



FAIR LABOR  
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## INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Fast Retailing Co., Ltd.

COUNTRY: Indonesia

ASSESSMENT DATE: 09/17/18

ASSESSOR: Donny Triwandhani

PRODUCTS: Apparel

NUMBER OF WORKERS:

## Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

## Findings and Action Plans

### FINDING NO.1

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Recruitment, Hiring & Personnel Development

##### Finding Explanation

1. 3,043 out of 3,167 (96%) production workers are employed under Perjanjian kerja Waktu Tertentu (PKWT) 12-month fixed-term contracts. However, they are working permanent jobs in the cutting, sewing, finishing, and packing departments. This violates legal requirements. [ER.7, ER.8, ER.9, ER.11]
2. Three out of 60 employment contracts for the outsourced security guards do not reflect the duration of the contract. [ER.11]
3. The factory does not conduct performance reviews for each worker. Only production office staff and management staff who are going to be promoted receive performance reviews. The staff members who receive performance reviews do not have access to their evaluations or the right to provide feedback on them. [ER.29]
4. The factory has not registered the employment contracts of 170 contract workers hired in August and September 2018 with the local Labor Department. [ER.7]

##### Local Law or Code Requirement

Law No. 13 on Manpower (2003), Art. 59; Law No. 13 on Manpower (2003), Art. 54; FLA Workplace Code (Employment Relationship Benchmarks ER.7, ER.8, ER.9, ER.11, and ER.29)

##### Recommendations for Immediate Action

1. Convert all workers who perform jobs of a permanent nature but are currently employed under a PKWT contract to permanent worker status, as per legal requirements.
2. Do not hire temporary or contract workers as a means to support normal business needs. Only use contract or temporary workers in order to manage an unusually high work load, in the case of exceptional circumstances, or if the work that needs to be done is outside the professional expertise of the permanent workforce.

#### COMPANY ACTION PLANS

##### Action Plan no 1.

##### Description

1. Factory will hire the workers as permanent employee gradually based on their performance.

2. Factory will revise contract workers
3. Factory will conduct performance review for operator and provide an access to all worker to give feedback on their review.
4. Factory will register 170 contract workers hired in August and September 2018 with the local Labor Department

Update progress on 24 Oct 2019:

1. - Based on management statement, factory has ended short-term contract agreement practice from Sep 2019 and change to permanent worker system with probation period from Oct 2019.

- On Sep 9, 2019, factory has made commitment to eliminate incorrect use of contract workers (repeated contract without grace period). Factory will gradually change the status of contract workers to permanent (based on performance review).

- Target for 100% permanent workers employed is Aug 2020. (In Progress)

2. There is no correct evidence uploaded by factory related to the finding. (In Progress)

3. Based on documentation review and management discussion, factory has conducted performance review for operators since Jan 2016. The performance review covers skills, productivity, attitude and attendance.

- Factory has distributed the result to each worker and add feedback column so that worker can input their comment or feedback on their performance result.

(In Progress)

Planned completion date

03/19/19

Company Action Plan Update

4. Based on documentation review, factory has registered all new contract workers to local manpower office since Sep 2019. Total registered new workers were 262 workers. (Completed)

## FINDING NO.2

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Compensation

#### Finding Explanation

1. Most terminated workers have not received their final wages. According to a previous factory policy, terminated workers' final payouts

are held until the workers return their ID badge and uniform and sign a letter of resignation. The factory changed this policy in July 2018; since then terminated workers have received their final payouts on the 15th day of the month following their last day of work. However, around 1,566 workers whose employment was terminated from September 2017 to June 2018 have not received their final payouts. The total wages for all those workers is IDR 446,659,557 (USD 30,012). [C.1, C.4, ER.18]

2. The factory generates pay slips for all employees, however, the outsourced cleaning workers and employees who are compensated under the monthly "all-in" wage system are not provided with their payslips. Terminated workers do not receive a payslip for their final payouts either. [C.13]

3. The pay slips for employees who are compensated under the monthly "all-in" wage system do not reflect the employee's first day of work. Therefore, the length of service cannot be easily identified. [C.5, C.6, C.14, C.15]

4. The payment records for terminated workers' final payouts do not include the number of days each worker worked during their final month at the factory. [C.14, C.15]

5. The factory does not inform workers of how many days of annual leave they have remaining before it expires. [C.17, ER.22, HOW.11]

6. Around 15% of workers' signatures in the payroll records look alike. [C.14, C.16]

7. The factory does not have procedures on how to properly compensate terminated workers for their annual leave. As a result, terminated workers do not receive unused annual leave payments. [ER.19, ER.22, HOW.11, C.1, C.5]

8. Article 6.6 of the employment contracts between the security guards and the security agency states that the security guards are only permitted to take two days of sick leave in a month. [ER.22, HOW.16, HOW.17]

9. Around 871 out of 3,237 of the factory's employees are not provided with Badan Penyelenggara Jaminan Sosial (BPJS) health insurance. [ER.22, C.1, C.5, C.10]

#### Local Law or Code Requirement

Government Regulation No. 78 on 2015, Art. 20; Labor Law No. 13 (2003), Art. 156 (3); Law No. 13 on Manpower (2003), Art. 93(2) - (3); Law No. 24 Year 2011 Chapter V Article 15 (1); FLA Workplace Code (Employee Relationship Benchmarks ER.18, ER.19, and ER 22; Compensation Benchmarks C.1, C.4, C.5, C.6, C.10, C.13, C.14, C.15, C.16, and C.17; Hours of Work Benchmarks HOW.11, HOW.16, and HOW.17)

#### Recommendations for Immediate Action

1. Pay all terminated workers in a timely manner. Retroactively compensate all workers whose employment was terminated in the past 12 months and did not receive their final payouts.

2. Provide payslips to all employees, including outsourced workers, "all-in" employees, and terminated workers.

3. Ensure that employees' payslips reflect the date that they joined the factory.

4. Include the number of days that terminated workers worked during their final month in the payment records.

5. Ensure that workers are aware of their remaining annual leave before it expires so that they are able to take leave if they so desire.

6. Ensure that each individual actually signs the payroll documents to confirm receipt of payment. Do not sign the documents on workers' behalf.

7. Compensate terminated workers for their unused annual leave. Retroactively compensate any terminated workers who did not receive unused annual leave payments in the past 12 months.

8. Ensure that the security agency revises the security guards' employment contracts to remove the restrictions on taking sick leave. Ensure that the outsourced security guards are compensated for all sick leave days.

9. Enroll all workers in the BPJS health insurance system.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Factory will pay the final wages of terminated workers before July 2018 thru their bank account. 2. Factory will ask the outsourcing company to provide payslip for their workers. All-in workers and terminated workers will receive their final payment receipt. 3. Factory will revise payslip for all-in workers by adding the hired date. 4. Factory will attach attendance record of final month of terminated worker on their final payslip. 5. Balance of annual leave can be access by each worker thru HR System anytime they are log in. Factory will do re-socialize about annual leave procedure. 9. Factory will coordinate with BPJS Health Insurance on how they can help to close the membership of PBI.

Update progress on 24 Oct 2019.

2. - Based on documentation review, factory has cooperated with the outsourcing company to provide payslip for their workers since Oct 2018.

- Factory also has provided payslip for all in workers since May 2019 but there is no evidence that factory has provided payslip for terminated workers. (In Progress)

Planned completion date

12/19/18

Company Action Plan Update

6. Factory will make sure that all workers should sign the payroll records by themselves. Factory will do re-socialize to admin and workers.

- Based on management discussion, this root cause was lack of awareness of administration staff on company policy so that they sign the payroll records behalf of those workers.

- Based on documentation review, factory has performed socialization to all administrative staff and representative of each department in Oct 2018. (Completed by 31-Jan-2019).

7. Factory has the procedure about unused of annual leave payment.

Based on documentation review, factory has created Work Instruction for Employee Termination on Aug 6, 2019.

- In this work instruction, HR has been assigned to calculate remaining salary and annual leave (to be paid) for resigned or terminated workers.

- Based on documentation review on payroll records for resigned workers from period of July to Sep 2019; factory has paid the remaining balance of annual leave to the workers. (Completed by 31-Jan-2019).

8. Factory will ask outsourcing company to revise the employment contract.

+ Based on documentation review on payroll record, bank statement and attendance record of resigned workers from period of July to Sep 2019; factory has paid final payment by bank transfer. (Completed by 31-Jan-2019).

1. Based on documentation review on payroll record, bank statement and attendance record of resigned workers from period of July to Sep 2019; factory has paid final payment by bank transfer. (Completed)

3. Based on documentation review, factory has revised payslip for all in workers by adding the hired date since May 2019. (Completed)

4. Based on documentation review on attendance record and payment records from April to Sep 2019, factory has put the number of days of each worker worked during their final month. (Completed)

5. Based on documentation review and management statement, factory has provided online HR system that can be accessed by workers. (Completed)

9. - Based on documentation review, factory has registered all workers for national healthcare security gradually from July 2019.

- Current total workers is 2,866 and last payment has been done on Sep 10, 2019. (Completed)

### FINDING NO.3

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. There are some discrepancies between the factory's time records and other documents. According to the time records, workers do not work overtime on public holidays, with the exception of the warehouse workers who worked overtime on Isra Miraj (April 14, 2018), Ascension Day (May 10, 2018), and Vesak Day (May 29, 2018). However, the factory's various other documents show overtime work by workers in different departments and on different holidays:

A. The logbook used to record the movement of spare parts showed that six sewing workers requested new parts on the Lunar New Year (February 16, 2018), eight sewing workers requested new parts on Good Friday (March 30, 2018), seven sewing workers requested new parts on Ascension Day, and five sewing workers requested new parts on Vesak Day;

B. The fabric movement records showed that warehouse workers received or moved fabric on Good Friday, Isra Miraj, and Pancasila Day (June 1, 2018);

C. The logbook used to record sewing machine repairs show that three mechanics worked on Pancasila Day.

Do to the inconsistency in the records, assessors were unable to verify whether workers were accurately compensated for overtime work. [ER.2, ER.23, HOW.10, C.15]

2. The factory's working hours records do not identify pregnant and breastfeeding workers to help ensure they receive their entitled legal protections concerning working hours. [HOW.5]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.23; Hours of Work Benchmarks HOW.5 and HOW.10; Compensation Benchmark C.15)

### Recommendations for Immediate Action

1. Ensure all work activities on public holidays are recorded accurately in workers' time records.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Factory will verify to production and do the overtime payment should there is lack of overtime payment. Factory will perform socialization to production team to follow the procedure on overtime work.
2. Factory will coordinate with IT whether they can give special identification for pregnant and breastfeeding workers.

Update progress on 24 Oct 2019:

2. - Factory has put sign for pregnant workers in attendance record by putting letter (H)/Hamil=Pregnant after the workers's name since June 2019. With this sign, HR can monitor the working hours of the workers.

- Factory has not yet put special sign to identify breastfeeding workers in attendance record. (In progress)

#### Planned completion date

12/19/18

#### Company Action Plan Update

1. - Based on documentation review and management statement, factory has done the investigation process and found out the root cause is lack of awareness from production manager on clear communication to HRD for overtime work on holidays.

- Factory has created specific procedure on overtime work on holidays on Oct 11, 2018 and communicated to the production manager in the same month.

(Completed)

## FINDING NO.4

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Termination & Retrenchment

#### Finding Explanation

1. In accordance with local law, the factory can terminate workers if they are absent for five consecutive days without submitting a written explanation. However, the factory only sends workers one notification letter (instead of two letters as required by law) before beginning the termination process. [ER.1, ER.32]

#### Local Law or Code Requirement

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

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Factory will send 2 (two) notification letter for workers who are absent for 5(five) consecutive days without notification before terminate them.plan include note about updating worker training on this policy. Factory will refreshment training terminate policy.

#### Planned completion date

12/19/18

#### Company Action Plan Update

1. + Based on documentation review on 10 sample resigned workers (without notice) from period of July to Sep 2019; factory has sent 2 (two) notification letters to the workers; using postal registered letter.

A. The logbook used to record the movement of spare parts showed that six sewing workers requested new parts on the Lunar New Year (February 16, 2018), eight sewing workers requested new parts on Good Friday (March 30, 2018), seven sewing workers requested new parts on Ascension Day, and five sewing workers requested new parts on Vesak Day (Completed)

## FINDING NO.5

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Workplace Conduct & Discipline

#### Finding Explanation

1. Security guards perform same-gender pat downs on workers four times per day: when workers enter the building before the start of their shift, before workers leave the building for their lunch break, when workers return from their lunch break, and when workers leave the building after their shift ends. [H/A.10]

2. There is no process for workers to appeal disciplinary actions taken against them. [ER.27]

3. Disciplinary actions are not witnessed by a third-party during imposition. [ER.27]

#### Local Law or Code Requirement

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

#### Recommendations for Immediate Action

1. Do not use physical pat downs as a general practice. Only conduct body searches and physical pat downs when there is a legitimate reason to do so and with the worker's consent.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Factory will find other method of security checking to replace body checking method to tools metal detector. Factory will monitoring body checking workers to tools metal detector. Factory will create policy on body checking.

2. Factory will revise warning letter by adding comment from worker.

3. Factory will revise warning letter by adding acknowledgement by the witnesses



Update progress on 24 Oct 2019:

1. - Factory has conducted meeting with chief security on Oct 2, 2018. This meeting was attended by outsourcing company that provides security services (Personnel Manager & Operational Manager) and factory representative (Legal, Human Resources, Shipping, GA and ISO). Based on the meeting result, factory will perform trial on body checking by using metal detector.

- Based on documentation review, factory has not yet developed the policy for body checking. (In progress)

Planned completion date

12/19/18

Company Action Plan Update

2. - Based on documentation review, factory has created warning letter procedure on Oct 11, 2018. The procedure covers investigation process, the presence of witnesses and worker's rights to appeal on disciplinary actions taken against them.

- Based on warning letter document review from Nov 2018 to Sep 2019, factory has added comment box since Aug 2019 to enable workers to write their feedback or comment on disciplinary actions taken.(Completed)

3.- Based on documentation review, factory has created warning letter procedure on Oct 11, 2018. The procedure covers investigation process, the presence of witnesses and worker's rights to appeal on disciplinary actions taken against them.

- Based on warning letter document review from Nov 2018 to Sep 2019, factory has added 2 (two) witnesses which are required to put their name and signature on the letter. (Completed)

## FINDING NO.6

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

Finding Explanation

1. The orientation training provided to new workers does not cover the following Employment Functions: Recruitment, Hiring & Personnel Development; Termination & Retrenchment; Industrial Relations; Workplace Conduct & Discipline; Grievance System; Environmental Protection; and Health & Safety. [ER.1, ER.15]

2. The factory does not provide ongoing training to workers on the following Employment Functions: Recruitment, Hiring, & Personnel Development; Compensation; Hours of Work; Termination & Retrenchment; Industrial Relations; Workplace Conduct & Discipline; and Environmental Protection. The factory provided ongoing training on September 4-5, 2018, but it was only provided to 462 out of 3,167 workers and only covered Discrimination, Freedom of Association, Grievances, and Harassment. [ER.1, ER.15, ER.28]

3. The factory does not provide training on Workplace Conduct & Discipline to the relevant HR personnel and administrative staff. [ER.1, ER.17, ER.27]

4. The factory does not provide specific training to the relevant supervisors managers on any of the Employment Functions. [ER.1, ER.17, ER.27]

5. Packing workers, warehouse workers, and sewing section helpers do not receive skills-based training. [ER.1, ER.28]

Local Law or Code Requirement

Act No 32 Year 2009 Article 65 (2); KEPMEN NO. KEP.68/MEN/IV/2004 Article 2.2. b; The Manpower and Transmigration Minister Decree No.KEP.187/MEN/1999 Article 22 (3); Manpower Minister Decree No 18 Year 1999 Article 2.c, Article 9.2.d, Article 10.2. d; FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.15, ER.17, ER.27, and ER.28)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Factory will provide training for new workers on Employment Functions.
2. Factory will provide ongoing training to workers annually on the following Employment Functions: Recruitment, Hiring, & Personnel Development; Compensation; Hours of Work; Termination & Retrenchment; Industrial Relations; Workplace Conduct & Discipline, Environmental Protection, Discrimination, Freedom of Association, Grievances, and Harassment. 3. Factory will provide training on Workplace Conduct & Discipline to the relevant HR personnel and administrative staff. 4. The factory will provide specific training to the relevant supervisors managers on any of the Employment Functions. 5. Factory will provide skill-based training for Packing workers, warehouse workers, and sewing section helpers.

Update progress on 24 Oct 2019:

1. - Based on documentation review, factory has provided induction training for new workers on Aug and Sep.
  - The training material was not covered all required employment functions. (In progress)
2. - Based on documentation review, factory has provided refreshment training on Aug 19, 2019; but the training has not done on regular basis and not covered all existing workers.
  - In addition, the training material was not covered all required employment functions; especially on environmental protection. (In progress)
3. - Based on documentation review, factory has provided training related with Workplace Conduct and Discipline on Nov 12, 2018.
  - The training record has not completed yet with training material and list of participant.
  - In addition, there was no refresh training done in 2019 to relevant staffs. (In progress)
4. Based on documentation review, the factory is still under progress of submitting evidence to show improvement.

Note: The submitted evidence was not related with the issue. (In Progress)

5. Factory has done skills-based training for packing, warehouse, cutting workers and sewing helpers in Nov 2018; but there is no training done in 2019 for new workers in those divisions. (In Progress)

Planned completion date

03/19/19

Company Action Plan Update

## FINDING NO.7

### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

1. The factory does not communicate with the general workforce regarding its policies and procedures or their updates on the following Employment Functions: Recruitment, Hiring & Personnel Development Termination & Retrenchment; Industrial Relations; Workplace Conduct & Discipline; and Environmental Protection. [ER.1, ER.16, ER.25, ER.27, ER.29, ER.30]

2. The worker involvement component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers' input or feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. [ER.1, ER.25]

3. Management does not fully communicate with the workforce regarding Health & Safety. The Safety Act No.01 Year 1970 is not posted on the announcement board for workers to read. [ER.1, ER.16, HSE.1, HSE.2]

##### Local Law or Code Requirement

Act No 32 Year 2009 Article 65 (2); Safety Act No 1 Year 1970, Article 14.a; FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.16, ER.25, ER.27, ER.29, and ER.30; Health, Safety & Environment Benchmarks HSE.1 and HSE.2)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. Factory will communicate with the general workforce regarding its policies and procedures or their updates on the following Employment Functions: Recruitment, Hiring & Personnel Development Termination & Retrenchment; Industrial Relations; Workplace Conduct & Discipline; and Environmental Protection. 2. Factory will involve general workforce on the policy and procedure review thru LKS bipartit meeting 3. Factory will communicate with general workforce regarding health & safety and post the safety act on the announcement board. Factory will posted The Safety Act No.01 Year 1970 in the announcement board.

Update progress on 24 Oct 2019:

1. Based on documentation review, factory has only done the training in Nov 2018 for 25 employees instead of all workforce. In addition, the training has not covered Environmental Protection at the workplace.(In Progress)

2. Based on documentation review, factory has not done the planned action. (Planned)

Planned completion date

12/19/18

Company Action Plan Update

3. - Based on desktop review and management statement, factory has posted Safety Act No 1970 on notification board in production floor on Oct 15, 2018.

- Socialization to workers has done verbally through morning meeting on Oct 16, 2018. (Completed)

## FINDING NO.8

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Industrial Relations

##### Finding Explanation

1. The factory does not provide the union with office space. [FOA.15]

2. Management does not collect union dues from workers as agreed up on in Article 10.1 of the Collective Bargaining Agreement (CBA), which states that the factory will help the union collect union dues by deducting the dues from workers' wages with their consent. [FOA.19]

3. The factory does not provide workers with a copy of the CBA. Only supervisors receive a copy. [ER.16, FOA.1]

##### Local Law or Code Requirement

Law No. 13 on Manpower (2003), Art. 126 (3); FLA Workplace Code (Employment Relationship Benchmark ER.16; Freedom of Association Benchmarks FOA.1, FOA.15, and FOA.19)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. The factory will provide the Union with office space.

2. Factory will help to collect union dues from workers after get worker's approval. 3. Factory will provide workers with a copy of the CBA and by putting the copy on the announcement board.

##### Planned completion date

12/19/18

##### Company Action Plan Update

1. - Based on desktop review and management statement, factory has provided office space for union that separated from production building (near main entrance). (Completed)

2. - Based on documentation review, factory has received application letter from union for collecting union dues through payroll system.

- Union also has submitted the statement letter from each member for their approval on union dues deduction for IDR 1,000 from their salary every month.

- Based on documentation review on sample payroll record from Aug - Oct 2019; factory has collected the union dues. (Completed)

3. Based on documentation review and management statement, factory has posted CBA in production floor in March 2019 and provided the copy in the form of pocket book to all workers on Aug 1, 2019. (Completed)

## FINDING NO.9

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Policies & Procedures (Macro)

##### Finding Explanation

1. The factory does not have any policies or procedures on Personnel Development or Retrenchment. [ER.1, ER.19, ER.28, ER.29, ER.30, ER.32]

2. The factory does not have any procedures on Industrial Relations or Environmental Protection. [ER.1, ER.25, ER.31, HSE.5]

##### Local Law or Code Requirement

Act 32 Year 2009 Article 54 (2) Bullet 1-3; Kepmenaker No 186 Year 1999 Article 2 (2) f, Article 2 (4). a-d; Kepmen No 11 Year 2000 Chapter IV Article 3. a.2.j. 1-13; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.19, ER.25, ER.28, ER.29, ER.30, ER.31, and ER.32; Health, Safety & Environment Benchmark HSE.5)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. Factory will has the policies or procedures on Personnel Development or Retrenchment.

2. The factory will has procedures on Industrial Relations or Environmental Protection.

##### Planned completion date

03/19/19

##### Company Action Plan Update

1. Factory has the policies or procedures on Personnel Development or Retrenchment. (Completed by 31-Jan-2019)

2. The factory has procedures on Industrial Relations or Environmental Protection. (Completed by 31-Jan-2019)

## FINDING NO.10

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Responsibility & Accountability (Macro)

#### Finding Explanation

1. The factory does not clearly define the person(s) in the factory that is responsible for the following Employment Functions: Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Termination & Retrenchment; Industrial Relations; Workplace Conduct & Discipline; Grievance System; and Environmental Protection. [ER.1, ER.31]
2. The factory does not clearly define the person with ultimate responsibility within the factory. [ER.1]

#### Local Law or Code Requirement

FLA Workplace Code (Employee Relationship Benchmarks ER.1 and ER.31)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Factory will have organization structure of HRM.
2. Factory will have organization structure.

#### Planned completion date

12/19/18

#### Company Action Plan Update

1. Factory has organization structure of HRM. (Completed by 24-April-2019)
2. Factory has organization structure (Completed by 24-Apr-2019)

## FINDING NO.11

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Review Process (Macro)

#### Finding Explanation

1. The factory does not regularly review and updates its policies and procedures on any of the Employment Functions. [ER.1, ER.29, ER.30, ER.31]

#### Local Law or Code Requirement

Occupational Safety and Health Standards, Rule 1043.01 Subsection 4; FLA Workplace Code (Employment Relationship Benchmarks ER.1,

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Factory will assign a team to review and updates factory policies and procedures.

#### Planned completion date

12/19/18

#### Company Action Plan Update

1. Factory has ISO team to review and updates factory policies and procedures. (Completed by 31-Jan-2019)

## FINDING NO.12

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. The solid waste generated by the factory's production and domestic activities is stored in an area without a lockable fence or door. [HSE.1]
2. There is no segregated stream for leachate in the temporary solid waste storage area. [HSE.1]
3. Assessors found empty chemical containers stored in the chemical storage area. [HSE.1, HSE.9]
4. There is no legal relationship between the toxic and hazardous waste company used by factory and the factory's subcontractor. [HSE.1, HSE.4]
5. There is no evidence that the air emissions released by the factory are clean since there have been no air emissions test conducted for the two boilers and two generators. [ER.2, ER.31]
6. The factory is not complying with the terms of their ground/soil water extraction permit. Management does not submit a monthly report to the Mineral Resource and Energy Bureau Head and the Sragen Mayor. Furthermore, they do not keep daily extraction records as evidence that the factory is not exceeding the extraction limits set by the permit (10 m3/day) [ER.2, HSE.1, HSE.2]
7. Management does not submit a report on the factory's toxic and hazardous waste inventory and disposal every three months to the Deputy of Toxic and Hazardous Material and Waste, the Central Java Environmental Bureau Head, and the Sragen Regency Environmental Bureau, Head of Java Regional Environmental Bureau. [HSE.1]
8. The factory's Toxic and Hazardous Waste Permit does not include medical waste. Medical waste is not recorded in the toxic and hazardous waste inventory either. [ER.2, HSE.1, HSE.2, HSE.4]
9. The factory has not yet established a rain water management system, such as bio pores, collecting ponds, and absorbent wells. [HSE.1, ER.31]
10. Assessors found that the factory is still using R22 as a cooling agent in 58 out of 72 air conditioning units. R22 is considered an Ozone Depleting Substance (ODS). [HSE.1, ER.31]
11. The factory's system for responding to environmental emergencies such as chemical spills is insufficient. The floor of the chemical storage room is not sloped one degree towards the sump. Furthermore, there is no clear guidance on what to do if there is a chemical spill outside. [ER.31, HSE.5, HSE.9]
12. Two of the workers who are responsible for handling hazardous and non-hazardous waste have not been trained on proper waste

handling techniques. [ER.1, ER.15, HSE.9]

#### Local Law or Code Requirement

Labor Regulation No 7 Year 1964 Article 4.4, Article 5.13. Public Works Minister Regulation No 26 year 2008 article 7.2.4.4.2. ; Public Works Minister Regulation No 03 year 2013 Article 37 (3) 1-3; Act No. 18 Year 2008, article 29 (1) c, Government Regulation No 101 Year 2014 Article 12 (2), Environment Minister Regulation No.18 Year 2009 Article 2.1. a-d; Government Regulation No 41 Year 1999 Article 21.1-2; Attachment of Central Java Governor Decree No 503/679/A/2016 Section III.2, Section III.3; Sragen Mayor Decree No 660.1/314/002/2015 Section 6.1 – 4, Environment Minister Regulation No.18 Year 2009 Article 2.1. b, Government Regulation No 101 Year 2014 Article 26. B; Minister Regulation of Environment No 12 year 2009. Article 3 (1), Article 1. 1-3, Industrial Minister Regulation No 33 Year 2007 Article 3, Government Regulation No 74 Year 2001 Article 25.a-d; FLA Workplace Code (Employment Relationship Benchmark ER.2 and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.4, HSE.5, and HSE.9)

#### Recommendations for Immediate Action

1. Store solid waste behind a lockable fence or door.
2. Provide a segregated stream for leachate in the temporary solid waste temporary storage area.
3. Store empty chemical containers in the toxic and hazardous waste storage area.
4. Ensure that toxic and hazardous waste is disposed of by a licensed company that follows all legal regulations.
5. Regularly conduct air emissions tests for the boilers and generators.
6. Submit a monthly extraction report to the relevant authorities. Keep daily ground/soil water extraction records and ensure that the factory does not exceed extraction limits.
7. Submit a report on the factory's toxic and hazardous waste inventory and disposal every three months to the relevant authorities.
8. Update the Toxic and Hazardous Waste Permit to include medical waste. Include medical waste in the toxic and hazardous waste inventory.
9. Establish a rain water management system.
10. Stop using R22 as a cooling agent. Replace the R22 with more environmentally friendly option.
11. Slope the chemical storage room floor one degree towards the sump. Establish procedures on what to do in the case of a chemical spill outside.
12. Train workers who handle waste (hazardous and non-hazardous) on proper waste handling techniques.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Factory will provide fence and lock for solid waste and domestic activities place. 2. Factory will provide segregated stream for leachate in the temporary solid waste storage area. 3. Factory will move empty chemical containers to Toxic and hazardous waste. 5. Factory will conduct air emissions test. 9. Factory will establish a rain management system. Factory already establish bio pores and factory will add bio pores. 10. Factory will bring this issue to management. Factory will replace cooling R22 to R32 in air conditioning. 11. Factory will revise the system and repair the floor to be sloped one degree towards the sump. The procedure for chemical spill outside will be created.

Update progress on 22-24 Oct 2019

1. Factory has provided fence in the waste storage but it is not provided with lock mechanism. (In Progress)



2. - Factory has provided segregated stream for leachate in the temporary solid waste storage area.

- There is no evidence that factory has provided monitoring record to ensure the leachate is collected and treated properly. (In progress)

3. - Factory has placed the empty chemicals containers to hazardous waste storage.

- There is no evidence that factory has developed any monitoring system for hazardous waste storage's mechanism. (In progress)

4. Based on documentation review, factory has created MoU with hospital for medical waste on Sep 30, 2018. The MoU was valid until Sep 30, 2019. There is no evidence that factory has extend the MoU with the hospital.

- In addition, there is no evidence that factory has created MoU with transporter company or waste collector for disposal of hazardous waste. (In progress)

Planned completion date

12/19/18

Company Action Plan Update

6. Factory has monthly extraction records and pay to local government for the usage. Factory will attach the records on the environmental report. (Completed by 31-Jan-2019)

7. Factory has submitted the report on the factory's toxic and hazardous waste inventory and disposal to the environmental report every 6 months. (Completed by 31-Jan-2019)

8. Medical waste is separated from the factory's toxic and hazardous waste permit. This medical waste is sent to PKU Muhamadiyah hospital and has different MOU. (Completed by 31-Jan-2019).

12. Factory will train workers responsible for handling hazardous waste. (Completed by 31-Jan-2019)

5. Based on documentation review, factory has done air emission test for 2 boilers and 2 generator sets biannually since April 2019. The result is complied with applicable regulation. (Completed)

9. Factory has installed biopore mechanism for rainwater harvesting. (Completed)

10. Factory has changed the freon from R22 to R32 which has proven to have low GWP (Global warming potential) of 675 and also more energy efficiency. (Completed)

11. - Factory has made slope on the concrete floor at chemicals storage for 1 degree.

- Factory has provided special basin to collect in case chemicals spill occurred.

- Factory has provided spill kit to remove the spills from the basin by using cotton waste and then it will be collected in the special bin then it will be moved to hazardous waste storage.

- Factory has created procedure on chemicals handling, including how to handle the spills for solid and liquid chemicals. (Completed)

12. Based on documentation review, factory has done chemicals handling training for 8 operators (6 chemicals operators, 2 boiler operators and 2 spot cleaning operators) on Aug 26, 2019. (Completed)

## FINDING NO.13

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. The factory has not conducted an Environmental Impact Analysis to identify whether its on-site operations generate any negative environmental impacts. [ER.31]

2. The factory is not making an effort to reduce its environmental impact:

a. The factory established a target to reduce its energy use by 10% and its hazardous waste output by 5% each year, however, there is no monitoring system in place to track whether the factory is meeting these targets;

b. The factory has not established any targets regarding the reduction of air emissions;

c. The factory's emissions records from 2015-2018 only show the energy consumption of gas, diesel fuel, electricity, and water. They do not show the factory's toxic and hazardous waste output or its chemical consumption. Furthermore, the records do not determine whether the factory's consumption has been reduced or whether targets have been met. The records also do not establish an emissions test to be used as a monitoring tool, explain how to calculate the emissions generated by the use of gas, diesel fuel, and electricity, or mention the source of the baseline used. [ER.1, ER.2, HSE.1]

##### Local Law or Code Requirement

Act No 32 Year 2009 Article 14. K. a-c; Permen PU No 02 Year 2015 Article 1.2, Article 4 a-c; FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.2, and ER.31; Health, Safety and Environment Benchmark HSE.1)

### COMPANY ACTION PLANS

Action Plan no 1.

##### Description

1. The factory will conduct an Environmental Impact Analysis to identify whether its on-site operations generate any negative environmental impacts.

2. The factor will make an effort to reduce its environmental impact: a. The factory establish a target to reduce its energy use by 10% and its hazardous waste output by 5% each year. b. The factory establish targets regarding the reduction of air emissions. Factory will emissions test

Update progress on 22-24 Oct 2019:

2. - Factory has measured emission resulted from generator set and boiler in April 2019. The result showed the emission was complied with the regulation.

- Factory also has calculated the CO2 emission from year 2016 - 2018 & reviewed the reduction/year. But this has not been used as baseline to emission reduction for year 2019 onward. (In progress)

Planned completion date

03/19/19

Company Action Plan Update

1.- Factory has done Environmental Impact Analysis every 6 months and reported to local environmental agency. (Completed)

## FINDING NO.14

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The traffic lanes and walking paths are not marked. [HSE.1]

2. There is no visual management system in place (such as reflectors) to promote safe driving practices. [HSE.1]

3. The factory uses negative incentives to ensure workers use machinery and tools safely. Reprimand letters are issued to workers who do not wear Personal Protective Equipment (PPE) while working and operators who work on machinery that is missing its safety features. [HSE.15]

4. The factory isn't taking proactive steps to reduce repetitive-motion stress and injuries:

- a. Jobs are not rotated;
- b. There are no ergonomic breaks for workers to stretch and exercise;
- c. Not all workers who work standing up are provided with anti-fatigue mats;
- d. Chairs are not adjustable to fit individual workers. [HSE.17]

5. Sewing workers are not provided with gloves and assessors observed 58 sewing workers from Line 1 in Building B with blue stains on their hands from the fabric they were working with.

6. The factory's Health & Safety procedures do not include Standard Operating Procedures (SOP) for each job with a focus on performing the job safely. [ER.1, ER.31]

7. The factory's Hazard Identification Risk Analysis (HIRA) report is inadequate. It did not identify hazards in all areas (finished goods storage area, in-line and end-line inspection area, chemical storage area, solid and household waste storage area, toxic and hazardous waste storage area, breastfeeding room) and processes (blower process, mending process, maintenance work such as electrical work and work in confined spaces, sanitation work such as pest control, fire-fighting activities). Furthermore, it does not state how to eliminate or reduce the risks posed by workplace hazards. [HSE.1]

#### Local Law or Code Requirement

Transportation Minister Regulation No PM 34 Year 2014 Article 11 (1); PP No 32 Year 2012 Article 33; Manpower Minister Regulation No 8/2010 Article 7 (1); Attachment I PP No. 50 year 2012 section C.1.b paragraph 2, Manpower Minister Regulation No 7 Year 64. Article 9. Subsection 2.a-d.; Act 1/1970 Article 9 (3), Attachment I PP No. 50 year 2012 section C.1.b paragraph 2; Attachment I of PP No 50 Year 2012 Section C.2.2.1; Attachment I : Manpower Minister Regulation No 05/96. Article 1.2.a-b.; FLA Workplace Code (FLA Workplace Code (Employee Relationship Benchmarks ER.1 and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.15, and HSE.17)

#### Recommendations for Immediate Action

1. Mark all traffic lanes and walking paths
2. Install visual management devices.
3. Do not use negative incentive to ensure that workers use machinery and tools safely. Instead, retrain workers and monitor them to ensure compliance.
4. Take proactive steps to reduce repetitive-motion stress and injuries.
5. Have the blue dye tested by an accredited laboratory to identify whether it is harmful to human health. Provide workers with sheer gloves or nylon gloves.
6. Ensure that future HIRA reports cover all work areas and processes as well as recommendations on how to address workplace hazards.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

3. Factory will do refreshment training Personal Protective Equipment (PPE) .
4. Factory will take proactive steps to reduce repetitive-motion stress and injuries in a way breaks for workers to stretch and exercise, provided with anti-fatigue mats to workers standing up. Factory will provide with anti fatigue mats to workers standing up and breaks for workers to stretch and exercise.
5. Factory will provide full gloves for the fabric to all of workers.
6. Factory will revise the procedure.
7. Factory will provide HIRA on finished goods storage area, in-line and end-line inspection area, chemical storage area, solid and household waste storage area, toxic and hazardous waste storage area, breastfeeding room and processes (blower process, mending process, maintenance work such as electrical work and work in confined spaces, sanitation work such as pest control, fire-fighting activities).

Update progress on 22-24 Oct 2019:

3. Factory has performed PPE Training in Aug 2019 to some of Cutting, Sewing, QC, Finishing operators but there is no revised procedure or policy on eliminating use of warning letter for operators who not using PPE while working. (In Progress)

4. - Based on management statement, factory has provided ergonomic breaks for 2 times/day; i.e. 10 am and 3 pm. This breaks has not been included in Collective Labor Agreement or special memo to workers.

- The verbal socialization has been done to workers on Sep 17, 2019 but there is no record provided. ( In Progress)

6. Factory is planning on making revision on adding safety procedure on each SOP for each job. (In Progress)

7. Factory has updated HIRA in 2019 for area of Cutting, Sewing, QC, Finishing and GA/Utility; but has not added HIRA for area of chemicals storage and in line/end line QC. (In Progress)

Planned completion date

03/19/19

Company Action Plan Update

1. - Factory has put mark on walking paths for pedestrians.

- Since Dec 2015, factory has created policy on limited entry to company premises for certain vehicles such as forklift, container during working hours; especially at rest time.

- Security guards are appointed to monitor the implementation of this policy. (Completed)

2. Factory has installed special sign in company premises for safe driving practices; such as parking sign, drive safely sign and speed limitation sign (10 km). (Completed)

5. - Based documentation review management discussion, factory has provided gloves to workers.

- Based on documentation review, factory has done material test (Kaken test) for all fabric prior to use in production.

- Based on Kaken test performed on denim materials (that caused blue stain) on Dec 27, 2018, there was no harmful component that will give negative impact for workers who worked with the fabric. (Completed)

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Health &amp; Safety

Finding Explanation

1. There is no anti-explosive lighting installed in the compressor, boiler, and generator room, the spot clean room, the toxic and hazardous waste room, or the chemical storage room. [HSE.13]
2. The factory's Health & Safety procedures do not include:
  - a. A list of confined spaces that require work permits;
  - b. The precautions people must take prior to and upon entry and stay in each confined space;
  - c. Electrical certifications, inspections, assessments and reviews (overall electrical system, grounding system, lightning protection system);
  - d. A list of equipment and machinery that requires lockout-tagout [ER.1, ER.31]
3. The water tanks and diesel fuel tank are not marked with identification numbers or "Confined Space", "Do Not Enter", or "Authorized Persons Only" signs. [HSE.1, HSE.14]
4. Proper precautions are not taken before workers enter confined spaces. No atmospheric tests are performed to ensure air quality and no rescue equipment is provided (such as a pulley to retract people from within the confined space). [HSE.6]
5. Two of the maintenance workers who enter confined spaces have not been certified by the government or an authorized training organizer. [HSE.1, HSE.14]
6. Seven body harnesses provided to workers who work at heights have not been inspected. [HSE.6]
7. The ladders on four of the water tank towers do not have safety cages. [HSE.1, HSE.6, HSE.14]
8. Contractors are not provided with safety information prior to entering the facility. [ER.31]
9. Repairs are not recorded so there is no evidence that electrical problems are fixed in a timely manner or that equipment with electrical problems is immediately removed from service until properly repaired. [ER.2, HSE.13]
10. There is no evidence that the factory implements a lockout-tagout (LOTO) system since there is no LOTO logbook. [ER.2, HSE.13, HSE.14]
11. The electricians are at risk of electrocution. There are no safety rods installed in the electrical panels so that an electrocuted person can be pushed or pulled from the electricity source. [HSE.6, HSE.13]
12. The electrical technician does not have a valid license. His Surat Ijin Operasi (SIO) expired in 2012 and has not been renewed. [HSE.1, HSE.14]
13. The factory does not provide specific maintenance safety training to the relevant workers. Workers who work at heights or in confined spaces have not been trained on how to do so safely. The electricians have not received electrical safety training, including training on lockout-tagout procedures. [ER.1, ER.15, HSE. 14]

Local Law or Code Requirement

Environmental Impact Controller Bureau (Bapedal) Head Decree No 1 Year 1995. Article 3.2. b.1, PUIL 2000 article 8.5.2 a-d; Attachment II of PP No 50 Year 2012 Section. A.6.1.5., Attachment of Kepmenaker No 326 Year 2011, Chapter I Section C.9.; PUIL 2000 Article 9.5.3.2, Permenaker No 12 Year 2015 Article 6; Attachment II of PP No 50 Year 2012 Section. A.6.5.7; Attachment I of Manpower Supervisory and Management General Director Decree No Kep. /DJPPK/IX/2006 Article 2.1.2.; SNI – 0229 1987 E; Circular Letter of Manpower Minister No. SE.117/MEN/2005 Point b; Manpower Minister Regulation No 8/2010, article 7 (2).g; Permenaker No 9 year 2016. Article 6.2; Attachment I of PP No 50 Year 2012 Section A.1.d; Government Regulation No 50 year 2012 Article 6.5.2, PUIL 2000 Article 9.5.3.2, Article 9.9.1.1. and section E, Article 9.12.1.3.1 - 2; Permenaker No 12 Year 2015 Article 6.3.a; Attachment II of PP No 50 Year 2012 Article 12.5; Government Regulation No 50 year 2012 Section C.2.1.a.2; FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.2, ER.15 and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.3, HSE.6, HSE.13, and HSE.14)

Recommendations for Immediate Action

1. Install anti-explosive lighting wherever necessary.
2. Revise the Health & Safety procedures to include all of the missing components listed above.

3. Mark all confined spaces with identification numbers and warning signs.
4. Perform atmospheric tests and have rescue equipment available before anyone enters a confined space.
5. Ensure that all workers who enter confined spaces are properly trained and certified.
6. Inspect all fall protection regularly.
7. Install safety cages on all water tank tower ladders.
8. Provide contractors with safety information before they enter the facility.
9. Record all electrical problems and repairs.
10. Record all instances of lockout-tagout in a logbook.
11. Install safety rods in all electrical panels

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Factory will provide anti-explosive lighting installed in the compressor, boiler, and generator room, the spot clean room, the toxic and hazardous waste room, or the chemical storage room. 2. Factory will revise the procedures. 3. Factory will mark the water tanks dan diesel fuel tank. 4. Factory will provide proper precautions for worker who enter confined spaces, by giving a warning sign in a confined spaces. Factory will by giving a warning sign in a confined spaces. 6. Body hardness will be inspected regularly and recorded. 10. Factory will provide LOTO Logbook to implement LOTO system. 11. Factory will provide safety rods installed in the electrical panels. Factory will installed safet rods in the electrical panels. 13. Factory will provide specific maintenance safety training to the relevant workers.

Update on 2019/10/22-24:

1. Factory has changed the lamp to LED lights. But there is no further evidence that the lamp is fully anti-explosive or has minimum risk in case the light is broken due to explosion ; such as no proper cover to prevent the broken lamp to fall to the floor. (In Progress)

2. Factory has not revised Health & Safety Procedure but has separated procedure on confined space and LOTO. (In Progress)

5. Based on documentation review and management statement, factory has not yet cooperated with authorized training provider. (In Progress)

11. - Factory has provided safety rods on 3 electrical panels in each building (A building/sewing section, B building/sewing section, C building/office).

- Factory is still in progress to provide safety rods on electrical panels in each production division. (In Progress)

13. - Based on documentation review, factory has done LOTO training for relevant workers in August 2019.

- Factory has not yet provided specific training on safety maintenance; electrical safety; work at heights or in confined space to relevant workers. (In Progress)

Planned completion date

03/19/19

Company Action Plan Update

3. Factory has put sign on authorized person on water tank. (Completed)

4. Based on documentation review, factory has developed specific procedure for confined space since 2017. The procedure was including the atmosphere test that needs to be performed by assigned operator prior to entering confined space. (Completed)

7. Factory provided safety cages on the water tank towers. (Completed)

8. Factory has created safety information for contractors.

- Factory has assigned compliance Officer as person responsible for explaining the safety information to contractors.

- The contractor will be required to sign the statement letter as evidence that safety information has been delivered onsite (prior to entering the factory). (Completed)

9. Factory has provided log book to record the electrical problems and its activities including finish date and person in charge since May 2019. (Completed)

10. Factory has provided LOTO tag in special box and log book to be filled in by user. The log book covered LOTO location, date of tag installment and date of removal tag. (Completed)

12. Electrical technician has a valid licence till 2020. Based on documentation review, electrician at factory has obtained operating license since June 16, 2017. The license will be valid for 3 years or expired on June 16, 2020. (Completed)



## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. Management has not conducted an internal fire risk assessment or commissioned a third-party expert to do so. [HSE.5]
2. There is no sprinkler system installed as part of the fire protection plan. [HSE.6]
3. There are no emergency alarms installed in the chemical storage room, the toxic and hazardous waste storage area, the solid waste storage area, and the jockey pump room. There are no smoke detectors in the chemical storage room or the toxic and hazardous waste storage room. [HSE.5, HSE.6]
4. The factory did not keep the manufacturer's manual for the emergency alarm, so assessors were unable to determine whether the alarm system is inspected in accordance with the manufacturer's recommendations. However, the alarm inspections are not complete. They do not cover the decibel level, whether the alarm can be heard throughout the factory, or whether the light indicator is illuminated. [HSE.5, HSE.6]
5. The emergency alarm system is only inspected on a monthly basis instead of weekly, monthly, and annually as required by law. [HSE.1, HSE.5]
6. The factory's emergency alarm inspection records do not mention whether the alarm sound is at least 15 decibels above the average ambient sound level or five decibels above the maximum sound level during a period of at least 60 seconds, whichever is greater. As a result, assessors could not confirm whether the alarm is loud enough to be heard by all workers in the factory. [HSE.5]
7. The factory's Health & Safety procedures don't include:
  - a. A list of workers (names and titles) responsible for the managing fire equipment and fire risk assessments;
  - b. Worker's duties in regards to fire response;
  - c. Fire risk assessment details;
  - d. Contact information of external authorities to call and inform in case of fire;
  - e. Roles and responsibilities of emergency personnel;
  - f. Steps for ensuring that walkways and emergency exits are free from obstruction;
  - g. Emergency assembly areas;
  - h. A list of workers responsible for coordinating the evacuation process;
  - i. Steps on how to ensure that all personnel, visitors, contractors, service providers are safely evacuated;
  - j. Steps on how to ensure that all special categories of workers and children are safely evacuated. [ER.1, ER.31, HSE.5]
8. The fire safety and emergency preparedness training provided to workers is inadequate. Only 22 out of 3,330 employees received basic fire safety training on July 13, 2018, and the training material did not include how to identify fire risks in each workplace. [ER.1, ER.15, HSE.5, HSE.6]
9. Workers with special responsibilities in the case of an evacuation have not received specific training and certification to enable them to effectively execute their duties. [ER.1, ER.15, HSE.5, HSE.6]
10. There are no fire-resistant smoke-sealed doors at the emergency exits. [HSE.5]

#### Local Law or Code Requirement

Public Work Minister Regulation No 26 Year 2008 Article 11; Minister Instruction No 11 Year 1997 Article 3, Health Minister Regulation No 48 Year 2016 Article 14 (5) f., SNI 03-3989-2000. SNI 03-3985-2000 Article 10.1.2.; PP No 101 year 2014. Article 217, Public Works Minister Regulation 26/PRT/M/2008 Article 5.4.2.1, Minister Regulation No 2 Year 1983, Article 3.1; SNI 03-3985-2000 Article 10.1.2.; Manpower Minister Regulation No 2 Year 1983 Article 57 (1); National Fire Alarm Code (NFPA 72); Safety Act No 1 year 1970 article 9 (3); Manpower Minister Decree No 10 Year 2000 article 4.10.1. a; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, and ER.31; Health, Safety & Environment Benchmarks HSE.5 and HSE.6)

#### Recommendations for Immediate Action

1. Conduct an internal Fire Risk Assessment, then commission a third-party to validate the results.
2. Install a sprinkler system in the factory.
3. Install an emergency alarm in the chemical storage room, toxic and hazardous waste storage area, solid waste storage area, and jockey pump room.
4. Inspect the emergency alarm system according to the manufacturer's recommendations. Ensure that all elements of the alarm system are inspected regularly.

5. Inspect the emergency alarm system on a weekly, monthly, and annual basis.
6. Include the siren decibel level in the emergency alarm inspection records. Ensure that the alarm is loud enough for workers to hear in all parts of the factory.
7. Revise the factory's Health & Safety procedures to include all of the missing components listed above.
8. Train all workers on basic fires safety. Update the training material to include the identification of fire risks.
9. Ensure that all workers with special responsibilities in case of an emergency receive the appropriate training and certification.
10. Install fire-resistant smoke-sealed doors at emergency exits.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Factory will conduct an internal fire risk assessment or commissioned a third party expert. 2. Factory will coordinate with Fire Risk assessor whether the factory need to install the sprinkler or not. Based on fire protection inspection factory no need install sprinkler. 3. Emergency alarms will be installed in the chemical storage room, the toxic and hazardous waste storage area, the solid waste storage area, and the jockey pump room. Smoke detectors will be installed in the chemical storage room or the toxic and hazardous waste storage room. 4. Factory will ask the manufacturer's manual from the provider and revise the inspection checklist form as per requirement. 5. The emergency alarm system will be inspected as required by law. 6. Factory will test the alarm sound annually and ensure inspection record are updated to reflect annual tests. Factory will revise form monitoring alarm. 7. Factory will revise Health & Safety Procedure as required. 8. Factory will provide training to all workers and revise the training material (include how to identify fire risks in each workplace). 10. Factory will replace emergency doors.

Update progress on 22-24 Oct 2019:

8. Based on documentation review, factory has not done the planned actions. (In Progress)

10. Factory has painted all emergency exit doors with fire-resistant paint (silicone acrylic coating which capable of heat resistant up to 260 celsius degree). (In progress)

#### Planned completion date

03/19/19

#### Company Action Plan Update

1. Factory has performed fire risk assessment by fire expert from local manpower office on May 22, 2019. The fire risk assessment covered fire extinguisher, fire hydrant, integrated fire alarm, smoke detector and therma system. The assessment result all existing fire equipment is in good condition and can function well. (Completed)

2. Factory has performed fire risk assessment by fire expert from local manpower office on May 22, 2019. The fire risk assessment covered fire extinguisher, fire hydrant, integrated fire alarm, smoke detector and thermatic system. The assessment result stated

that sprinkler is not required since all existing fire equipment is functioning well and in sufficient number. (Completed)

3. Based on desktop review, factory has installed emergency alarms in chemicals storage room and hazardous waste storage. (Completed)

4.

- Factory has received manual book for fire alarm from supplier.

- Factory has performed fire risk assessment by fire expert from local manpower office on May 22, 2019. The fire risk assessment covered fire extinguisher, fire hydrant, integrated fire alarm, smoke detector and thermatic system. The assessment result stated that fire alarm is in good condition and can function well. (Completed)

5. Based on documentation review, factory has provided and filled in monthly inspection checklist since Jan 2019. (Completed)

6. Based on documentation review, factory has done the inspection on fire alarm on Oct 10, 2019.

- Inspection was done by local labor inspector from province level.

- Factory is still waiting result on alarm sound level. (Completed)

7. Based on documentation review, factory has revised Health and Safety Procedure and added list of person responsible for fire safety handling. (Completed)

9. Workers with special responsibilities in the case of an evacuation have received specific training and certification to enable them to effectively execute their duties. (Completed)

## FINDING NO.17

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. There are no chemical spill response kits in the chemical storage room or the toxic and hazardous waste storage room. As a result,

chemical spills and leaks in these areas have not been properly cleaned up. [HSE.6]

2. The chemical inventory does not include the expiration date of each chemical. [ER.2]

3. There are no showers installed in the chemical storage room or the toxic and hazardous waste storage room. [HSE.6]

4. There is no evidence that the eyewash stations in the boiler room and the toxic and hazardous waste storage area are maintained properly. [ER.2, HSE.6]

5. The eyewash stations in the spot clean room and the chemical storage room use tap water rather than potable water. [HSE.6]

6. Two of the maintenance workers have not received training on chemical tank management. [ER.1, HSE.9]

7. Not all workers who use chemicals have been trained on how to handle chemicals. Only five spot cleaners, 46 maintenance workers and mechanics, two boiler operators, and 40 sanitation workers have received this training. [ER.1, HSE.9]

8. The factory's Health & Safety procedures do not identify who is responsible for cleaning up chemical spills. [ER.1, ER.31]

#### Local Law or Code Requirement

Manpower and Transmigration Minister Regulation No.KEP.187 Year 1999 Article 2; Manpower Minister Regulation No 15 Year 2008 Article 8.3 The specific apparatus as mentioned on point (1.d); ANSI/ISEA Z358.1-2014; 6. The Manpower and Transmigration Minister Decree No.KEP.187/MEN/1999 Article 22 (3); FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, and ER.31; Health, Safety & Environment Benchmarks HSE.6 and HSE.9)

#### Recommendations for Immediate Action

1. Provide chemical spill response kits in the chemical storage room and the toxic and hazardous waste storage room. Clean up all spills properly.

2. Include chemicals' expiration dates in the chemical inventory.

3. Install showers in the chemical storage room and the toxic and hazardous waste storage room.

4. Maintain all eyewash stations as follows:

- a. Refill each week with tepid (60-100°F) potable water;
- b. Clean each month and then refill with tepid (60-100°F) potable water;
- c. Add a preservative whenever refilled to minimize acanthamoeba growth.

5. Do not use tap water in eyewash stations.

6. Train all maintenance workers on chemical tank management.

7. Train all workers who use chemicals on how to use chemicals safely.

8. Revise the Health & Safety procedures to identify who is responsible for cleaning up chemical spills.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Factory will provide chemical spill response kits. 2. Factory will provide the expiration date of each chemical. 3. Factory will install shower in chemical storage room and in the toxic and hazardous waste storage room. 4. Factory will revise checklist form to accommodate all minimum maintenance requirement. 5. Factory will change the eyewash station using potable water. 6. Factory will provide chemical tank training to maintenance workers. 7. Factory will provide chemical handling training to all workers who use chemicals. 8. Factory will revise the Health & Safety procedures by adding responsible person for cleaning up chemical spills.

Update progress on 22-24 Oct 2019:

1. Factory has provided special container for contaminated cotton waste that used for cleaning the chemicals spillage; but there was no evidence on regular monitoring performed or monitoring checklist is provided to record all activities. (In Progress)

2. Based on documentation review, factory is planning on adding expiry date on chemicals inventory list.

Note : The evidence that submitted factory was only expiry date provided by the chemicals manufacture. (In Progress)

8. Based on documentation review, factory has not revised Health & Safety Procedure. (In Progress)

Planned completion date

03/19/19

Company Action Plan Update

3,5. Based on desktop review and management discussion, factory has installed shower in chemical storage room and hazardous waste storage since Aug 2019. (Completed)

4. - Based on documentation review, factory has provided maintenance checklist for installed eyewash stations. The checklist included the water availability, water quality and shower faucet condition. (Completed)

6, 7. - Factory has revised the checklist since July 2019.

- The checklist contains some parameters such as water availability, water quality, shower faucet condition and floor is not in wet condition.

- Person in charge from GA and is done on daily basis. (Completed)

## FINDING NO.18

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. Workers are reusing disposable plastic water bottles made out of PET 1 rather than drinking out of reusable plastic bottles made out of PET 5. [HSE.23]

2. The factory only monitors whether its preventive actions have successfully reduced the number of respiratory tract infections. It does not monitor other illnesses. [HSE.1, HSE.3]

3. Not all workers who are exposed to high noise levels receive audiometric testing. Two eligible boiler operators have not been tested. However, five blower operators who work in an area with a noise level of 67.52 dB (below the 85 dB threshold value) have been tested.

[HSE.1]

4. Workers only receive occupational medical exams if they have a hazardous job. However, occupational medical exams should be provided to all workers who have hazardous jobs, are disabled, are 40 years old and above, have been ill or two weeks in a row in the last 12 months, and are female. [HSE.1, HSE.12]

5. The lactation room is inside the clinic. As a result, it is potentially exposed to airborne pathogens and blood borne diseases. Furthermore, the lactation room is not properly equipped as legally required. There are no breast milk containers, breast milk carrier (cooler bag), bottle sanitation apparatus, ice packs, breastfeeding counselling kit, syringes (5cc, 10 cc, and 20 cc), or washable cloths. [ND.1, ND.8, HSE.19]

6. Out of 3,330 employees, in 2018 only 260 received basic first aid training and 50 received training on HIV. None were trained on blood borne pathogens and airborne diseases or personal hygiene. [ER.1, HSE.6]

7. None of the 40 workers who are responsible for sanitation at the factory are trained on sanitation. [ER.1]

8. The Health & Safety procedures do not include:

a. Phone numbers to call for medical assistance;

b. Steps for reporting death, injury, illness, and other health and safety issues.

c. Measures to protect the reproductive health of workers by minimising exposure to workplace hazards. [ER.1, ER.31]

#### Local Law or Code Requirement

Decree of the Minister of Industry and Trade No. 705 of 2003 Article 9.1.c; Health Minister Regulation No 56 Year 2016 Article 3.a-b.; Manpower Minister Regulation No 13 Year 2011 Article 5 (1); Manpower Minister Regulation No 02 Year 1980 Article 2, 5.1-2 & 9; Health Minister Regulation No 15 year 2013 Article 11, b.; Attachment I of Health Minister Regulation No 56 Year 201 Chapter II Section C Paragraph 1 point 3; Act No 1 Year 1970 Article 9 (3), Attachment I PP No. 50 year 2012 section C.1.b paragraph 2; Minister Decree No. 68 Year 2004 Article 2.b; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.3, HSE.6, HSE.12 and HSE.23; Non-Discrimination Benchmarks ND.1 and ND.8)

#### Recommendations for Immediate Action

1. Provide workers with reusable water bottles.

2. Track and monitor all illnesses.

3. Provide audiometric testing to all workers who work in areas with noise levels above the 85 dB threshold.

4. Provide occupational medical exams to all eligible workers.

5. Relocate the lactation room to an area outside of the clinic. Stock the room with all legally required equipment.

6. Train a sufficient number of workers on basic first aid, blood borne pathogens, airborne diseases, and personal hygiene.

7. Train all sanitation workers on proper sanitation procedures.

8. Revise the Health & Safety procedures to include all missing components listed above.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Factory will socialization and monitoring to all worker not to use disposable plastic water. 2. Factory will conduct training on all occupational diseases to workers each month. 3. Factory will add audimetric test. 4. Factory will do occupational medical exams for worker who are 40 years old and above. 5. Factory will separate lactation room in clinic. Lactation equipment is own by each worker. 6. Factory will do the training of Blood borne pathogens and airborne diseases or personal hygiene to existing workers. All health and safety training will do during induction training. 7. Factory will do training on sanitation. 8. Factory will revise the Health & Safety procedures.

9. Socialization and monitoring to worker not to use disposable plastic water

Update progress on 24 Oct 2019.

1. - Factory has performed socialization for water bottle to 63 workers on March 4, 2019.

- Factory also done monitoring on daily basis by security guard when workers enter the production floor (mineral bottle is not allowed). (In Progress)

6. - Factory has performed training on blood borne pathogens for workers gradually since Jan 2019.

- Until Sep 2019; factory has performed training for around 300 workers. (In Progress)

8. - Factory has revised the procedure by adding the phone number for local hospital medical assistance.

- Factory is still in progress to add reporting system and measure to protect reproductive health. (In Progress)

#### Company Action Plan Update

2. - Factory has assigned paramedics (nurse) in in-house clinic to record all diseases based on daily visitation log book since January 2019.

- Based on summary of diseases; there are 10 - 13 diseases identified that occurred regularly to workers. The top 3 diseases are respiratory infections, gastritis, muscle pain (cephalgia, vertigo and myalgia). (Completed)

3. Factory has performed special MCU including audiometric testing for 4 boiler operators on Aug 30, 2019. (Completed)

4. Factory has performed special MCU for 99 workers with age above 40 years old on August 30, 2019. (Completed)

5. Factory has separated the breast feeding room from examination room by installing wood partition with sliding doors on July 24, 2019. (Completed)

7. Factory has performed sanitation training to all cleaning services in 2 batches : April 2, 2019 (9 persons) and July 26, 2019 (26 persons). (Completed)