



FAIR LABOR
ASSOCIATION[®]

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Fast Retailing Co., Ltd.

COUNTRY: Indonesia

ASSESSMENT DATE: 08/06/18

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.

Findings and Action Plans

FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory no system to respond to an unexpected environmental emergency, such as a chemical spill. [ER.31, HSE.1]
2. The factory has not determined whether its on-site operations generate any negative environmental impacts through an Environmental Risk Analysis. [ER.31, HSE.1]

Local Law or Code Requirement

Act No 32 Year 2009 Article 14. k-l, Article 47.1-2; FLA Workplace Code (Employee Relationship Benchmark ER.31; Health, Safety & Environment Benchmark HSE.1)

Recommendations for Immediate Action

1. Adjust the floor at chemical storage to a one-degree slope with sump to ensure spillage and leakage is able to directly flow to the sump.
2. Conduct environmental risk assessment and impact analysis.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Completed.
2. Completed.

Planned completion date

11/07/18

FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. A ladder on the diesel fuel tank in front of the electric-powered boiler room does not have a safety cage. [HSE.6, HSE.13]
2. Posted safety instructions for machinery, including the press machine, is not translated into the worker's language that is Indonesia Language. [HSE.14]
3. The factory has not provided safety back belt or cotton gloves for workers at the finished goods or fabric warehouses. [HSE.7]
4. There is no confined space procedure for employees, including an atmospheric test that should be conducted before an employee enters a confined space. The factory has also not provided necessary, related apparatus for work in confined spaces, or appropriate rescue equipment. [ER.1, HSE.6, HSE.7]

Local Law or Code Requirement

Permenaker No 9 Year 2016. Article 2, Article 3.d, Article 10; Safety Act no 1 Year 1970. Article 14.b., Manpower Minister Regulation No 8/2010, article 5; Manpower Minister Regulation No 8 Year 2010. Article 2 (1) Permenkes No 70 Year 2016 Section C; SNI – 0229 1987 E, Attachment of Kepmenaker No 326 Year 2011, Chapter I Section C.10; FLA Workplace Code (Employee Relationship Benchmark ER.1; Health, Safety & Environment Benchmarks HSE.6, HSE.7, HSE.13, and HSE.14)

Recommendations for Immediate Action

1. Install safety cages on ladders higher than 1.8 meters.
2. Ensure instructions for every machine are posted in the local language that is Indonesia Language.
3. Provide safety back belt and cotton gloves for warehouse workers.
4. Purchase atmospheric measuring equipment for confined space air test, provide related personal protective equipment and rescue equipment for work in confined spaces such as:
 - Safety system apparatus (including Safety Rope, body harness or seating harness, anchor wristlet, or carrier apparatus) that is used to extricate workers from confined space.
 - Breathing apparatus such as SCBA (Self Contained Breathing Apparatus)
 - Lighting such as Davy Light or Head Gear with battery powered electrical light.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The company will develop program to making safety stairs in the boiler tank area. (Scheduled)
2. The company has translated the safety instructions installed on the Pad Print machine.
3. The company will provide seat belts and gloves for operators who carry out lifting work for goods in the fabric warehouse and fabric warehouse. (Scheduled)
4. The company has developed procedures for working in confined spaces for Boiler and Maintenance employees.

Planned completion date

11/07/18

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has no guidance documents for external contractors or service providers concerning health and safety. [HSE.5]
2. Maintenance does not record repairs, including whether electrical problems are fixed in a timely manner. Therefore, it is not clear whether equipment with electrical problems has been identified, or immediately removed from service until properly repaired. [HSE.13]
3. There is no evidence the factory implements a lock-out or tag-out program, as maintenance does not keep LOTO records. [HSE.13]
4. There is no safety sign posted near confined spaces at the factory, and no confined space list requiring work permits. [HSE.1]
5. The last Hazard Identification Risk Analysis (HIRA) was conducted in 2017; there is no updated HIRA for 2018. [HSE.1]
6. The factory does not have a government-certified fire expert, fire coordinator, or fire action officer. [ER.1, ER.15, HSE.5]
7. There is no complete chemical inventory. [ER.1, HSE.1]

Local Law or Code Requirement

PP No 50 Year 2012. Article 12.1.c; Government Regulation No 50 Year 2012. Article 6.5.2; Government Regulation No 50 Year 2012. Article 6.5.2 Article 6.5.7, Attachment II Section. A.6.5.7.; Attachment I of Manpower Supervisory and Management General Director Decree No Kep. /DJPPK/IX/2006. Article 2.1.2, Attachment II of PP No 50 Year 2012 Section. A.6.1.5. Attachment of Kepmenaker No 326 Year 2011, Chapter I Section C.9; Attachment I: Manpower Minister Regulation No 05 Year 1996. Article 1.2.a-b, Government Regulation No 50 Year

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The company has made safety induction for visitors who come to the company's area. They are required to understand the safety induction that we submit and sign the understanding as proof that they will follow the rules of the Health & Safety.
2. The company has made a workbook for the problems of electrical repairs including problems that occur, repairs made and dates of repairs.
3. The company will develop a lock-out tag-out program for maintenance of damaged or unused machines. This program will be applied in Standard Operating Procedures, Locking and Labeling. (Scheduled)
4. The company has provided safety or warning signs installed near confined spaces, namely in the boiler tank area and ground tank.
5. The company will review the Risk and Hazard Identification in each department. (Scheduled)
6. The company has registered the training of the Fire Department officers to the organizers (Akualita) and from the Akualita side is still waiting for the participants quota. (Scheduled)
7. The company previously had a record of using chemicals.

Planned completion date

11/07/18

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not provide anti-fatigue mats for standing workers, or chairs in working areas. The factory has no established ergonomic program or stretching guidelines. [HSE.17]
2. Current seating at the factory is fixed and not adjustable. [HSE.17]
3. There is no pest control established in the canteen. [HSE.22]

Local Law or Code Requirement

Manpower Minister Regulation No 7 Year 1964 Article 9.4, Article 9.b., Labor Minister Regulation No. 04 Year 1987, Article 4.2. c.5.; Manpower Minister Regulation No 7 Year 1964 Article 9.b.; Transportation Minister Regulation No PM 34 Year 2014 Article 11 (1); FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.17 and HSE.22)

Recommendations for Immediate Action

1. Establish written ergonomic program and implement it, that includes providing anti-fatigue mat for standing workers and chairs with back rest at a reachable distance from working areas and establish stretching program for all staff.
2. Provide adjustable seating at the factory.
3. Establish pest control in the canteen.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The company will provide anti-fatigue pedestal for workers and has provided seats at work areas for rest. (Scheduled)
2. The company will program the manufacture of seat engineering to be made so that it can be easily arranged and adjusted. (Scheduled)
3. The company has collaborated with third parties to control pests in the company's area including the company's canteen.

Planned completion date

11/07/18

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is no body wash station installed at chemical storage, diesel fuel tanks, or toxic and hazardous waste storage. Furthermore, the water used for the eye wash station is not potable water. [HSE.6]
2. Chemicals are haphazardly placed within chemical storage, and toxic and hazardous waste is often in temporary storage. [HSE.9]
3. Empty chemical containers were placed at chemical storage. [HSE.9]
4. 80% of workers use plastic water bottles that cannot be refilled as the bottles are made from unsafe materials. [HSE.23]
5. The factory does not track employee workplace illnesses or accidents. [HSE.3]
6. No medical personnel at the factory are trained in lactation, as legally required.
7. The factory does not have enough workers trained in fire safety. The factory has trained eight employees to handle light fire-fighting equipment and hydrants, though 210 employees should be fire-safety trained. [HSE.5, ER.1, ER.15]

Local Law or Code Requirement

Manpower Minister Regulation No 15 Year 2008 Article 8 (3)., ANSI Z358.1- 2014; Manpower Minister Regulation No. 187 Year 1999 Article 2 , PP No 74 Year 2001 Article 5.1. 1-15; Act No 18 Year 2008. Article 12 (2), Article 29 (1) e, Decree of the Minister of Industry and Trade No. 705 of 2003 Article 9.1.a & c; Manpower Minister Regulation No 04 Year 1987. Article 4. 2. A & c.1-4; Health Minister Regulation No 15 Year 2013 Article 13.1-3, Attachment of Kepmen No 11 Year 2000 Attachment Section 3.1.4; FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.15; Health, Safety & Environment Benchmarks HSE.3, HSE.5, HSE.6, HSE.9, and HSE.23)

Recommendations for Immediate Action

1. Install body wash stations at chemical and temporary storage for toxic and hazardous waste. Fix eye wash station at chemical storage room. Ensure water for eye wash station is potable.
2. Post chemical and waste placement layout and ensure the chemical and waste placed per the placement layout.
3. Place empty chemical container into temporary storage of toxic and hazardous waste, and separate solid waste from toxic and hazardous waste and into designated temporary storage.
4. Communicate the hazards of PET and provide container made of PET 5 or glass material to be used for consumption.
5. Track employee illnesses contracted at the factory.
6. Train the factory nurse in lactation counseling.
7. Ensure one in ten employees is trained to use the fire fighting equipment.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Completed.
2. The company will re-arrange the layout of the placement of chemicals and the temporary place of collection of B3 waste. (Scheduled)
3. The company has ensured that unused chemical containers are placed in a B3 Waste Temporary Disposal Site.
4. The company will provide training to representatives of each department related to the use of plastic materials that are safe for use as a place to eat and drink. (Scheduled).
5. The company already has records regarding employee occupational diseases and work accident data.
6. The company already has a certificate for company nurses who review one of them regarding lactation.
7. The company has carried out retraining for employees for fire control using APAR and Hydrant in collaboration with the local Fire Department.

Planned completion date

11/07/18

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The OHS team fire risk assessment did not identify fire risk based on area and process, probability, or severity. [HSE.5]
2. The factory does not use a sprinkler system, thermatic, or elide balls as part of its fire protection plan. There is no emergency alarm, thermatic, or sprinkler installed at chemical, toxic, or hazardous waste storage. [HSE.5, HSE.6]
3. The factory has not maintained the emergency light according to the regulation recommendations, as there was no monthly 30-second functional test or an annual 1.5 hour test. [HSE.5, ER.1]
4. Management checked the emergency alarm only monthly, rather than weekly, monthly, and annually. There was no alarm button installed in the stairway, chemical storage room, temporary storage of toxic and hazardous waste, electrical main room, boiler or compressor rooms, or the jockey pump room. [HSE.5, HSE.6]

Local Law or Code Requirement

Public Work Minister Regulation No 26 Year 2008 Article 11; Minister Instruction No 11 Year 1997 Article 3.a-b; SNI 03-6574-2001 Article 4.3.5.a-b; Manpower Minister Regulation No 2 Year 1983 Article 57 (1), Manpower Minister Regulation No 04 Year 1980 Article 4.5, PP No 74 Year 2001 Article 19, Public Works No 26 Year 2008 Article 5.7.1.4.9.6.1; FLA Workplace Code (Employee Relationship Benchmark ER.1; Health, Safety & Environment Benchmarks HSE.5, and HSE.6)

Recommendations for Immediate Action

1. Ensure the Fire Risk Assessment conducted by the OHS team identifies fire risk based on area and process, probability, and severity.
2. Install sprinkler system, thermatic, or elide balls and an emergency alarm, thermatic, or sprinkler at chemical, toxic, and hazardous waste storage.
3. Conduct a functional test of the emergency light monthly for 30 seconds, and annually for 1.5 hours.
4. Check emergency alarm weekly, monthly and annually. Install an alarm button in the stairway, the chemical storage room, temporary storage of toxic and hazardous waste, the electrical main room, the boiler and compressor rooms, and the jockey pump room.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The company will conduct fire risk assessments based on area, process and probability in the work area. (Scheduled)
2. The company will provide elide balls / thermatic installed in the temporary placement area of B3 waste. (Scheduled)
3. The company has added an emergency light check item with a function test once a month for 30 seconds or a function test once in a while by turning it on for 1.5 hours.
4. The company will add an alarm check list per weekly, monthly and yearly. For alarm buttons that represent chemical storage, temporary storage of hazardous toxic waste, main electricity room, boiler room or jockey pump room are centered on the cutting and front of the B3 TPS which is only +/- 5 meters from the area.

Planned completion date

11/07/18

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory employs approximately 829 of 2,043 production workers (40.5%) under a PKWT fixed-term contract, even though they work permanent jobs in the cutting, sewing, quality control, finishing, and packing departments. The factory continuously employs these workers on a fixed-term contract once contracts have ended. [ER.7, ER.8, ER.9, ER.11]
2. The factory has six disabled workers out of 2,099 employees (0.28%), a violation of legal requirements, as the factory should legally hire one percent of disabled workers. [ND.1, ND.2]
3. The performance review procedures do not prohibit discrimination, and do not require written feedback. [ER.29]

Local Law or Code Requirement

Law No. 4 of 1997 concerning persons with disabilities. Article 14; Law No. 13 on Manpower (2003), Art. 59; FLA Workplace Code (Nondiscrimination Benchmarks ND.1, ND.2; Employment Relationship Benchmarks ER.7, ER.8, ER.9, ER.11, & ER.29)

Recommendations for Immediate Action

1. Convert all workers with permanent jobs currently hired under a PKWT contract to permanent worker status, per legal requirements.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The company has a program to increase the number of permanent employees or workers at a certain time by evaluating workers at an unspecified time carried out by managers of each department. Data per July 2, 2019 Factory has 668 contract employees and 1243 permanent employees. Factory has plan to transfer contracts employees to permanent employees as below:

years 2019 => 238 employees

years 2020 => 418 employees

years 2021 => 12 employees

Factory has follow local laws related to workers contracts i.e first contracts maximum 2 years and second contracts maximum 1 years

calculation as above base on end of the second contracts. 2. The company has a program to increase the number of disabled workers by continuing to make communication efforts to collaborate with the Salatiga Area Disabled Community and the District. Semarang. (In Progress) 3. Factory has revised Employees Performance Appraisal Procedure and will arrange schedule to socialization for all employees. The procedure has stated that no discrimination related performance appraisal and provide written feedback form to employees as respond for their appraisal. Please see "Employees Performance Appraisal procedure" that has revised.

Planned completion date

02/07/19

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory holds the last paycheck for terminated and resigned workers until workers return their ID badge, uniform, and head cover or scarf. When the worker returns these items, the factory processes the worker's paycheck and they are paid in cash. Based on the factory-provided records, approximately 333 of 1,441 former workers terminated between August 2017 and July 2018 have not received their last pay ranging from IDR 93,900 to IDR 2,838,700 (USD 6.5 to USD 197). [C.1, C.4, ER.18]
2. The factory does not compensate terminated or resigned workers for their unused annual leave. [ER.19, HOW.11, C.1]
3. The factory does not maintain adequate tracking records of annual leave for each worker: the HR department is unable to identify the balance of annual leave for workers who have never taken annual leave, and the factory does not inform workers of their annual leave balance before it expires. [ER.22, HOW.11, HOW.14, C.17]
4. The factory does not calculate or pay a reward for years of service to workers who resign with one month notice, as required by factory regulations. For example, based on Factory Internal Regulation Article 10, a worker hired in April 2014 who resigned in April 2018, is entitled to severance pay: 10% of their monthly basic wage, after three to four years of service. [ER.19, ER.22]
5. The factory calculates the contribution for social insurance for monthly-wage employees from their basic wage instead of their actual monthly wage, which is their basic wage plus fixed incentives. [ER.22]
6. The factory sometimes deducts the first wage of new workers for health insurance BPJS, even when workers have not yet officially registered with BPJS. For example, a worker joined January 24, 2018 and received her first wage February 5, 2018. Based on the BPJS registration records for January 2018, this worker was registered for social insurance, but not health insurance, while her January 2018 pay slip showed deductions for both social and health insurance. [ER.22]
7. Based on BPJS contribution records, approximately 60 of 2,099 total employees are not enrolled in health insurance. Per factory management some workers are registered under subsidiary insurance by the Government, including Jamkesmas and Jamkesda, and others still have BPJS through a former employer. [ER.22]

Local Law or Code Requirement

Government Regulation No. 78 on 2015, Art. 20; Law No. 24 Year 2011 Chapter V Article 15 (1); The regulation of BPJS Kesehatan No.1 on Healthcare implementation; Labor Law No. 13 (2003), Art. 156; Government Regulation No. 53 on 8th Amendment on Government Regulation No. 14 (1993) on Social Security (2012), Art. 9; FLA Workplace Code (Employee Relationship Benchmarks ER.18, ER.18, & ER.22; Hours of Work Benchmarks HOW.11, HOW.14; Compensation Benchmarks C.1, C.4, & C.17)

Recommendations for Immediate Action

1. Pay all terminated and resigned workers their last wage in a timely manner using the normal payment system, a bank transfer.
2. Compensate terminated or resigned workers for their unused annual leave.
3. Maintain comprehensive track record of annual leave for each worker, and communicate the balance of annual leave to workers

before the leave expires.

4. Pay the reward for years of service to workers who resign giving proper notice, per factory internal regulation.
5. Calculate the contribution to social insurance from employee's actual monthly wage.
6. Ensure to deduct wages for contribution to health insurance only when workers have officially registered to BPJS.
7. Enroll all workers into BPJS health insurance.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Total of the 333 employees there are: - 54 employees have taken the last salary in cash -106 final salary employees are paid through account transfers - 27 employees have accounts but are not active, so the company calls for cash. - 146 employees do not have an account because when they resigned, the employee only worked for a few days and the account creation was still in process. So that the company calls for cash. 2. Factory is in process to review unused annual leave compensation for terminated or resigned workers. (In progress) 3. The company has socialized the recording of the remaining leave for employees by means of each of their monthly paychecks. 4. The company is conducting a review and calculation of split money for employees who have resigned from the company. (In progress) 5. Starting September 2018, the Company has paid BPJS membership fees in accordance with the deduction provisions, namely based on basic salary and fixed allowances. 6. Pay return of deduction from BPJS on behalf of workers. 7. Until now, on 1/8/2019 out of the 60 employees recorded in the Regional Contribution assistance recipients there were 40 employees who switched to Business Entity, 4 employees still received APBD PBI assistance or transition in progress and 16 employees resigned.

Planned completion date

12/07/18

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. While factory work hours begin at 7:00a, approximately ten percent of the time records show workers clocking in between 6:22a and 6:39a. The production meeting begins at 6:50a, ten minutes before the shift starts. Workers are not compensated for the additional time they spend at work. [HOW.1, C.7]
2. The HR department deleted the time records of former, terminated, and resigned workers as soon as the factory terminated the workers. [ER.23]
3. There is no policy or procedure to identify pregnant or lactating women in timekeeping records to ensure they receive legally-entitled protections. [HOW.5]

Local Law or Code Requirement

FLA Workplace Code (Employee Relationship Benchmark ER.23; Hours of Work Benchmarks HOW.1 and HOW.5; Compensation Benchmark C.7)

Recommendations for Immediate Action

1. Ensure workers do not clock in more than 10 minutes before their shift starts, and ensure the production meeting is not conducted before start of a shift.
2. Maintain time records for all workers, including former workers, for at least 12 months for external parties to review.
3. Establish a system to identify pregnant and lactating workers to ensure they receive legal protections concerning working hours.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Letter of statement from the employee regarding the entry hour which is too early. And samples of employees who leave earlier than rules stated at company regulations but we still calculate according to regulations without cutting salaries. 2. The company

has coordinated with the payroll system programmers to reappear attendance records for employees who have resigned. Factory will ensure that all future employees who are terminated are kept in the system for 1 years and has stated on Termination Procedure 3. The company has coordinated with the payroll system programmer regarding the identification of pregnant and lactating employees. Pregnant and breastfeeding employees can be seen in the employee record attendance system. In the right column shows the letter B, which means the employee is breastfeeding and the letter P means the employee is pregnant

Planned completion date

12/07/18

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

1. Per factory regulations and local law, workers may be terminated if they are absent for five consecutive days without submitting a written explanation for their absence. In that case, the factory must send two notification letters to workers before termination. However, the factory does not send two official notification letters to the worker before beginning the termination process. [ER.1.1, ER.32]

Local Law or Code Requirement

Law No. 13 on Manpower (2003), Art. 168 (1); FLA Workplace Code (Employee Relationship Benchmarks ER.1.1 and ER.32)

Recommendations for Immediate Action

1. Send two official notification letters to the worker before beginning the termination process.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory has developed Employees Letters of Summons Procedure to make sure and to prevent miss action related notification letter to employees before termination.

Preventive Action : Factory will conduct socialization annually related to Factory Rules included Employees Letters Summons Procedure to Leaders, Supervisor, Asst. Managers and Managers All Department. The last socialization has conducted on June 26, 2019

Planned completion date

12/07/18

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. Security guards perform physical pat-downs two times a day as workers leave the building during break time and at the end of their shift. [H/A.10]

2. The factory issued warning letters to at least ten warehouse workers in August 2018 without including details of misconduct, only citing "working without following rules." Workers were not required to sign the letters, and the letters did not define a validity period of disciplinary action. The factory regulations state each warning letter is valid for 6 months. [ER.27]

3. The disciplinary procedures include no opportunity for workers to appeal disciplinary actions, nor do they require the presence of a

third-party witness during the imposition of disciplinary actions. [ER.27]

4. The records of disciplinary actions and worker personnel files are maintained in separate folders. [ER.2, ER.27]

5. The factory regulations regarding disciplinary action do not distinguish between minor, major, or severe violations. [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. Per FLA requirements, physical pat downs shall only be undertaken when there is a legitimate reason to do so and with the consent of workers.

2. Describe the details of misconduct and the validity period in every warning letter.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The company has provided a socialization of the "Physical Examination Procedure" and provides guidance that only employees who are suspected of being suspicious will be subjected to a physical examination by Security, which of course uses the procedures that have been made. 2. The company has clarified the warning letter in question. Provide explanations and record violations clearly. 3. Factory has revised disciplinary procedures included opportunity for workers to appeal disciplinary action 4. The company has filed the Warning Letter into one with the Personal File of each employee. 5. The factory has sorted out employee violations from mild, moderate and severe by classifying them based on the level of Warning Letter I, Warning Letter II and Warning Letter III.

Preventive Action : Make sure all action will be done by socialization about Classification and procedure of Warning Letters. The last socialization has conducted on June 26, 2019 and followed by all managers, staff, supervisor and leaders.

Planned completion date

12/07/18

FINDING NO.12

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not provide a copy of internal factory regulations to each worker, as required by the local labor office. [ER.25]

2. The factory does not communicate policies and procedures and their updates to the general workforce on Recruitment, Hiring & Personnel Development, Termination and Retrenchment, and Environmental Protection. [ER.1, ER.16, ER.30, ER.32]

3. The factory has not established procedures to request or receive worker input or feedback regarding the creation, implementation, or updating of its policies & procedures. Workers are neither systematically integrated nor consulted in decision-making processes. [ER.1, ER.16, ER.25.2, ER.29.1, ER.29.1.1, ER.30, ER.32]

Local Law or Code Requirement

FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.16, ER.25.2, ER.29, ER.30, and ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The company has communicated and socialized to all employees through the installation on the bulletin board, the distribution of copies of Company Regulations to each department and socialized to employees.

2. The company will carry out updated policies and procedures related to Recruitment, Hiring & Personnel Development, Termination and Retrenchment, and Environmental Protection and conduct socialization to employees. (Scheduled)

3. The company has formed a Bipartite LKS whose purpose was formed to request or receive input from workers related to the

making, implementation or updating of policies & procedures. (Scheduled)

Planned completion date

12/07/18

FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Responsibility & Accountability (Macro)

Finding Explanation

1. The factory has no clearly-defined employee responsible for Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relation, Workplace Conduct & Discipline, Grievance, Health & Safety, or Environmental Protection. [ER.1]
2. The factory has no formally identified person with ultimate responsibility. [ER.1]

Local Law or Code Requirement

FLA Workplace Code (Employee Relationship Benchmark ER.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The company has appointed employees responsible for Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance, Health & Safety, or Environmental Protection.
2. The company has appointed the HR Manager under GM Administration as the highest responsible person in resource administration and ensures workers at all levels receive communication and training on existing policies or procedures or any revisions.

Planned completion date

12/07/18

FINDING NO.14

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The orientation for new workers does not include Recruitment, Hiring, Personnel Development, Freedom of Association, or Environmental Protection. In addition, workers receive no written documentation to substantiate orientation material. [ER.15]
2. The factory provides no ongoing training to workers, except for fire and evacuation drills. There is no training on Workplace Conduct for relevant managers, HR personnel, or administrative staff. Additionally, the factory provides no specific training for supervisors. [ER.1, ER.15, ER.17, ER.25, ER.27]
3. The factory provides no specific training on the tasks or functions of chemical tank management for relevant workers. [ER.1]
4. The workplace safety training is not sufficient; there is no lifting training conducted for warehouse workers and there is no confined space training. [ER.1]
5. The training for the maintenance department is insufficient, as there are no work in-height or Lock-out/Tag-out (LOTO) trainings. [ER.1]
6. There is no basic fire safety training on the chemistry of fire, firefighting equipment, or fire hazard identification in the workplace. [ER.1, HSE.6]
7. Only 92 of 2,099 employees have undergone first aid training. The training did not include who workers should contact for an incident that requires first aid or other medical assistance, how to report any work-related incident, which requires first aid or other medical assistance, or the proper use of emergency eyewash or body flush units if exposed to hazardous material resulting in eye, face or body injury. [ER.1, HSE.6]
8. There are no Health & Safety trainings on sanitation, or ergonomic support for repetitive motion, sitting, and standing for long periods of time. [ER.1]

9. There is no government-certified fire expert, fire coordinator, or fire action officer in place. [HSE.5]

Local Law or Code Requirement

Act No 32 Year 2009 Act No 32 Year 2009 Article 65 (2) & (4) ; Manpower Minister Regulation No. 187 Year 1999 Article 2 ; Government Regulation No 50 Year 2012 Section C.2.1.b 2nd paragraph; Manpower Supervisory Management General Director Decree No 45 Year 2008 Attachment Section D. Point 3, Attachment II of PP No 50 Year 2012 Article 12.5 Specific Expertise Training. Article 12.5.1; Public Works Minister Regulation No 26 Year 2008 Article 9.5.5.1-2; Safety Act No 1 Year 1970 article 9 (3); Labor Minister Regulation PER-03/MEN/1982 regarding Medical Service article 2.h; Labor Minister Regulation No 7 Year 1964 article 8.9, Attachment I PP No. 50 year 2012 section C.1.b paragraph 2; Manpower Minister Decree No 186 Year 1999 Article 3 & 5.a-d; FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.15, ER.17, ER.25, and ER.27; Health, Safety & Environment Benchmarks HSE.5 and HSE.6)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The company has added orientation material to new employees, including the Recruiting, Appointment, Personnel Development, Freedom of Association and Environmental Protection. 2. Factory has developed training plan 2019 to ensure all training conducted ongoing basis 3. The company has provided guidance to employees regarding the use of chemical tanks through socialization of procedures for Working in Limited Space 4. The company has conducted training for warehouse employees regarding the correct method of lifting transport through ergonomics training. 5. The company will program training on how to work at heights and LOTO techniques for maintenance employees. (Scheduled) 6. The company will identify fire hazards after training fire officers by the organizer (Supplier Akualita). (Scheduled) 7. Factory has developed training program 2019 that included first aid training. The last first aid training has conducted on March 6, 2019 and followed by 36 attendance. 8. The company has conducted Ergonomics training for employees who work for repetitive movements, sitting, and standing for long periods of time. (Scheduled) 9. The company has coordinated with the organizers of Akualita training to include employees in basic firefighting training. And from the organizer, they are still waiting for the participants quota. (Scheduled)

Planned completion date

03/07/19

FINDING NO.15

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. Factory management has no documentation of their annual review of Health & Safety or Environmental Protection policies and procedures, so neither review is verifiable. [ER.1]

Local Law or Code Requirement

Attachment PP No 50 Year 2012 Section C.2.3; FLA Workplace Code (Employment Relationship Benchmark ER.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The company will conduct an annual review of existing policies and procedures to ensure the validation of the contents of these policies and procedures. (Scheduled)

Planned completion date

12/07/18

FINDING NO.16

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. The grievance policy lacks an anti-retaliation policy. [ER.1]
2. The factory only has policies and procedures on Recruitment and Hiring. There are no policies or procedures on Personnel Development. [ER.28, ER.30]
3. Factory management has no statement of general support of energy and water efficiency, or a written commitment to minimize air emissions, waste, hazardous materials, or other applicable environmental risks. [ER.1, ER.31]
4. The factory has not yet established a procedure to manage the environmental impacts of the factory. Also, the factory has yet to establish a reporting schedule or a point of contact within the management hierarchy for external parties, including local community leadership, the local environmental bureau, or other local authorities. [ER.31, HSE.1]
5. Current Health & Safety procedures have no Standard Operating Procedures (SOPs) for performing each job safely. [ER.31]
6. Current Health & Safety procedures have no measures to protect the reproductive health of workers by minimizing exposure to workplace hazards. [HSE.12, ND.8]
7. Current Health & Safety procedures provide no steps for workers to raise health and safety concerns, so there is no protection against retaliation for such workers. [ER.31]
8. The emergency handling and prevention procedure has no steps to ensure walkways, aisles, and emergency exits are free from obstruction, and all contractors, service providers, special category workers, and children in the factory are safely evacuated. [ER.31]
9. There are no procedures to protect workers after an accidental chemical spill, including who would be responsible for cleaning up the spill. [HSE.9]
10. There is inadequate written guidance for external contractors and service providers concerning the factory's health and safety policies, since current procedures do not include Health & Safety induction training. [ER.31]
11. The ergonomic program established at the factory is currently insufficient, as it should include: a written program that includes job rotation, training, stretching, and exercise; ergonomics procedures; related apparatus such as adjustable seating, a lifting belt, and an anti-fatigue mat, and the implementation of the written program. [HSE.17]
12. There is no procedure to allow workers to refuse work because of unsafe conditions. [ER.31]

Local Law or Code Requirement

Government Regulation No 70 Year 2009 Article 7.1. a-c, Government Regulation No. 32 Year 2009 Article 53 (2); Government Regulation No 27 Year 2012. Article 15.2.a-d, Act 32 Year 2009 Article 53 (2) a-d; Attachment I of PP No 50 Year 2012 Section C.2.2.1, Attachment I of Permenaker No 5 Year 1996 Article 3.3.5; Health Act No.36 Year 2009 Article 47 and 48.1.e; Safety Act No 1 Year 1970 Article 12.d-e, Manpower Minister Regulation No 8 Year 2010 Article 5 (2); PP No 50 Year 2012 Section C OHS implementation and action. Article 8, SNI 03 – 1746 - 2000 Article 3.14, Act No 20 Year 2016. Article 20.c, Attachment of General Work Minister Regulation No 29 Year 2006 III.3.4.2.a.ii, Attachment I of PP No 50 Year 2012 Section A.1.d; Manpower Minister Regulation No. 187 Year 1999 Article 2; Government Regulation No 74 / 2001 Article 25.a-d; Labor Minister Regulation No. 04 Year 1987, Article 4.2.c.5, Section C.1.b paragraph 2, Manpower Minister Regulation No 7 Year 64. Article 9. Subsection 2.a – d, Health Minister Regulation No. 70 Year 2016 Section C, Manpower Minister Regulation No 7 Year 1964 Article 9.4; Manpower Minister Regulation No 8 Year 2010 Article 5.2; FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.28, ER.30, and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.9, HSE.12 and HSE.17; Non-Discrimination Benchmark ND.8)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The company has revised the Suggestion Box procedure and added that the company does not provide retaliatory action to employees who have submitted suggestions for criticism in the suggestion box.
2. The company will revise the Resource Development procedure in the HR Training and Development SOP (Scheduled).
3. The company has carried out an energy saving campaign through the SOP on Energy Saving and energy-saving sticker attachments.
4. The company will create environmental impact SOPs and set a reporting or contact schedule in the management hierarchy for external parties, including local community leadership, local environmental bureaus, or other local authorities (Scheduled).
5. The company will develop an OSH procedure in each existing work instruction (Scheduled).
6. The company will develop procedures for measures to protect the reproductive health of workers by minimizing hazard exposure in the workplace (Scheduled).
7. The company will develop procedures related to steps for workers to improve safety health issues and protect these workers (Scheduled).
8. The company will develop procedures related to steps for workers to improve safety health issues and protect these workers. (Scheduled)
9. The company has revised the Chemical Storage and Control procedures including personnel responsible for cleaning spills.
10. The company has developed Safety Induction aimed at company guests including construction workers who are carrying out the

progress of their activities within the company.

11. The company is in the progress of making ergonomics programs within the company which include training, stretching, training and equipment used.

12. The company has revised the procedure for Personal Protective Equipment and allows employees to refuse to work when it is unsafe. Example: the company does not provide Personal Protective Equipment at work.

Planned completion date

03/07/19