



FAIR LABOR  
ASSOCIATION®

## INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Life is Good, Inc.

COUNTRY: Indonesia

ASSESSMENT DATE: 08/08/17

ASSESSOR: Donny Triwandhani

PRODUCTS: Apparel

NUMBER OF WORKERS: 1188

## 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: Recruitment, Hiring & Personnel Development

##### Finding Explanation

1. The factory does not have written policies on recruitment, hiring and personnel development. ER.1, ER.28, ER.29, ER.30
2. Out of 1,182 production workers, 520 production workers (44%) are employed under short-term contracts (Provision of Work, Time Certain, PKWT) although they were doing permanent jobs such as cutting, sewing, finishing and packing. ER.7, ER.8, ER.9, ER.11
3. Work agreements for contract workers (PKWT) who are hired in 2017 showed incorrect minimum wage. The current minimum wage is IDR 2,376,558.39 /month but the HRD department used old template of work agreement that showed basic wage IDR 2,195,435 /month which was 2016 minimum wage. ER.11
4. Inconsistencies regarding workers' employment status were found. There are appointment letters in workers' personnel files indicating that they have been appointed as permanent workers however workers do not know about it. Two workers confirmed their employment status as contract workers with repeated contracts since first time they were hired, and rehired again with a new work agreement (PKWT) in 2017 for another 1 year. For example: A male worker from warehouse has been working since June 9, 2014. There is an appointment letter for his permanent status on June 9, 2015 but there is also a work agreement (PKWT) for short-term contracts that valid from July 10, 2017 to July 9, 2018 in his personal file. A cleaning worker has been working since February 27, 2013. There is an appointment letter for his permanent status on May 27, 2013 but there is also a work agreement (PKWT) for short-term contracts that valid from March 29, 2017 to March 28, 2018 in his personal file. ER.7, ER.8, ER.9, ER.11
5. Factory provides a monthly grade incentive of IDR 25,000 to IDR 55,000 to 90 out of 1,182 workers based on selection of supervisors, without a fair and transparent procedure. There is no record showing the decision to provide grade incentive whether A, B, or C grade is based on their job performance. ER.30
6. Factory does not conduct performance reviews for any workers. ER.29
7. According to management, there are only 2 workers with disability out of a total 1,233 employees which is not in compliance with local law that requires the factory to hire one person with disabilities per 100 employees. Thus, for a factory with 1,233 employees in total, the factory has to hire at least 12 workers with disabilities, as per legal requirements. The factory has not established a program to train and hire more workers with disability. ER.1, ND.8
8. The procedures on recruitment, hiring and personnel development do not include managing performance reviews. ER.28, ER.29, ER.30

##### Local Law or Code Requirement

Law No. 13 on Manpower (2003), Art. 59; Law No. 4 of 1997 Art. 14; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.7, ER.8, ER.9, ER.11, ER.28, ER.29, and ER.30; Nondiscrimination Benchmark ND.8)

##### Recommendations for Immediate Action

1. Convert all workers who perform jobs of permanent nature but are currently hired under a PKWT contract to permanent worker status, as per legal requirements.
2. Provides accurate and updated work agreements (PKWT) to workers.

3. Maintain consistent employment status, and ensure any work agreement for a specified period of time that does not fulfill the requirements shall, by law, become a work agreement for an unspecified period of time.
4. Ensure the grade incentive for workers is based on their job performance.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Establish policy on recruitment, hiring and personnel development separately from procedure. Socialized to all workers.

Establish and implement process for converting workers to permanent status, per regulations.

Take more concern on filing documentation of personnel files workers.

Communicate with workers upon handover document of contract or appointment letter so workers will know what their status with clear.

Establish procedures for how to make an appraisal to determine grading which is also related to salary increase on the next year.

## FINDING NO.2

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Compensation

#### Finding Explanation

1. The factory rounds down the basic minimum wage to IDR 2,376,558, in violation of the decision of West Java Governor No: 561/Kep.1191-Bangos/2016 issued on 21 November 2016 stated 2017 monthly minimum wage for Sukabumi regency is IDR 2,376,558.39. C.2
2. According to local law, the factory is allowed to compensate workers that are overtime exempt under an "All-In"-system. Overtime-exempt workers include: managerial staff or hold so-called structural positions within the company and not production workers. Forty-seven production workers (7 cutting, 20 sample, 19 mechanics and 1 marker) that are currently being compensated under the "All-In"-system are not overtime exempt workers. They receive a basic wage ranging from IDR 2,415,000 to IDR 2,878,349 per month (USD 180.90 – USD 215.61). Although these workers received a fixed position allowances, unfixed attendance incentive, food and transportation allowances, the amount of those incentive and allowances do not equal the legally entitled overtime amount as per legal rate stipulating that the first hour of overtime shall be compensated at 150% of the hourly rate and the second and all consecutive hours at 200% of the hourly rate. The wage deficiency between the received compensation and the actual legally entitled overtime wage ranged from IDR 243,742 to IDR 559,834 (USD 18.26 – USD 41.94) per month during peak season in May and July 2017 for three of these workers. C.7
3. All 13 male security guards work on 3 shift systems from 07:00 to 16:00 for first shift, from 15:30 to 23:30 for second shift and from 23:00 to 07:30 for third shift. There were two cases, for example July 21, 2017, two male security guards worked overtime for 1-2 hours without overtime compensation. C.7
4. The assessors arrived at factory at 07:10 on the second day of assessment on August 9, 2017, and around 80% of workers were already working by 07:15, while the normal hours start at 07:30. In addition, around 70% of workers were working during the second break time of 30 minutes at 16:30 -17:00. The factory does not record or compensate workers for this extra work time C.7
5. Based on contribution of Healthcare program BPJS record for July 2017, around 80 out of 1,233 total employees are not enrolled into Healthcare Insurance (BPJS Kesehatan). As per management statement, they are having some constraints in registering these worker due to some workers were registered under other subsidiary of healthcare insurances by the Government, such as: Jamkesmas, Jamkesda, etc. and 41 of them have BPJS under an independent participation registration. ER.22

#### Local Law or Code Requirement

Law No. 13 on Manpower (2003), Art. 90(1); Circular letter SE-2/M/BW/1987; Law No. 13 on Manpower 2003), Art. 85(3); Law No. 24 Year 2011 Chapter V Article 15 (1); FLA Workplace Code (Employment Relationship Benchmark ER.22; Compensation Benchmarks C.1, C.2, and C.7)

#### Recommendations for Immediate Action

1. Adjustment of minimum wage is made by rounding up the wage instead of rounding down.
2. Ensure to comply with the regulation regarding "all-in workers" (overtime exempt workers). Only qualified staff can/should be paid under this arrangement. Compensate all workers in compliance with local law, including accurate overtime compensation.
3. Compensate all extra hours worked by male security guards.
4. Ensure workers are not working earlier before their shift started and working during their lunch time; Cease "off the clock" work.
5. Register all workers to receive Healthcare Program BPJS.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Adjustment of minimum wage is made by rounding up the wage instead of rounding down.

Ensure to comply with the regulation regarding "all-in workers" (overtime exempt workers). Only qualified staff can/should be paid under this arrangement. Compensate all workers in compliance with local law, including accurate overtime compensation.

Compensate all extra hours worked by male security guards.

Ensure workers are not working earlier before their shift started and working during their lunch time; Cease "off the clock" work.

Register all workers to receive Healthcare Program BPJS.

## FINDING NO.3

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Hours of Work

#### Finding Explanation

1.All security guards are provided with paper time cards. However, manual time in /time out (using pen) reflected on all time cards for 2 to 3 days per month, and there were several missing leaving times in July 2017. ER.2, ER.23

2.The working hour records do not identify pregnant or lactating workers to help ensure they receive their entitled legal protections concerning working hours. HOW.5

#### Local Law or Code Requirement

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

#### Recommendations for Immediate Action

Adopt a reliable and effective time keeping system to ensure that workers' attendance is accurately recorded.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Train all security guards to check in and out in timely manner according to their working time schedule. 2. Provide workers warning for violation. 3. HR Dept and Payroll will monitor and check the time card each morning to ensure no hand writing in the time card.

## FINDING NO.4

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Termination & Retrenchment

#### Finding Explanation

The factory does not have a written policy and procedures on retrenchment. ER.1, ER.32

#### Local Law or Code Requirement

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Will establish the policy and procedure related to the retrenchment. 2. Training to all workers.

## FINDING NO.5

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Industrial Relations

#### Finding Explanation

1.The factory does not have a written policy and procedures on Industrial Relations. ER.32  
2.The union named Serikat Karyawan PT TA Global Indonesia (Sekartagi) has been established and registered to local labor office in October 22, 2012. The factory does not provide an office for union. Union members have reached over 50% of total employees but there is no process to establish CBA (Collective Bargaining Agreement). FOA.15, FOA.17

#### Local Law or Code Requirement

Law No. 13 on Manpower (2003), Art. 116(1); FLA Workplace Code (Freedom of Association and Collective Bargaining Benchmarks FOA.15 and FOA.17)

#### Recommendations for Immediate Action

Provide an office for union and conduct meeting with union to formulate a Collective Bargaining Agreement.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Factory is willingly to provide office for union and preparing room now. 2. Will discuss and communicate with Union regarding Collective Bargaining Agreement in the office.

## FINDING NO.6

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Workplace Conduct & Discipline

#### Finding Explanation

1.Security guards perform same gender physical pat downs two (2) times a day as workers entering the building before shift start and after shift ends. H/A.10  
2.There is no a process for workers to appeal disciplinary actions taken against them. In addition, the disciplinary procedures do not include the presence of a third-party witness during imposition of disciplinary actions. ER.27

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27; Harassment or Abuse Benchmark H/A.10)

#### Recommendations for Immediate Action

Ensure physical pat downs are not used as a general practice. As per FLA requirements, physical pat downs shall only be undertaken when there is a legitimate reason to do so and upon consent of workers.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Ensure pat downs are not used as a general practice. Establish policy and procedure to appeal disciplinary action taken against inappropriate pat downs. Establish presence of third party witness for any disciplinary action. Train workers on policy.

## FINDING NO.7

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Grievance System

#### Finding Explanation

1.The factory does not keep any grievance records. ER.2  
2.The grievance boxes are located inside production building near the areas where security guards on standby. Anyone including security guard can see the person who submits the grievance in the suggestion box. Due to this the workers do not trust the grievance boxes and prefer to go through the union. ER.25

#### Local Law or Code Requirement

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

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Suggestion box moved to inside prayer room and canteen, far from security guarding. 2. The height is same with fire extinguishers, around 110cm. 3. Awareness training and reminders to workers about availability of grievance box without fear of retaliation. Policy & procedure on use of the box is posted so that all workers can see. 4. Conduct regular meetings to get feed back and brain storming from worker representatives.

## FINDING NO.8

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Environmental Protection

#### Finding Explanation

1. Factory has not established a system to reduce environmental impact, since it is still found: There is no flow meter to measure wastewater outflow, No record of daily domestic wastewater effluent, Domestic waste water is discharged directly to the public sewer through an open ditch, No periodic report in every 3 months to local environment bureau of Sukabumi Regency for waste water from the washing process. ER.1  
2. No daily extraction of ground water is exceeding the allowed volume as stated on the ground water extraction permit. Since, the permit only allows maximum extraction of 20 cubic meters while in average the daily extraction is between 51 - 71 cubic meters from January - July 2017. No periodic report in every 3 months to local environmental bureau (BLH) regarding inventory and disposal records of toxic and hazardous waste at the factory. ER.1, HSE.2  
3. Most solid waste is not stored in a secured and protected place. Waste is placed outside the intended storage area, where it can be easily displaced by natural forces or accessed by workers and or outsider. ER.1, HSE.1  
4. Solid toxic and hazardous waste is not disposed of by a government authorized hazardous waste company; empty chemical containers are given back to the related supplier. ER.1, HSE.4  
5. Emissions tests have not been conducted at several places, such as at chemical storage area. ER.1  
6. Factory has not identified whether its on-site operations generate any negative environmental impacts. ER.1, ER.31  
7. There is no leachate stream provided at the solid waste temporary storage area, and no rain water management, such as a water collection pond and bio pores holes. The storage area does not have walls or fencing, exposing it to weather and unauthorized access. ER.1, HSE.1



#### Local Law or Code Requirement

Permit for Capital Investment Permit Centralized of Sukabumi Regency No. 503.15/3791.BPMPT/2014 Point 3.b.; Environmental Bureau Head Decree No. 503 Year 2013, section III.4.c.; Government Regulation No. 101 Year 2014; attachment II of Health Minister Regulation No. 1405 Year 2002.; Labor Regulation No. 7 Year 1964, Article 4.4, Article 5.13.; Government Regulation No. 82 Year 2001, Article 34.1 – 3; Attachment I of Manpower Minister Regulation No 05 Year 1996, Article 1.2.; Government Regulation No.18 Year 1999, Article 9 (4); Environmental Minister Regulation No .12 Year 2009, Article 3; FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.2, and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.2 and HSE.4)

#### Recommendations for Immediate Action

Install flow meter for debt waste water measurement, record daily disposal of waste water, install pipe for waste water drainage system and report every 3 months to local environment bureau of Sukabumi Regency.

Record daily extraction of ground water and report disposal record of toxic and hazardous waste in every 3 months to local environmental bureau.

Place solid in a secured and safe place and restrict access only to authorized people.

Dispose toxic and hazardous waste to government authorize waste handling party.

Conduct air emission in every 6 months in several places that is considered as high-risk place.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Install flow meter for debt waste water measurement, record daily disposal of waste water, install pipe for waste water drainage system and report every 3 months to local environment bureau of Sukabumi Regency.

Record daily extraction of ground water and report disposal record of toxic and hazardous waste in every 3 months to local environmental bureau.

Place solid in a secured and safe place and restrict access only to authorized people.

Dispose toxic and hazardous waste to government authorize waste handling party.

## FINDING NO.9

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The factory does not have any procedures for managing its environmental impact to its surroundings. ER.31
2. There is no Standard Operating Procedures (SOPs) for each job with a focus on performing the job safely. ER.31
3. Current procedures have not included measures to protect the reproductive health of workers through minimizing exposure to workplace hazards. HSE.12, ND.8
4. There are no procedures which include steps for workers to raise health and safety concerns. ER.31
5. Currently, there is no written guidance for external contractors/service providers concerning the factory's health and safety policies. ER.31
6. Chemical handling procedure does not include information about complete chemical inventory.ER.31
7. No chemical handling procedure has not included steps that should be taken to protect workers if there is an accidental chemical spill, including identifying those who are responsible for cleaning up the spill. ER.31
8. There is no procedure that regulates electrical systems should be reviewed by an independent, qualified third party on a periodic basis. Standards may include government-related or mandated standards, industry-related standards, or factory specific standards. ER.31
9. There is no confined space procedure that also includes clear list of confined space, precautions shall be taken prior to & upon entry and stay in each confined space. Such as atmosphere test and working permit issuance. ER.31
10. There is no procedure that require there shall be list of equipment and/or machines that require lockout-tag out. Hence, there is no actual list made as well. ER.31
11. Current emergency handling and prevention procedure does not provide information of list of the workers responsible for managing fire equipment. ER.31
12. Current fire preparedness procedure does not include list of workers (names and/or titles) responsible for managing fire equipment, list of the firefighting equipment in the factory, warehouse areas and dormitories that includes workers' duties regarding fire response, factory's response plan in the event of a fire. ER.31
13. Current emergency handling and prevention procedure does not include steps for ensuring that walkways/aisles and emergency exits

are free from obstruction, steps for ensuring all contractors, service providers, special category workers and children that happened on the factory are safely evacuated and list of responsible workers for coordinating evacuation process. ER.31

14. Current emergency procedure does not include identification of managers and/or workers responsible in of emergencies, roles and responsibilities of emergency personnel, a list of workers responsible for responding to emergencies (with their qualifications/certifications-names and/or titles), phone numbers for medical assistance, steps for reporting death, injury, illness and other health and safety issues. ER.31

#### Local Law or Code Requirement

Act No. 32 Year 2009, Article 53 (2).; Manpower Minister Decree No. 187 Year 1999, Article 16.1.c.n - o.; Manpower Minister Regulation No. 8 Year 2010, Article 5 (2); Safety Act No. 1 Year 1970, Article 14(3).; Human Rights Act No. 39 Year 1999, Article 41.2.; Health Act No. 36 Year 2009, Article 47, Article 48.1.e.; FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.28, ER.29, ER.30, and ER.31; Health, Safety and Environment Benchmark HSE.12; Non-Discrimination Benchmark ND.8)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Retain third party to create confined space and height protocols resulting in appropriate work permit. Provide safety instructions for third-party contractors entering the facility. Create procedures for managing chemical skill, including identification of responsible person(s). Establish confined space and height policy. Establish list of machines requiring lock out / tag out procedure. Prepare list of responsible parties in case of emergencies, including roles and responsibilities.

## FINDING NO.10

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The lighting at carton warehouse building is too dim. HSE.13
2. There is no safety instruction in local language posted on band knife, washing machine, compressor, generator set, and boiler. HSE.14.
3. There are no traffic lanes and walk paths marked at the factory. HSE.1
4. Management has not commissioned a fire risk assessment by a third-party expert, hence, no result that can be addressed. HSE.1, HSE.5.
5. There are no fire alarms and detectors installed at several places that have high fire risks: carton warehouse building, chemical storage, and temporary storage for toxic and hazardous waste. There is only one fire extinguisher at carton warehouse building (120 m2).
6. There are only 25 people designated as fire action officers, at the facility instead of the legally required 98 people. HSE.5
7. The factory does not have a sprinkler system as part of its factory fire protection plan. ER.1
8. There is no appropriate equipment (breathing apparatus, SCBA) for the fire brigade (fire action officers). HSE.6, HSE.7
9. There are no emergency evacuation routes marked in the carton warehouse building. The loading area is used as an emergency exit at finished goods warehouse on the first floor. Several evacuation routes do not go directly outside, but leads to next room before exiting the building; such as, from production area to the washing area before exit to factory yard, and from the office to the finished goods warehouse on second floor, then to production before exiting to the factory yard. HSE.5
10. The exit sign is not illuminated when the power goes out, such as at finished goods warehouse on second floor and clinic on first floor. The exit sign at the dormitory for the migrant management employees is not illuminated. HSE.5
11. The emergency alarm was tested on the second day of the assessment, and did not work. It is not periodically inspected by the responsible maintenance worker. HSE.5
12. The assessors could not verify that the fire alarm is automatic and centralized, since it malfunctioned during the assessment. Furthermore, the main panel is installed at the lobby, which made this panel cannot be supervised at all times, since the follows standard working hours, and not 24 hours like at the main security post. HSE.5
13. Emergency alarm battery was removed by maintenance staff, therefore the assessor could not test whether the siren is loud enough to be heard throughout factory and whether the siren sound is different from a regular working bell. Investigation found that the battery was removed couple of days before by maintenance person, since it had already passed its lifetime. However, the replacement purchase has not yet been approved by the factory management. HSE.5
14. The fabric scraps are stored at the back of electrical main room. The factory does not have a plan to create a permanent storage location for these scraps. ER.1
15. There is no illness tracking conducted at the factory. ER.1, HSE.3.2
16. The factory uses welding for small repairs, but none of the 15 maintenance worker that has been certified by government as a welder. HSE.4



#### Local Law or Code Requirement

Labor Minister Regulation No. 7 Year 1964, Article 10.1, Article 13.4.; Attachment of Government Regulation No. 50 Year 2012, section C.2.3.; Manpower Minister Instruction INS. 11/M/BW/1997, point I.3.; Labor Minister Regulation No. 4 Year 1980, Article 4 (5).; Manpower Minister Decree No. 186 Year 1999, Article 6; Safety Act No. 1 Year 1970, Article 14(3).; Act No. 28 Year 2002, Article 30 (1).; SNI 03 – 1746 – 2000, Article 38.a - b., Article 2.2.3.2.b.2.; Labor Minister Decree No. 186 Year 1999, Article 2.2.e.; Labor Minister Regulation No 2 Year 1983, Article 58 - 60.; PUIL 2000 Article 4.11.4.1.d.; Act No 18 year 2008, article 29 (1) e.; Manpower Minister Regulation No. 02 Year 1982, Article 3 (1); FLA Workplace Code (Employee Relationship Benchmark ER.1; Health, Safety & Environment Benchmarks HSE.3.2, HSE.4, HSE.5, HSE.6, HSE.7, HSE.13, and HSE.14)

#### Recommendations for Immediate Action

1. Install proper lighting that is able to illuminate its surrounding as per regulation.
2. Posts safety instruction on every heavy machinery in local language
3. Marks traffic lane and walkway for workers to walk from production building to main gate.
4. Fire risk assessment shall be commissioned to third party fire expert.
5. Install fire alarm and fire detector installed at carton warehouse building, chemical storage and temporary storage for toxic and hazardous waste, and add fire extinguisher in every 15 meters.
6. Increase the number of fire action officers at the facility from 25 into 98 people, as required by local regulation.
7. Install sprinkler system as part of its factory fire protection plan.
8. Provide PPE, e.g., breathing apparatus, SCBA for fire brigade (fire action officers).
9. Install emergency evacuation routes towards exit at carton warehouse building, provides exit at finished goods warehouse on first floor other than loading area, change evacuation routes to enable it is directly toward outside.
10. Exit sign installed shall be illuminated type.
11. Provide a back power on emergency fire alarm system; and ensure the fire alarm is in function all times.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Install proper lighting that is able to illuminate its surrounding as per regulation.
2. Post safety instruction on every heavy machinery in local language
3. Mark traffic lane and walkway for workers to walk from production building to main gate.
4. Fire risk assessment shall be commissioned to third party fire expert.
5. Install fire alarm and fire detector installed at carton warehouse building, chemical storage and temporary storage for toxic and hazardous waste, and add fire extinguisher in every 15 meters.
6. Increase the number of fire action officers at the facility from 25 into 98 people, as required by local regulation.
- Install sprinkler system as part of its factory fire protection plan.
7. Provide PPE, e.g., breathing apparatus, SCBA for fire brigade (fire action officers).
8. Install emergency evacuation routes towards exit at carton warehouse building, provides exit at finished goods warehouse on first floor other than loading area, change evacuation routes to enable it is directly toward outside.
9. Exit sign installed shall be illuminated type.
10. Provide a back power on emergency fire alarm system; and ensure the fire alarm is in function all times.

### Action Plan no 2.

#### Description

Install proper lighting that is able to illuminate its surrounding as per regulation.

Post safety instruction on every heavy machinery in local language

Marks traffic lane and walkway for workers to walk from production building to main gate.

Fire risk assessment shall be commissioned to third party fire expert.

Install fire alarm and fire detector installed at carton warehouse building, chemical storage and temporary storage for toxic and hazardous waste, and add fire extinguisher in every 15 meters.

Increase the number of fire action officers at the facility from 25 into 98 people, as required by local regulation.

Provide PPE, e.g., breathing apparatus, SCBA for fire brigade (fire action officers).

Install emergency evacuation routes towards exit at carton warehouse building, provides exit at finished goods warehouse on first

floor other than loading area, change evacuation routes to enable it is directly toward outside.

Exit sign installed shall be illuminated type.

Provide a back power on emergency fire alarm system; and ensure the fire alarm is in function all times.

## FINDING NO.11

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. Chemical management system is not functioning properly, since there is no logbook for PPEs provided at chemical storage, temporary storage for toxic, hazardous waste, and spot clean areas. This logbook is necessary to record the lifetime of the related PPE, when the PPE provided, damaged, and replaced. Furthermore, the floor of the chemical storage does not have 1-degree slope towards the sump drain. ER.1; HSE.9
2. There is no chemical shower installed at the chemical storage, and temporary storage for toxic and hazardous waste. There is no chemical shower or eyewash station installed at the nearby diesel fuel tanks. ER.1; HSE.9
3. The chemical masks at the spot clean room, chemical storage, and temporary storage for toxic and hazardous waste are not stored in sealed containers to prevent filter deterioration. HSE.11, HSE.12
4. The half face chemical masks worn by four spot cleaners when they perform their work, do not include a mark that indicates when the filter will expire, type of filter, or whether it is an approved NIOSH (National Institute Occupational Health and Safety) mask. HSE.11, HSE.12
5. There is no records for when a chemical mask was initially provided to a worker, or how long the filter inside chemical mask has been used. HSE.11, HSE.12
6. There is no training conducted for employees who responsible for chemical storage and temporary storage for toxic and hazardous waste regarding chemicals hazards, how to use the chemical safely, including how to properly store, transfer and work with that chemical. HSE.9

##### Local Law or Code Requirement

Labor Minister Regulation No. 187 Year 1999, Article 2.; Manpower Minister Regulation No. 15 Year 2008 Article 8 (3).; Manpower Minister Instruction INS. 11/M/BW/1997, point I.3.; Industrial Minister Decree No. 148 Year 1985, Article 4.c.; Manpower Minister Regulation No. 15 Year 2008, Article 8 (1) d., Article 8 (2); FLA Workplace Code (Employee Relationship Benchmark ER.1, Health, Safety & Environment Benchmarks HSE.5, HSE.9, HSE.11, and HSE.12)

##### Recommendations for Immediate Action

1. Ensure that a logbook for PPE is established.
2. Install eyewashes and body showers where chemical are used and stored
3. Store chemical mask in sealed containers.
4. Mark half face-piece chemical masks with how long until the filter expires, type if the filter, and whether it is an approved NIOSH type.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

Ensure that a logbook for PPE is established. Install eyewashes and body showers where chemical are used and stored Store chemical mask in sealed containers. Mark half face-piece chemical masks with how long until the filter expires, type if the filter, and whether it is an approved NIOSH type.

## FINDING NO.12

### IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Health & Safety

### Finding Explanation

1. The Hazard Identification Risk Assessment (HIRA) does not use illnesses statistics and accident/injury records to justify the ratings. Also, found there are several areas has not included on HIRA such as carton warehouse building, spot cleaning, and on-site clinic. There are no appropriate measure taken to eliminate and/or control hazards, such as: Actions taken to prevent risk, Appointed person who inspect the implementation and record it, Appointed person who oversee the work of the person who implement and record the action taken. ER.1
2. There are potable water laboratory tests conducted for the provided drinking water on May and June 2017. However, based on a laboratory test from December 2016 the March 2017 and July 2017 tests are inadequate since: Missing Physical parameters such as: Organoleptic (smell and taste) and TDS (Total Dissolved Solid) max 500 mg/l, Missing several Chemical parameters such as: Arsenic 0.01 mg/l, Cadmium 0.003 mg/l, NO2 3 mg/l, NO3 50 mg/l, Cyanide 0.07 mg/l, Selenium 0.01 mg/l, Aluminum 0.2 mg/l, Chloride 500 mg/l, Manganese 0.4 mg/l HSE.23.1.2
3. The half-face chemical masks provided at the chemical storage and temporary storage for toxic and hazardous waste are not stored in sealed containers, which reduces the cartridge lifetimes. HSE.7
4. There are inadequate proactive steps to reduce repetitive-motion stress/injuries at the factory since there is no job rotation, repetitive motion training, or stretching and exercise program.HSE.17
5. The seating at the factory production cannot be adjusted that includes raising/lowering tables and chairs, increasing/decreasing padding, installing lighting, or tilting workstations. HSE.17
6. There is no ventilation at the drying room on first floor inside packing area, which prevents the five at this area from having fresh air during working hours. Also, the warehouse does not equip with ventilation for fresh air circulation, while the wall is made from zinc and the roof is made from asbestos that raised temperature during daylight. HSE.13

### Local Law or Code Requirement

Government Regulation No 50 Year 2012, section C.2.1.b 2nd paragraph, Article 15.4.a-h.; Attachment I of Manpower Minister Regulation No. 5 Year 1996, Article 1.2.a-b.; Health Minister Regulation No. 736 Year 2010, Article 9.; Manpower Minister Regulation No. 8 Year 2010, Article 2 (2); Article 7(1) a - g.; Manpower Minister Regulation No 7 Year 64, Article 9.2.a – d.; Attachment II of Health Minister Decree No. 405 Year 2002; Attachment II of Health Minister Decree No. 1405 Year 2002 section III.A, Article 2, Article 3, Article 5.b.3.; FLA Workplace Code (Employee Relationship Benchmark ER.1; Health, Safety & Environment Benchmarks HSE.7, HSE.11, HSE.12, HSE.13, HSE.14, HSE.16, HSE.17, and HSE.23.1.2)

### Recommendations for Immediate Action

1. Ensure Hazard Identification Risk Assessment (HIRA) is based on illnesses statistics and accident/injury records to justify their rating and covers all areas at the factory. Include action taken to prevent risk, appointed person who inspect the implementation and record it, appointed person who oversee the work of the person who implement and record the action taken
2. Every potable water laboratory test shall include complete Physical and Chemical parameters.
3. Proactive steps to reduce repetitive-motion stress/injuries shall include job rotation, repetitive motion training, stretching and an exercise program.
4. All seating shall be easily adjusted.
5. Ventilation shall be installed at drying room on first floor inside packing area and warehouse. Also replace or cover the zinc wall at warehouse and replace the roof by non-asbestos material.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Will conduct identification to see the illnesses statistics and accident/injury records to justify the ratings. Also, found there are several areas has not included on HIRA such as carton warehouse building, spot cleaning, and on-site clinic.
2. Conduct measurement to eliminate and control the hazard properly including what action should be taken to prevent the risk.
3. Appoint person who will inspect the implementation and recorded it.
4. Appoint person who will oversee the work of the person who implement and record the action taken.

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The pump cable is connected with PVC tape instead of electrical tape. Also, the cable is not fixed into structure and protected with a tray or pipe. HSE.13
2. There is no government certified electrician at the factory. ER.1
3. There is no evidence of isolation or removal for machinery that needs repair for its electrical system. HSE.13
4. There is inadequate effort to protect maintenance workers from the risk related to the job such as: no safety shoes that resistant to oil and electrical current, electrical resistance gloves, eye protector, and lifting belts.HSE.8
5. There is no work permit issuance for people who perform work at heights and confined spaces. Also, no one has undergone certification for work at height and confined space. ER.1, HSE.1
6. There is no sign of 'Confined Space; Do Not Enter' for hydrant water reservoir, water tanks, and diesel fuel tanks. There is no safety measure taken to prevent accidental entry for confined spaces at the factory. There is no system in place that ensure people who enters confined spaces do so when the atmosphere is safe and the air has been tested. No confined space PPE is provided to maintenance personnel. There is no rescue equipment ready for use for people who enters confined space. ER.1, HSE.6
7. There is no confined space certification from the government for the 15 maintenance workers who are assigned for handle confined spaces and no relevant PPE is provided. ER.1
8. There is no lockout/tag out system implemented at the factory. HSE.14, ER.1
9. There is no safety information provided for contractors before they enter factory premise. ER.1

#### Local Law or Code Requirement

Safety Act No.1 Year 1970, article 3.1.a., 3.1.d, 3.1.q.; PUIL 2000 Article 9.2.1, Article 9.12.1.3.1.; Manpower Supervisory Management General Director Decree No. 113 Year 2006, first section; Manpower Minister Regulation No. 9 Year 2016, Article 2, Article 3 and Article 7.1.; Manpower Minister Regulation No 8 Year 2010, Article 2 (1); Government Regulation No.41 Year 1999, Article 22; FLA Workplace Code (FLA Workplace Code (Employee Relationship Benchmark ER.1; Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.6, HSE.8, HSE.13, and HSE.14)

#### Recommendations for Immediate Action

1. Put electrical cables and wiring inside electrical tray and or pipe and use electrical tape for isolation upon temporary electrical cables/wires connection.
2. Hire or enrolled current electrician for electrician government certification.
3. Isolation or removal from production line for damaged or non-functioning machinery shall be initiated first before Lockout and tag out proceeded.
4. Issues Work permits for working in-height and confined space and enroll authorized people for related government certification.
5. Mark signage of 'Confined Space; Do Not Enter' for hydrant water reservoir for hydrant, water tanks and diesel fuel.
6. Install fence surround the confined space entry access and lock the entry access to ensure only authorized people are allowed to enter it.
7. Enroll current appointed people who responsible for confined space management for government certification.
8. Atmospheric test shall be conducted prior authorized people enter confined space.
9. Rescue equipment shall be provided nearby confined space for ready to use.
10. Implement Lockout/tag out system at the factory.
11. Provide Safety Information for contractors before they enter factory premise.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Put electrical cables and wiring inside electrical tray and or pipe and use electrical tape for isolation upon temporary electrical cables/wires connection.

Hire or enrolled current electrician for electrician government certification.

Isolation or removal from production line for damaged or non-functioning machinery shall be initiated first before Lockout and tag out proceeded.

Issues Work permits for working in-height and confined space and enroll authorized people for related government certification.

Mark signage of 'Confined Space; Do Not Enter' for hydrant water reservoir for hydrant, water tanks and diesel fuel.

Install fence surround the confined space entry access and lock the entry access to ensure only authorized people are allowed

## FINDING NO.14

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The eating area capacity is only for 500 people while total employee count is currently 1,233 people. ER.1
2. The lactation room is placed at the on-site clinic, instead of separated to prevent the spread of airborne and blood borne pathogens. ER.1
3. The lighting at the compressor, generator, boiler room, chemical storage, temporary storage for toxic and hazardous waste is not explosion resistant. HSE.1, HSE.13
4. Asbestos roof is used at chemical storage, temporary storage for toxic and hazardous waste and carton warehouse building. The factory does not have proper asbestos warning signs, and they have not trained maintenance workers on how to work around asbestos. ER.1

##### Local Law or Code Requirement

Manpower Minister Circular Letter No. 1 Year 1979; Health Minister Regulation No 15 Year 2013 Article 3 and 10.; Attachment of Bapedal Head Decree No. 1 Year 1995, Article 3.1.d.b.; Attachment II of Health Minister Regulation No. 1405 Year 2002 section III. A, Article 2.; FLA Workplace Code (Employee Relationship Benchmark ER.1; Health, Safety & Environment Benchmarks HSE.1 and HSE.13)

##### Recommendations for Immediate Action

1. Add space for eating place to adequately accommodate all employees during break or rotates the break time that fits eating place capacity.
2. Separate Lactation room from on-site clinic
3. Replace current lighting at compressor, generator, boiler room, chemical storage, temporary storage for toxic and hazardous waste with anti-blasting type.
4. Replace roofs at chemical storage, temporary storage for toxic and hazardous waste and carton warehouse building with non-asbestos material.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

Add space for eating place to adequately accommodate all employees during break or rotates the break time that fits eating place capacity. Separate Lactation room from on-site clinic Replace current lighting at compressor, generator, boiler room, chemical storage, temporary storage for toxic and hazardous waste with anti-blasting type. Replace roofs at chemical storage, temporary storage for toxic and hazardous waste and carton warehouse building with non-asbestos material.

## FINDING NO.15

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

1. There is no environmental protection training for any workers or supervisors. ER.1, ER.16, ER.17
2. There has been no PPE training for the last 12 months for related workers since the last training was conducted on May 27, 2016 for 17 employees. The last PPE training also did not included training related job hazards, how to protect against those hazards, how to wear and maintain the provided PPE, tasks that require PPE use, how to store the PPE and how to identify when the PPE need to be replaced and to whom PPE should be asked ER.1, ER.15, HSE.5, HSE.8
3. Factory has not consistently conducted specific workplace safety training to designated workers with special responsibilities, such as: Confined space training, work at heights training, and chemical handling training. ER.1 ER.15 HSE.5
4. The maintenance person who is responsible for maintaining the fire alarms has not been trained on how to test fire alarm as per manufacturing standards. Additionally, there has been no logout/tag out training conducted for maintenance workers. ER.1 ER.15 HSE.5
5. No basic fire safety training has been conducted for any workers for the last 12 months; the last training was on June 2, 2016 for 19 out of 1,233 employees. ER.1, ER.15, HSE.5

6. The last fire-fighting training was on June 2, 2016 for 19 out of 1,233 employees, and did not include: 1. Fire hazards. 2. Emergency routes and exits. 3. Their roles and responsibilities during initial hire and at least annually thereafter for all workers. ER.1 ER.15 HSE.5
7. Forty-eight First Aid Responders employed at the facility have not yet been certified by government. ER.1
8. The fire action officers do not know their responsibilities, since no level 1 technical fire-fighting training has been conducted for them. HSE.1
9. There is no ergonomic training conducted for the last 12 months since the lifting technique was conducted on June 16, 2016 for 16 out of 18 warehouse workers and 15 maintenance workers. ER.1 ER.5 HSE.15, HSE.17
10. Twelve (12) out of 48 First Aid Responders at the factory do not receive additional training for blood borne pathogens and incident reporting. ER.1 ER.15 HSE.5
11. Orientation for new workers does not include Recruitment, Hiring & Personnel Development, Compensation, Industrial Relations & Freedom of association, Workplace Conduct & Discipline, or Health, Safety & Environmental Protection. In addition, workers do not receive written documentation that substantiates any the issues covered in orientation. ER.15
12. The factory does not provide ongoing training to workers on any of the Employment Functions. Additionally, the factory does not provide specific training for relevant supervisors on any of the Employment Functions. ER.1, ER.15, ER.17, ER.25
13. There is no training on the workplace conduct for the relevant Managers, HR personnel, and administrative staff. ER.17, ER.27

#### Local Law or Code Requirement

Environmental Act No. 32 Year 2009, Article 65 (2); Manpower Minister Regulation No. 8 Year 2010, Article 7.2.c; Safety Act No 1 Year 1970, Article 9.2.1; Industrial Minister Decree No. 148 Year 1985, Article 4.c; Manpower Minister Decree No. 186 Year 1999, Article 2.2.e., Article 6 (1).; Article 22 (2-3); Health Minister Regulation No.15 Year 2008, Article 3 (1-2); Attachment I of Government Regulation No. 50 Year 2012 section C.1.b Paragraph 2; FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.15, ER.16, ER.17, ER.25, and ER.27); Health, Safety & Environment Benchmarks HSE.1, HSE. 4, HSE.5, HSE.8, HSE.15, and HSE.17)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Provide training on environmental awareness to administrative and supervisory staff.

Provide training on proper use of proper PPE.

Train workers on implementation of confined space policy.

Provide training on fire alarm maintenance.

Provide training on fire hazards, emergency routes and exists, including roles and responsibilities of all workers.

Conduct training on first aid for designated staff.

Conduct training on protocols for fire fighting.

Conduct training on ergonomics.

Conduct training on blood borne pathogens for first aid responders.

Conduct training for all workers on all aspects of employment including recruitment, hiring, compensation, workplace conduct, industrial relations, health and safety, and environmental protection.

## FINDING NO.16

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Communication & Worker Involvement (Macro)

#### Finding Explanation

- 1.The factory does not communicate its policies, procedures, and possible updates to the general workforce on the Recruitment, Hiring and Personnel Development, Termination and Retrenchment, Workers' Participation and Representation, or Health, Safety & Environmental Protection. ER.1, ER.16, ER.29, ER.30, ER.32
- 2.The worker integration component is missing for all Employment Functions. The factory does not have procedures for receiving worker



input/feedback on the creation, implementation, and revision of its policies and procedures. Workers are neither systematically integrated nor consulted in the decision-making processes. ER.1.3, ER.25.2

#### 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

Conduct training regarding updates or any revision document of policy and procedures related to the general workforce on the Recruitment, Hiring and Personnel Development, Termination and Retrenchment, Workers' Participation and Representation, or Health, Safety & Environmental Protection. Establish procedure for receiving worker input/feedback on the creation, implementation and revision of its policies and procedure and train workers.

### FINDING NO.17

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Review Process (Macro)

##### Finding Explanation

The factory has not developed a process to ensure updates are made policies and procedures according to local law and FLA Workplace Code requirements. As a result, the factory management does not periodically review its policies and procedures for any of the Employment Functions. ER.1, ER.16, ER.29, ER.30, ER.31, ER.32

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.29, ER.30, ER.31, and ER.32)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

Establish procedure for receiving worker input/feedback on the creation, implementation and revision of its policies and procedure.