



COMPANIES: PING, Inc.
The s. Oliver Group

COUNTRY: Indonesia

ASSESSMENT DATE: 08/01/17

ASSESSOR: Donny Triwandhani

PRODUCTS: Apparel

NUMBER OF WORKERS: 554

FLA Comments

s.Oliver Exit Language: The business relationship between s.Oliver and the factory started in 2015. s.Oliver decided to stop business with the factory in September 2017 due to business interest and further consolidation of the supplier base. At the time of exit, s.Oliver accounted for roughly less than 5% of factory's total orders. This decision has been communicated to both the FLA and the other active FLA member brand, Ping, which is still engaged with the factory. Ping will continue to monitor the remediation of the findings in this report.

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

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The orientation for new workers does not include Industrial Relations practices, Freedom of Association, Workplace rules, Human Resources policies, Health & Safety, and Environmental Protection. In addition, the workers do not receive written documentation that substantiates all the issues covered in orientation.
2. The factory does not provide ongoing training to workers on all Employment Functions. There is no training on workplace standards/code of conduct for the relevant managers. Additionally, the factory does not provide specific training for relevant supervisors on all Employment Functions.
3. There is no training on the workplace conduct to the relevant HR personnel and administrative staff.
4. The factory does not provide specific training to supervisors on grievance system.
5. There is no specific Personal Protective Equipment (PPE) training conducted to each relevant worker based on his or her job hazards, what the hazards are and how to protect against those hazards. That includes on how to maintain the provided PPE, how to store it, how to document its usage, to whom they should ask for replacement caused by expiration, damaged or lost and how to detect its lifetime. The last PPE training on March 3, 2017 was only for 2 workers who work at Boiler, lack clear training material.
6. Factory has not conducted specific workplace safety training to designated workers with special responsibilities, such as confined space training.
7. There is inadequate fire safety training at the factory since:
 - a) Currently, all employees have not received fire safety training upon initial hire.
 - b) Annual fire safety training conducted on March 16, 2017 documentation is missing
 - c) Attendance list with attendee's signature, since there are only 12 out 519 employees who have signed.
 - d) Training material does not include fire hazards exposures, available emergency routes and exits and worker's roles and responsibilities.
8. Current 13 first aid responders were trained internally without government certification.
9. Based on last annual training for 12 employees who have additional firefighting responsibilities (firefighting unit) conducted on March

16, 2017, the training material only talking about how to fight fire and type of firefighting apparatus without included:

a) Personal protective equipment needed for firefighting.

b) Additional roles and responsibilities.

10. No confined space training conducted yet.

11. Not all workers have undergone ergonomic training since only 2 Yarn Knitting workers have been trained on March 2, 2017 (lifting techniques for all workers who involving lifting activity in their daily duties and repetitive motion for all workers)

12. No chemical handling training for worker who handles chemical such as 4 cleaning service and 3 boiler workers that includes PPE, related emergency responses, hazards associated with those chemicals. Those employees should know how to use the chemical safely, including how to properly store, transfer and work with that chemical.

Local Law or Code Requirement

Environmental Act No 32 Year 2009, Article 65.2; Manpower Supervisory Management General Director Decree No. KEP. 113 Year 2006, first Section; Manpower Regulation No.8 Year 2010, Article 7.2.c.; Safety Act No. 1 Year 1970, Article 9.1.a, Article 9.3; Government Regulation No. 101 Year 2014. Article 218.b.; Manpower Minister Decree No 326 Year 2011 Decree 1.; Health Minister Regulation No.15 Year 2008 Article 3.1.; Attachment I of Government Regulation No. 50 Year 2012 section C.1.b paragraph 2.; Industrial Minister Decree No. 148 Year 1985 Article 4.c.;

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, ER.25, and ER.27; Health, Safety & Environment Benchmarks HSE.4, HSE.5, HSE.6, HSE.9, HSE.10 and HSE.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The orientation for new workers does not include Industrial Relations practices, Freedom of Association, Workplace rules, Human Resources policies, Health & Safety, and Environmental Protection. In addition, the workers do not receive written documentation that substantiates all the issues covered in orientation. - Prepare written procedures as required to conduct training and maintain records

Company Action Plan Update

Training record provided. Finding 1-1 completed.

Action Plan no 2.

Description

10. No confined space training conducted yet. - Prepare materials regarding this aspect of confined space training.

Company Action Plan Update

Training record provided. Finding 1-10 completed.

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not communicate policies and procedures and their updates to the general workforce across all Employment Functions.
2. The worker involvement component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes.

Local Law or Code Requirement

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

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. The factory has not developed policies and procedures on review process to ensure updates are made according to local law and FLA Workplace Code requirements. As a result, the factory management does not periodically review its policies and procedures for all Employment Functions.

Local Law or Code Requirement

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

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. Based on the provided employee records, it was noted that 519 out of 519 total employees including production workers (100%) were employed under specified period of time contract (PKWT), violating legal requirements that state that workers can only be hired under unlimited permanent contracts if they perform jobs of permanent nature. Workers under the limited short-term contracts (PKWT) sign multiple PKWT contracts.
2. Contract workers are hired from four to twelve months for each employment contract although they perform tasks and job duties that are jobs of permanent nature according to local law. Their contracts were renewed without 30 days of pause after second contract end.
3. The factory only maintains the latest 1-2 employment contracts on file although contract workers signed repeated contracts several times. Therefore, the actual length of employment of workers could not fully be verified.
4. The work agreements (PKWT) for contract workers are not registered to local labor department.
5. According to management, there is no worker with disability 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 519 employees in total, the factory shall hire at least 5 workers with disabilities, as per legal requirements. The factory has not established a program to train and hire workers with disability.

Local Law or Code Requirement

Law No. 13 on Manpower (2003), Art. 59; Stipulation No. KEP. 100/MEN/VI on Work agreement for specified period of time (2004), Art. 13; Law No. 4 of 1997 Art. 14; FLA Workplace Code (Employment Relationship Benchmarks ER. 1, ER.7, ER.8, ER.9, and ER.11; 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. Ensure all employment contracts including previous signed employment contracts are maintained on file of each contract worker so that actual years of service of workers can be transparently verified.
3. Register all work agreements (PKWT) to local labor department.

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The decision of West Java Governor No: 561/Kep.1191-Bangos/2016 issued on 21 November 2016 stated 2017 monthly minimum wage for Bandung regency is IDR 2,463,461.49 (USD 184.5). However, factory rounded down the basic minimum wage to IDR 2,463,461 instead of rounding up.
2. In February 2017, workers received monthly basic wage IDR 2,364,922 (USD 177.13) instead of correct minimum wage IDR 2,463,461.49. There is no minimum wage deficiency in other months. Factory miscalculation as follows: Minimum wage was divided by 25 to get the daily rate (IDR 2,463,461 /25 = IDR 98,538). Total monthly basic wage was calculated based on number of working days in calendar while the number of working days in February is only 24 days (IDR 98,538 x 24 = IDR 2,364,922).
3. No seniority incentive is provided for workers who have been working for more than one year.
4. Workers are not provided with annual leave, sick leave, casual leave, maternity leave and menstruation with pay.
5. There is no overtime compensation reflected on payroll records. Sewing and ironing operators worked on June 3, 2017 (Saturday - rest day), QC workers worked on June 17, 2017 (Saturday - rest day) and boiler operator worked on July 2, 2017 (Sunday - rest day). According to management, the workers were paid in cash separately for rest day overtime but the records are not maintained.
6. Based on contribution on social insurance for June 2017, it is noted that only 223 out of 519 total employees are enrolled into social insurance scheme (BPJS Ketenagakerjaan). In addition, all employees are not registered to receive social insurance for pension guarantee program

Local Law or Code Requirement

Regulation of Minister of Manpower No. 7 on Minimum Wage (2013), Art. 15; Law No. 13 on Manpower (2003), Art. 79(2c); Law No. 13 on Manpower (2003), Art. 93(2) (4); Law No. 13 on Manpower (2003), Art. 82(1); Regulation of the Minister of Manpower No. KEP-06/MEN (1990); Government Regulation No. 14 on Social Security Scheme (1993), Art. 5 (1)(2); FLA Workplace Code (Employment Relationship Benchmarks ER.12, and ER.22; Compensation Benchmarks C.2, C.5, C.6, C.7, C.10, C.14 and C.15; Hours of Work Benchmarks HOW.11, HOW.14, and HOW.16)

Recommendations for Immediate Action

1. Pay correct monthly minimum wage. Adjustment of minimum wage can be made by rounding up the wage instead of rounding down. Pay retroactively the margin since the effectiveness of the Decision.
2. Provides seniority incentive to workers with employment of one (1) year and above.
3. Provides workers with all legally required leaves with pay.
4. Record all overtime compensations in payroll record and workers' pay slip.
5. Register all employees to receive social insurance (Accidents, Old Age Security, Death insurance and Retirement Guarantee) BPJS Ketenagakerjaan.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Pay correct monthly minimum wage. Adjustment of minimum wage can be made by rounding up the wage instead of rounding down. Pay retroactively the margin since the effectiveness of the Decision.

Company Action Plan Update

Implemented

Action Plan no 2.

Description

Provide seniority incentive to workers with employment of one (1) year and above.

Company Action Plan Update

Implemented

Action Plan no 3.

Description

Maintain better records to include all overtime.

Company Action Plan Update

Maintain improved record.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

. There are significant discrepancies in the factory time records:

- a) There is no overtime hour reflected on provided printed time records. Sewing and ironing operators worked on June 3, 2017 (Saturday - rest day), QC workers worked on June 17, 2017 (Saturday - rest day) and boiler operator worked on July 2, 2017 (Sunday - rest day).
- b) The time reflected on the finger scanning machines showed three-minutes time different such as 15:22 on time record machine A while machine B showed 15:25.

Workers went home early for emergency personal reason and not coming back on that day but their time records showed clock out around 17:00.

2. After the assessors revealed these discrepancies to factory management they stated that factory did not keep overtime records, since those hours were paid in cash. The factory uses computerized finger scan time record system, so it is easy to set the time record to only show regular working hours.

3. The factory does not have a system in place to identify pregnant women or nursing women.

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

- 1. Maintain authentic, accurate and complete time records. Ensure finger scanning machines are properly maintained and calibrated.
- 2. Establish a system to identify workers who are pregnant or nursing and provide them the legally required protection. Ensure the pregnant workers do not work more than the legal limit.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Establish a procedure and follow it to identify pregnant women or nursing women

Company Action Plan Update

Procedure established. Special badge provided

FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The bipartite worker-management committee does not conduct regular meeting at least every six months. The last meeting was in 2015. Moreover, there is no report of bipartite activity submitted to local labor department.

Local Law or Code Requirement

Regulation of Ministry of Manpower No. 32/MEN/XII/2008 on Procedure for the Establishment and Membership of Bi-partite Committee (2008), Art. 17; FLA Workplace Code (Employment Relationship Benchmark ER.25)

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. The factory only has one suggestion box for more than 500 employees, which is located in an open non-confidential location next to time record scanning machine near the main door to production building. Anyone including security guard can see the person who submits the grievance in the suggestion box. There is no grievance procedure posted next to grievance box.
2. The factory does not keep any grievance record, and majority of the workers are not aware of the existence of grievance channels and procedures.

Local Law or Code Requirement

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

COMPANY ACTION PLANS

Action Plan no 1.

Description

Add additional suggestion box.

Company Action Plan Update

Additional suggestion box implemented.

Action Plan no 2.

Description

Keep records and follow the grievance channels and procedures. Inform workers of the procedures for grievances.

Company Action Plan Update

Record well kept and followed.

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. It was observed that security guards perform same gender physical pat downs two times a day as workers entering the building before shift start and after shift ends.
2. There is no any disciplinary action record maintained and available for review.

3. There is no procedure 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.
4. The written disciplinary rules do not include a system of progressive discipline (e.g. a system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally to termination).

Local Law or Code Requirement

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

Recommendations for Immediate Action

Immediately cease conducting pat-downs for workers at the factory. Only conduct pat-downs and/or searches when there is evidence of theft and with permission from the relevant authorities.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Stop this practice.

Company Action Plan Update

New female security employed for necessary pat down for female workers.

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

1. The workers are terminated if they absent for 5 consecutive days without submitting a written explaining why he/ she was absenting from work. However, the factory does not follow termination process as regulated by Local Law, Disciplinary Action procedure point 45 A (m), and Factory Regulation Article 32 A (m), such as sending proper notification letter at least 3 times before the worker is terminated.

Local Law or Code Requirement

Law No. 13 on Manpower (2003), Art. 168(1); FLA Workplace Code (Employment Relationship Benchmark ER.32)

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. Current written environmental policy has not included a statement of the factory management's general support regarding energy and water efficiency and a commitment to minimize impacts with respect to air emissions, waste, hazardous materials and other applicable environmental risks.
2. The factory does not have any procedures for managing its environmental impact to its surroundings.
3. Factory has not identified whether its on-site operations generate any negative environmental impacts.
4. Factory has not established a system to reduce environmental impact.
5. There is inadequate reporting and permit regarding toxic and hazardous waste management since:
 - a. No inventory report established for toxic and hazardous waste to ensure maximum storage is 90 days before disposal.
 - b. No periodic report of temporary toxic and hazardous waste storage balance to Bandung Regency Environmental Bureau Head which shall be conducted in every 3 months.
 - c. Since there is no disposal conducted yet hence there is no periodic report of disposal to Bandung Regency Environmental Bureau Head which shall be conducted in every 3 months.
 - d. No permit for temporary storage for toxic and hazardous waste.

6. No environmental test conducted and reports in every 6 months to Bandung Regency Environmental Bureau Head.

Local Law or Code Requirement

Government Regulation No 81 Year 2012, Article 10 (1) a-b.; Article 10 (2).; Government Regulation No 74 Year 2001, Article 31.; Government Regulation No.101 Year 2014 Article 12 (3).; Government Regulation No.101 Year 2014, Article 28 (1) b. 3. a.; FLA Workplace Code (Employee Relationship Benchmarks ER.1, and ER.31; Health, Safety and Environment Benchmarks HSE.1, HSE.2, and HSE.4)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Test report received at time of CAP submittal.

Company Action Plan Update

Test report received at time of CAP submittal.

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. There is no improper chemical management at the factory since:
 - a. The chemical (wash benzene) is placed under the sink at the break area instead place it on secured and segregated chemical room as per regulation.
 - b. No secondary container provided for wash benzene placed under the sink at the break area.
 - c. Since the chemical is stored at break area where worker's lockers and belongings placed (not restricted area), there is high possibility of accidental damaged on the said chemical and accidental exposures on workers who come and go at this area.
 - d. No spill response equipment available.
 - e. No Material Safety Data Sheet posted.
2. There is no leachate stream provided at temporary storage of general solid waste.
3. The empty chemical containers and used tubular lights are stored at temporary waste area without any plan to be disposed to government authorized toxic and hazardous waste handling company.
4. No rain water management established yet at the factory that includes availability of collecting pond, absorbent well and bio pore holes.

Local Law or Code Requirement

Manpower Minister Decree No. 187 Year 1999, article 12.1-3.; Attachment of Office Head Bapedal No.01 year 1995, article 2.2. b.5.; Manpower and Transmigration Minister Regulation No.187 Year 1999, article 2.; Government Regulation No 74 Year 200, article 11-12.; Permen PU No 03 Year 2013 Article 37 (3) a-f.; Act No 18 Year 2008, Article 29 (1) e.; Act No 32 Year 2009, Article 20.1, Article 20.1. e.; Government Regulation No. 27 Year 2012, Article 53 (1) a-b.;Permen LH No 12 Year 2009, Article 1.1 – 3, Article 3.1; FLA Workplace Code (Employee Relationship Benchmark ER.1; Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.4, and HSE.9)

Recommendations for Immediate Action

1. Store Chemical on specific area, locked and secured from natural elements and the access is restricted only to authorized personnel.
2. lace Chemical within secondary container, with spill kits provided, and MSDS in local language posted.
3. Provides leachate stream at temporary storage of general solid waste and treat any leachates as hazardous waste water.
4. Dispose toxic and hazardous waste not more than 90 days to government authorized toxic and hazardous waste handling company.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Local authorities indicate that this requirement is not applicable to factories less than 10,000 m2.

Company Action Plan Update

No further action needed.

FINDING NO.13

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Factory does not commission fire risk assessment by a third-party expert nor establish internal fire risk.
2. No prohibition to smoke within 15 meters and all enclosed area hence no smoking signs posted.
3. Missing fire extinguisher within Yarn Knitting area, Accessories Warehouse and Fabric Warehouse.
4. Factory does not have hydrant and fire hose installation as well as sprinkler installation.
5. No government certified fire expert available at the factory.
6. There is no second emergency exit at Yarn Knitting area on the first floor and the toilet on the second floor since both areas are dead ends.
7. There is no exit sign marked on accessories warehouse and Yarn Knitting areas (flak machine and spinning machine rooms).
8. Missing evacuation route with arrow signs at temporary storage for fabric material and spinning machine rooms at Yarn Knitting area and the arrow signs at finishing area on second floor have already faded away.
9. Emergency alarm is not automatic type (manual push) and centralized. Furthermore, when it is pushed, it will not trigger siren which can be heard all around the factory.
10. There is no back-up battery provided for fire alarm installation at the factory.
11. No record of emergency alarm test since no inspection conducted.
12. The stairway from first floor to second floor at Accessories Warehouse is partially blocked with accessories stored in carton.
13. There is no clear system in place to account for all workers during an emergency evacuation.
14. The emergency alarm inspection is not in accordance with manufacturer's recommendations. Inspection record only stated whether fire alarm has been inspected or not and whether it is functioning or not without clear parameter.
15. The emergency light inspection has not included lighting intensity level and no fire-resistant smoke-sealed doors at emergency exits.
16. The wall material used to divide knitting rooms from one another, at yarn warehouse and sample is teak block (compressed plywood) instead of fire resistant material.
17. There is no required permit for building and firefighting installation at the factory, such as Proper Function of Building (SLF) permit for factory building and Fire Protection Installation permit. In addition, the provided factory lay out does not actually represent the actual situation. For instance,
 - a. Utility area and warehouse on first floor is changed into yarn knitting process area.
 - b. Machinery warehouse on first floor is changed into temporary storage for fabric material
 - c. Part of Break area on the first floor is changed into chemical storage area.
18. There is no fire alarm, fire detector, sprinkler and or thematic apparatus as well as light fire extinguisher installed at where chemical is used and stored such as at chemical storage in break area and temporary storage for toxic and hazardous waste.

Local Law or Code Requirement

Minister Regulation PU No 26 Year 2008, Article 11.; Bandung Mayor Regulation No 315 Year 2017, Article 4.a-c.; Labor Minister Regulation No 04 Year 1980, Article 4 (5); Minister Instruction No. 11 Year 1997, Article 3.; Manpower Minister Decree No.186 Year 1999, Article 3.a-d, Article 6.1-3.; Attachment of Manpower Regulation No 8/2010, Article 4.1.; Manpower Minister Decree No.8 Year 2010 Article 2 (3), Article 7 (1).; Act 28 Year 2002 Article 30 (1-2).; SNI 03 – 1746 - 2000 Article 12.2.1, Article 12.3.; Labor Minister Decision No.186 Year 1999, Article 2.2.e.; Government Regulation No 101 Year 2014 Article 17, Environmental Impact Controller Bureau (Bapedal) Head Decree No 1 Year 1995 Article 3.2.a.4.a & h.; FLA Workplace Code (Employee Relationship Benchmarks ER.1; Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.5, and HSE.6)

Recommendations for Immediate Action

1. Establish internal fire risk assessment and then commission it to a third-party expert.
2. Prohibit smoking at the factory by posting "No Smoking" sign at several places except specific designated area.
3. Provide fire extinguisher at Yarn Knitting area, Accessories Warehouse and Fabric Warehouse in every 15 meters from one fire extinguisher to another.
4. Install hydrant with fire hose and sprinkler installation.
5. Appoint several fire wardens at the factory and enroll them to government for Class A Fire Expert certification.
6. Provide second emergency exit at Yarn Knitting area on the first floor and the toilet on the second floor.
7. Install illuminated exit sign on accessories warehouse and Yarn Knitting areas (flak machine and spinning machine rooms).

8. Paint evacuation route with arrow signs to ensure the signs are always clear at the whole factory.
9. Ensure emergency alarm is automatic and centralized.
10. Install a backup battery for the fire alarm.
11. Inspect emergency alarm and lighting level as per manufacture standards and maintain the record
12. Keep stairway and aisle clear from obstruction at all times.
13. Establish clear system in place to account for all workers during an emergency evacuation.
14. Inspect the emergency alarm according to manufacturer's recommendations.
15. Install fire-resistant smoke-sealed doors at emergency exits.
16. Replace the wall material at knitting rooms, yarn warehouse and sample with fire resistant material
17. Submit Proper Function of Building (SLF) permit for factory building and Fire Protection Installation permit from local government. Also ensure factory lay out is actually represent the actual situation.
18. Install fire alarm, fire detector, sprinkler and or thermatic apparatus as well as light fire extinguisher at chemical storage in break area and temporary storage for toxic and hazardous waste.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Provide fire extinguisher at Yarn Knitting area, Accessories Warehouse and Fabric Warehouse in every 15 meters from one fire extinguisher to another.

Company Action Plan Update

Implemented.

Action Plan no 2.

Description

Improve fire exits at Yarn Knitting area and second floor toilet.

Company Action Plan Update

Improved exit on second floor. Yarn Knitting area was removed from the factory.

FINDING NO.14

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Messy cable arrangement at several places such as in fabric warehouse and sewing sections are found in the factory, since no proper cable tied down to electrical tray or pipe.
2. The factory does not use fire resistant material for electrical box and inner panel. For instance,
 - a. Wire is isolated using duct tape instead of electrical tape.
 - b. Isolation for active cable is using duct tape instead of twist on wire connectors.
 - c. Inner cover and outer box for 1 electrical panel at compressor room on the second floor is made from wood instead of fire resistant material.
3. There is no government certified electrician hired at the factory.
4. There are no government certified cargo lift operator and government certified welder;
5. There are five water tank and one ground tank in the factory but no such sign as "Do not enter" and "Confined Space" around these tanks. Furthermore, one ground water tank nearby dormitory is without cover for protection from accidental fall.
6. No appropriate rescue equipment available whenever there is an accidental entry into confined space.
7. There is no Lockout/tag out program established at the factory.
8. Most stair railings at the factory is missing middle bar, while no hand rail installed on wall opposite the stair railing.
9. The factory does not provide safety information to contractors who enter the factory premise.

Local Law or Code Requirement

Safety Act No.1/1970, Article 3.1.a., 3.1.d and 3.1.q.; PUIL 2000 Article 9.2.1., Article 9.12.1.3.1.; Manpower Supervisory Management General Director Decree No. KEP. 113/DJPPK/IX/2006, first section; Manpower Minister Regulation No.9 Year 2016, Article 2, Article 3 and Article 7.1.; Manpower Minister Regulation No 8/2010, Article 2 (1); Government Regulation No.41/99, Article 22; Manpower Minister Regulation No. 03 Year 1999 Article 27.1, Manpower Regulation No 02 Year 1982 Article 3.1.; FLA Workplace Code (Employee Relationship Benchmarks ER.1 and ER.16; Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.6, HSE.13, and HSE.14.)

Recommendations for Immediate Action

1. Organize cable with proper cable tied down to electrical tray or put into electrical pipe.
2. Use electrical tape for temporary isolation and lasdop (electrical cap) for permanent electrical current stoppage. Use fire resistant material for electrical box and inner panel.
3. Ensure to have a government certified electrician.
4. Enroll current cargo lift operator and welder for government certification;
5. Post sign of 'Confined Space; Do Not Enter' for all confined space at the factory.
6. Provide rescue apparatus nearby confined space.
7. Establish Lockout/tag out program at the factory.
8. Install middle bar on stair railings and hand rails on wall opposite the stair railing.
9. Provide safety information to contractors prior enter the factory premise.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Improve electrical box and panel.

Company Action Plan Update

Replaced box and panel.

Action Plan no 2.

Description

Water tanks are fish tanks - some of which are located on the owner's residential property.

Company Action Plan Update

No further action is needed.

FINDING NO.15

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The chemical respiratory masks provided at chemical storage and temporary storage for toxic and hazardous waste are not properly stored which made the condition of cartridges containing any of the four substances (organic vapors, HEPA, acids, ammonia) are deteriorating before its lifetime and render its function. Moreover, those PPEs (Personal Protective Equipment) including PPEs in compressor room are dusty and have cobwebs.

2. Three cargo lifts operate at the factory do not have sign that indicates maximum working load.
3. Around 70% of sewing machines are installed with improper needle guard since the position is too high which render its functionality to reduce risk of the user.
4. Five cutters at spreading tables and five cutters at bend knife area in cutting section are wearing chain gloves that are too big for their hands.
5. Many sewing section operators wear their own dust mask. While there is no hard hat, safety shoes, cotton gloves for 49 workers at Warehouses. Lifting belt only provided for 1 out of 14 mechanics while none for 49 workers at Warehouses. Furthermore, there are no finger gloves provided for 5 hang taggers at finishing section.
6. The production areas (sewing section, cutting section, finishing section) have temperature that reaches 34 Degree Celsius.
7. There is inadequate chemical management since:
 - a. No eyewash and showers installed at boiler room where boiler water used, chemical storage at break area and temporary storage for toxic and hazardous waste.
 - b. No first aid box provided at chemical storage, boiler ash storage and temporary storage for toxic and hazardous waste.
 - c. No MSDS posted at boiler room, chemical storage, boiler ash storage and temporary storage for toxic and hazardous waste.
 - d. No PPE provided at chemical storage in break area.

Local Law or Code Requirement

Manpower Minister Regulation No.15 Year 2008, Article 5.1.; Article 7.1., Article 7.2.c.a – c. Article 8(1) d, Article 8.2, Article 10.c.1-4; Manpower Minister Regulation No.3 Year 1999, Article 3.1 – 2.; Manpower Minister Regulation No.8 Year 2010 Article 2.2.; Manpower Minister Regulation No 9 Year 2016, Article 7.1.; Manpower Minister Regulation No 7 Year 64, Article 9.2.a – d.; Attachment II of Health Minister Decree No. 405 Year 2002. Section Temperature and Humidity; Industrial Minister Decree No. 148 Year 1985, Article 4.c.; Labor Minister Regulation No.KEP.187/MEN/1999, Article 2 – 3; Minister Instruction No. 11 Year 1997, point I.3.; FLA Workplace Code (Employee Relationship Benchmark ER.1; Health, Safety & Environment Benchmarks HSE.7, HSE.9, HSE.10, HSE.13, and HSE.14)

Recommendations for Immediate Action

1. Proper storage of PPE, inspect its storage.
2. Post maximum weight load on every cargo lift.
3. Ensure every machinery guard is properly installed and inspected.
4. Find a way to fastening chain gloves for cutter.
5. Provides related PPE to worker as per job hazard and inspect it from time to time to ensure PPE is utilized properly with good condition.
6. Establish mechanical engineering to lower the temperature at least 28 Degree Celsius.
7. Install first aid apparatus such as eyewash and showers, first aid boxes at boiler room, chemical storage at break area and temporary storage for toxic and hazardous waste; Post MSDS in local language at boiler room, chemical storage, boiler ash storage and temporary storage for toxic and hazardous waste; Provide related PPE at chemical storage in break area.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Procedure is in place that notes the weight limit and instructions are posted on the side of the equipment.

Company Action Plan Update

See attached photo.

Action Plan no 2.

Description

Improve ventilation methods in production areas.

Company Action Plan Update

Improved ventilation system and new lighting system which generates less heat.

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The canteen is only for 100 people while total employees at the facility is 519 people.
2. Paramedic at on-site first aid room only available 3 times a week instead of everyday.
3. Missing potable water laboratory test for drinking water (monthly for physical and microbiology parameters and in every 6 months for chemical parameters).
4. No periodic report to local manpower bureau for occupational health and safety team activity; There are only 5 workers undergone for medical checkup instead of all workers based on job hazards.
5. There is inadequate lighting condition at the factory since:
 - a) The lighting at compressor and boiler room are not anti-blasting type.
 - b) There is only one lighting installed at temporary storage for fabric material.
 - c) There is no lighting inspection conducted internally from time to time to ensure lighting intensity level and condition as in accordance with regulation.
6. There is no food storage provided for workers who carry lunch to the factory.
7. There is no drugs inventory kept at first aid room that reflects how many drugs stored, incoming date, outgoing date (given to patient), expiration date.
8. There are 3 beds and 1 bunk bed provided at first aid room / on-site clinic without segregation for female and male patient.
9. There is no tracking proceeded for all illnesses happened at the factory.

Local Law or Code Requirement

Manpower Minister Circular Letter No 01/MEN/1979; Manpower Minister Regulation No.03 Year 1982. Article 3.1; Attachment of Health Minister Regulation No. 736 Year 2010, Section II. A.c.; Manpower Minister Regulation No. 4 Year 87 Article 12; PUIL 2000 Article 8.5.5 a – d, Labor Minister Regulation No 7 Year 64 Article 10.1, Labor Minister Regulation No 7 year 64 Article 14.1; Manpower Minister Regulation No 04 Year 1987. Article 4. 2.4; FLA Workplace Code (Employee Relationship Benchmark ER.1; Health, Safety & Environment Benchmarks HSE.1, HSE.3, HSE.13, HSE.18, HSE.19 and HSE.23)

Recommendations for Immediate Action

1. Provide adequate eating place that cater all employees during break.
2. Hire paramedic to attend on-site first aid room every day.
3. Conduct potable water laboratory test for drinking water (monthly for physical and microbiology parameters and in every 6 months for chemical parameters).
4. Report to local manpower bureau for occupational health and safety team activity in every 3 months; Conduct medical checkup for all workers based on job hazards at least once a year.
5. Replace lighting at compressor and boiler room with anti-blasting type, install additional lighting installed at temporary storage for fabric material, conduct lighting inspection from time to time to for lighting intensity level and condition as in accordance with regulation.
6. Provide food storage for those who carry their own lunch to the factory.
7. Keep Drugs inventory at first aid room that reflects how many drugs stored, incoming date, outgoing date (given to patient), expiration date.
8. Segregate bed between female and male patient at first aid room in the factory.
9. Track every illness happened at the factory.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Improve the layout and schedule.

Company Action Plan Update

Added second dining area and two shifts arranged for dining.

Action Plan no 2.

Description

Initiate reporting to local government and have workers undergo a medical checkup based on job hazards.

Company Action Plan Update

Health check completed and record provided.

Action Plan no 3.

Description

Food storage area provided.

Company Action Plan Update

See photo.

Action Plan no 4.

Description

Maintain inventory log and keep records.

Company Action Plan Update

Log and record being maintained.

Action Plan no 5.

Description

Segregate bed between female and male patient at first aid room in the factory.

Company Action Plan Update

Improved first aid room and added privacy curtain.

FINDING NO.17

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The HIRA (Hazard Identification Risk Assessment) is inadequate in the following details:

- a. There are several processes missing such as embroidery process, yarn knitting process, printing process, compressor activity, cleaning activities, toilet area, confined space, work in-height. Additionally, there is WTP (Waste Treatment Process) on HIRA while in actual there is no such activity.
- b. Ways to eliminate hazard is mostly through work safely without further elaboration how to do it, determines active and passive measures, who controls the measures, who supervise the controller, where to document it and related procedures/work instruction.
- c. Identification of condition or ways of activities for each process has not thoroughly identified. For instance, warehouse activity only states worker works too fast without identify worker works without PPE provided/PPE not utilized/PPE not properly used nor no passive measure (no sign of maximum stacking).

2. The noise level at yarn knitting process is ranged between 86 - 89 decibel, however there is no hearing protector provided for eight workers work at spinning machines and two workers work at flak machines. Also, no audiometry test conducted for workers who work at Yarn process as part of their annual medical check-up.

3. There is inadequate PPE management in place since:

- a. Cartridge inside respiratory mask used by boiler operator is in deteriorated condition and based on related worker's information it has been used for a year without replacement.
- b. No PPE log book that records when PPE provided for related worker, how long the lifetime of each PPE, when it shall be replaced for loss, damaged or expired.

- c. There is no appropriate equipment for PPE, e.g., breathing apparatus, SCBA provided for fire brigade (fire action officers).
- d. Workers received dust masks only when they were just hired. Workers who work in the sewing, cutting, and processes sections have to purchase by themselves or just wear the old ones.
- e. There is no evidence there is risk assessment in regard PPE selection for each process in the factory.
- f. The factory does not provide fall prevention PPE for three maintenances and four cleaners, such as: full body harness, kern mantle rope, ascender, descender, hard hat, leather gloves, eye protector.
- 4. The ergonomic program has not properly implemented since:
 - a. No job rotation,
 - b. No stretching and exercise.
 - c. The seating facilities are not adjustable to compensate height difference between posture of each relevant worker with working table. Also, found several seating facilities are not equipped with back rest.
- 5. There is no sign posted at one cargo lift that indicates maximum working load.

Local Law or Code Requirement

Attachment I of Manpower Minister Regulation No 05 Year 1996 Article 1.2.a-b.; Attachment II of Health Minister Decree No. 1405 Year 2002 Section A, Safety Act No 1 Year 1970, Article 14.3, Manpower Minister Regulation No 8 Year 2010 Article 2.1, Article 7.1, Manpower Minister Regulation No. 2 Year 1980 Article 5.1.; Safety Act No 1 Year 1970, Article 14.3, Manpower Minister Regulation No 8 Year 2010 Article 2.1, Article 7.1, Article 7.2.c.a-h.; Manpower Minister Regulation No 7 Year 1964 Article 9.2.a-d, Article 9.4; Manpower Minister Regulation No 03 Year 1999, Article 3.1; FLA Workplace Code (Employee Relationship Benchmark ER.1; Health, Safety & Environment Benchmarks HSE.6, HSE.7, HSE.8, HSE.14, and HSE.17)

Recommendations for Immediate Action

- 1. Ensure HIRA (Hazard Identification Risk Assessment) reflects actual area with each process for risk identification, that includes PPE selection for each process. Then establish ways to eliminate hazard (how to do it, determines active and passive measures, who controls the measures, who supervise the controller, where to document it and related procedures/work instruction).
- 2. Conduct audiometry test for workers who work at high level noise area.
- 3. Provide workers with all the appropriate and necessary PPE to effectively prevent unsafe exposure to health and safety hazards. For instance,
 - a. Replace cartridge used for respiratory mask.
 - b. Provides appropriate equipment for PPE such as breathing apparatus, SCBA for fire brigade (fire action officers) and hearing protector workers who work at high level noise area during working hours.
 - c. Provide free replacement PPE to workers when necessary.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Yarn knitting area removed from factory.

Company Action Plan Update

Yarn knitting area removed from factory.

Action Plan no 2.

Description

Signs posted

Company Action Plan Update

Signs posted

FINDING NO.18

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is no Standard Operating Procedures (SOPs) for each job with a focus on performing the job safely.
2. The procedures have not included measures to protect the reproductive health of workers through minimizing exposure to workplace hazards.
3. There are no procedures which include steps for workers to raise health and safety concerns. Moreover, the health and safety procedures have not included protection against retaliation for workers who raise health and safety concerns.
4. The emergency evacuation procedure does not include steps for ensuring that walkways/aisles and emergency exits are free from obstruction, and steps for ensuring all visitors, contractors, service providers, special category workers and children that happened on the factory are safely evacuated.
5. There is no list of responsible workers established for coordinating evacuation process.
6. The chemical handling procedure does not include information about complete chemical inventory maintained and locating MSDS where chemicals are used and stored. Additionally they do not include 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.
7. There is no procedure that provides guidance in regards electrical systems should be reviewed by an independent, qualified third party on a periodic basis, Electrical Installation permit shall be renewed as per regulation then Operation Proper permit shall be obtained from local ESDM bureau or local Government Electrical office.
8. There is no confined space procedure established yet that regulates a list of confined space availability and identification of each confined space, work permit issuance and safety precautions needed prior entering the said confined space.
9. There is no lockout-tag out procedure established that regulates availability of a list of equipment and/or machines that require lockout-tag out. Hence, there is no actual list made as well.
10. There is no procedure of fire preparedness that provides list of workers (name and/or title) responsible for managing fire equipment, workers' duties regarding fire response, how to do fire risk assessment, factory response plans in event of fire.
11. The procedures for occupational accident handling does not provide a list of first aid officers, phone numbers for medical assistance.
12. Factory does not have any guidance documents for external contractors /service providers concerning health and safety.

Local Law or Code Requirement

Attachment PP No 50 Year 2012 Section C.2.3.; FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.31; Health, Safety & Environment Benchmark HSE.12; Nondiscrimination Benchmark ND.8)

FINDING NO.19

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. The factory does not have written procedures for Compensation, Termination & Retrenchment, and Industrial Relations.
2. The factory has only policy and procedures on recruitment. There are no hiring and personnel development policies and procedures.
3. The factory does not have a policy on performance reviews. The available procedure on performance review is not include steps and processes, linkages to job grading, nondiscrimination, written feedback and compliance with legal requirements. In addition, no performance review is not conducted for all workers.
4. The factory does not have a written policy governing all aspects of retrenchment.

Local Law or Code Requirement

FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.28, ER.29, ER.30, and ER.32)

FINDING NO.20

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Responsibility & Accountability (Macro)

Finding Explanation

1. The factory does not clearly define the responsible person for almost all Employment Functions except Health & Safety, such as Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Environmental Protection.

Local Law or Code Requirement

