



FAIR LABOR
ASSOCIATION_®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Fast Retailing Co., Ltd.

COUNTRY: Indonesia

ASSESSMENT DATE: 09/16/16

ASSESSOR: Donny Triwandhani

PRODUCTS: Apparel

NUMBER OF WORKERS: 4500

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. Ongoing training for workers does not cover Recruitment, Hiring & Personnel Development, Industrial Relations, Termination & Retrenchment, Grievance System, or Environmental Protection.
2. The factory does not provide specific training for the relevant supervisors and managers on any of the Employment Functions.
3. The factory does not provide training on Workplace Conduct for the relevant HR personnel and administrative staff.
4. Orientation for new workers does not cover Industrial Relations or Human Resource policies. In addition, new workers are not provided with written documentation that substantiates all the issues covered in orientation.

Local Law or Code Requirement

FLA Workplace Code (Employee Relationship Benchmarks ER.1.2, ER.15, ER.17, ER.25, and ER.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description

(1)

1. Review current training materials.
2. Add specific training material in Induction & Refresh Training for Recruitment, Hiring & Personnel Development, Industrial Relations, Termination & Retrenchment, Grievance System, and Environmental Protection.
3. Perform training to workers gradually by Assitant. Manager of Personnel Department and Compliance.
4. Perform review of training materials and training result by Assitant. Manager of Personnel Department.
5. Provide copy of training materials to trained workers.

Company Action Plan Update

08/10/17 : 1) Factory has added specific item for training materials on recruitment, hiring and personal development, industrial relations, termination and retrechment, grievance system and environmental protection. 2) Factory has provided training graduallyand distributed copy of training material.3) Factory has performed evaluation for the training.

Action Plan no 2.

Description

(2)

1. Identify and prioritize training needs by conducting training survey (training need analysis/TNA).
2. Create training plan with Factory manager and production chief supervisors.
3. Create Training Material.
4. Implement training plan with cooperation of Assitant. Manager of Personnel Department and Training System Management Team.
5. Conduct pre-test and post-test to measure the effectiveness of the training.

Company Action Plan Update

08/10/17 : Factory has provided training for line managers on employment function and company's CoC.

Action Plan no 3.

Description

(3)

1. Create training material.
2. Set up the schedule with Factory Manager and Production Chief Supervisors.
3. Implement the training based on regular basis.
4. Conduct pre-test and post-test to measure effectiveness of the training.

Company Action Plan Update

08/10/17 : Factory has provided training for HR staff on verification step during recruitment process.

Action Plan no 4.

Description

(4)

1. Review current training materials.
2. Add specific training material in Induction & Refresh Training for Recruitment, Hiring & Personnel Development, Industrial Relations, Termination & Retrenchment, Grievance System, and Environmental Protection.
3. Perform induction training on regular basis and conduct regular review of training materials and training result by Compliance and Personnel Officer.
4. Perform pre-test and post test to measure the effectiveness of the training and provide copy of training materials to trained workers.

Company Action Plan Update

08/10/17 : 1) Factory has added spesific training material in induction training by adding industrial relation and Human Resources's Policies. 2) Factory has performed pre test and post test for induction training. 3) Factory has provided copy of training materials to trained workers.

Action Plan no 5.

Description

1. a. Review current training materials.
b. Add specific training material in Induction & Refresh Training for Recruitment, Hiring & Personnel Development, Industrial Relations, Termination & Retrenchment, Grievance System, and Environmental Protection.
c. Perform training to workers gradually by Assitant. Manager of Personnel Department and Compliance.
d. Perform review of training materials and training result by Assitant. Manager of Personnel Department.
e. Provide copy of training materials to trained workers.
(Completed by 04/2018).
2. a. Identify and prioritize training needs by conducting training survey (training need analysis/TNA).
b. Create training plan with Factory manager and production chief supervisors.
c. Create Training Material.
d. Implement training plan with cooperation of Assitant. Manager of Personnel Department and Training System Management Team.
e. Conduct pre-test and post-test to measure the effectiveness of the training.
(Completed by 04/2018)
3. a. Create training material.
b. Set up the schedule with Factory Manager and Production Chief Supervisors.
c. Implement the training based on regular basis.
d. Conduct pre-test and post-test to measure effectiveness of the training.
(Completed by 04/2018).
4. a. Review current training materials.

- b. Add specific training material in Induction & Refresh Training for Recruitment, Hiring & Personnel Development, Industrial Relations, Termination & Retrenchment, Grievance System, and Environmental Protection.
 - c. Perform induction training on regular basis and conduct regular review of training materials and training result by Compliance and Personnel Officer.
 - d. Perform pre-test and post test to measure the effectiveness of the training and provide copy of training materials to trained workers.
- Training will be conducted continuously basis if any new employees. (In progress).

FINDING NO.2

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 on the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination & Retrenchment, Industrial Relations, and Grievance System. There is no worker integration component across all Employment Functions. The factory has not established procedures to request and/or receive workers' input or 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, ER.16, ER.25.2, ER.29.1, ER.29.1.1, ER.30, and ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

(1)

- 1. Factory will use existing function , i.e. Bipartite Institution to discuss the current policies/procedures and its implementation.
- 2. Factory will create procedure for regular meeting of Bipartite and include at least one policy/procedure to be discussed in every monthly meeting and collect the feedback in the next meeting.
- 3. Share current policy/procedure list to member of Bipartite prior to first meeting.
- 4. Inform the meeting result and the feedback on management meeting with Human Resource Management at headquarter's office on monthly basis.

Company Action Plan Update

08/10/17 : 1) Factory has created procedure for mechanism of seeking feedback by using Bipartite Committee on June 21, 2017. 2) Factory has conducted meeting in June, 2017 3) Factory has shared current policy/procedure list to member of Bipartite prior to first meeting and collect the feed back on next meeting.

Action Plan no 2.

Description

- 1. a.Factory has conducted meeting in July, 2017
 - b. Factory has communicated policy/procedure with member of bipartite.
- (In progress)

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

- 1. The factory conducts performance reviews for each worker. However, the policies and procedures for performance reviews do not

include written feedback and therefore, no written feedback is provided to workers.

2. Based on the job vacancy leaflet applicants are only required to show copies of their documents (such as school, national ID card, and birth certificate) and not the original documents for application verification with recruitment staff during the job application process.
3. The factory does not verify workers' age by checking original documents such as national ID cards and school certificates in order to avoid hiring workers who are under 18 years old. Out of the 40 personnel files sampled, assessors found seven cases where workers' birth years were falsified on the national ID card, birth certificate and school certificate. For example, a sewing operator from line 6, a sewing operator from line 4 and a sewing operator from line 18 all have national ID numbers that indicate they are under 18. These ages were confirmed using the Government Social Security Registration Database website (BPJS). However, the workers' years of birth have been falsified on the national ID card, birth certificate and school certificate to indicate a birth year of 1997. All three young workers have been working at the factory since May 26, 2016. The factory maintains copies of the falsified documents. It is also noted that workers below 18 years old also work as late as 8:00 PM, including overtime. However, under local law, workers under 18 years of age cannot perform work or be hired to perform work that endangers their health, safety, or morals, which includes knitting, sewing, weaving, packing, and should not work between 6:00 PM to 6:00 AM.
4. The factory does not maintain work agreements on file for contractual workers that have been employed with repeated contracts. The factory hires workers on two consecutive contracts and then rehires the workers for a third contract without granting workers a 30-days pause between the second and third contracts, as required by Law. Furthermore, the factory calculates workers' seniority from the start date of the current contract. For example, the personal file of a QC worker showed that she joined the factory April 28, 2016 with a contract valid from April 28, 2016 to April 27, 2017. She resigned from the job on August 25, 2016 therefore it looked like she worked around 4 months (April 2016 to August 2016). However, on the exit interview sheet, she indicated she had been working for 15 months at the factory, which matched her statement regarding length of employment in the exit interview. The payroll and time records from July 26, 2015 to April 26, 2016 showed this worker was actually already employed at the factory under a different ID number. She also did not receive the compulsory 30-days off between contracts, and only received one day off (April 27, 2016).

Local Law or Code Requirement

Law No. 13 on Manpower (2003), Art. 1(26); Decision of the Minister of Manpower and Transmigration No. KEP 235/MEN on Work that endanger the health, safety or morals of children (2003), Art. 2(1) - (2) and Attachment A & Attachment C; Law No. 13 on Manpower (2003), Art. 59; Stipulation No. KEP. 100/MEN/VI on Work Agreement for Specified Period (2004), Art. 13; Law No. 13 on Manpower (2003), Art. 168(1); Law No. 4 of 1997 concerning persons with disabilities. Article 14; FLA Workplace Code (Employment Relationship Benchmark ER.4.1, ER.9, ER.11.5, and ER.29; Child Labor Benchmarks CL.1, CL.4, CL.5, and CL.6; Health, Safety & Environment Benchmark HSE.11.1; Hours of Work Benchmark HOW.5.1)

Recommendations for Immediate Action

1. Verify workers' original age documents, such as national ID cards and school certificates during the application process.
2. Ensure that work performed by workers under 18 years old is monitored and meets the legal requirements on the employment of young workers. Ensure that young workers do not perform prohibited work such as: overtime work, operate production machines, engage in heavy lifting, and hazardous work.
3. Maintain all employment contracts on file for each worker, including previously signed employment contracts, so that actual years of service of workers can be transparently verified.

COMPANY ACTION PLANS

Action Plan no 1.

Description

(1)

1. Revise procedure of performance review by adding feedback procedure.
2. Revise appraisal form by adding special column for feedback to workers that will be given by their supervisor and another column to enable workers to write down their feedback towards the result of performance review.
3. Implementation of feedback procedure will be monitored by Assistant Manager of Personnel Department.

Company Action Plan Update

08/10/17 : 1) Factory has revised procedure of performance review by adding feedback procedure on Feb 28, 2017. 2) Factory has asked on worker's feedback to be written on the back page of appraisal. 3) Factory has started to implement feedback procedure in Feb 2017.

Action Plan no 2.

Description

(2)

1. Improve the recruitment system by performing regular monitoring.
2. Revise the Recruitment and Selection Procedure by including the check and ensure the originality of identity card by comparing with original ID card and school certificate.
3. Create Counter Sign Procedure.
4. Regular socialization to recruitment staff on how to identify fake documents and regular monitoring on recruitment process will be performed by Assistant Manager of Personnel Department.

Company Action Plan Update

08/10/17 : 1) Factory has revised the Recruitment and Selection Procedure regarding Screening and Selection by adding one procedure, i.e. check and ensure the originality of identity card by comparing with original ID card and school certificate and adding counter sign procedure by personnel department. 2) Factory performs cross-check to BPJS provider for registered number of ID card through online system. 3) Training has been performed for HR staff on May 3, 2017 regarding the new procedure. 4) Regular monitoring is performed by Assistant of HR Manager to ensure the correct implementation of the new procedure.

Action Plan no 3.

Description

(3)

1. Review all personal files of workers.
2. Revise recruitment procedures and add requirement on verification of original documents, i.e.: National ID Card and School Certificate.
3. Post notification of requirement in the security post.
4. Cross-check to BPJS provider for registered number of ID card through online system.
5. Perform counter sign procedure that will be done by another department such as Accounting.
6. Regular monitoring will be performed by HR Manager and Compliance in order to maintain consistency of group company policy for always hire only 18 years and older candidates.
7. Regular socialization to recruitment staff on how to identify fake documents and regular monitoring on recruitment process will be performed by Assistant Manager of Personnel Department.

Company Action Plan Update

08/10/17 : 1) Factory has performed investigation to young workers who falsified the identity card in October 2016. 2) Based on company regulation, submitting fake documents is violation and related workers will be given sanction i.e. termination/dismissal. 3) Factory has performed negotiation with related workers that they will not be treated based on company regulation for the violation but they will be given opportunity to work again in the factory if they have reached age of 18 years old and follow the procedure of recruitment process. 4) Until now, there are 18 workers that have worked again in the factory.

Action Plan no 4.

Description

(4)

1. Review all personal files of workers.
2. Revise recruitment procedures and add requirement on verification of original documents, i.e.: National ID Card and School Certificate.
3. Post notification of requirement in the security post.
4. Cross-check to BPJS provider for registered number of ID card through online system.
5. Perform counter sign procedure that will be done by another department such as Accounting.
6. Regular monitoring will be performed by HR Manager and Compliance in order to maintain consistency of group company policy for always hire only 18 years and older candidates.
7. Regular socialization to recruitment staff on how to identify fake documents and regular monitoring on recruitment process will be performed by Assistant Manager of Personnel Department.

Company Action Plan Update

08/10/17 : 1) Factory has performed strict monitoring on recruitment process to ensure no workers under 18 years old are employed. 2) Monitoring is performed by Personnel Manager and Compliance.

Action Plan no 5.

Description

(5)

- 1) Improve contract period system : from 6 months to minimum 1 year and maximum 2 years for new workers and existing workers (contract extension).
- 2) Revise work instruction of Industrial Relation by adding item of implementation of grace period (30 days off) and calculation of working period for renewal will be based on first contract or first time workers joined the factory. The calculation will cover worker's seniority, religious holiday allowance (THR) and annual leave.
- 3) Data collection of contract period of workers and the review will be performed by Personnel Officer and monitored by Assistant

Manager of Personnel Departement.

4) Regular internal audit on labor area will be performed by Human

Company Action Plan Update

08/10/17 : 1) Factory has revised procedure of Work Relation on Article 5.3 with statement that First Contract Agreement is minimum 1 year and maximum is 2 years and the working extension period is maximum 1 year. 2) Factory has revised of procedure recruitment on Article 6.B.6 with statement of implementation of grace period. 3) Factory has identified that there were 14 workers that has not received correct calculation of THR payment. 4) Factory has performed balance of payment of religious holiday allowance to 14 workers on Feb 3, 2017.

Action Plan no 6.

Description

(6)

- 1) Review the work performance of each worker based on regular evaluation.
- 2) Perform overall assessment (including skill, attitude and motivation on regular basis.
- 3) Create the SOP for its process and include the annual percentage of increment of permanent workers.

Action Plan no 7.

Description

1. a. Revise procedure of performance review by adding feedback procedure.
- b. Revise appraisal form by adding special coloumn for feedback to workers that will be given by their supervisor and another coloumn to enable workers to write down their feedback towards the result of performance review.
- c. Implementation of feedback procedure will be monitored by Assistant Manager of Personnel Department.
- Factory has implementation adding feedback on performance appraisal.
(In progress).
2. a. Improve the recruitment system by performing regular monitoring.
- b. Revise the Recruitment and Selection Procedure by including the check and ensure the originality of identity card by comparing with original ID card and school certificate.
- c. Create Counter Sign Procedure.
- d.Regular socialization to recruitment staff on how to identify fake documents and regular monitoring on recruitment process will be performed by Assitant Manager of Personnel Department.
(Completed by 04/2018)
3. a. Review all personal files of workers.
- b.Revise recruitment procedures and add requirement on verification of original documents, i.e.: National ID Card and School Certificate.
- c.Post notification of requirement in the security post.
- d. Cross-check to BPJS provider for registered number of ID card through online system.
- e. Perform counter sign procedure that will done by another department such as Accounting.
- f. Regular monitoring will be performed by HR Manager and Compliance in order to maintain consistency of group company policy for always hire only 18 years and older candidates.
- g. Regular socialization to recruitment staff on how to identify fake documents and regular monitoring on recruitment process will be performed by Assitant Manager of Personnel Department.
- Until now, there are 18 workers that has worked again in the factory.
(Completed by 04/2018)
4. a) Improve contract period system : from 6 months to minimum 1 year and maximum 2 years for new workers and existing workers (contract extension).
- b) Revise work instruction of Industrial Relation by adding item of implementation of grace period (30 days off) and calculation of working period for renewal will be based on first contract or first time workers joined the factory. The calculation will cover worker's seniority, religious holiday allowance (THR) and annual leave.
- c) Data collection of contract period of workers and the review will be performed by Personnel Officer and monitored by Assistant Manager of Personnel Departement.
- d) Regular internal audit on labor area will be performed by Human Resources Management staff at headquarter's office.
(Completed by 04/2018)

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory does not correctly calculate annual leave or Religious Holiday Allowance (THR) since the factory does not maintain the work history on file for PKWT contractual workers who have been repeatedly employed on different contracts in addition to incorrectly calculating workers' seniority from the start date of the current contract (rather than from the first day employed at the factory). For example, in the case of the aforementioned worker, who had been working more than 12 consecutive months (from July 26, 2015 to August 24, 2016), the factory considered the start date of her latest contract (April 28, 2016) instead of the start date on her first contract (July 26, 2015). As a result, the factory gave her only IDR 233,917 (USD 17.91) for THR instead of IDR 1,403,500 (USD 107.96), as required by law for employment of at least one year; she also did not receive any annual leave.

2. In accordance with local law, the factory is allowed to compensate workers who are overtime exempt, such as managerial or supervisory staff, under an "all-in"-system – a fixed monthly wage which does not receive overtime pay. Assessors noted wage deficiencies for two team leaders of the outsourced cleaners because they are paid inadequate under the monthly "all-in" wage system. For example, a team leader of the outsourced cleaning workers is paid a monthly wage of IDR 1,743,000 (USD 133.44) which at 160 hours per month is a bit higher than the local minimum wage of IDR 1,403,500 (USD 107.96). However, this worker worked 87 hours of overtime in the month (from July 26, 2016 to August 25, 2016) for a total of 247 hours. He should not have received less than IDR 2,709,595 (USD 207.43) for the month – a total of the minimum wage (IDR 1,403,500) plus overtime at the respective premium wage rates (IDR 1,306,095). Thus there was a wage deficiency of IDR 966,595 (USD 74.35).

3. The factory did not pay the overtime premium compensation rate (200% of the wage rate) to three outsourced security guards for working on their day off in the period from June 27, 2016 to July 4, 2016. Furthermore, in this period, these three security guards worked eight consecutive days without a rest day.

4. The factory pays workers' on the fifth day of each month through bank transfers. However, the last salary of terminated workers is held until the workers return their ID badge and uniform to the factory, at which point their salary will be paid in cash. At the time of the assessment, the factory was holding the termination pay of 831 former factory workers (between IDR 204,200 and IDR to 1,735,400 or USD 15.70 and USD 133.49) that were terminated between January 2016 to August 2016. For example: (a) A worker from the sewing section who stopped working on February 25, 2016 (and terminated due to multiple absences without notice) had not yet collected her last salary of IDR 1,735,400 (USD 132); (b) A worker from the QC section who stopped working on June 10, 2015 (completion of contract) had not yet collected her last salary of IDR 1,245,391 (USD 95); (c) A worker who resigned from the sewing section August 20, 2016 had not yet collected her last salary of IDR 1,434,500 (USD 109.50).

5. Based on the contributions to the Government Healthcare Program (Badan Penyelenggara Jaminan Sosial, BPJS) for August 2016, around 153 out of 3,985 workers (3.84% of workers) were not registered with BPJS through the factory. Although these workers had been previously registered independently to BPJS before they began working at the factory, their BPJS status remained inactive since the factory had not changed their status under the system and had failed to pay contributions to BPJS on their behalf.

Local Law or Code Requirement

Law No. 13 on Manpower (2003), Art. 59; Law No. 13 on Manpower (2003), Art. 79(2c); Regulation of the Minister of Manpower No. PER-04/MEN (1994), Art. 2; Decision of the Minister of Manpower and Transmigration No. KEP 102/MEN/VI on Overtime work and Overtime pay (2004), Art. 11; Government Regulation No. 8 on the Protection of Wages (1981), Art. 17; Law No. 24 year 2011; FLA Workplace Code (Employee Relationship Benchmarks ER.12, ER.19, and ER.22; Hours of Work Benchmark HOW.11; Compensation Benchmarks C.1, C.5, C.6, C.7, and C.10)

Recommendations for Immediate Action

1. Calculate workers' annual leave and THR according to their start date dating back to the start date of their first short-term contract (PKWT) and ensure that contract workers receive their legally entitled amount. Retroactively pay worker for any uncompensated THR.
2. Ensure outsourced cleaning workers and security guards are paid the correct overtime compensation.
3. Pay out wage due to all former workers, particularly terminated workers, without delay through bank transfer, in accordance with the normal payment system.
4. Ensure all employees are registered and covered with the Government Healthcare Program (BPJS) through the factory.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- (1)
 - 1) Improve contract period system : from 6 months to minimum 1 year and maximum 2 years for new workers and existing workers (contract extension).
 - 2) Revise work instruction by adding item of grace period implementation.
 - 3) Regular review on working period of each worker, so the religious holiday allowance (THR) and entitled annual leave will be

easily monitored.

4) Perform further investigation on how many workers that has not received THR due to old system, calculate the total amount and perform the back payment.

Company Action Plan Update

08/10/17 : 1) Factory has revised procedure of Work Relation on Article 5.3 with statement that First Contract Agreement is minimum 1 year and maximum is 2 years and the working extension period is maximum 1 year. 2) Factory has revised of procedure recruitment on Article 6.B.6 with statement of implementation of grace period. 3) Factory has identified that there were 14 workers that has not receive correct calculation of THR payment. 4) Factory has performed balance of payment of religious holiday allowance to 14 workers on Feb 3, 2017.

Action Plan no 2.

Description

(2)

- 1) Contact outsourcing company (Klinis) for addendum in contract agreement (arrangement of working hours : limitation of maximum working hours/day for all-in staff : until 04:00 PM/Mon-Thu, until 04.30 on Fri (lunch time : 1.5 hours) and until 12:00 PM on Saturday.
- 2) Outsourcing company will provide Punch-in card machine (Amano) has been set up in Building 1 in September 2016.
- 3) Communicate with outsourcing company to pay balance of payment to the team leaders and cleaners.
- 4) Perform monitoring by Chief of General Affairs for implementation of working hours.

Company Action Plan Update

08/10/17 : 1) Factory has made adendum on arrangement of working hours on Dec 21, 2016 : limitation of maximum working hours/week/shift for 40 hours. 2) Punch-in card machine (Amano) has been set up in Building 1 in September 2016. 2) Back payment has been performed to team leaders of cleaners on Aug 3, 2017.

Action Plan no 3.

Description

(3)

- 1) Require the outsourcing company to perform back payment for related security guards.
- 2) Perform regular monitoring for working hours for outsourcing workers by Chief of General Affairs.

Company Action Plan Update

08/10/17 : Back payment for 3 (three) security guards has been performed on Oct 11, 2016

Action Plan no 4.

Description

(4)

- 1) Review the existing termination procedure.
- 2) Revise the procedure with adding payment system and regular monitoring on termination process by Personnel Department.
- 3) Strengthen the implementation of the procedure with monitoring performed by Assistant Manager of Personnel Department.
- 4) Send postal registered letter to related workers.
- 5) Pay the salary via bank transfer to related workers.

Company Action Plan Update

08/10/17 : 1) Factory has revised termination procedure on July 10, 2017 by including payment system (by transfer) and announcement system for workers who resigned without notice. 2) Factory has sent postal registered letter gradually to related workers. By June 23, 2017, factory has sent letter to 434 workers. 3) Factory has performed balance of payment to 57 workers.

Action Plan no 5.

Description

(5)

- 1) Coordinate with BPJS Provider.
- 2) BPJS will cooperate with factory to perform monthly monitoring to related workers.
- 3) The workers who had inactive status is covered by independent health care provider/Cahaya Medical Health Care) has been activated for 25 workers (workers paid the debt by themselves).
- 4) Workers who have not provided with BPJS Health Security due to status is inactive or in progress will be covered by independent health care provider.

Company Action Plan Update

08/10/17 : 1) Factory has communicated with BPJS Kesehatan in Sep 2016 for registration procedure for workers who still has debt on contribution fee. 2) Factory has identified there were 17 workers that registered as independent member at BPJS Kesehatan and

255 workers that has not yet registered due to administration matters. 3) The registration are still in the process. 3) Factory has performed balance of payment to 57 workers.

Action Plan no 6.

Description

1. a) Improve contract period system : from 6 months to minimum 1 year and maximum 2 years for new workers and existing workers (contract extension).
b) Revise work instruction by adding item of grace period implementation.
c) Regular review on working period of each worker, so the religious holiday allowance (THR) and entitled annual leave will be easily monitored.
d) Perform further investigation on how many workers that has not received THR due to old system, calculate the total amount and perform the back payment.
(Completed by 04/2018).
2. a) Contact outsourcing company (Klinis) for addendum in contract agreement (arrangement of working hours : limitation of maximum working hours/day for all-in staff : until 04:00 PM/Mon-Thu, until 04.30 on Fri (lunch time : 1.5 hours) and until 12:00 PM on Saturday.
b) Outsourcing company will provide Punch-in card machine (Amano) has been set up in Building 1 in September 2016.
c) Communicate with outsourcing company to pay balance of payment to the team leaders and cleaners.
d) Perform monitoring by Chief of General Affairs for implementation of working hours.
(Completed by 04/2018)
3. a. Require the outsourcing company to perform back payment for related security guards.
b) Perform regular monitoring for working hours for outsourcing workers by Chief of General Affairs.
(Completed by 04/2018).
4. a) Review the existing termination procedure.
b) Revise the procedure with adding payment system and regular monitoring on termination process by Personnel Department.
c) Strengthen the implementation of the procedure with monitoring performed by Assistant Manager of Personnel Department.
d) Send postal registered letter to related workers.
e) Pay the salary via bank transfer to related workers.
(Completed by 04/2018).
5. a) Coordinate with BPJS Provider.
b) BPJS will cooperate with factory to perform monthly monitoring to related workers.
c) The workers who had inactive status is covered by independent health care provider/Cahya Medical Health Care) has been activated for 25 workers (workers paid the debt by themselves).
d) Workers who have not provided with BPJS Health Security due to status is inactive or in progress will be covered by independent health care provider.
(Completed by 04/2018)

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. According to management, workers have never worked on Sundays (a rest day) but general staff (maintenance and mechanics) probably did. Inconsistencies were found between the provided time records and various records regarding overtime on Sunday. The time records of workers, including general staff and maintenance staff, did not show Sunday work while the following records indicated activities on Sunday: (a) Onsite clinic: A book to record consumption of medicines showed medicines used on Sunday, February 21, 2016 and Sunday, February 28, 2016; (b) The electricity records showed usage on Sunday, May 15 and Sunday, June 12, 2016; (c) The operation log sheet for the Compressor (used for the down room in Building C) showed usage on Sunday, August 7, 2016 from 7:00 AM to 2:30 PM and Sunday, August 28, 2016 from 6:00 AM to 2:00 PM; (d) The operation log sheet for Compressor II (used for pressing machines in Building C) showed usage on Sunday, August 7, 2016 until 11:00 PM and Sunday, August 28, 2016 from 2:00 PM to 10:00 PM; (e) The water pump records (in the toilets in Building I, Building II and the Office) showed usage on Sunday, August 28, 2016; (f) The duck down logbook showed expected output calculation for all working days, including Sundays.
2. The factory did not provide assessors access to view the CCTV footage to confirm the actual working hours and conditions. Therefore, assessors were unable to verify actual working hours and compensation of the workers.
3. The factory manually records the working hours of the outsourced cleaning workers with uniform time-ins and time-outs; therefore the time records are not reliable.

4. The working-hours records do not identify pregnant or lactating women or workers below the age of 18.

5. Three outsourced security guards worked eight consecutive days from June 27, 2016 to July 4, 2016.

Local Law or Code Requirement

Law No. 13 on Manpower (2003,) Art. 79(1) and (2b); FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.23; Hours of Work Benchmarks HOW.1, HOW.2 and HOW.5; Compensation Benchmark C.15)

Recommendations for Immediate Action

1. Maintain transparent records of working hours, and provide the assessment team access to CCTV footage to validate actual working hours and conditions.

2. Document the working hours of outsourced cleaning workers with time cards or other mechanical or electronic recording systems.

3. Ensure the working-hours records contain identification of pregnant and lactating women and young workers.

4. Provide all employees, including outsourced security guards, with 24 consecutive hours of rest in every seven-day period.

COMPANY ACTION PLANS

Action Plan no 1.

Description

(1)

1) Perform further investigation on root cause on alleged Sunday Work in several section : General Affairs Section and Duck Down Room.

2) Perform risk assessment on alleged Sunday work.

3) Set corrective and preventive actions plan.

4) Communicate the working hours/day policy to all supervisors in each section by Assistant Manager of Personnel Department.

Company Action Plan Update

08/10/17 : 1) Factory has performed investigation on alleged Sunday work in General Affairs Section and it was caused by installation work on some machineries that performed by contractors and monitored by Chief of General Affairs (all in staff) and he did not do attendance at the time. 2) Factory has performed investigation on alleged Sunday work in duck down room. The root cause was temporary expected output record that written as Saturday/Sunday output in the log book. The wording Saturday/Sunday is used by administration staff to mention output for holiday in case of overtime work will be performed on weekend. 3) Factory has performed investigation on alleged Sunday work in Clinic and the root cause resulted from medicine output record day was mistakenly written by clinic staff. 4) Factory has created new work procedure on attendance system (clock in/clock out) on Jan 18, 2017; working hours policy on June 21, 2017 and arrangement of overtime hours on July 5, 2017. 5) Socialization on new procedure will be performed regularly to all managers, supervisors and workers.

Action Plan no 2.

Description

(2)

1) Perform further investigation on root cause of unavailability of access to CCTV.

2) Create preventive action : Add capacity of CCTV record system; perform back up system on regular basis; appoint another responsible person for different department for CCTV access.

Company Action Plan Update

08/10/17 : 1) Based on investigation result, the IT supervisor who was the only one who has access in the factory has to performed business meeting on the first day and business trip to another factory that located in different city on the following day. That is why the access could not be provided to the accessor. 2) Factory has performed preventive action by providing access to Compliance Officer, add capacity of CCTV record system to enable maintain record in the longer time. 3) Factory will create monitoring checklist to perform back up system on regular basis.

Action Plan no 3.

Description

(3)

1) Contact outsourcing company (Klinis) for providing punch-in card machine (amano) in the factory and place it in lobby of Building 1.

2) Monitoring will be performed by General Affairs Staff for implementation of working hours.

Company Action Plan Update

08/10/17 : Punch-in card machine (Amano) has been set up in Building 1 on Sep 26, 2017.

Action Plan no 4.

Description

(4)

- 1) Assign HR officer to control the pregnant workers in production floor and put special mark on the attendance list that connected to database system.
- 2) Provide special mark on ID card of related workers.
- 3) Add item no. 1 & 2 to existing procedure of "Pregnant Workers".

Company Action Plan Update

08/10/17 : 1) Factory has created new procedure as monitoring on pregnant workers in factory on June 21, 2017. 2) Factory has provided training for pregnant workers on June 9, 2017. 3) Factory has identified current number of pregnant workers and lactating workers and distributed bandana as special mark to differentiate the pregnant and lactating workers with general female workers.

Action Plan no 5.

Description

(5)

- 1) Regular monitoring for shift arrangement of outsourced security guard.
- 2) Perform regular communication with outsourcing company for any issues or required preventive actions.
- 3) Communicate with outsourcing company on performing balance of payment to security guards.

Company Action Plan Update

08/10/17 : Outsourcing company has paid balance of overtime payment for 3 security guards on Oct 11, 2016

Action Plan no 6.

Description

1. a) Perform further investigation on root cause on alleged Sunday Work in several section : General Affairs Section and Duck Down Room.
- b) Perform risk assessment on alleged Sunday work.
- c) Set corrective and preventive actions plan.
- d) Communicate the working hours/day policy to all supervisors in each section by Assistant Manager of Personnel Department. Factory has performed socialization of working hours to supervisors and operators with total 2,200 employees from period of Oct 2017 - April 2018. The details are as below.

2017

- Oct : 353
- Nov : 189
- Dec : 271

2018

- Jan : 642
- Feb : 268
- Mar : 277
- Apr : 200

(Completed by 04/2018).

2. a) Perform further investigation on root cause of unavailability of access to CCTV.
- b) Create preventive action : Add capacity of CCTV record system; perform back up system on regular basis; appoint another responsible person for different department for CCTV access.
- c) Factory has performed preventive action by providing access to Compliance Officer, add capacity of CCTV record system to enable maintain record in the longer time.
- d) Factory will create monitoring checklist to perform back up system on regular basis.
(In progress).

3. a) Contact outsourcing company (Klinis) for providing punch-in card machine (amano) in the factory and place it in lobby of Building 1.

b) Monitoring will be performed by General Affairs Staff for implementation of working hours.
(Completed by 04/2018).

4. a) Assign HR officer to control the pregnant workers in production floor and put special mark on the attendance list that connected to database system.

b) Provide special mark on ID card of related workers.

c) Add item no. 1 & 2 to existing procedure of "Pregnant Workers".

(Completed by 04/2018).

5. a) Regular monitoring for shift arrangement of outsourced security guard.
 - b) Perform regular communication with outsourcing company for any issues or required preventive actions.
 - c) Communicate with outsourcing company on performing balance of payment to security guards.
- (Completed by 04/2018)

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The disciplinary procedures do not include the presence of a third-party witness during the imposition of disciplinary actions.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description

(1)

- 1) Revise the procedure Disciplinary sanctions and form by adding witness in the process of disciplinary actions and further investigation related with alleged violations.
- 2) Issuance of warning letter will be based on result of investigation and its sanction will be based on what determined in company regulation.
- 3) Perform regular monitoring on the process by Assistant Manager of Personnel Department.

Action Plan no 2.

Description

1. a) Revise the procedure Disciplinary sanctions and form by adding witness in the process of disciplinary actions and further investigation related with alleged violations.
 - b) Issuance of warning letter will be based on result of investigation and its sanction will be based on what determined in company regulation.
 - c) Perform regular monitoring on the process by Assistant Manager of Personnel Department.
 - d) Factory has revise the procedure Disciplinary sanctions and form by adding witness in the process of disciplinary actions and further investigation related with alleged violations.
 - e) Issuance of warning letter will be based on result of investigation and its sanction will be based on what determined in company regulation.
 - f) Warning latter approved by worker, supervisor, hrd and witness.
- (In progress).

FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. Based on document review, the factory's environmental protection procedure does not include the following: (a) a review period of the policies and procedures, (b) designation of responsibilities, (c) a comprehensive environmental management system within which employers' responsibilities, workers' rights and duties are regularly tested and reviewed, (d) procedures that enable workers to raise environmental concerns, report death, injury, illness and other environmental issues, as well as protections for workers who allege

environmental violations, (d) a commitment to minimize impacts with respect to air emission, waste, hazardous materials and other environmental risks and (e) how environmental impact is managed.

2. Based on document review, it was noted that the factory conducted waste and hazardous waste handling training for 155 employees, spanning from January to August, 2016. However, other aspects of environment protection were not covered in the Environmental Protection training, such as the importance of conservation (water and electricity), reduce-reuse-recycle, steps to report pollution, and protection for workers who do.

3. Based on document review and an interview with the Health & Safety expert, the assessment team team discovered that the factory has not yet conducted an Environmental Impact Analysis.

4. Based on document review and a factory tour, the assessment team found that the factory does not have any written procedures for steps to take in the event of an environmental emergency, such as a chemical spillage or gas leakage.

5. The factory had not performed a complete chemical inventory with the date of incoming and outgoing chemicals, the balance, CAS numbers, manufacturer, usage, and hazard level, nor had a procedure for such an inventory.

Local Law or Code Requirement

Act 32/2009, article 53.1-2; Government Regulation No 74 / 2001. Article 25; Permen LH No 03 year 2009, section consideration - Point c and article 1.3; Minister Decree No 187/99. Article 19.1: k - o.; Permen PU No03 year 2013, article 37 (3) and article 54 (2) a – e; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.5, and HSE.9.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

(1)

- 1) Create emergency response plan/policy/procedure for environmental issues.
- 2) Assign team that consist of responsible person in Compliance, 5S, Electric and General Affairs to create plan on risk assessment on potential environmental issues and energy efficiency initiative.
- 3) Submit the plan to top management.
- 4) Perform socialization to all workers verbally and post the policy/procedure in production floor.
- 5) Regular monitoring on effectiveness of plan/policy/procedure will be performed by designated team.

Action Plan no 2.

Description

(2)

- 1) Provide training on energy efficiency implementation on workplace to all workers.
- 2) Perform regular monitoring.

Action Plan no 3.

Description

(3)

- 1) Follow the applicable regulation.
- 2) Communicate and coordinate with local institution for detailed direction on Environmental Impact Assessment (AMDAL).

Company Action Plan Update

08/10/17 : Factory has communicated the requirement of Environmental Impact Assessment (AMDAL) to local institution. Based on the Regulation of the Minister of Environment Number 5 Year 2012, industry building which has area more than 30 ha shall have Environmental Impact Assessment. Factory area is less than 30 ha or equal with 71.711 m² (± 7.1711 ha). Thus factory is not required to have Environmental Impact Assessment. Moreover, factory has obtained Environmental License in 2015.

Action Plan no 4.

Description

(4)

- 1) Create new procedure for emergency respond procedure for special condition that related to environmental standard, including chemicals spillage and gas leak.

2) Perform regular monitoring by Compliance Officer and Emergency Response Team.

Action Plan no 5.

Description

(5)

- 1) Create new procedure for chemicals monitoring.
- 2) Provide chemicals inventory list.
- 3) Appoint chemical safety officer to control the list.
- 4) Perform regular monitoring by Compliance Officer and designated safety officer.

Action Plan no 6.

Description

1. a) Create emergency response plan/policy/procedure for environmental issues.
- b) Assign team that consist of responsible person in Compliance, 5S, Electric and General Affairs to create plan on risk assessment on potential environmental issues and energy efficiency initiative.
- c) Submit the plan to top management.
- d) Perform socialization to all workers verbally and post the policy/procedure in production floor.
- e) Regular monitoring on effectiveness of plan/policy/procedure will be performed by designated team.
- f) Factory has created emergency response plan/policy/procedure for environmental issues.
- g) Factory has socialization to all workers verbally and post the policy/procedure in production floor.
(In progress).
2. a) Provide training on energy efficiency implementation on workplace to all workers.
- b) Perform regular monitoring.
- c) Factory has update training material for new worker include energy efficiency .
- d) Training will be conduct continuously basis if any new employees.
(In progress).
3. a) Follow the applicable regulation.
- b) Communicate and coordinate with local institution for detailed direction on Environmental Impact Assessment (AMDAL).
(Completed by 04/2018).
4. a) Create new procedure for emergency respond procedure for special condition that related to environmental standard, including chemicals spillage and gas leak.
- b) Perform regular monitoring by Compliance Officer and Emergency Response Team.
- c) Factory has procedure for emergency respond procedure for special condition that related to environmental standard, including chemicals spillage and gas leak.
- d) Factory has socialization worker concerned.
(Planned).
5. a) Create new procedure for chemicals monitoring.
- b) Provide chemicals inventory list.
- c) Appoint chemical safety officer to control the list.
- d) Perform regular monitoring by Compliance Officer and designated safety officer.
- e) Factory has identification chemical used.
- f) Factory has make Chemical inventory list
- g) Factory has pointed chemical safety officer to control the list.
- h) Regular monitoring by Compliance Officer and designated safety officer.
(In progress).

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The secondary container for diesel fuel is inadequately large and does not contain the primary container. Furthermore, the secondary

container has not been cleaned properly and was dirty, which indicated that the containers had not been recently inspected.

2. There was no spill response kit in the diesel storage and hazardous waste storage areas.

3. Although the diesel fuel storage area is surrounded by a fence, it is not locked, allowing unauthorized individuals access.

Local Law or Code Requirement

Safety Act No: 1/1970, article 3 (1g - h), The Manpower and Transmigration Minister Regulation No.KEP.187/MEN/1999, Article 2; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.2 and HSE.9)

Recommendations for Immediate Action

1. Provide an adequately sized secondary container for the diesel fuel.

2. Provide a spill response kit in the diesel storage and hazardous waste storage areas.

3. Restrict unauthorized access to the diesel fuel storage area.

COMPANY ACTION PLANS

Action Plan no 1.

Description

(1)

1) There are partition on the secondary containment and opened fence. Factory will add concrete under the fences.

2) Install door and stairs for access on monitoring the condition of fuel container and its secondary containment.

3) Provide proper spill kit in the area.

4) Strengthen the cleanliness monitoring in the area by Compliance Officer and Chief of General Affairs.

Company Action Plan Update

08/10/17 : 1) Factory has added concrete under the fences. 2) Factory has installed door and stairs for access on monitoring the condition of fuel container and its secondary containment. 3) Factory has given the key to the door of diesel fuel for designated supervisor in the area. 4) Factory has provided proper spill kit in the area.

Action Plan no 2.

Description

(2)

1) Provide spill response kit in the diesel storage and hazardous waste storage.

2) Perform regular monitoring in the area by Compliance Officer and Chief of General Affairs.

Company Action Plan Update

08/10/17 : Factory has provided spill response kit in the diesel storage and hazardous waste storage on Jan 30, 2017.

Action Plan no 3.

Description

(3)

1) There are partition on the secondary containment and opened fence. Factory will add concrete under the fences.

2) Install door and stairs for access on monitoring the condition of fuel container and its secondary containment.

3) Provide proper spill kit in the area.

4) Strengthen the cleanliness monitoring in the area by Compliance Officer and Chief of General Affairs.

Company Action Plan Update

08/10/17 : 1) Factory has added concrete under the fences. 2) Factory has installed door and stairs for access on monitoring the condition of fuel container and its secondary containment. 3) Factory has given the key to the door of diesel fuel for designated supervisor in the area. 4) Factory has provided proper spill kit in the area.

Action Plan no 4.

Description

1. a) There are partition on the secondary containment and opened fence. Factory will add concrete under the fences.

b) Install door and stairs for access on monitoring the condition of fuel container and its secondary containment.

c) Provide proper spill kit in the area.

d) Strengthen the cleanliness monitoring in the area by Compliance Officer and Chief of General Affairs.

(Completed by 04/2018).

2. a) Provide spill response kit in the diesel storage and hazardous waste storage.

b) Perform regular monitoring in the area by Compliance Officer and Chief of General Affairs.

(Completed by 04/2018).

3. a) There are partition on the secondary containment and opened fence. Factory will add concrete under the fences.

b) Install door and stairs for access on monitoring the condition of fuel container and its secondary containment.

c) Provide proper spill kit in the area.

d) Strengthen the cleanliness monitoring in the area by Compliance Officer and Chief of General Affairs.

(Completed by 04/2018).

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not established a system to protect the reproductive health of employees through minimizing exposure to workplace hazards.

2. The factory has not established proactive steps to reduce repetitive-motion stress or injuries. The factory has not provided workstations that are adjustable for height or anti-fatigue mats for standing workers. The factory also does not provide any ergonomic breaks.

3. Although there are Standard Operating Procedures (SOPs) for each job, they do not have a focus on health and safety when performing the job.

4. The factory has not established safety procedures and guidance documents for external contractors or service providers concerning Health & Safety.

5. There are no written procedures established to enable workers to raise concerns regarding Health & Safety, nor protection for workers who raise such concerns.

6. There is no first aid or medical emergency procedures for steps to take in the event of injury.

7. There are no procedures for reporting death, injury, illness, and other Health & Safety issues.

Local Law or Code Requirement

Law No. 13 on Manpower (2003), Art. 76(2); Regulation of Ministry of Health No. 15 on Specific Procedures for Providing Nursing and/or Milking Facilities (2013), Art. 6; The safety act UU No.1/1970; Act No. 1 on Safety (1970), Art. 9(1) - (2); Ministry of Public Works Regulation No. 29/PRT/M/2006 on Guidelines of Technical Requirements for Buildings, Annex I Sec. III.3.4, FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.12.1 and HSE.17; Nondiscrimination Benchmark ND.8.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

(1)

1) Identify the workplace area that exposes hazard for reproductive health .

2) Identify the number workers that can be exposed to the hazards.

3) Create procedure and preventive actions.

Action Plan no 2.

Description

(2)

1) Identify the workplace area that need to be monitored related to repetitive-motion stress or injuries.

2) Create procedure and preventive actions.

3) Provide anti fatigue mats for standing workers.

4) Provide ergonomic breaks for workers.

Action Plan no 3.

Description

(3)

- 1) Add health and safety standard in existing Work Instruction such PPE usage, machine safety equipment, etc.
- 2) Perform socialization to related Supervisor & workers in each area

Company Action Plan Update

08/10/17 : 1) Factory has added health and safety standard in existing Work Instruction such PPE usage and machine safety equipment on March 30, 2017. 2) Factory has performed training for PPE usage for workers in specific area.

Action Plan no 4.

Description

(4)

- 1) Identify the work that needs contractor's work on regular basis.
- 2) Create procedure for contractor safety that covers emergency preparedness and fire safety.
- 3) Perform socialization to related contractor.
- 4) Perform regular monitoring by Compliance Officer and Chief of General Affairs.

Company Action Plan Update

08/10/17 : 1) Factory has performed identification on work that requires contractors, such as installation of machineries, compressor and work related with building construction. 2) Factory has created procedures entitled "Contractor Safety" on Feb 29, 2016. 3) Factory will perform regular monitoring by Compliance Officer and Chief of General Affairs.

Action Plan no 5.

Description

(5)

- 1) Create procedure that related with grievance system for health & safety standard.
- 2) Create form for worker's suggestion.
- 3) Perform socialization to all managers, supervisors and workers.
- 4) Regular monitoring will performed by Compliance Officer.

Action Plan no 6.

Description

(6)

- 1) Create emergency respond procedure that related with medical health and first aid.
- 2) Perform socialization to all managers, supervisors and workers.
- 3) Regular monitoring by Compliance Officer.

Company Action Plan Update

08/10/17 : 1) Factory has designated 27 first aiders in factory. 11 first aiders has been certified by Ministry on Manpower Office in April 2016. 2) Other first aiders will be registered gradually to join the certified training in 2017 (4 first aiders will join the training in Aug 2017).

Action Plan no 7.

Description

(7)

- 1) Create procedure that related with reporting system on health and safety issues, including illness and accident that resulted in injuring the workers in the workplace.
- 2) Create framework on reporting system.
- 3) Perform verbal socialization to all managers, supervisors and workers and post it in each section in the workplace.
- 4) Regular monitoring on implementation of procedure will be performed by Compliance Officer and Emergency Response Team.

Company Action Plan Update

08/10/17 : 1) Factory has created procedure that related with reporting system on health and safety issues, including illness and accident that resulted in injuring the workers in the workplace. 2) Factory has created framework on reporting system. 3) Factory has performed socialization and post it in each section in the workplace.

Action Plan no 8.

Description

1. a) Identify the workplace area that exposes hazard for reproductive health .
b) Identify the number workers that can be exposed to the hazards.
c) Create procedure and preventive actions.
d) Factory has identified the workplace area and no workplace area that poses a hazard to reproductive health.
(Planned).
2. a) Identify the workplace area that need to be monitored related to repetitive-motion stress or injuries.
b) Create procedure and preventive actions.
c) Provide anti fatigue mats for standing workers.
d) Provide ergonomic breaks for workers.
e) Factory has identified workplace area that need to be monitored related to repetitive-motion stress or injuries.
f) Factory gives policy to all workers to rest and relax for 5 minutes every 10.00 a.m and 02.00 p.m.
(In progress).
3. a) Add health and safety standard in existing Work Instruction such PPE usage, machine safety equipment, etc.
b) Perform socialization to related Supervisor & workers in each area.
(Completed by 04/2018).
4. a) Identify the work that needs contractor's work on regular basis.
b) Create procedure for contractor safety that covers emergency preparedness and fire safety.
c) Perform socialization to related contractor.
d) Perform regular monitoring by Compliance Officer and Chief of General Affairs.
e) Factory has identification on work that requires contractors.
f) Factory has created procedures entitled ""Contractor Safety"" on Feb 29, 2016.
g) Factory will perform regular monitoring by Compliance Officer and Chief of General Affairs.
(In progress).
5. a) Create procedure that related with grievance system for health & safety standard.
b) Create form for worker's suggestion.
c) Perform socialization to all managers, supervisors and workers.
d) Regular monitoring will performed by Compliance Officer.
(In progress).
6. a) Create emergency respond procedure that related with medical health and first aid.
b) Perform socialization to all managers, supervisors and workers.
c) Regular monitoring by Compliance Officer.
Factory has include 4 workers for training first aider On august 2017.
(In progress)
7. a) Create procedure that related with reporting system on health and safety issues, including illnes and accident that resulted in injuring the workers in the workplace.
b) Create framework on reporting system.
c) Perform verbal socialization to all managers, supervisors and workers and post it in each section in the workplace.
d) Regular monitoring on implementation of procedure will be performed by Compliance Officer and Emergency Response Team.
e) Factory has created procedure that related with reporting system on health and safety issues, including illnes and accident that resulted in injuring the workers in the workplace.
f) Factory has created framework on reporting system.
g) Factory has performed socialization and post it in each section in the workplace.
(In progress).

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not provide workers with Personal Protective Equipment (PPE). All packing workers (51) and all loading workers (6) purchased and wore their own dust masks and knitting gloves. The factory provides workers with their first dust mask and pair of knitting gloves, however when the PPE becomes damaged, the factory does not provide a replacement; hence workers have had to replace PPE themselves.

2. The factory does not provide safety shoes or lifting belts for any of the six loading workers.
3. One of six cutting operators in Building 2 was using a damaged mesh metal cutting glove (a hole on the index finger of the glove).
4. Two sewing machines in the sample area in Building 3 and four sewing machines in the training room in Building 2 did not have needle guards.
5. There was no blade cover on two band knives. The cover of one down filling machine was open, which caused feathers to fly into the open air.
6. There are no inner covers, switch identifications, or electrical diagrams for the electrical panels in any of the factory buildings.
7. The lighting in the following areas are not covered or explosive proof: the hazardous waste storage, electrical main room, compressor room, and generator room.
8. There is no ventilation system in the thread spool storage room, needle counter room in Building 2 and the needle-counter room in Building 1.
9. The first aid boxes were not properly filled as per regulation in the packing area of Building 1, the compressor room, and the mechanic room. The boxes are missing pins, a tweezer, a sling, and bandages.
10. The factory has not trained all relevant workers in Health & Safety. Only 59 workers have been trained in firefighting; only 926 workers participated in the evacuation drill instead of all employees; 21 sewing workers have been trained on PPE (instead of every worker as per their job hazards); none of the 47 mechanics have been trained on lockout-tagout (LOTO) or the handling of chemicals. No training was conducted for specific processes that pose safety hazards, such as the band knife process, cutting process, down process, mechanic and maintenance activities.
11. The factory does not have the following required permits or inspections: soil water extraction permit (SIPA, submitted awaiting approval); the annual inspection for electrical installation (expired March 11, 2016); Proper Operating Licenses for four power generators (SLO); semi-annual report of generators to local manpower department; first aid certification for 16 of the 27 first aid officers; The hygiene permits for 10 of the 20 contract workers in the canteen; the results of medical check-ups for all 20 contract workers in the canteen, and food handlers' certificates.
12. The male toilets in Building 2 have an offensive odor.
13. The factory has not identified confined spaces – such as the electrical panels room, the chemical tank, and clean water tank – nor has provided guidance to workers when entering confined spaces, such as PPE required or emergency procedures.

Local Law or Code Requirement

Decision of Labor Minister KEP-186/MEN/1999 article 2;; Regulation No. PER-01/MEN (1980), Art. 5(1); Regulation of the Minister of Labour No. 7 (1964), Art. 13(1) - (4); Regulation No. PER-08/MEN/VII on Personal Protective Equipment (2010), Art. 8 (1); Ministry Decree of Public Works, No.10/KPTS on Technical Security Provisions of Fire Hazard in Buildings and Environment (2000), Annex Chapter V, Article 7(4); Ministry of Public Works Regulation, No. 29/PRT/M/2006 on Guidelines of Technical Requirements for Buildings, Annex I, Section III.3.4; Act No.1 of 1970, Chapter III, and Article 3.d; Central Java Governor Decree No 671/815 year 2016 Section B.1-3 Section III.3.4; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.4, HSE.6, HSE.7, HSE.9, HSE.13, HSE.14, HSE.18.3, HSE.19 and HSE.22)

Recommendations for Immediate Action

1. Provide PPE to all workers free of cost to the workers, additionally, provide replacements when needed to ensure safety.
2. Provide safety shoes and lifting belts to all loading workers, free of cost to the workers.
3. Replace damaged metal cutting glove, free of cost to the worker.
4. Install needle guard at every sewing machines. Monitor to ensure compliance.
5. Install blade cover on band knife machines and post safety signs. Close the safety lid on the down filling machine and post safety sign. Inspect areas frequently to ensure compliance of the related operators
6. Install inner covers, switch identifications, and electrical diagrams on every electrical panel.
7. Install explosion-proof lighting and have it covered in the chemical storage room, electrical main room, compressor room, and generator room.

8. Install an adequate ventilation system in every room.
9. Stock all first aid box adequately, as per regulation.
10. Conduct regular training for all relevant workers in firefighting, evacuation, PPE, LOTO, and chemical handling. Maintain documentation of training as evidence of its completion.
11. Obtain all necessary permits, certification, and inspections for the factory and relevant workers.
12. Regularly inspect and clean toilets for male workers in Building 2 at least twice a day and whenever necessary.

COMPANY ACTION PLANS

Action Plan no 1.

Description

(1)

- 1) Input expense for PPE in annual budget.
- 2) Revise the procedure by adding important items such as procedure for damaged PPE, ensure stock availability of PPE and regular distribution of PPE per every 6 months.
- 3) Perform regular monitoring for implementation of procedure by Personnel Officer and Compliance Officer.

Company Action Plan Update

08/10/17 : 1) Factory has distributed knitting gloves and dust mask for 186 workers on Feb 17, 2017. 2) Factory has distributed knitting gloves and dust mask gradually for 504 workers in June 2017.

Action Plan no 2.

Description

(2)

- 1) Input expense for PPE in annual budget.
- 2) Revise the procedure by adding important items such as procedure for damaged PPE and ensure stock availability of PPE.
- 3) Perform regular monitoring for implementation of procedure by Compliance Officer.

Company Action Plan Update

08/10/17 : Factory has distributed safety shoes for 57 operators and 29 lifting belts for 14 finished goods operators, 12 warehouse operators and 3 forklift operators on Feb 20, 2017.

Action Plan no 3.

Description

(3)

- 1) Input expense for PPE in annual budget.
- 2) Revise the procedure by adding important items such as procedure for damaged PPE and ensure stock availability of PPE.
- 3) Perform regular monitoring for implementation of procedure by Chief of Cutting Department and Compliance Officer.

Company Action Plan Update

08/10/17 : Factory has provided mesh metal gloves for cutting operators.

Action Plan no 4.

Description

(4)

- 1) Create Work Instruction for mechanics that included machine safety equipment.
- 2) Perform socialization to supervisor, operator and helper in Mechanics Department.
- 3) Perform regular monitoring by Compliance Officer that covers availability and condition of needle guard in all sewing machines.
- 4) Create corrective action and preventive action by involving Chief of Sewing Department and Mechanic Supervisor.

Company Action Plan Update

08/10/17 : 1) Factory has installed proper needle guard for sewing machines in Sample Area and Training Room in September 2016.
2) Regular monitoring by mechanic every week

Action Plan no 5.

Description

(5)

- 1) Provide fences that surrounds band knife area.
- 2) Provide cover for blade on the machine.
- 3) Replace the manual machineries for down filling with automatic system.

Company Action Plan Update

08/10/17 : 1) Factory will provide fences around band knife area. 2) Factory has installed 3 new automatic machineries for down filling on Sep 21, 2016. 3) Factory has provided blade cover for band knife machine in Sep 2016.

Action Plan no 6.

Description

(6)

- 1) Install internal cover, put the switch identification and electrical diagram on each electrical panel in all buildings.
- 2) Perform regular maintenance and inspection on each electrical panels by Electric Supervisor.

Company Action Plan Update

08/10/17 : Factory has installed internal cover from acrylic material, put the switch identification and electrical diagram on each electrical panel in all buildings.

Action Plan no 7.

Description

(7)

- 1) Input in annual budget for cover/explosive proof for lighting.
- 2) Purchase and install the cover/ explosive proof.

Company Action Plan Update

08/10/17 : Factory has made and installed cover for lighting for preventive action on explosion.

Action Plan no 8.

Description

(8)

- 1) Provide proper ventilation system by installing exhaust fans.
- 2) Regular monitoring for temperature condition in Needle Counter Room by Compliance Officer.

Company Action Plan Update

08/10/17 : 1) Spool storage room has been removed to accesories warehouse since Dec 10, 2016. 2) Installation of exhaust fans in Needle Counter Room in Building 1 and 2 was done on Oct 12, 2016.

Action Plan no 9.

Description

(9)

- 1) Assign administration staff in each section to perform daily monitoring for first aid supplies using daily checklist.
- 2) Administration staff will report to compliance officer and clinic.
- 3) Compliance officer will perform regular monitoring.

Action Plan no 10.

Description

(10)

- 1) Complete the risk assessment on health and safety working condition.
- 2) Create training plan with clear timeline which topic based on result of risk assessment.
- 3) Perform more routine training for fire safety such as emergency evacuation drill and fire fighting will be performed on regular basis; at least every 6 months.
- 4) Review the implementation and effectiveness of the training by Compliance Officer and Emergency Response Team.
- 5) Create improvement actions based on review.

Action Plan no 11.

Description

(11-1)

Obtain soil water extraction permit from local authority.

Company Action Plan Update

08/10/17 : Factory has obtained soil water extraction permit from local authority on Nov 2, 2016 with water debit 10m3/day.

Action Plan no 12.

Description

(11-2)

- 1) Perform electrical installation inspection with cooperation with licensed third party or government institution.
- 2) Compliance Officer will be in charge for performing regular monitoring on inspection record.

Company Action Plan Update

08/10/17 : Factory has performed electrical installation inspection with cooperation with licensed third party or government institution.

Action Plan no 13.

Description

(11-3)

- 1) Obtain proper operating license for all existing generators.
- 2) Compliance Officer will perform regular monitoring on validity of all operating licenses.

Company Action Plan Update

08/10/17 : 1) Factory has obtained proper operating license for 3 generators that issued by licensed third party inspector on March 7, 2016. 2) Factory are in the process of submitting license for genset at IT Room (27.5 KVA) to local authority.

Action Plan no 14.

Description

(11-4)

- 1) Report to local manpower office on regular basis; per every 6 months.
- 2) Compliance Officer will be in charge of performing regular monitoring on regular inspection and maintaining the record.

Action Plan no 15.

Description

(11-5)

Cooperate with licensed 3rd party by manpower ministry for the training

Company Action Plan Update

08/10/17 : Factory has cooperated with local institution (PJK3) to do training first aider in August 2017 for 4 workers.

Action Plan no 16.

Description

(11-6)

- 1) Obtain valid hygiene permit for all canteen.
- 2) Perform regular monitoring by GA Departement

Company Action Plan Update

08/10/17 : Factory cooperated with 9 catering providers and all of them has obtained hygiene permit that still valid until 2018 - 2019 from local health department.

Action Plan no 17.

Description

(11-7)

- 1) Create policy for canteen cleanliness based on health requirement; including ensuring all canteens have valid hygiene permit and every worker in canteen receive regular medical check up.
- 2) Perform regular medical check up to all workers in canteen per every 6 months.
- 3) Human Resources Department along with 5S Team will perform regular monitoring on implementation of policy.

Company Action Plan Update

08/10/17 : Factory has performed medical check up for 21 canteen workers.

Action Plan no 18.

Description

(11-8)

- 1) Cooperate with local health department to certify all food handlers.
- 2) Perform refresh training to all food handlers per every 6 months.

Company Action Plan Update

08/10/17 : 1) Factory has performed training for 21 food handlers in canteen area. The training was organized by local health department.

Action Plan no 19.

Description

(12)

- 1) Create checklist for maintain the cleanliness in toilet area.
- 2) Perform training to all cleaning service staff in how to perform regular monitoring by using checklist.
- 3) Perform regular monitoring by internal team (5S Team).

Company Action Plan Update

08/10/17 : 1) Factory has started daily monitoring on toilets conditions by using daily checklist. Cleaning service staff fills in the checklist on daily basis and monitored by 5S Team. 2) Training for cleaning service will be performed in Sep 2017.

Action Plan no 20.

Description

(13)

- 1) Identify each confined space in factory.
- 2) Provide work instruction and post it in each area.
- 3) Perform socialization to related operators/supevisor in each area.
- 4) Regular monitoring is performed by Chief of General Affairs and Compliance Officer.

Company Action Plan Update

08/10/17 : 1) Factory has identified each confined space in factory. 2) Factory has provided work instruction and posted it in related area.

Action Plan no 21.

Description

1. a) Input expense for PPE in annual budget.
 - b) Revise the procedure by adding important items such as procedure for damaged PPE, ensure stock availability of PPE and regular distribution of PPE per every 6 months.
 - c) Perform regular monitoring for implementation of procedure by Personnel Officer and Compliance Offer.
 - Factory has distributed PPE (mask, decker, kniting gloves) to all workers on gradual basis.
 - Factory has performed socialization of PPE function to supervisors and operators with total 1,791 employees from period of Nov 2017 - April 2018. The details are as below.
- 2017
- Nov : 133
 - Dec : 271
- 2018
- Jan : 642
 - Feb : 268
 - Mar : 277
 - Apr : 200
- (In progress).
2. a) Input expense for PPE in annual budget.
 - b) Revise the procedure by adding important items such as procedure for damaged PPE and ensure stock availability of PPE.
 - c) Perform regular monitoring for implementation of procedure by Compliance Offer.
(Completed by 04/2018)
- 3.a) Input expense for PPE in annual budget.
 - b) Revise the procedure by adding important items such as procedure for damaged PPE and ensure stock availability of PPE.

- c) Perform regular monitoring for implementation of procedure by Chief of Cutting Department and Compliance Officer.
(Completed by 04/2018).
- 4. a) Factory has installed proper needle guard for all sewing machines.
b) Regular monitoring by mechanic every week.
(Completed by 04/2018)
- 5. a) Factory has provided fences around band knife area.
b) Factory has installed 4 new automatic machineries for down filling on August 7, 2016.
c) Factory has provided blade cover for band knife machine in Sep 2016.
(Completed by 04/2018).
- 6.a) Install internal cover, put the switch identification and electrical diagram on each electrical panel in all buildings.
b) Perform regular maintenance and inspection on each electrical panels by Electric Supervisor.
(Completed by 04/2018).
- 7. a) Input in annual budget for cover/explosive proof for lighting.
b) Purchase and install the cover/ explosive proof.
(Completed by 04/2018).
- 8.a) Provide proper ventilation system by installing exhaust fans.
b) Regular monitoring for temperature condition in Needle Counter Room by Compliance Officer.
(Completed by 04/2018).
- 9.a) Assign administration staff in each section to perform daily monitoring for first aid supplies using daily checklist.
b) Administration staff will report to compliance officer and clinic.
c) Compliance officer will perform regular monitoring.
d) Factory has installed first aid box in compressor room and mechanic room.
e) Factory has pointed person in charge first aid box.
(In progress)
- 10. a) Factory has performed training evacuation for all workers at day and night shift on
b) Factory has cooperated with local fire department to perform fire drill for fire drill for emergency response team
c) Factory has performed LOTO (Log Out Tag Out) training for mechanic and general affair team.
d) Factory has performed PPE training on all workers who work in hazardous area.
(Completed by 04/2018).
- 12.a) Factory has started daily monitoring on toilets conditions by using daily checklist. Cleaning service staff fills in the checklist on daily basis and monitored by 5S Team.
b) Training for cleaning service will be performed in Sep 2017.
c) Factory has training cleaning service on August 2017.
(In progress)
- 13. a) Factory has identified each confined space in factory.
b) Factory has provided work instruction and posted it in related area.
c) Factory has socialization person in charge in each area.
(In progress).

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not commissioned a fire risk assessment by a third-party expert.
2. The factory has not developed a fire response plan as part of its emergency response plan.
3. The following exits in the factory are missing an illuminated exit sign: 2 exits in the packing area and 1 exit in the needle counter room of Building 1; 1 exit each in the thread spool room, needle counter room, and breast-feeding room in Building 2. Additionally, there are no emergency lights installed at two exits in Building 3.
4. The doors in the needle counter room in Building 1, and the needle counter, thread spool room, training room, and breast feeding room in Building 2 do not open in the direction of evacuation.
5. In Buildings 1, 2, and 3, the arrow signs on the floor indicating evacuation routes are faded.
6. There are no evacuation maps posted in the following areas: the finished goods area, packing room, and drying room in Building 1; the training room in Building 2; and the sample area in Building 3.

7. Based on information from the Health & Safety officer, there is no backup battery for the emergency alarms which are powered by the main electrical source. Furthermore, there is no contingency plan in the event of a power outage, which would shut down the fire alarm system.

8. The factory does not provide PPE to the in-house firefighters, such as a breathing apparatus, fire-resistant clothing, fire-resistant gloves, footwear and head gear.

Local Law or Code Requirement

Attachment Manpower Minister No. : INS. 11/M/BW/1997, Article II.2 ; Labor Minister Regulation No.7 of 1964 article 13.1 and 13.4;. Act 28/02, article 30 (1-2); PUIL 2000 article 4.11.4.1.d.; Permenaker No.8/2010 article 2 (3) and 4; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.5 and HSE.6)

Recommendations for Immediate Action

1. Develop a fire response plan and communicate plan to all workers.
2. Install emergency lights and illuminated exit signs at every emergency exits.
3. Ensure all doors opened outwards, in the direction of evacuation.
4. Repaint evacuation routes in Buildings 1, 2 and 3.
5. Post evacuation maps in every area.
6. Provide a back-up battery for the fire alarm system.
7. Provide firefighters with all necessary PPE.

COMPANY ACTION PLANS

Action Plan no 1.

Description

(1)

Cooperate with authorized third party inspector to perform fire risk assessment.

Company Action Plan Update

08/10/17 : Factory has cooperated with Regional Disaster Management Agency to conduct fire risk assessment on February 1, 2017. The result was issued in April 2017.

Action Plan no 2.

Description

(2)

- 1) Create emergency response plan for special condition, including fire response plan.
- 2) Assign emergency response team.
- 3) Conduct training for the team with cooperation with local institution such as fire local departement.

Company Action Plan Update

08/10/17 : 1) Factory has created emergency respon plan procedure. 2) Factory will be conduct training cooperation with local institution in September 2017

Action Plan no 3.

Description

(3)

- 1) Input in annual budget for allocation on regular procurement and maintenance of exit sign and emergency lamp's .
- 2) Purchase and install illuminated exit signs and emergency lamps in required area.

Company Action Plan Update

08/10/17 : Factory has installed illuminated exit sign in required area.

Action Plan no 4.

Description

(4)
Engineering re-design (turned the door direction from opened inward to opened outward)

Company Action Plan Update

08/10/17 : Factory has turned the door direction to be opened outward in required area.

Action Plan no 5.

Description

- (5)
- 1) Check the faded evacuation routes in all buildings.
 - 2) Re-paint the faded evacuation routes.
 - 3) Perform regular monitoring by 5S Team

Company Action Plan Update

08/10/17 : Factory has re-painted faded evacuation routes on Sep 30, 2016.

Action Plan no 6.

Description

- (6)
- 1) Create evacuation map for each division.
 - 2) Add monitoring item on availability of evacuation map in each section/room in internal checklist (by 5S Team).
 - 3) Perform regular training for workers on emergency evacuation by conducting emergency evacuation drill (every 6 months).

Company Action Plan Update

08/10/17 : 1) Factory has created evacuation map for each division (Jan 2, 2016). 2) Factory will perform regular training for workers on emergency evacuation by conducting emergency evacuation drill (every 6 months).

Action Plan no 7.

Description

- (7)
- 1) Equip the emergency alarm with back up battery (UPS).
 - 2) Post emergency respond plan poster on production floor (each division).

Company Action Plan Update

08/10/17 : 1) Factory has provided the emergency alarm with back up battery (UPS) with back up power for 15 - 30 minutes. 2) Factory also provided back up for electricity power, using generator.

Action Plan no 8.

Description

- (8)
- 1) Provide breathing apparatus for in-house fire fighters.
 - 2) Perform regular training for usage of PPE per every 6 months.

Company Action Plan Update

08/10/17 : Factory has provided PPE for in-house fire fighters : fire-resistant clothing, gloves, safety boot, head gear and breathing apparatus on Feb 20, 2017.

Action Plan no 9.

Description

1. Cooperate with authorized third party inspector to perform fire risk assessment. (Completed by 04/2018)
 2. a) Create emergency response plan for special condition, including fire response plan.
 - b) Assign emergency response team.
 - c) Conduct training for the team with cooperation with local institution such as fire local departement.
- Factory has conducted fire drill training on 28 August 2017.
(In progress).
3. a) Input in annual budget for allocation on regular procurement and maintenance of exit sign and emergency lamp's .
 - b) Purchase and install illuminated exit signs and emergency lamps in required area.
(Completed by 04/2018).
 4. Engineering re-design (turned the door direction from opened inward to opened outward). (Completed by 04/2018).
 5. a) Check the faded evacuation routes in all buildings.

- b) Re-paint the faded evacuation routes.
- c) Perform regular monitoring by 5S Team.
(Completed by 04/2018)
- 6. a) Create evacuation map for each division.
- b) Add monitoring item on availability of evacuation map in each section/room in internal checklist (by 5S Team).
- c) Perform regular training for workers on emergency evacuation by conducting emergency evacuation drill (every 6 months).
Factory has conducted evacuation training on 28 August 2017.
(In progress).
- 7. a) Equip the emergency alarm with back up battery (UPS).
- b) Post emergency respond plan poster on production floor (each division).
(Completed by 04/2018)
- 8. a) Provide breathing apparatus for in-house fire fighters.
- b) Perform regular training for usage of PPE per every 6 months.
(Completed by 04/2018)

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is no eyewash station near the diesel fuel storage. Furthermore, the eyewash station at the temporary hazardous waste storage does not have adequate water pressure for quick eye rinsing.
2. There are no MSDS posted on the diesel fuel or hazardous waste in their respective storage areas.

Local Law or Code Requirement

Decision of the Minister of Labor No.187 on Hazardous Chemicals Control at Work (1999), Art. 61 Manpower Minister's Regulation No. PER- 15 /MEN/VIII/on first aid in workplace (2008), Art. (8) FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.2, HSE.6, HSE.9, and HSE.10)

Recommendations for Immediate Action

1. Install eye wash stations wherever chemicals are use and stored, and ensure their functionality.
2. Post MSDS in local language for diesel fuel at diesel fuel storage and hazardous waste storage areas.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- (1)
- 1) Provide proper eye wash station in diesel fuel and hazardous waste storage.
 - 2) Internal monitoring will be performed by Chief of General Affairs.

Company Action Plan Update

08/10/17 : Factory has provided eye wash in diesel fuel and temporary hazardous waste.

Action Plan no 2.

Description

- (2)
- 1) Provide MSDS in diesel fuel storage.
 - 2) Regular monitoring will be performed by Chief of General Affairs.

Company Action Plan Update

08/10/17 : Factory has provided simplified MSDS in local language in diesel fuel storage.

Action Plan no 3.

Description

1. a) Provide proper eye wash station in diesel fuel and hazardous waste storage.
b) Internal monitoring will be performed by Chief of General Affairs.
(Completed by 04/2018).
2. a) Provide MSDS in diesel fuel storage.
b) Regular monitoring will be performed by Chief of General Affairs.
(Completed by 04/2018).

FINDING NO.13

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. Based on employment records, 3,570 out of 3,720 (95.97%) production workers are employed under a PKWT fixed-term contract, with 3 to 12 months for each contract, although they are working permanent jobs in the cutting, sewing, finishing and packing departments. This violates legal requirements
2. The factory has not registered the 654 contracts for PKWT contractual workers issued in August 2016 with the local labor department. The last registration was on August 3, 2016 for 336 contracts issued from June 30, 2016 to July 28, 2016.
3. As per factory regulation Article 31 (2) and National law, workers may be terminated if they are absent for five consecutive days without submitting a written explanation of why they are absent from work. The factory does not send two notification letters before beginning the termination process, which is part of its own termination procedure. Moreover, the factory verbally notifies workers of their termination rather than issuing an official termination letter.
4. According to management, 13 out of 3,982 employees have disabilities. This does not comply with local law that requires the factory to hire one person with disabilities per 100 employees. Thus, for a factory with 3,982 total employees, the factory must employ 40 workers with disabilities. The factory does not have a program to train or hire more workers with disabilities.

Local Law or Code Requirement

Law No. 13 on Manpower (2003), Art. 1(26); Decision of the Minister of Manpower and Transmigration No. KEP 235/MEN on Work that endanger the health, safety or morals of children (2003), Art. 2(1) - (2) and Attachment A & Attachment C; Law No. 13 on Manpower (2003), Art. 59; Stipulation No. KEP. 100/MEN/VI on Work Agreement for Specified Period (2004), Art. 13; Law No. 13 on Manpower (2003), Art. 168(1); Law No. 4 of 1997 concerning persons with disabilities. Article 14; FLA Workplace Code (Employment Relationship Benchmark ER.4.1, ER.9, ER.11.5, and ER.29; Child Labor Benchmarks CL.1, CL.4, CL.5, and CL.6; Health, Safety & Environment Benchmark HSE.11.1; Hours of Work Benchmark HOW.5.1)

Recommendations for Immediate Action

1. Convert all workers currently hired under the PKWT contract but perform jobs of permanent nature to permanent employee status, as per legal requirements. Provide them with seniority and other fringe benefits dating back to the hiring date of their first PKWT contract, as per FLA benchmarks and local law requirements.
2. Register all contracts for PWKT contractual workers with the local labor department.
3. Follow termination procedures by sending notification in writing twice because such absenteeism may disqualify the workers in question from continuing their employment. In addition, termination letter shall be issued once all the processes have been made.

COMPANY ACTION PLANS

Action Plan no 1.

Description

(7)

- 1) Register all contract workers based on regulation.
- 2) Input additional item regarding registration in Work Relation Procedure (maximum 7 days after joining factory).
- 3) Perform regular monitoring by Chief of Personnel Department (Mr. Mustofa).

Company Action Plan Update

08/10/17 : 1) Factory has registered 654 workers on Sep 16, 2016. Total registered workers during 2016 was 3,160 workers. 2) Factory has performed registration regularly in 2017 and last registration was performed for 209 workers on August 2, 2017. Total registered workers during 2017 was 4604 workers.

Action Plan no 2.

Description

(8)

1. Review the existing termination procedure.
2. Revise the procedure by including payment system (by transfer) and announcement system for workers who resigned without notice.
3. Factory performs regular monitoring by Assistant Manager of Personnel Department.

Company Action Plan Update

08/10/17 : 1) Factory has revised termination procedure on July 10, 2017 by including payment system (by transfer) and announcement system for workers who resigned without notice. 2) Factory has sent postal registered letter gradually to related workers. By June 23, 2017, factory has sent letter to 434 workers. 3) Factory has performed balance of payment to 57 workers.

Action Plan no 3.

Description

(9)

- 1) Coordinate with local authority and manpower office for recruitment of disabilities workers (Oct 2016).
- 2) Hire disability workers based on required skills.
3. Create procedure on hiring disability worker based on regulation.

Company Action Plan Update

08/10/17 : 1) Factory has hired 3 disability workers in period of Feb - March 2017. Current total disability workers are 10 persons. 2) Factory are still coordinating with local authority and manpower office to increase the number of disability workers.

Action Plan no 4.

Description

1. a) Review the work performance of each worker based on regular evaluation.
b) Perform overall assessment (including skill, attitude and motivation on regular basis.
c) Create the SOP for its process and include the annual percentage of increment of permanent workers.
But the factory is still waiting for a decision from head office.
(Planned).
2. a) Register all contract workers based on regulation.
b) Input additional item regarding registration in Work Relation Procedure (maximum 7 days after joining factory).
c) Perform regular monitoring by Chief of Personnel Department (Mr. Mustofa).
(Completed by 04/2018).
3. a. Review the existing termination procedure.
b. Revise the procedure by including payment system (by transfer) and announcement system for workers who resigned without notice.
c. Factory performs regular monitoring by Assistant Manager of Personnel Department.
Factory has sent postal 782 registered letter gradually if workers absent workers who resigned without notice and will be sent continuously.
(Completed by 04/2018).
4. a) Coordinate with local authority and manpower office for recruitment of disabilities workers (Oct 2016).
b) Hire disability workers based on required skills.
c) Create procedure on hiring disability worker based on regulation.
(In progress).