

# Fair Labor Association: Independent External Factory Assessment

Assessment Date :

**19 Jun 2023**



## Factory Information

FLA Affiliates	Fast Retailing Co., Ltd.
Country	Indonesia
Number of Workers	8253

## 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

Child Labor (CL)	1
Compensation (C)	7
Employment Relationship (ER)	16
Freedom Of Association And Collective Bargaining (FOA)	1
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	15
Hours Of Work (HOW)	4

## Assessment Information

Assessor	Donny Triwandhani
Assessment Date	19 Jun 2023
Assessment Purpose	Factory Assessment (In-Person)

## ASSESSMENT RESULTS

### Child Labor (CL)

Benchmark ID	CL.8.1
Benchmark Details	Employers shall collect and maintain all documentation necessary to confirm and verify date of birth of all workers, such as birth certificates.
Finding Details	The factory does not maintain copies of official age documentation such as national ID cards for 27 outsourced workers. These outsourced workers work in re-processing and re-packaging of the 2nd quality product and in the overstock of garment production.
Recommendation for Immediate Action	Maintain copies of official age documentation all workers, including outsourced workers.
Compliance Classifications	Immediate Action Required
Local Law	

### Compensation (C)

Benchmark ID	C.6
Benchmark Details	All wages, including payment for overtime, shall be paid directly and in full within legally defined time limits. When no time limits are defined by law, compensation shall be paid at least once a month.

Finding Details	In violation of government regulations, fixed-term contract workers are not paid their total amount in compensation money at the expiration of their contract period. Instead, the factory provides compensation money in six-month installments and/or at the start of their new contract. From available records, the total amount in compensation money is paid only when workers resign or if their contract is not renewed.
Recommendation for Immediate Action	Ensure the full amount of compensation money is paid upon the expiration of the fixed-term contract.
Compliance Classifications	Immediate Action Required
Local Law	Government Regulation No. 35 Year 2021 Article 15 (2)
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	There are 27 outsourced workers that receive a daily wage below local minimum wage. The payment of wages is claimed to be paid based on daily salary at IDR 80,000 to IDR 100,000 per day while the 2023 local minimum wage is IDR 103,050 to IDR 122,678 per day depending on the number of regular days worked in a week. These 27 workers therefore do not receive the legal minimum wage as based on 2023 local minimum wage. However, there are no records of working hours and wages maintained which means that minimum wage and overtime wage could not be fully verified.
Recommendation for Immediate Action	Ensure outsourced workers are paid a daily rate at least equal to local minimum wage for regular working hours (not including overtime), and retroactively pay the deficiency payment to these workers.
Compliance Classifications	Immediate Action Required

Local Law	Government Regulation No. 36 Year 2021 Article 17, 23 and 24; Regulation of Minister of Manpower No. 7 on Minimum Wage (2013), Article 15
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	The factory does not provide social insurance to all its workers, as required by law. The auditor found that (1) only 4 out 12 cooperative workers are registered into social security insurances (BPJS); and (2) outsourced workers are not covered with security insurances (BPJS).
Recommendation for Immediate Action	(1) Ensure all cooperative workers are registered into social security insurance programs (BPJS) including work accident insurance, life insurance, pensions and health care benefits. (2) Ensure all outsourced workers are covered with security insurance programs (BPJS) for at least work accident insurance and life insurance if they are employed less than 3 (three) consecutive months.
Compliance Classifications	Immediate Action Required
Local Law	Ministry of Manpower Decision No. KEP-150/MEN on Social Security Program Implementation for Daily Workers, Piece Rate Workers, and Contract Workers (1999), Article 9 and 13
Benchmark ID	C.17
Benchmark Details	Employers shall ensure that all legally required payroll documents, journals and reports are available, complete, accurate and up-to date.
Finding Details	The factory does not maintain payroll records for outsourced workers.
Recommendation for Immediate Action	Ensure payroll records are maintained for outsourced workers.

Compliance Classifications	Immediate Action Required
Local Law	Regulation of the Minister of Manpower No. KEP-06/MEN (1990)
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	There are 8 cooperative workers out of 12 who receive a monthly wage below the minimum wage. These workers receive monthly wages in the range of IDR 1,035,000 to IDR 2,263,000 per month. This is lower than the legal minimum wage at IDR 2,576,240.63 per month.
Recommendation for Immediate Action	Ensure cooperative workers are paid at the least monthly minimum wage, and retroactively pay the deficiency payment to these workers.
Compliance Classifications	Immediate Action Required
Local Law	Government Regulation No. 36 Year 2021 Article 17, 23 and 24; Regulation of Minister of Manpower No. 7 on Minimum Wage (2013), Article 15
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	(1) There are no records of benefits such as social security insurance, paid public holidays and other mandatory benefits being provided to fixed-term contract workers. (2) Not all employment agreements are being maintained in worker's personnel files. The amount of compensation money for each worker under a fixed-term contract could not be easily verified without the updated personnel files. (3) Based on available completed employment agreements (PKWT), the provided compensation money for workers under a fixed-term contract is not properly calculated. For instance, one worker was hired with 4 months and 6 days contract periods, but the calculation for compensation was rounded down to 4 months.
Recommendation for Immediate Action	(1) Ensure fixed-term contract workers are provided all legal mandated benefits, and maintain records on these benefits. (2) Maintain all employment agreements (all previous and current agreements) are kept in workers' personnel files so that compensation can be easily and accurately verified. (3) Calculate compensation for workers under a fixed-term contract correctly.
Compliance Classifications	Immediate Action Required
Local Law	Ministry of Manpower Decision No. KEP-150/MEN on Social Security Program Implementation for Daily Workers, Piece Rate Workers, and Contract Workers (1999), Article 9; Government Regulation No. 35 Year 2021 Article 15 and 16; Government Regulation No. 36 Year 2021 Article 40 (3)
Benchmark ID	C.15.1
Benchmark Details	Employers shall provide workers a pay statement in languages understood by workers each pay period and not less frequently than once a month,
Finding Details	Payslips are not provided to outsourced workers.
Recommendation for Immediate Action	Ensure all outsourced workers are provided with a payslip which show earned wages, total number of hours worked, regular and overtime pay, deduction (if applicable) and final total wage when they receiving are salary.



Compliance Classifications	Immediate Action Required
Local Law	Government Regulation No. 36 Year 2021 Article 53 (2)
<b>Employment Relationship (ER)</b>	
Benchmark ID	ER.11.2
Benchmark Details	Employers must ensure the following minimum terms and conditions are met in the employment of contract/contingent/migrant/temporary workers: Contract/contingent/migrant/temporary workers shall be provided an employment agreement in their native language setting out the employment terms and conditions. for migrant workers, a copy of their employment contract in their native language shall be provided prior to departure from their country of origin;
Finding Details	There are 27 outsourced workers who were not provided with a work agreement.
Recommendation for Immediate Action	Ensure that every outsourced worker is provided with a work agreement.
Compliance Classifications	Immediate Action Required
Local Law	Government Regulation No. 35 Year 2021 Article 11
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	The ongoing training for workers does not cover topics including recruitment, hiring & personnel development, termination & retrenchment, grievance system, and disciplinary system.

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 6 workers with disabilities out of a total of 8,253 employees. This is not in compliance with local law that requires the factory to hire one person with disabilities per 100 employees. For a factory with 8,253 employees in total, the factory has to hire at least 82 workers with disabilities, as per legal requirements.
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	The training provided to supervisors does not cover all the elements of the FLA code, relevant national laws and regulations, recruitment, hiring & personnel development, termination and retrenchment, grievance mechanisms, freedom of association and industrial relations. In addition, only 57 out of 515 foreman and supervisors received the training.
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	There are no procedures 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 health, safety and 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	(1) In cases where child labor is found, the factory does not have adequate procedures to remediate the issue, such as supporting for education of the child. (2) There is on-site store for workers operated by the workers cooperative and it was observed that workers and their children are accessing the store in the factory facility. However, there is no procedure on a safe child protection system to ensure that the on-site store has no dangerous health and safety conditions for children.
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 written policies and procedures for the recruitment and hiring of contract/temporary workers.
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 procedures on performance reviews do not include steps and processes, linkages to job grading, non-discrimination, written feedback, and compliance with legal requirement.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	FLA Code is not publicly posted in the factory. Management stated that they did not have FLA Workplace Code of Conduct.
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 factory does not maintain all required documentation to verify workers' years of service: (a) Limited-term contract workers (PKWT) are hired through numerous contracts, however only the latest employment agreement is maintained in the personnel file. The factory does not maintain all past employment agreements for limited-term contract workers. (b) The factory only maintains appointment letters for permanent employment status in workers' personnel files. There is no maintenance of the past contracts for these workers' who were appointed to permanent employment status. (c) The data entered in workers' personnel files is based on the date attributed to when workers' employment status became permanent rather than the date of their first contract.
Recommendation for Immediate Action	(a) Ensure that past employment agreements are maintained in every limited-term contract worker's personnel file. (b) Ensure that past employment agreements are maintained in addition to appointment letters for workers that converted to permanent employment status. (c) Ensure that the personnel file data reflects the most accurate date of start with the factory.
Compliance Classifications	Immediate Action 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.10.2 for details.
Recommendation for Immediate Action	Convert all workers who perform jobs of permanent nature but are currently hired under a PKWT contract to permanent worker status.
Compliance Classifications	Immediate Action Required

Local Law	Government Regulation No 35 year 2021 Chapter II Article 4 (2)
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	Based on employment records, around 3,661 out of 8,253 employees are employed under a specified period contract (PKWT), even though they are working permanent jobs in warehouse, sewing, embroidery, printing, washing, finishing and packing sections.
Recommendation for Immediate Action	Convert all workers who perform jobs of permanent nature but are currently hired under a PKWT contract to permanent worker status.
Compliance Classifications	Immediate Action Required
Local Law	Government Regulation No 35 year 2021 Chapter II Article 4 (2)
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	The orientation training for new employees does not cover termination and retrenchment.
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	There are no procedures or systems in place where workers are consulted and integrated in the decision-making process of aspects concerning workplace and working conditions. For example, the creation or revision of policies and procedures, changes on production processes or hours of work.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
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 disciplinary procedures do not include workers' right to appeal the disciplinary action and workers' ability to have a third-party witness during the imposition of disciplinary actions.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	New workers do not receive written documentation that substantiates all the issues covered in orientation.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A

### 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 procedures regarding Freedom of Association do not include the following if a union has been established: (a) Provide the facilities necessary to the union for the proper exercise of their functions. (b) Provide access to workplaces. (c) Guarantee the right to Collective Bargaining.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

### Harassment Or Abuse (H/A)

Benchmark ID	H/A.10.1.2
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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	In violation of the FLA code, the factory does not ensure there is no routine body search implementation. On-duty security guards perform routine body searches four times a day as workers arrive on shift, leave the building for break time, return to the building after break time, and at the end of the shift.
Recommendation for Immediate Action	Ensure body searches and physical pat downs are not used as a general practice.
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	(1) There are no written procedures established by the factory for ergonomics, general work environment, heat stress prevention, radiation, occupational exposure limits, personal protective equipment, respiratory protection, traffic and vehicle management. (2) There is no written procedure of above ground and underground storage tanks (AST/UST) containing hazardous substances established on site.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	
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 marking of aisles for evacuation in the production building G3 and material warehouse building #2 are peeled off in most of the areas. (2) The condition of the floor in the material warehouse of the building warehouse #2 is dusty and most of the surface of the floor is broken and damaged.
Recommendation for Immediate Action	(1) Mark the floor with arrow sign for evacuation route leading to exits. (2) Maintain the conditions of the floors and walls in the building to avoid any potential risk or accident.
Compliance Classifications	Immediate Action Required
Local Law	Regulation of the Minister of Health of the Republic of Indonesia No. 48 year 2016; Law No. 1 on Occupational Safety (1970) Article 3(a)
Benchmark ID	HSE.5.1.4
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following: ensuring aisles/exits are not blocked and that workers are not blocked within their workstations

Finding Details	Emergency exits and aisles are not free from obstructions: (a) One out of two emergency exit doors in the finished goods warehouse of the production building G3 were locked. (b) The access of 1 out of 3 emergency exit doors in the embroidery building were fully obstructed by the storage of material. (c) The emergency aisles in raw material warehouse building G3 are obstructed by the material storage.
Recommendation for Immediate Action	Ensure all emergency exits and aisles are accessible and free of obstructions.
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; Regulation No. PER-01/MEN (1980), Article 5(1)
Benchmark ID	HSE.9.1
Benchmark Details	All chemicals and hazardous substances shall be properly labeled and stored in secure and ventilated areas and disposed of in a safe and legal manner, in accordance with applicable laws and international standards.
Finding Details	(1) There are no spill kits provided in the chemical storage of the printing building. (2) There are no separate storage for empty or waste chemical container and bulk production of the chemical container with proper identification in the printing area. (3) There is no shelter and secondary containment installed for the storage of coal in the boiler room in front of the embroidery building. White oil containers are stored in front of electrical panel in the production building G2. Additionally, there is no accurate label of mixed chemical attached on the chemical container for the traceability and availability of MSDS and chemical content in the printing building. For example: 1 mixed chemical container contained 4 chemicals, but only 1 chemical was labeled.

Recommendation for Immediate Action	(1) Provide spill kits in the chemical storage of the printing building. (2) Provide raw chemical and hazardous waste storage container to ensure proper separation. These containers and waste must be compatible and the containers should be in good condition. All containers should be clearly labeled as hazardous waste and include the waste identification and hazards. (3) Ensure that the storage of coal is equipped with secondary container and shelter to minimize the impact to the environment.
Compliance Classifications	Immediate Action Required
Local Law	Decision of the Minister of Manpower No. KEP-187/Men on Control of Hazardous Chemicals at Workplace (1999), Article 2
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	The factory has provided lactation room in the clinic building. However, the lactation room is not sufficiently maintained in hygienic condition such as: the lactation room is also used for the storage of medicines and clinic equipment, storage of clinic staff personal belonging and not separated access with the sickness workers.
Recommendation for Immediate Action	Ensure that the lactation room is in a hygienic condition and is not within the clinic room. At minimum this includes: (a) Availability of specific rooms with a minimum size of 3x4 m2 and/or adjusted by the number of women who are breastfeeding. (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-free. (f) Fairly quiet environment away from the noise. (g) Indoor lighting that is sufficiently dazzling. (h) Humidity ranged between 30-50%, with a maximum of 60%. (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.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) Electrical cords and panels are not properly covered and electrical cables are not properly connected in the boiler treatment area. For example, electrical cords are spliced with duct tape and use it as permanent connection. (2) There is no Ground Fault Circuit Interruption (GFCI) provided for wet locations such as in the boiler and water treatment area.
Recommendation for Immediate Action	(1) Ensure that all electrical connection and wiring are in good condition, and use proper splices or connections to connect wires on a permanent basis. (2) Ensure Ground Fault Circuit Interruption (GFCI) are provided for wet locations.
Compliance Classifications	Immediate Action Required
Local Law	Labor Minister Decree No. KEP-75/MEN (2002), Article 2; Law No. 1 on Occupational Safety (1970) Article 3(q)
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	Vehicle traffic lanes and walk paths are not properly marked at the road between factory buildings.
Recommendation for Immediate Action	Ensure all walking paths and traffic lines are clearly marked on the ground from the main gate and between factory buildings.
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	The condition of the Siamese connection in the production building G3 is not clearly maintained. Additionally, this fire hydrant is obstructed.
Recommendation for Immediate Action	Ensure that the Siamese connection is checked regularly and this fire hydrant is free of obstruction.
Compliance Classifications	Immediate Action Required
Local Law	Regulation of the Minister of Manpower and Transmigration No. PER-04/MEN (1980) Article 11(1)(2)
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	(1) There is no certified chemical safety expert (Ahli K3 Kimia) assigned by the factory. The factory uses a lot of chemicals for printing, washing/laundry, and waste water treatment. (2) There is no certification for the firefighting team on class C&D. The factory obtained certificate of fire expert class A&B for only 1 person. (3) There is no certified waste water treatment operator from the authority, despite the existence of a waste water treatment facility with the capacity is around 3,500 m3 per day. (4) The factory has obtained 4 building safety certificates for all production and warehouse buildings. However, the factory has not obtained the building safety certificate for the office, canteen, and dormitory buildings. The total building area for office and canteen is around 2,575 square meters and dormitories is around 2,021 square meters. This was calculated by adding 925 from one section of the ground floor, 908 from another section of the ground floor, and 188 from the first floor.
Recommendation for Immediate Action	(1) Hire at least 1 certified of chemical staff (AK3 Kimia) on site. (2) Register and obtain certification for firefighting team aligned with the legal requirement. (3) Hire certified waste water treatment operator. (4) Obtain building safety certificate the office, canteen, and dormitory buildings.
Compliance Classifications	Immediate Action Required
Local Law	Decision of the Minister of Labor No.187 on Hazardous Chemicals Control at Work (1999), Article 3; Decision of Minister of Manpower No. KEP-186/MEN/1999 on Fire Prevention Units at Workplaces (1999), Article 5 & 6; Law No. 28 on Building (2002) Article 37(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 blow down of hot steam pipes are not equipped with proper storage or drainage. The blow down of hot steam from the boiler machine are classified as industrial wastewater, however this blow down is being discharged directly to the land. Additionally, based on the local regulation, the threshold limit of the temperature of wastewater discharge should not be exceeding 38'C. The hot steam exceeds the 38'C threshold. (2) The air emissions generated from the exhaust fans located in the printing building are directed to the maintenance room. This exposes the maintenance staff to unfiltered air emissions. (3) There is no designated area for the paint spraying process in the maintenance workshop. (4) There is no risk assessment and inventory for the identification and management of any asbestos containing material. In addition, there is no written procedure of Asbestos and Polychlorinated Biphenyls (PCB) established by the factory.
Recommendation for Immediate Action	(1) Ensure that all waste water generated by factory operation including hot water generated from boiler machine and hot steam installation is treated before discharge to the environment. (2) Ensure all air emission sources (such as fumes, vapors, dusts, and smoke) that could potentially cause harm to people or the environment are monitored and controlled to minimize the impact of these air emissions. (3) Provide a designated area for the paint spraying process in the maintenance workshop. (4) Conduct asbestos assessment and put label on any material in the factory containing asbestos.
Compliance Classifications	Immediate Action Required
Local Law	Government Regulation No. 82 on Water Quality Management and Water Pollution Control (2001), Article 38
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) There is no record of a work permit to access areas that considered confined spaces such as water tank and the manhole water sewer. (2) There is no safety rod provided on every electrical panel as rescue equipment to push and or pull an electrocuted person. (3) There is no work permit, authorization or restriction access for workers who work at height in areas such as the water storage area, 1st story coal leading at boiler area, the boiler chimney and maintenance at the roof.
Recommendation for Immediate Action	(1) Maintain records of work permit for access to the confined spaces. (2) Provide safety rod on every electrical panel as rescue equipment to push and or pull electrocuted person. (3) Maintain work permit or authorization or restriction access for workers who work at height within the facility.
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.17.2
Benchmark Details	Employers shall train workers in proper lifting techniques, and items such as lifting belts shall be provided.
Finding Details	The ergonomic training is only for workers in the finished goods warehouse. There is no training on ergonomics provided for workers in other departments.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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 risk assessment does not cover all risks: (a) There is no risk assessment performed for each confined space. This should include at a minimum an identification of all confined spaces and their associated hazards, evaluation of the risk associated with each hazard, and identification of control measures to reduce or eliminate the risk (for example, entry procedures, personal protective equipment, communication, training, etc.) (b) There was no risk assessment performed for fall protection. This should include at a minimum an identification of which job tasks that an employee or object is at risk of falling, evaluation of the risks associated with tasks involving work at height, and identification and implementation of control measures to reduce the risk. (c) Although the factory has Lockout/tagout (LOTO) procedure on site, it was noted that there is no written risk assessment and identification of equipment, tasks (e.g., installation, maintenance, inspection, cleaning or repair of machinery or equipment) and their associated hazards resulting from uncontrolled hazardous energy sources. (d) No risk assessment performed for above ground and underground storage tanks (AST/UST), and no inventory conducted for of all of the above and underground storage tanks and hazards associated for each identified storage tanks.
Recommendation for Immediate Action	Ensure that risk assessment covers all workplace risks/hazards including in areas of confined space, work at heights, LOTO, and storage tanks (AST/UST).
Compliance Classifications	Immediate Action Required
Local Law	Government Regulation No. 50 on Implementation of Management System Occupational Health and Safety (2012), Article 14
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	(1) At least 4 washing operators in the washing building and 1 spraying operator in the maintenance workshop do not wear proper Personal Protective Equipment (PPE) such as safety gloves, aprons, and respiratory masks. (2) Based on 2022 and 2023 training and records, PPE training is arranged for all workers except for workers in the sewing and finishing sections.
Recommendation for Immediate Action	(1) Ensure that all workers are wearing required PPE when working. (2) Provide training on the use and maintenance of personal protective equipment to all workers.
Compliance Classifications	Immediate Action Required
Local Law	Regulation No. PER-08/MEN/VII on Personal Protective Equipment (2010) Article 3(1)(2) and 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	There is no written procedure that ensures workers have the right to refuse job instruction if there is unsafe or unhealthy working conditions without the proper equipment or monitoring system.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

## Hours Of Work (HOW)

Benchmark ID	HOW.3
Benchmark Details	Employers shall provide reasonable meal and rest breaks, which, at a minimum, must comply with national laws.
Finding Details	The factory provides a longer break time to prevent female workers from going home at 3:00am. The regular working hours of second shift workers are typically from 7:00pm to 3:00am. The factory regulation stipulates that the length of the break time for these workers should be 90 minutes. However, the factory is providing these workers with an 180 minute break to prevent female workers from going home at the scheduled 3:00am because the factory is unable to provide transportation for female workers as required by law.
Recommendation for Immediate Action	Ensure that the length of break time is in accordance with factory regulation and provide transportation facilities to female workers who go to and go back from work between 11.00 pm and 05.00 am as required by law.
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)
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 number of annual leave days that workers are entitled could not be verified due to inaccuracies in the factory's hiring data. The factory does not keep the workers' actual date of hire in workers' personnel files. Additionally, payroll and pay-slips similarly do not reflect the accurate date of hire for workers.

Recommendation for Immediate Action	Maintain accurate records of workers' first date of hire (or the first contract for PKWT workers) in personnel files, payroll records, and pay-slips.
Compliance Classifications	Immediate Action Required
Local Law	Government Regulation No. 35 Year 2021 Article 38 (4); Law No. 13 on Manpower (2003), Article 79(2c)
Benchmark ID	HOW.9.2
Benchmark Details	Employers shall take reasonable steps to inform workers about the nature and expected duration of the circumstances sufficiently in advance to allow workers to make alternative plans.
Finding Details	In cases of exceptional circumstances, there is no adequate evidence that the factory has taken reasonable steps inform workers of the nature and potential duration of the circumstances, such as for the case work limitation during the Covid-19 pandemic.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HOW.22.3
Benchmark Details	Time worked by all workers, regardless of wage system, shall be fully documented by time cards or other mechanical or electronic recording systems.
Finding Details	Outsourced workers in re-processing and re-packing of the 2nd quality product or over stock of garment production are not provided with any documentation of time worked. The workers are required to track their own record of daily attendance.

Recommendation for Immediate Action	Ensure that time worked by all workers, regardless of wage system and employment status, is fully documented by timecards or other mechanical or electronic recording systems.
Compliance Classifications	Immediate Action Required
Local Law	

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