



FAIR LABOR
ASSOCIATION_®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Fanatics Apparel, Inc.
Nike, Inc

COUNTRY: Indonesia

ASSESSMENT DATE: 11/01/18

ASSESSOR: Donny Triwandhani

PRODUCTS: Apparel

NUMBER OF WORKERS: 698

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: Environmental Protection

Finding Explanation

1. The documents used to manage Environmental Protection practices do not include a statement of the factory management's general support of energy and water efficiency or a commitment to minimize impacts with respect to air emissions, waste, hazardous materials, and other applicable environmental risks. [ER.1, ER.31, HSE.1]
2. The Environmental Protection procedures do not include procedures for managing the factory's environmental impact on its surroundings. [ER.1, ER.31, HSE.1]
3. The factory has not identified whether its on-site operations generate any negative environmental impacts. [ER.1, ER.31]
4. The factory is not making an effort to reduce its environmental impact. Management has not established targets for the reduction of green house gas emissions, ground water utilization, and waste water output, or for the management of rain water. As a result, the factory cannot ensure that its environmental impact reduction program is effectively implemented. [HSE.1]
5. The factory has not clearly defined in writing the person responsible for Environmental Protection in the factory. [ER.1, ER.31]
6. The factory does not have a permit for the installation of its waste water treatment system or a temporary permit for the storage of toxic and hazardous waste. [HSE.1, HSE.4]
7. The factory does not submit a report on toxic and hazardous waste management and disposal to the local Environmental Bureau every three months as legally required. [HSE.1]
8. Assessors found non-hazardous waste stored in the toxic and hazardous waste storage area. [HSE.1, HSE.9]
9. The doors to the storage areas for solid waste generated by production and domestic activity are left unlocked. In addition, there is no segregated stream for leachate in the temporary storage area for solid waste generated by general activity. [HSE.1]
10. The factory's systems to manage the environmental impact of its chemicals and hazardous materials and respond to an environmental emergency are inadequate. For example:
 - a. There is no sump in the chemical storage room or outside the production building and the floors in these areas are not sloped one degree towards the sump;
 - b. Empty and full chemical containers are stored together in the chemical storage area;
 - c. There are no guidelines or labels to show workers where to store certain chemicals;
 - d. There is not enough space in between the different chemicals in the chemical storage room. [HSE.1, HSE.9]

11. Some of the factory's practices do not comply with its Environmental Protection policy:

a. There is no rain water management system;

b. There is no control system to ensure that R22 (a chemical that has been banned as an Ozone Depleting Substance (ODS)) is not used as a cooling agent in the factory's refrigerator and air conditioner. [HSE.1]

12. The worker designated to handle waste water treatment does not have a Waste Water Treatment Management or MPPA certification issued by the government or a government-authorized third-party company. [HSE.1, HSE.4]

13. There is stagnant water and weeds growing in the waste water treatment tank, which might become a breeding ground for Aedes Aegypti mosquitos (Malaria). [HSE.1]

Local Law or Code Requirement

Law of the Republic of Indonesia No. 32 of 2009, Arts. 13(1-2), 14(k-l), 47(1-2), 53(1-2), 54(1), and 67; Government Regulation of the Republic of Indonesia No. 50 of 2012, Art.11(2)(c, g-h); Government Regulation of the Republic of Indonesia No. 70 of 2009, Art. 7(1)(a-c); Government Regulation of the Republic of Indonesia No. 81 of 2012, Arts.10(1)(a) and 10(2); Ministry of Manpower Decree on Control of Hazardous Chemicals in the Workplace No.Kep.187/Men/1999, Art.2; Act of the Republic of Indonesia No.18 of 2008, Arts.29(1)(c); Government Regulation of the Republic of Indonesia No.101 of 2014, Art.12(1); Decision of the Head of the Environmental Impact Control Agency No.Kep-01/Bapedal/09/1995, Annex, Art.2(3)(1)(d)(a)(b); Ministry of Public Works Regulation No.26 of 2008, Art. 7(2)(4)(4)(2); Ministry of Public Works Regulation No.03 of 2013, Art.37(3)(b-c); Government Regulation of the Republic of Indonesia No.82 of 2001, Art.34(1-3); Regulation of the Minister of State Environment No. 12 of 2009, Arts.3(1), 5; Regulation of the Minister of Industry No.33 of 2007, Art.3 ODA; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.4, and HSE.9)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Will manage and implement Environmental Protection practices 2. Will add it on the procedure. 3. Will assess whether the on-site operations generate any negative environmental impacts or not. 4. Management will establish targets for the save energy and water program. 5. The factory will state clearly in writing the person responsible for Environmental Protection in the factory. 6. The factory will ask bonded area zone about permit for the installation of waste water treatment system or a temporary permit for the storage of toxic and hazardous waste. 7. Will submit a report on toxic and hazardous waste management and disposal to the local Environmental Bureau every three months 8. Will remove non-hazardous waste from the toxic and hazardous waste storage area. 9. Will make segregation between domestic and hazardous waste 10a. Will discuss with the management about the sump in the chemical storage room or outside the production building b. Empty chemical containers are not going to store together in the chemical storage area; c. Will provide guidelines or labels so that workers know where to store certain chemicals; d. the factory are going to clean and provide enough space in between the different chemicals in the chemical storage room 11a. Will establish rain water management system; b. Will make control system to ensure that R22 is not used as a cooling agent in the factory's refrigerator and air conditioner. 12. Will check the details about it. 13. Will more concern about it especially in rainy seasons. We will assigned worker to check regularly and call the PIC to clean it.

Planned completion date

02/02/19

Company Action Plan Update

1. Letter of Commitment for energy and water reduction
2. Environmental impact assessment procedure established
3. Environment impact identified
4. Program for Energy and Water reduction established
5. Appointment letter for Environmental officer
6. Wastewater permit following the industrial area

7. Submit a report on toxic and hazardous waste management and disposal to the local Environmental Bureau every three months, next report will available at end of Nov 2019.
8. Well segregate non-hazardous waste from the toxic and hazardous waste storage area.
9. The Hazardous waste storage mark as restricted area and locked
10. Chemical management procedure established
11. Raining water and cooling agent control established
12. Wastewater training to workers provided
13. Monitoring of work environment

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory's Health & Safety procedures do not include:
 - a. SOP for each job with a focus on performing the job safely;
 - b. Measures to protect the reproductive health of workers through minimizing exposure to workplace hazards;
 - c. Steps for workers to raise health and safety concerns;
 - d. Protection against retaliation for workers who raise health and safety concerns;
 - e. Steps for ensuring that walkways, aisles, and emergency exits are free from obstruction;
 - f. A list of workers responsible for coordinating the evacuation process;
 - g. Steps to ensure that all contractors and service providers are safely evacuated;
 - h. Steps to ensure that all special categories of workers and children are safely evacuated;
 - i. A complete chemical inventory;
 - j. A list of workers responsible for cleaning up chemical spills;
 - k. Guidance regarding electrical certifications, inspections, assessments and reviews (overall electrical system, grounding system, lightning protection system);
 - l. A list of confined spaces that require work permits;
 - m. A list of equipment and machinery that requires lockout-tagout;
 - n. A list of the workers (names and/or titles) responsible for managing fire equipment;
 - o. A list of the firefighting equipment in the factory and warehouse areas;
 - p. Workers' duties regarding fire response;
 - q. The factory's response plans in the event of a fire;
 - r. A list of contact information of external authorities to call/inform in case of a fire;
 - s. What workers should do in case of injury;
 - t. A list of workers responsible for responding to emergencies (with their qualifications/certifications-names and/or titles);
 - u. Phone numbers for medical assistance. [ER.1, ER.31]
2. The factory has not clearly defined in writing the person responsible for Health & Safety in the factory. [ER.1, ER.31]
3. The Safety Act No. 01 of 1970 is not posted on the on announcement board for workers to read. [ER.16, HSE.1, HSE.2]
4. There is no place for workers to eat while at work. As a result, workers leave the factory premises for their lunch breaks or eat in the shade of a tree outside. [HSE.1]
5. The factory's current Hazard Identification Risk Analysis (HIRA) is inadequate:
 - a. It does not cover all risks associated with all hazards within the workplace, such as the risks associated with the mixing process, waste water treatment process, laser cutting process, toxic and hazardous materials, and solid waste;
 - b. Health & Safety risks and Environment Protection risks are both included on the same form;
 - c. It does not establish appropriate ways to eliminate or control hazards. [HSE.1]

Local Law or Code Requirement

Government Regulation of the Republic of Indonesia No. 50 of 2012, Arts.5(1-2), 6(5)(7); Government Regulation of the Republic of Indonesia No. 50 of 2012, Attachment I(C)(2)(2)(1) and Attachment II(A)(6)(5)(7); Law of the Republic of Indonesia No. 36 of 2009, Arts. 47, 48(1)(e); Law of the Republic of Indonesia No.1 of 1970, Art. 12(e); Act No.20 of 2016, Art.20(c); Permenaker No.12 of 2015, Art.4(1-2)(a-d); Confined Space Occupational Health and Safety Guidance by the Occupational Health and Safety Norm Supervisory Directorate of 2006, Attachment I, Art.2(1)(1); Regulation of the Ministry of Manpower No.186 of 1999, Art.2(2)(a-e); Safety Act No.1 of 1970, Art.14(a); FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, and ER.31; Health, Safety & Environment Benchmarks HSE.1 and HSE.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. a. make SOP for each job b. Measures and reevaluate the HIRAC c. conduct refresh training d. Meeting with the leaders, supervisors, managers of departments e. Steps for ensuring that walkways, aisles, and emergency exits are free from obstruction; f. A list of workers responsible for coordinating the evacuation process; g. Steps to ensure that all contractors and service providers are safely evacuated; h. Steps to ensure that all special categories of workers and children are safely evacuated; i. A complete chemical inventory; j. A list of workers responsible for cleaning up chemical spills; k. Guidance regarding electrical certifications, inspections, assessments and reviews (overall electrical system, grounding system, lightning protection system); l. Conduct a list of confined spaces that require work permits; m. Make a list of equipment and machinery that requires lockout-tagout and SOP; n. A list of the workers workers (names and/or titles) responsible for managing fire equipment; o. We have list of the firefighting equipment in the factory and warehouse areas; p. Workers' duties regarding fire response; q. The factory's response plans in the event of a fire; r. We have put list of contact information of external authorities to call/inform in case of a fire; s. Train workers what they should do in case of injury; t. A list of workers responsible for responding to emergencies u. will put phone numbers for medical assistance. 2. The factory has not clearly defined in writing the person responsible for Health & Safety in the factory. [ER.1, ER.31] 3. will post on the on announcement board for workers to read. 4. There is no place for workers to eat while at work. As a result, workers leave the factory premises for their lunch breaks or eat in the shade of a tree outside. 5. Reevaluate the factory's current Hazard Identification Risk Analysis (HIRA)"

Planned completion date

02/02/19

Company Action Plan Update

1. All Health & Safety procedures required are available for review and registered on HSE procedure list.
2. Appointment letter for HSE officer as Environment PIC at factory
3. Posted UU 1 1970 available at working area
4. Arrangement of Canteen Usage
5. Hazard identification and Risk Assessment for Ergonomic

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory building is not adequately maintained. Management has not commissioned a third-party expert to assess the building structure, nor have they conducted an internal inspection. Assessors found a diagonal crack near the ground and a vertical crack along the corner column on the back wall. [HSE.1]

2. The Personal Protective Equipment (PPE) provided to workers is not appropriate based on the identified hazards. Printing workers are provided N95 or dust masks, not P95 or R95 masks. [HSE.7]
3. The PPE training provided to workers is inadequate. Only four out of 468 workers received PPE training on January 27, 2018. In addition, the training does not cover PPE maintenance (how to clean and store PPE, how to record PPE utilization, and how to identify damaged or expired PPE) or the job hazards for each position. [ER.1, HSE.8]
4. The factory did not maintain an attendance list for the machinery safety training conducted on January 11, 2018. [ER.2]
5. The factory is not taking proactive steps to reduce repetitive-motion stress and injuries. Jobs are not rotated and there are no ergonomic breaks. In addition, standing workers have not been provided anti-fatigue mats. [HSE.17]

Local Law or Code Requirement

Regulation of the Ministry of Public Works No.16 of 2010, Art.2(3)(a-c); Regulation of the Ministry of Manpower No.8 of 2010, Art.7(2); Regulation of the Ministry of Manpower No.15 of 2008, Art.8(1)(d), 8(2); Decree of the General Director of Manpower Supervisory Management No.Kep.45//DJPPK/IX/2008, Attachment Section D(3); Decree of the Ministry of Manpower No.326 of 2011, Art.1(a-b); Decree of the Ministry of Industry No.148 of 1985, Art.4(c); Regulation of the Ministry of Health No.15 of 2013, Arts.13(1-3); Safety Act No.01 of 1970, Art.8(2); Regulation of the Ministry of Manpower No.02 of 1980, Arts.2, 3, 9; Permen LH No.03 of 2009, Art.1(3)(c); Regulation of the Ministry of Manpower and Transmigration No.Kep.187/Men/1999, Art.22(3); Regulation of the Ministry of Manpower No.1/76, Art.1; Regulation of the Ministry of Health No.15 of 2008, Art.3(1); Government Regulation of the Republic of Indonesia No. 50 of 2012, Attachment I, Section C(1)(b)(2); Regulation of the Ministry of Manpower No.7 of 1964, Art.9(4); FLA Workplace Code (Employee Relationship Benchmarks ER.1 and ER.2; Health, Safety & Environment Benchmarks HSE.1, HSE.7, HSE.8, and HSE.17)

Recommendations for Immediate Action

1. Repair the cracks in the back wall.
2. Replace the printing workers' masks with P95 or R95 masks.
3. Train all eligible workers on PPE use, PPE maintenance, and the job hazards of each position.
4. Keep detailed training attendance records.

COMPANY ACTION PLANS

Action Plan no 1.

Description

"1. Repair the cracks in the back wall. 2. Replace the printing workers' masks with P95 or R95 masks. 3. Train all eligible workers on PPE use, PPE maintenance, and the job hazards of each position. 4. Keep detailed training attendance records."

Planned completion date

02/02/19

Company Action Plan Update

1. Building Maintenance and inspection conducted
2. PPE provided following the risk assessment
3. PPT training delivered to workers
4. Machine Safety training delivered to workers
5. Workers fatigue identified on the risk assessment

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Workers who work at heights are not trained on how to do so safely. [ER.1, HSE.14]
2. The electrical components of the electrical panel are not entirely covered, putting workers at risk of electrocution. [HSE.13]
3. The factory does not employ a government-certified electrician. [HSE.1, HSE.4, HSE.13]
4. 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 it is repaired. There are no repair records and no established maximum repair time. [ER.2, HSE.13]
5. There are no "Confined Space", "Do Not Enter", or "Only Authorized Persons Allowed" signs or identification numbers posted on the water tanks or the diesel fuel tank. [HSE.14]
6. There is no atmospheric test equipment available in the factory in order to ensure that the air is safe to breathe before workers enter confined spaces. [HSE.6]
7. There is no rescue equipment available (e.g. a pulley) to retract people from confined spaces. [HSE.6]
8. Workers who work in confined spaces are not trained on how to do so safely. In addition, the two maintenance workers who are responsible for the confined spaces are not certified by the government or an authorized trainer. [ER.1, HSE.1, HSE.4, HSE.14]
9. There is no evidence that the factory has implemented a LOTO system as the factory does not maintain a LOTO log book. [ER.2, HSE.13]
10. The body harnesses provided to workers who work at heights are not regularly inspected. [HSE.8]
11. The factory does not provide any safety information to contractors before they enter the facility. [HSE.1]

Local Law or Code Requirement

Permenaker No.9 of 2016, Arts.2 & 10; Safety Act No.01 of 1970, Arts.3(1), 9(3); General Regulation of Electrical Installation of 2000, Art.9 (5)(3)(2); Ministry of Manpower Circular No.01/MEN/1979, Art.1(6); Ministry of Manpower Decree No.186 of 1999, Arts.2(2)(d), 3(a-d); Ministry of Manpower Regulation No.15 of 2008, Art.9(2)(b-e); Government Regulation of the Republic of Indonesia No.05 of 2012, Art.6 (5)(2); Government Regulation of the Republic of Indonesia No.50 of 2012, Attachment I, Section A(1)(d); FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.2; Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.6, HSE.8, HSE.13, and HSE.14)

Recommendations for Immediate Action

1. Train workers who work at heights on how to do so safely.
2. Ensure that the wires in the electrical panel are completely covered.
3. Ensure that the factory electrician has the appropriate government certification.
4. Keep records of electrical repairs. Establish and implement a maximum repair time.
5. Post warning signs and identification numbers on the water tanks and diesel fuel tank.
6. Obtain atmospheric test equipment and test the air in confined spaces before workers are allowed to enter.
7. Ensure that rescue equipment is available whenever workers enter confined spaces.
8. Train workers who enter confined spaces on how to do so safely. Ensure that the workers responsible for the confined spaces are properly certified.
9. Implement and document a LOTO system.
10. Regularly inspect body harnesses.
11. Provide safety information to any contractors who enter the factory.

COMPANY ACTION PLANS

Action Plan no 1.

Description

"1. Train workers who work at heights on how to do so safely. 2. Ensure that the wires in the electrical panel are completely covered. 3. Ensure that the factory electrician has the appropriate government certification. 4. Keep records of electrical repairs. Establish and implement a maximum repair time. 5. Post warning signs and identification numbers on the water tanks and diesel fuel tank. 6. Obtain atmospheric test equipment and test the air in confined spaces before workers are allowed to enter. 7. Ensure that rescue equipment is available whenever workers enter confined spaces. 8. Train workers who enter confined spaces on how to do so safely. Ensure that the workers responsible for the confined spaces are properly certified. 9. Implement and document a LOTO system. 10. Regularly inspect body harnesses. 11. Provide safety information to any contractors who enter the factory."

Planned completion date

02/02/19

Company Action Plan Update

1. Training for working at height conducted
2. Electric cable covered
3. Electrical safety training delivered to workers
4. Maintenance monitored
5. Signs are available for each hazard category
6. 3rd party air monitoring conducted
7. Emergency following the established Confined space procedure
8. Confined space procedure training delivered to workers
9. LOTO training delivered to workers
10. Body harness inspected
11. Procedure for working permit established

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is no system in place to account for all workers during an emergency evacuation. The last fire drill was conducted on April 12, 2018 but there are no records showing:
 - a. That workers were called out, identified, and counted after the drill was complete;
 - b. How many workers were not present at the time of the drill;
 - c. When the absent workers will take part in a fire drill. [ER.2, HSE.5]

2. Assessors found several issues with the emergency alarm system:
 - a. It is not separated from the main electrical panel so the alarm does not have an uninterrupted power supply (UPS) or a stand-alone backup battery;
 - b. It is not centralized and not connected to heat detectors;
 - c. The alarm functions (for example, the decibel level) are not inspected internally or by a third-party expert as required by local law and the alarm manufacturer's recommendations. [HSE.1, HSE.5]
3. Workers are not trained on basic fire safety, including their duties in the event of a fire. [ER.1, HSE.5, HSE.6]
4. Management has not conducted an internal fire risk assessment or commissioned a third-party expert to do so. [HSE.1, HSE.5]
5. There is no clear, written description of the fire wardens' responsibilities to help workers evacuate safely in case of an emergency. [ER.1, ER.31]
6. The factory does not have a sprinkler system or fire hydrants. [HSE.5]
7. There is only one five kg thermatic fire extinguisher installed in the chemical storage area near the production building. The thermatic fire extinguisher can only cover four to seven square meters, which would not cover the entire storage area. In addition, the thermatic fire extinguishers installed in the chemical storage areas near the production building and outside the production building are not regularly inspected to ensure that they are in working condition. [HSE.5]
8. There is no emergency fire alarm button installed in the chemical storage area outside the production building. In addition, the heat detector is not connected to the emergency fire alarm system. [HSE.5]
9. There is no fire-fighting team in the factory, so there are no government certified experts designated to have additional responsibilities in case of an emergency, such as a Fire Acting Officer, a Fire Squad, a Unit Coordinator, and a Fire Expert. [HSE.4, HSE.6]

Local Law or Code Requirement

Labor minister decision KEP.186/MEN/1999. Article 2.2.e; Manpower Minister Regulation No 2 Year 1983 Article 57 (1); SNI 03-3985-2000 Article 10.1.2.;

The National Fire Alarm Code (NFPA 72); FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.5, and HSE.6)

Recommendations for Immediate Action

1. Establish a system to account for all workers during emergency evacuations. Keep detailed records of fire drills and ensure that all workers participate in regular fire drills.
2. Fix the problems with the emergency alarm system:
 - a. Do not connect the emergency alarm system to the main electrical panel. Install a UPS and stand-alone backup battery for the alarm system;
 - b. Install a centralized fire alarm system that is connected to heat detectors;
 - c. Inspect all aspects of the emergency alarm system regularly.
3. Train all workers on basic fire safety and their duties in the event of a fire.
4. Conduct an internal fire risk assessment and commission a third-party expert to validate the results.
5. Establish written job descriptions for the fire wardens. Ensure that fire wardens understand their responsibilities in the event of a fire.
6. Install a sprinkler system and fire hydrants.
7. Install at least three more 5 kg thermatic fire extinguishers in the chemical storage area near the production building. Regularly inspect the thermatic fire extinguishers to ensure that they function properly.
8. Install a fire alarm button in the chemical storage area outside the production building. Connect the heat detector in the chemical storage area to the emergency fire alarm system.
9. Establish a fire-fighting team and ensure that the members receive the appropriate training and certifications.

COMPANY ACTION PLANS

Action Plan no 1.

Description

"1. Establish a system to account for all workers during emergency evacuations. Keep detailed records of fire drills and ensure that all workers participate in regular fire drills. 2. Fix the problems with the emergency alarm system: a. Do not connect the emergency alarm system to the main electrical panel. Install a UPS and stand-alone backup battery for the alarm system; b. Install a centralized fire alarm system that is connected to heat detectors; c. Inspect all aspects of the emergency alarm system regularly. 3. Train all workers on basic fire safety and their duties in the event of a fire. 4. Conduct an internal fire risk assessment and commission a third-party expert to validate the results. 5. Establish written job descriptions for the fire wardens. Ensure that fire wardens understand their responsibilities in the event of a fire. 6. Install a sprinkler system and fire hydrants. 7. Install at least three more 5 kg thermatic fire extinguishers in the chemical storage area near the production building. Regularly inspect the thermatic fire extinguishers to ensure that they function properly. 8. Install a fire alarm button in the chemical storage area outside the production building. Connect the heat detector in the chemical storage area to the emergency fire alarm system. 9. Establish a fire-fighting team and ensure that the members receive the appropriate training and certifications."

Planned completion date

02/02/19

Company Action Plan Update

1. The Emergency response procedure established
2. Improvement of fire alarm system still on progress, will complete at end of Nov 2019
3. Fire safety training delivered to the workers at the time of fire drill
4. Fire risk are identified at HIRA document
5. The job description of fire warden team established
6. Fire hydrant are available
7. 2 thematic fire extinguisher available at chemical room.
8. The Fire alarm improvement still on progress, will complete at end of Nov 2019.
9. Fire fighting team established at the factory

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory does not pay termination payouts in a timely manner:
 - a. Workers who are eligible for large termination payouts are not paid on time. For example, a sewing worker who is owed IDR 43,108,333 (USD 3,036) in severance pay because he worked at the factory for six years was terminated on July 18, 2018, but still has not been paid. On the other hand, a worker who was only owed IDR 12,644,250 (USD 890) was terminated on September 19, 2018 and was paid on October 26, 2018.
 - b. Terminated and resigned workers are not paid their final wages until they return their ID badge and uniform. According to the factory's records, around 31 of the 214 workers who left the factory between January 2018 and September 2018 have not received their final paycheck. [ER.18, C.1, C.4]
2. The factory loans money to production and office staff. In one case, a production staff member received a loan that exceeded three months of his basic wage. His monthly wage is IDR 7,295,750 (USD 514) and he received a loan of IDR 43,000,000 (USD 3,028) or almost six times his monthly wage. [ER.20]
3. The factory does not compensate workers for sick leave if they submit a certificate of sickness from a non-BPJS (healthcare insurance)

medical clinic. [ER.18, ER.22, HOW.1, HOW.16, HOW.17, C.1, C.5]

4. The factory calculates the chief of outsourced security guards' overtime payments and social insurance contributions based on the chief's basic wage instead of the basic wage plus the fixed position allowance. [ER.18, ER.22, C.1, C.5, C.7, C.10]

Local Law or Code Requirement

Government Regulation of the Republic of Indonesia No. 78 of 2015, Art. 20;

Act of the Republic of Indonesia No. 13 of 2003, Art. 93(2-3); Government Regulation of the Republic of Indonesia No. 53 on 8th Amendment on Government Regulation No. 14 of 1993 on Social Security (2012), Art. 9; FLA Workplace Code (Employee Relationship Benchmarks ER.18, ER.19, ER.20, and ER.22; Hours of Work Benchmarks HOW.16, HOW.17; Compensation Benchmarks C.1, C.4, and C.7)

Recommendations for Immediate Action

1. Pay all terminated and resigned workers' termination payouts within the legally defined timelines. Retroactively compensate any workers who resigned or had their employment terminated in the past 12 months who have not yet been paid.

2. Compensate workers for sick leave.

3. Calculate the chief of outsourced security guards' overtime payments and social insurance contributions based on the chief's basic wage and fixed position allowance.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Pay all terminated and resigned workers' termination payouts within the legally defined timelines. Retroactively compensate any workers who resigned or had their employment terminated in the past 12 months who have not yet been paid. 2. Compensate workers for sick leave. 3. Calculate the chief of outsourced security guards' overtime payments and social insurance contributions based on the chief's basic wage and fixed position allowance."

Planned completion date

02/02/19

Company Action Plan Update

1. Severance payment has paid to the terminated/resigned workers

2. The loans policy established

3. CBA has been made about the BPJS sick leave

4. New agreement for security guard provider established

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

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

2. According to the factory' Workplace Conduct & Discipline procedures, all warning letters must be signed by the HR Manager, the worker's superior, and the worker. However, in practice the warning letters are only signed by the HR Manager and the affected worker. [ER.2, ER.27]

3. Records of disciplinary actions are maintained in a separate file instead of in workers' personnel files. [ER.2, ER.27]

4. The factory's Workplace Conduct & Discipline procedures do not include:

- a. A process for workers to appeal disciplinary actions taken against them;
- b. The workers' right to have a third-party witness present during the imposition of disciplinary actions. [ER.27]

5. New workers do not receive a copy of the workplace rules. [ER.15]

Local Law or Code Requirement

FLA Workplace Code (Employee Relationship Benchmarks ER.2, ER.15, and 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

"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. "

Planned completion date

02/02/19

Company Action Plan Update

- 1. Announcement to security guard about pat-down policy
- 2. All warning letter signed by worker, worker superior and HR Manager as stated on policy
- 3 and 4. Update the procedure to include the process
- 5. Company rules copy provided to workers

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory only employs one disabled worker. Local law requires the factory to hire one disabled worker per every 100 employees; thus, a factory with 501 employees should employ at least five workers with disabilities. The factory has not established a program to train and hire workers with disabilities. [ER.3, ND.1, ND.2]

2. Workers do not receive performance reviews. [ER.29]

3. Since there are no policies or procedures on promotions, demotions, and job reassignment and workers do not receive performance reviews, promotions are not decided in a fair and transparent way. Management decides who to promote without the use of any set parameters. There have not been any demotions or job reassignments in the factory. [ER.30]

Local Law or Code Requirement

Act of the Republic of Indonesia No.4 of 1997, Art. 14; FLA Workplace Code (Employment Relationship Benchmarks ER.3, ER.29, and ER.30; Non-Discrimination Benchmarks ND.1 and ND.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

"1. The factory will employs more disabled workers. 2. Will implement workers' performance reviews. We already have the policies
3. We already have the policies. We will implement the parameter of promotion and mutation to different departments."

Planned completion date

04/02/19

Company Action Plan Update

1. List of disable workers
2. Performance review procedure established
3. Worker Promotion, Demotion and Mutation procedure established

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. The factory does not regularly review and update its policies and procedures on any of the Employment Functions. According to the factory's procedures, a sequenced number is added to procedures to show that they have been reviewed and revised. However, there is no documentation showing that the policies and procedures are periodically reviewed, that updated policies and procedures are disseminated, and that the procedures have been updated according to local law. [ER.1, ER.29, ER.30, ER.31, HSE.1]

Local Law or Code Requirement

Government Regulation of the Republic of Indonesia No. 50 of 2012, Art.15(1), Attachment C(2)(3); FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29, ER.30, and ER.31; Health, Safety & Environment Benchmark HSE.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory regularly review and update its policies and procedures on any of the Employment Functions once in a year"

Planned completion date

02/02/19

Company Action Plan Update

1. The factory regularly review and update its policies and procedures on any of the Employment Functions once in a year and monitored by document list.

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not communicate its policies and procedures on any of the Employment Functions or their updates with the general workforce, with the exception of minimum wage updates. [ER.1, ER.16, ER.25, ER.27, ER.29, ER.30, C.17]
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]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, ER.27, ER.29, and ER.30; Compensation Benchmark C.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory will communicate its policies and procedures on any of the Employment Functions
2. Will involve the worker in all Employment Functions

Planned completion date

02/02/19

Company Action Plan Update

1. Training conducted to communicate its policies and procedures on any of the Employment Functions
2. Grievance Mechanism procedure established

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The working hours records do not identify pregnant and breastfeeding workers to ensure that they receive the appropriate legal protections concerning working hours. [HOW.5]

Local Law or Code Requirement

FLA Workplace Code (Hours of Work Benchmark HOW.5)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. We will mark the working hours records so that the readers can identify pregnant and breastfeeding workers."

Planned completion date

02/02/19

Company Action Plan Update

1. List of pregnant workers has been monitored

FINDING NO.12

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. The factory's Grievance System policy does not protect workers who submit grievances against retaliation. [ER.1, ER.25]
2. The factory's only suggestion box is located in the women's restroom. There is no suggestion box in the men's restroom. [ER.25]
3. The Grievance System procedures are not posted next to the suggestion box. [ER.16, ER.25]
4. The factory does not maintain any documentation in relation to the grievance process. There is no evidence that the suggestion box is checked regularly. [ER.2]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.16, and ER.25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

"1. Reevaluate the factory's Grievance System policy 2. We will put suggestion box in the men's restroom. 3. We will put Grievance System procedures next to the suggestion box. 4. The factory will maintain documentation in relation to the grievance process."

Planned completion date

02/02/19

Company Action Plan Update

1. Grievance Procedure are includes workers protection
2. Suggestion box available at both man's and woman's restrooms
3. Grievance procedure posted at the suggestion box area
4. Record the monitoring of grievance

FINDING NO.13

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The factory only provides office space for two of the three unions in the factory. [FOA.13, FOA.15]
2. A union representative was terminated on October 18, 2018 for absenteeism and violating workplace rules. However, management did not follow the proper disciplinary procedures agreed upon in the CBA:
 - a. The worker received a verbal warning on April 10, 2018 for not following the Standard Operating Procedures (SOP), but type of disciplinary violation does not justify termination;
 - b. The worker was issued a final warning letter (warning type 3) on August 23, 2018 for sleeping during working hours. However, Article 11 Point 4(k) of the Collective Bargaining Agreement (CBA) states that sleeping during working hours should only result in a first warning letter (warning type 1);
 - c. The worker was issued another type 3 warning letter which referenced misconduct under Article 11 Point 4 of the CBA. However, all of the conduct violations listed in Article 11 point 4 should only result in a type 1 warning letter;

- d. There is no evidence of repeated absenteeism in the worker's attendance records;
- e. The worker did not agree with the termination and did not sign the termination letter;
- f. There is no evidence that the worker was given a chance to appeal his termination as required by Article 9 of the CBA.

There have been many other cases of disciplinary actions that do not comply with the CBA. Warning letters issued to workers are not signed by the workers' superior, the wrong type of warning letters are frequently issued, and there is no process for workers to appeal disciplinary actions taken against them. [ER.27, FOA.1, FOA.5, FOA.6, FOA.7, FOA.19]

3. The factory's Industrial Relations policy and procedures do not cover freedom of association. [ER.1, ER.25]

Local Law or Code Requirement

Act of the Republic of Indonesia No. 21 of 2000, Art. 28; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.25; Freedom of Association Benchmarks FOA.1, FOA.5, FOA.6, FOA.7, FOA.15, and FOA.19)

Recommendations for Immediate Action

1. Provides office space for all unions. Treat all unions equally.
2. Reinstate the union representative who was unjustly dismissed, if he so desires. Comply with all relevant laws that provide special protection to worker representatives.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Provides office space for all unions. Treat all unions equally. 2. Reinstate the union representative who was unjustly dismissed, if he so desires. Comply with all relevant laws that provide special protection to worker representatives. "3. Develop FOA procedure

Planned completion date

02/02/19

Company Action Plan Update

1. Arrangement of room usage as union office
2. Reinstatement the workers to His position
3. Policy for freedom of association established

FINDING NO.14

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

1. According to factory policy and local law, workers may be terminated if they are absent for five consecutive days without submitting a written explanation for their absence. However, the factory does not send two official notification letters to absentee workers through the proper channels before beginning the termination process. The letters are sent to the workers through their co-workers and the termination process begins before the factory has adequate evidence that the letters were received. [ER.1, ER.27, ER.32]

Local Law or Code Requirement

Act of the Republic of Indonesia No. 13 of 2003, Art. 168(1); FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.27, and ER.32)

Recommendations for Immediate Action

1. Send two official notification letters to workers and ensure that they have been received before beginning the termination process.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Send two official notification letters to workers and ensure that they have been received before beginning the termination process.

Planned completion date

02/02/19

Company Action Plan Update

1. Retrenchment policy established

FINDING NO.15

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. New workers are not provided with orientation training. The last orientation training was conducted on November 25, 2014. [ER.1, ER.15, HSE.1]

2. The factory does not provide workers with ongoing training on the following Employment Functions: Recruitment, Hiring, & Personnel Development; Termination & Retrenchment; Workplace Conduct & Discipline; and Environmental Protection. [ER.1, ER.15, ER.28, HSE.1]

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

4. The factory does not provide specific training to the relevant Human Resources (HR) personnel and administrative staff on Workplace Conduct & Discipline. [ER.1, ER.17, ER.27]

Local Law or Code Requirement

Law of the Republic of Indonesia No. 32 of 2009, Art.65(2); FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.15, ER.17, ER.27, and ER.28; Health, Safety & Environment Benchmark HSE.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

"1. Improved documentation of new workers orientation training 2. Conduct on going training on the employment function subjects 3. Conduct specific training to the relevant supervisors and managers about Employment Functions. 4. Conduct training about workplace conduct & discipline."

Planned completion date

05/02/19

Company Action Plan Update

1. Record and document the orientation training.

2. Record and document the training of employment.

3. Provide specific training to the relevant supervisors and managers about Employment Functions.

FINDING NO.16

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. The factory does not have 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 policies on Environmental Protection or Health & Safety. [ER.1, ER.31, HSE.1]

Local Law or Code Requirement

Government Regulation of the Republic of Indonesia No. 70 of 2009, Art. 7(1)(a-c); Government Regulation of the Republic of Indonesia No. 50 of 2012, Art. 5 (1-2); Government Regulation of the Republic of Indonesia No. 50 of 2012, Attachment I(C)(2)(2)(1); Law of the Republic of Indonesia No. 36 of 2009, Art. 47; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.19, ER.28, ER.29, ER.30, ER.31, and ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

"1. The factory have policies or procedures on Retrenchment. 2. The factory have policies on Environmental Protection or Health & Safety."

Planned completion date

02/02/19

Company Action Plan Update

1. The factory have policies or procedures on Retrenchment.
2. The factory have policies on Environmental Protection or Health & Safety.

FINDING NO.17

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Only the two designated workers who are responsible for chemical storage received chemical safety training on March 3, 2018. None of the other workers who use chemicals during the mixing, screen printing, and screen washing processes were trained. [ER.1, HSE.9]
2. The employee in charge of chemical management is not a Government Certified Chemical Expert. [ER.1, HSE.4, HSE.9]
3. The eye wash station in the chemical storage area outside the production building has low water pressure. [HSE.6]
4. The eye wash station in the temporary toxic and hazardous waste storage area is empty. [HSE.6]
5. The eye wash stations are not maintained according to the manufacturer's recommendations. [HSE.6]
6. The labels on the small chemical containers used in the production processes do not include a hazard number that indicates the chemicals' impacts on human health and the environment. [HSE.9]

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

Local Law or Code Requirement

Industrial Minister Decree No. 148 year 1985 Article 4.c.; The Manpower and Transmigration Minister Regulation No.KEP.187/MEN/1999. Article 22 (3); Manpower Minister Regulation No 15 Year 2008 Article 8.3; PP 74 Year 2001 Article 15 (1); FLA Workplace Code (Employment Relationship Benchmark ER.1; Health, Safety & Environment Benchmarks HSE.4, HSE.6, and HSE.9)

Recommendations for Immediate Action

1. Train all workers who use chemicals on chemical safety.
2. Ensure that the person responsible for chemical management is a Government Certified Chemical Expert.
3. Fix the water pressure in the eye wash station in the chemical storage area outside the production building.
4. Refill the eye wash station in the temporary toxic and hazardous waste storage area.
5. Maintain the eye wash stations according to the manufacturer's recommendations:
 - a. Replace the water in the eye wash stations with hot potable water each week;
 - b. Clean the eye wash stations each month;
 - c. Add an anti-bacterial preservative to the water in the eye wash stations whenever it is replaced.
6. Include a hazard number on the chemical containers used in production processes.
7. Install showers in the chemical storage areas and the toxic and hazardous waste storage areas.

COMPANY ACTION PLANS

Action Plan no 1.

Description

"1. Train all workers who use chemicals on chemical safety. 2. Ensure that the person responsible for chemical management is a Government Certified Chemical Expert. 3. Fix the water pressure in the eye wash station in the chemical storage area outside the production building. 4. Refill the eye wash station in the temporary toxic and hazardous waste storage area. 5. Maintain the eye wash stations according to the manufacturer's recommendations: a. Replace the water in the eye wash stations with hot potable water each week; b. Clean the eye wash stations each month; c. Add an anti-bacterial preservative to the water in the eye wash stations whenever it is replaced. 6. Include a hazard number on the chemical containers used in production processes. 7. Install showers in the chemical storage areas and the toxic and hazardous waste storage areas."

Company Action Plan Update

1. HSE officer trained all the workers who use chemicals
2. Chemical officer training certificate available
3. Factory have fixed water pressure of the eye wash station in the chemical storage area
4. Factory have the eye wash station in the temporary toxic and hazardous waste storage area
5. Factory have cleaned eye wash stations and keep maintain the condition (eyewash checklist)
6. Factory put hazard number the labels on the small chemical containers
7. Shower for Chemical emergency available

Action Plan no 2.

Description

"1. Train all workers who use chemicals on chemical safety. 2. Ensure that the person responsible for chemical management is a Government Certified Chemical Expert. 3. Fix the water pressure in the eye wash station in the chemical storage area outside the production building. 4. Refill the eye wash station in the temporary toxic and hazardous waste storage area. 5. Maintain the eye wash stations according to the manufacturer's recommendations: a. Replace the water in the eye wash stations with hot potable water each week; b. Clean the eye wash stations each month; c. Add an anti-bacterial preservative to the water in the eye wash stations whenever it is replaced. 6. Include a hazard number on the chemical containers used in production processes. 7. Install showers in the chemical storage areas and the toxic and hazardous waste storage areas."

Company Action Plan Update

1. HSE officer trained all the workers who use chemicals
2. Chemical officer training certificate available
3. Factory have fixed water pressure of the eye wash station in the chemical storage area
4. Factory have the eye wash station in the temporary toxic and hazardous waste storage area
5. Factory have cleaned eye wash stations and keep maintain the condition (eyewash checklist)
6. Factory put hazard number the labels on the small chemical containers
7. Shower for Chemical emergency available

FINDING NO.18

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Workers are not trained on the provision of first aid. [ER.1, HSE.6]
2. None of the nurses or midwives in the factory have received training on lactation counseling. [HSE.1, HSE.18]
3. There is no evidence that workers receive annual medical examinations as legally required. [HSE.1]
4. Not all employees with special responsibilities have the appropriate certifications:
 - a. The doctor in charge of the clinic and health management system does not have a Company Hygiene, Ergonomics, and Health (Hiperkes) certification;
 - b. The ten workers designated to be first aid officers are not Government Certified First Aid Officers. [HSE.1, HSE.4, HSE.6, HSE.18]
5. The clinic is not properly equipped and managed:
 - a. There is only one bed in the clinic instead of two beds in order to provide care to male and female workers at the same time;
 - b. There is no medicine inventory to show that a First Expired First Out (FEFO) system is being implemented;
 - c. Medicine with a later expiration date is stored in front of medicine with an earlier expiration date, indicating that the clinic does not use a FEFO system;
 - d. There is no ambulance;
 - e. The room is too small (less than 3x4 meters). [HSE.1, HSE.18]
6. The contact information for emergency medical response isn't located near all phones throughout the factory. [ER.16]
7. The factory does not track all illnesses. [HSE.3]

Local Law or Code Requirement

Safety Act No 1 Year 1970 article 9 (3); Health Minister Regulation No 15 Year 2013 Article 13.1-3; Manpower Minister Regulation No 02 Year 1980 article 2,3 & 9; Manpower Minister Regulation No 1 Year 1976 Article 1; Health Minister Regulation No.15 Year 2008, Article

Recommendations for Immediate Action

1. Train workers on the provision of first aid.
2. Train nurses and midwives on lactation counselling.
3. Provide workers with annual medical examinations.
4. Ensure that the doctor in charge of the clinic and health management system has a Hiperkes certification and that the ten first aid officers have First Aid Officer certifications.

COMPANY ACTION PLANS

Action Plan no 1.

Description

"1. Factory will send the nurses to go to training again and some workers to go to first aid training. 2. Factory will assigned nurses to give out lactation counseling to midwives 3. Factory give medical check up every year to our workers and we have proof of it. This year we are also going to conduct medical check up 4.a. All of the doctor, nurses, HSE worker have Health (Hiperkes) certification; b. Some of the workers will be send to first aid training and get Government Certified First Aid Officers. 5.a. We will submit request to expand the clinic area and add ambulance b. First Expired First Out (FEFO) system is being implemented; c. The nurse forgot and one of the medicine put not based on FEFO system. We make sure that nurse will double check and put the medicine by FEFO system; 6. The contact information for emergency medical response will be located near all phones throughout the factory. 7. Factory tracked all the sickness, made chart of it and submit to the local government department"

Company Action Plan Update

1. First aid training provided
2. Lactation counseling provided
3. Medical check up procedure developed and execute
4. All workers certification provided
5. All Medical facility and tools monitored and managed.
6. Emergency contact list posted
7. illness record maintain