sewing area of building 1 and the cutting building reached 34 degrees Celsius during the visit at noontime. This was confirmed by checking the daily temperature log. Some sewing operators were observed using their own portable electric fan placed on the sewing table.
Recommendation for Immediate Action	(1) Conduct assessments for determining thermal comfort problem areas in the sewing area of building 1 and the cutting building (2) Ensure that the temperature remains comfortable and below 30 degrees Celsius in all working areas. Provide sufficient ventilation and install adequate fans in the sewing area of building 1 and the cutting building.
Compliance Classifications	Immediate Action Required
Local Law	Ministry of Manpower Decision No. KEP.51/MEN/I999 on Threshold Limit Value of Physical Factors in Workplace (1999)
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	(1) The factory's traffic lanes and walking paths are not marked. (2) The factory does not have procedures for lockout-tagout, nor has the factory implemented a complete lockout-tagout maintenance safety system.

Recommendation for Immediate Action	(1) Mark the ground to indicate walking paths and traffic lines from the factory's main gate. (2) Establish procedures on lockout/tagout and implement them whenever relevant equipment is being maintained.
Compliance Classifications	Immediate Action Required
Local Law	
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) The firefighting team is not provided with appropriate equipment to fight fires such as breathing apparatuses, fire blankets, helmets, hoods & face protection, goggles & safety glasses, and gloves. (2) There is no fire hydrant installed at the factory. (3) The sprinkler/fire suppression system is insufficient. There is no adequate sprinkler system, nor a substitute such as a thermatic fire extinguisher, installed at important areas such as the warehouse, finished goods warehouse, chemical warehouse, or temporary hazardous waste storage. Furthermore, there is only one thermatic fire extinguisher installed in the fabric and finished goods warehouse, which is insufficient for the size of the area (250 square meters).
Recommendation for Immediate Action	(1) Provide the firefighting team with appropriate equipment to fight fires such as breathing apparatuses, fire blankets, helmets, hoods & face protection, goggles & safety glasses, and gloves. (2) Install a fire hydrant at factory. (3) Install sprinkler systems or adequate thermatic fire extinguishers in all buildings. Adequate equipment should be determined through a fire risk assessment conducted by a qualified expert.
Compliance Classifications	Immediate Action Required

Local Law	Regulation No. PER-08/MEN/VII on Personal Protective Equipment (2010), Article 3; 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)
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) Unused sewing machines are stored in the canteen area, occupying approximately 40% of the space. As a result, there are insufficient seats and tables for workers to have meals in canteen. (2) The factory has not conducted an asbestos assessment. As a result, there are no labels for materials in the factory potentially containing asbestos.
Recommendation for Immediate Action	(1) Provide adequate seats and tables for workers to have meals in canteen. Move unused sewing machines out from canteen area. (2) Engage with properly certified experts to conduct an asbestos assessment and put labels on any material in the factory containing asbestos.
Compliance Classifications	Immediate Action Required
Local Law	Circular Issued by Ministry of Manpower No. SE.01/MEN/1979 on Canteen and Dining Room Requirement (1979); Manpower Minister Regulation No 3 Year 1985 Article 5
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 factory has not officially determined which areas of the premises are considered to be confined spaces. Furthermore, the confined spaces are not marked with a "do not enter without permit" sign to ensure that there is no unauthorized entry. The assessor observed that the water tanks and manhole water sewer should be considered confined spaces. (2) Elevated work areas (such as the water storage area and the boiler chimney) are not properly marked with signs to warn of hazards and require PPE. (3) There is no safety rod present at the electrical panels to help push or pull someone away from electrocution.
Recommendation for Immediate Action	(1) Identify confined spaces and mark all confined spaces with warning signs prohibiting unauthorized entry. (2) Post hazard signs and signs requiring PPE on all elevated work areas, including water storage and the boiler chimney. (3) Provide a safety rod at every electrical panel.
Compliance Classifications	Immediate Action Required
Local Law	OHS Guidance for confined spaces by Directorate of OHS Norm Supervisory, September 2006 Article 2.1.2; PUIL 2000 Article 9.9.1.1
Benchmark ID	HSE.18.1
Benchmark Details	Medical facilities shall be established and maintained in factories as required by applicable laws.
Finding Details	The factory's lactation room is accessed through the clinic room in building 1, which exposes those using the lactation room to potential contamination from sanitary hazards in the clinic.
Recommendation for Immediate Action	Ensure that the lactation room is not within the clinic room, and at a minimum includes: (a) minimum size of 3x4 m2, potentially to be increased according to number of women who are using it; (b) a door that can be locked, which is easily opened/closed; (c) floor tile/cement/carpet; (d) ventilation and sufficient air circulation; (e) free of potential hazards in the workplace including pollution; (f) fairly quiet environment away from noise; (g) indoor lighting that is not overly bright; (h) humidity ranged between 30-50%, maximum 60%, and (i) available sink with running water for hand washing and washing equipment.

Compliance Classifications	Immediate Action Required
Local Law	Regulation of Ministry of Health No. 15 on Specific Procedures for Providing Nursing and/or Milking Facilities (2013), Article 10
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 have a policy or procedure to protect workers who file health, safety, or environmental concerns. Please review ER.17.6 for further details.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	(1) At least four mechanics do not have adequate safety shoes, as the provided safety shoes are broken. There are 14 mechanics and 1 general worker required to wear safety shoes. (2) The assessment found holes in two randomly-checked mesh metal cutting glove used by cutters. (3) The respirator available in the hazardous and toxic waste (B3 materials) storage room is not kept in a plastic zip-lock to prevent dust.
Recommendation for Immediate Action	(1) Provide new safety shoes when they are damaged. (2) Provide new mesh metal cutting gloves to cutting operators that have defects/broken gloves. (3) Store respirators in a plastic zip-lock bag to prevent dust. Record each usage of the respirators to ensure they are replaced on time.
Compliance Classifications	Immediate Action Required
Local Law	Regulation No. PER-08/MEN/VII on Personal Protective Equipment (2010), Article 2; Regulation No. PER-08/MEN/VII on Personal Protective Equipment (2010), Article 8; Regulation No. PER-08/MEN/VII on Personal Protective Equipment (2010), Article 7
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	There have been no trainings on PPE usage and maintenance in 2023. The last such trainings were held June 30, 2022 for 20 workers and August 15, 2022 for 14 workers. As a result, few workers have received this training.
Recommendation for Immediate Action	Provide ongoing training on PPE usage and maintenance to all workers.
Compliance Classifications	Immediate Action Required
Local Law	Regulation No. PER-08/MEN/VII on Personal Protective Equipment (2010), Article 7

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	The factory does not have procedures for workers to refuse to perform work under unsafe conditions. As a result, workers have not been communicated 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	Workers with special/high-risk responsibilities such as work in confined space or work requiring lockout/tagout are not provided with safety training.
Recommendation for Immediate Action	Provide safety training for designated workers with special/high-risk responsibilities including confined space and lockout/tagout.
Compliance Classifications	Immediate Action Required
Local Law	Act No. 1 on Safety (1970), Article 9(3)

