COMPANIES: Branded Custom Sportswear, Inc
COUNTRY: Indonesia
ASSESSMENT DATE: 06/25/19
ASSESSOR: Donny Triwandhani
PRODUCTS: Apparel
NUMBER OF WORKERS: 5138

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.

FLA Code Element	Number of Violations
Compensation	4
Hours of Work	3
Employment Relationship	11
Health, Safety, and Environment	45
Harassment and Abuse	3
Forced Labor	1
Nondiscrimination	1

Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. There is no complete chemical inventory because the current chemical inventory is based on chemical consumption without identifying order or batch for each chemical or the expiration date or CAS number on inventory records. It also does not take account of actual markings on storage rack, as indication of the FIFO (First In First Out) system implemented. [HSE.9]

2. The factory has not identified whether its on-site operations generate any negative environmental impacts through an Environmental Impact Assessment. [ER.1, ER.31]

3. The factory has not established a system to reduce environmental impact since there is no target related to waste water reduction, green house emissions, carbon footprint, ground water utilization, and rainwater management to ensure the environmental impact reduction program is effectively implemented. There is also an inadequate rain water management system because the bio pores are only at the front yard instead of throughout the factory yards. [ER.1, HSE.1, HSE.2]

Local Law or Code Requirement

Manpower Minister Regulation No. 187 Year 1999 Article 2 (Keputusan Menaker RI No 187 Tahun 1999 tentang Pengendalian Bahan Kimia Di Tempat Kerja); Act No 32 Year 2009 Article 14. K, L and Article 47 (Undang Undang Perlindungan dan Pengelolaan Lingkungan Hidup No 32 Tahun 2009); FLA Workplace Code (Employee Relationship Benchmarks ER.1 and ER.31; Health, Safety and Environment Benchmarks HSE.1, HSE.2, and HSE.9)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Revise chemical inventory to identify order/batch for each chemical, the expiration date and the CAS number on inventory records. The inventory also needs to take into account the action markings on the storage rack.

2. Conduct an Environmental Impact Assessment to identify if on-site operations generate any negative environmental impacts.

3. Establish a system to reduce environmental impact and create targets to ensure the environmental impact reduction programs effectively implemented. Also install bio pores throughout the factory yards, instead of only at the front yard.

Company Action Plan Update

1. Factory revised the chemical inventory to include the CAS number. They also have a document for the chemical in-out based on the FIFO system.

2. Environmental Impact Assessment has been completed by a third party. Based on the Environmental Impact Assessment findings, the factory has repaired their genset filter system to reduce the emissions.

3. Installed bio pores on each side of the factory building, including the front and back of the factory.

FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The solid waste generated from production and domestic activity is not completely stored inside a secured and protected place. The area does not have a lockable fence or door. Also, the assessors noted overflowing solid waste outside the storage door. [HSE.1]

2. There is an inadequate system to respond to any unexpected environmental emergency, such as chemical spillage, since the floor in the chemical storage and toxic/hazardous waste storage areas have not designed for 1 degree sloped towards sump. Furthermore, there is no secondary container provided for the diesel fuel small tank at the jockey pump room. [HSE.9]

3. There is no fire alarm installed at the chemical storage, toxic, and hazardous waste storage and solid waste areas. [HSE.5, HSE.9.1]

4. There is no identification of O-zone depleting substances (ODS) used at the factory since assessors found air conditioner units using R22 as a refrigerant without a clear phase out plan to replace it. [HSE.1, HSE.2]

Local Law or Code Requirement

Public Works Minister Regulation No 26 Year 2008 article 7.2.4.4.2. (Peraturan Menteri Pekerjaan Umum No 26 Tahun 2008 tentang Persyaratan Teknis Sistem Proteksi Kebakaran Pada Bangunan Gedung dan Lingkungan); Permen PU No 101 Year 2014 Article 16 (Peraturan Pemerintah RI No 101 Tahun 2014 tentang Pengelolaan Limbah Bahan Berbahaya dan Beracun), Safety Act No 1 Year 1970 Article 3.1.h. (Undang Undang tentang Keselamatan Kerja No 1 tahun 1970), Manpower and Transmigration Minister Regulation No.187 Year 1999 Article 2 (Peraturan Menteri Tenaga Kerja No 187 tahun 1999 tentang Pengendalian Bahan Kimia di Tempat Kerja); PP No 101 Year 2014 Article 223.2.c (Peraturan Pemerintah RI No 101 tahun 2014 tentang Pengelolaan Limbah Bahan Berbahaya dan Beracun); Permenperind No 33 Year 2007 (Peraturan Menteri Perindustrian No 33 tahun 2007); FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.5, and HSE.9)

Recommendations for Immediate Action

1. Store the solid waste properly inside a secured and protected place with lockable fence or door. Also, tightening disposal schedule or enlarge solid waste storage to accommodate waste generated by factory.

2. Establish a system to respond any unexpected environmental emergency such as chemical spillage by ensure:

a. Floor at chemical storage and Toxic & Hazardous Waste designed to have 1 degree sloped towards sump.
b. Provide secondary container for every chemical used and stored at factory.

3. Install fire alarm at chemical storage, toxic and hazardous waste storage and solid waste areas.

4. Identify ODS used at factory then plan the phase out of equipment that is still using ODS such as air conditioner, water dispenser and refrigerator.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Store the solid waste properly inside a secured and protected place with lockable fence or door. Also, tightening disposal schedule or enlarge solid waste storage to accommodate waste generated by factory.

2. Establish a system to respond any unexpected environmental emergency such as chemical spillage by ensure:

a. Floor at chemical storage and Toxic & Hazardous Waste designed to have 1 degree sloped towards sump.

b. Provide secondary container for every chemical used and stored at factory.

3. Install fire alarm at chemical storage, toxic and hazardous waste storage and solid waste areas.

4. Identify ODS used at factory then plan the phase out of equipment that is still using ODS such as air conditioner, water dispenser and refrigerator.

Company Action Plan Update

1. Factory installed doors at solid waste area and insured all solid waste was securely inside the storage door. Going forward, the factory will monitor the process of waste disposal from the factory area to the temporary storage area. They will also coordinate with the local collector to ensure all waste is picked up from the factory on time.

2. Factory has developed management systems to prevent and respond to unexpected environmental emergencies. Factory has also sloped the floor 1 degree towards the sump and provided secondary containment for diesel fuel in the pump room.

3. Factory has installed fire alarms in the chemical storage, toxic/hazardous waste storage and solid waste areas.

4. Plans to replace all R22 with R410 or R32 by December 1st, 2020.

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The orientation for new workers does not include Recruitment, Hiring, and Personnel Development. In addition, the workers do not receive written documentation that substantiates all the issues covered in orientation. [ER.15.1]

2. The ongoing training has not been conducted to all workers. Based on the training records and management statement, only around 50% of total workers have received training on the employment functions. [ER.1.2]

3. The specific training for relevant supervisors does not include FLA Code and National Laws & Regulations. [ER.17.1]

4. The factory only trained 129 out of 161 workers on PPE usage and maintenance. [HSE.8]

5. The factory has only trained 129 out of 3,853 sewing workers on machinery safety. [HSE.15]

6. The factory has only trained 64 out of 6,011 relevant workers on ergonomics. Additionally, the factory has only trained 64 out of 485 relevant workers on lifting techniques. [HSE.17.2]

7. The factory has only trained seven out of eight relevant electricians on LOTO. The factory has only trained six out of eight relevant utility workers for working at heights. [HSE.14.2]

8. The factory has only trained 5,118 out of 6,011 workers on basic fire safety training. [HSE.5.1]

9. The factory does not conduct basic first aid training for all employees at the factory. Additionally, there is no training on Blood borne pathogen, Airborne diseases, Sanitation, or Personal Hygiene. [HSE.6.2]

10. There is no specific training conducted for workers working at heights conducted by the government and/or and authorized training company. [HSE.6.2]

Local Law or Code Requirement

Attachment PP No 50 Year 2012 Section C.2.3 (Lampiran Peraturan Pemerintah No 50 tahun 2012 tentang Sistem Manajemen K3; FLA Workplace Code (Employee Relationship Benchmarks ER.1.2, ER.15.1, and ER.17.1; Health, Safety and Environment Benchmarks HSE.5.1, HSE.6.2, HSE.8, HSE.14.2, HSE.15, and HSE.17.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Review new worker orientation to include recruitment, hiring and personnel development. Ensure all workers receive written documentation that substantiates all the issues covered in orientation.

2. Conduct and log ongoing training for all workers.

3. Revise training for relevant supervisors to include relevant code (FLA, Nike or BCS) and Nation Laws and Regulations.

4. Conduct PPE usage training for all remaining employees that did not receive the training previously.

5. Conduct machinery safety training for all remaining sewing workers that did not receive the training previously.

6. Conduct ergonomics and lifting techniques training for all relevant employees that have not previously received the training.

7. Conduct training for all electricians on LOTO and utility workers for working at heights.

8. Conduct basic fire safety training for all workers that have not previously received it.

9. Conduct basic first aid training and training for blood born pathogens, airborne diseases, sanitation and personal hygiene.

10. Hire government personnel and/or an authorized training company to conduct training on working at heights.

Company Action Plan Update

1. New worker orientation documents have been reviewed and revised to include recruitment, hiring and personnel development. The new document was distributed to all new employees.

2. Ongoing employment function training has been conducted for all employees.

3. Factory conducted training over Code of Ethics, COC and CTPAT.

4. Factory conducted PPE usage and maintenance training for all employees.

5. All employees are trained on machine safety in new worker orientation.

6. Factory conducted training on ergonomics and lifting techniques for all relevant employees.

7. Factory conducted training on LOTO procedures for all electricians and working at heights for all utility workers.

8. 100% of employees have now received basic fire safety training.

9. The factory has conducted first-aid training to the number of employees required by law.

10. Training for working at heights and PPE used was conducted by an internal certified OH expert.

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is stagnant water at the jockey pump room caused by leakage on water pump and water reservoir [HSE.19]

2. Found that not all machinery used at factory has proper guarding mechanism since: [HSE.14.1]
a. Heating machines at sewing lines are not properly closed when not in use to protect workers or passerby from accidentally touching it and getting burnt.
b. Most sewing machines have a needle guard that was installed to high which renders its function to protect worker's finger during operating sewing machine.
c. Found several machines were left unattended while the machine was still running.

3. Found that most safety warning and instructions posted on machines especially for press cutting machine and laser cutting machine as well as at fire alarm panel are not in the local language (Bahasa Indonesia) but still in Korean, Chinese and English languages. [HSE.14.3]

4. Found excessive cobwebs in the generator set room. [HSE.13, HSE.14.1]

5. There is inadequate electrical safety in place such as: [HSE.13]
a. Found wiring was permanently connected with PVC insulation tape instead of with electrical connector.
b. No GFCI outlets used while Jockey Pump room has stagnant water caused by water leakage from water reservoir for hydrant and damage water pump machine (broken seal).
c. Found there is no safety rod provided in every electrical panel to push and or pull electrocuted person from the electrical source.

6. The Personal Protective Equipment (PPE) selection is not based on identified hazards since: [HSE.7, HSE.8]
a. Workers who work with glue on 2nd floor of building 2 and 1st floor at building 1 as well as at chemical storage and spray area nearby glue section at building 1 were provided with N type for mask instead of P and or R type while the gloves provided are made from fabric instead of nitrile.
b. There was no apron provided for workers who are gluing material at production floor (2nd floor of building 2 and 2st floor at building 1)
c. The hard hat provided for electrician did not clearly state the Class and Type hence it is not clear if he was provided the right type of hard hat. Also, eye protectors have not been identified if it meets required standard of ANSI Z87.1+ and CSA Z94.3
d. Raw material warehouse workers are not provided with the appropriate PPE, including lifting belts, safety shoes, and hard hats.
e. Found that firefighters only provided with 1 SCBA (Self Containing Breathing Apparatus) and 1 fire resistant apparel while total designated firefighters was 37 people. Furthermore, there is no equipment provided for firefighters such as axe, hammer, crowbar and chisel to crack open door bolts during emergency evacuation.
f. Chemical mask placed in toxic and hazardous waste storage was not stored within Ziploc to preserve the mask shelf-life when it is not in use.

7. There were only 2 out of 3 forklift logbooks available and none of those logbooks have been reported to local manpower supervisory officer every 3 months. [HSE.14.1]

8. There is no certified lactation counsellor hired to manage lactation room at factory premise. [HSE.18.2]

9. There is no clear medical inventory that reflects medicine/drugs was dispense based on First Expired First Out then First In First Out to ensure no expired medicine/drugs given to patient/worker. [HSE.18]

10. Individual seating provided at production area are not adjustable to fit individual workers postures: [HSE.17]
11. There is no adequate road management at factory since: HSE.1
a. Traffic lanes are not marked on factory ground,
b. Walk paths was not consistently marked, such as between cutting area main gate towards main walk paths (crossing walk path).
c. The walking path was used for car parking area at several areas.
d. Most workers did not use walk-path when they walked to and from between main entrance and buildings exits.

12. Found that the ladder for water tank above jockey pump room was blocked with roof of the said jockey pump room and no safety precaution installed that protect worker from falling hazard when a person step into the ladder up to ladder section that is obstruction by the said roof. Also, the ladder from ground to water reservoir was blocked with confined space closure of water reservoir. [HSE.1]

Local Law or Code Requirement
Attachment of Permen PU No 24 Year 2008 Section C.9.b.a. (Lampiran Peraturan Menteri Pekerjaan Umum tahun 2008 tentang Pedoman dan Perawatan Bangunan Gedung); Permenaker No 38 Year 2016 Article 9, Article 18, Article 21.2 and 22 (Peraturan Menteri Tenaga Kerja tentang K3 Pesawat Tenaga dan Produksi; Safety Act No 1 Year 1970 Article 14.b; Attachment of Permen PU No 24 Year 2008 Chapter III Point I Section F.2. (Lampiran Peraturan Menteri Pekerjaan Umum tahun 2008 tentang Pedoman dan Perawatan Bangunan Gedung); Safety Act No.1 Year 1970, article 3 (1).q. (Undang Undang No 1 tahun 1970 tentang Kesehatan dan Keselamatan Kerja) and PUIL 2000 article 2.1.6.1., 2.5.4.2., 5.4.2.2.1 (Peraturan Umum Instalasi Listrik); Manpower Minister Regulation No 8 Year 2010. Article 7.2.a-b. (Peraturan Menteri Tenaga Kerja No 8 tahun 2010 tentang Alat Pelindung Diri); Permenaker No 9 Year 2010 Article 25, Article 43.1.g. (Peraturan Menteri Tenaga Kerja No 9 tahun 2010 tentang Operator Pesawat Angkat dan Angkut); Permenkes No 15 Year 2013 Article 13.1-3 (Peraturan Menteri Kesehatan No 15 tahun 2013 tentang Tata Cara Penyediaan Fasilitas Khusus Menyusui dan/atau Memerah Air Susu Ibu); Attachment of Permenkes N0 35 Year 2014 Chapter II.D.4.; Permenaker No 5 Year 2018 Article 23.2.a-b. (Peraturan Menteri Tenaga Kerja No 5 tahun 2018 tentang Kesehatan dan Keselamatan Kerja di Lingkungan Kerja). Permenhub No 13 Year 2014 Article 3, Article 9.4.c (Peraturan Menteri Perhubungan No 13 tahun 2014 tentang Rambu Lalu Lintas), Permen PU No 19 Year 2011 Article 16 (3) (Peraturan Menteri Pekerjaan Umum No 19 tahun 2011 tentang Persyaratan Teknis Jalan dan Kriteria Perencanaan Teknis Jalan); Permenaker No 9 Year 2016 Article 5.4.a, Article 11.1.a-b. (Peraturan Menteri Tenaga Kerja No 9 tahun 2016 tentang Kesehatan dan Keselamatan Kerja di Pekerjaan Ketinggian); FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.7, HSE.8, HSE.13, HSE.14.1, HSE.14.3, HSE.17, HSE.18.2, and HSE.19)

Recommendations for Immediate Action
1. Clean up Jockey pump room for any stagnant water.

2. Conduct daily walk through to identify any machinery safety improperly implemented and communicate to relevant workers ensuring no machinery is left unattended when the machine was turned-on, install needle guard in proper height or replace current needle guard with certain mechanism that would be able to hold the sewed material and simultaneously protect worker's finger when the worker work on the sewing machine.

3. Replace warning sign and instruction on machinery and fire alarm in to the local language.

4. Clean all rooms in the factory building.

5. Use electrical connector for permanent fixture in connecting wiring and install GFCI outlets for any wet area and provide safety rods nearby every electrical panel to push and or pull electrocuted person from the electrical source.

6. Select Personal Protective Equipment (PPE) when providing to workers based on identified hazards such as:
a. Provide chemical mask with P and or R type and nitrile gloves for workers who work with chemicals
b. Provide aprons to workers who are gluing material at production floor (2nd floor of building 2 and 2st floor at building 1)
c. Provides Class E hard hat for electrician and eye protector that meet with ANSI Z87.1+ and CSA Z94.3 standards.
d. Provide material warehouse workers with lifting belt, safety shoes and hard hat.
e. Provide firefighters with SCBA (Self Containing Breathing Apparatus), fire resistant apparel including firefighter's equipment such as axe, hammer, crowbar and chisel to crack open door bolts during emergency evacuation.
f. Provide Ziploc to store chemical mask at toxic and hazardous waste storage to preserve mask shelf-life when it is not used.

7. Ensure that every forklift has logbook and submit to local manpower supervisory officer in every 3 months for review.

8. Enroll designated person who is in charge with lactation room for lactation counsellor from 3rd party.

9. Establish medical inventory that reflects medicine/drugs was dispense based on First Expired First Out Then First In First Out to ensure no expired medicine/drugs given to patient/worker.

10. Provide individual seating that can be adjusted to fit individual workers posture.

11. Establish consistent road management by:
a. Marking traffic lanes on factory ground.
b. Marking walk paths between cutting area main gate towards main walk paths (crossing walk path).
c. Forbid walking path used for car parking and provide additional designated space for parking.
d. Encourage workers to use walk-path when they walked to and from between main entrance and buildings exits.

12. Install platform with toe board from jockey pump room to upper level of water reservoir to provide walking path as access to water tank placed on tower above jockey pump room. Then replace ladder from ground to water reservoir to other area that will not be blocked with closure door of water reservoir.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Clean up Jockey pump room for any stagnant water.

2. Ensure all machinery at factory has proper guarding mechanism by:

a. Conduct daily walk through to identify machinery has been properly protected.

b. Communicate to relevant workers ensuring no machinery is left unattended when the machine was turned-on.

c. Install needle guard in proper height or replace current needle guard with certain mechanism that would be able to hold the sewed material and simultaneously protect worker's finger when the worker work on the sewing machine.

3. Replace warning sign and instruction on machinery and fire alarm in to the local language.

4. Clean all rooms in the factory building.

5. Update electrical safety by:

a. Use electrical connector for permanent fixture in connecting wiring

b. Install GFCI outlets for any wet area

c. Provide safety rods nearby every electrical panel to push and or pull electrocuted person from the electrical source.

6. Select Personal Protective Equipment (PPE) when providing to workers based on identified hazards such as:

a. Provide chemical mask with P and or R type and nitrile gloves for workers who work with chemicals

b. Provide aprons to workers who are gluing material at production floor (2nd floor of building 2 and 2st floor at building 1)

c. Provides Class E hard hat for electrician and eye protector that meet with ANSI Z87.1+ and CSA Z94.3 standards.

d. Provide material warehouse workers with lifting belt, safety shoes and hard hat.

e. Provide firefighters with SCBA (Self Containing Breathing Apparatus), fire resistant apparel including firefighter's equipment such as axe, hammer, crowbar and chisel to crack open door bolts during emergency evacuation.

f. Provide Ziploc to store chemical mask at toxic and hazardous waste storage to preserve mask shelf-life when it is not used.

7. Ensure that every forklift has logbook and submit to local manpower supervisory officer in every 3 months for review.

8. Enroll designated person who is in charge with lactation room for lactation counsellor from 3rd party.

9. Establish medical inventory that reflects medicine/drugs was dispense based on First Expired First Out Then First In First Out to ensure no expired medicine/drugs given to patient/worker.

10. Provide individual seating that can be adjusted to fit individual workers posture.

11. Establish consistent road management by:

a. Marking traffic lanes on factory ground.

b. Mark all walk paths.

c. Forbid walking path used for car parking and provide additional designated space for parking.

d. Encourage workers to use walk-path when they walked to and from between main entrance and buildings exits.

12. Install platform with toe board from jockey pump room to upper level of water reservoir to provide walking path as access to water tank placed on tower above jockey pump room. Then replace ladder from ground to water reservoir to other area that will not be blocked with closure door of water reservoir.

Company Action Plan Update

1. Factory has cleaned up the stagnant water in the jockey pump room and procedures have been implemented to ensure there will be no stagnant water going forward.

2.

a. Factory has provided a machine maintenance checklist to be used daily to ensure machinery has been properly protected.

b. Factory has installed a needle guard on all sewing machines.

c. Factory conducts machine safety training for all employees on their first day. There is also a warning sign on the machines stating to not leave the machine running while unattended.

3. Factory has translated the warning signs on machines and fire alarms into the local language (Bahasa Indonesian).

4. Factory has cleaned the generator set room to clear all cob webs and housekeeping procedures have been implemented to ensure teh whole factory is clean.

5.

a.

- The PVC insulation tape used to connect wires was replaced with an electrical connector

- The Electrical Safety Expert is in charge of making sure all equipment is installed properly according to Nike CLS & PUIL 2000.

b. Installed GFCI outlets at the wet area.

c. Provided safety rods at every electrical panel to be used if someone gets electrocuted.

6.

a.

- Provided R95 mask and nitrile gloves.

- The ESH team will help to monitor the shopfloor and make sure correct PPE is issued based on findings.

b. Provided aprons to workers who are gluing products on the production floor.

c. The factory will use a third party to fix electrical issues. They will ensure third party has all PPE before beginning work.

d. Raw material warehouse workers have been provided with the appropriate PPE, including lifting belts, safety shoes, and hard hats.

e. Factory has provided SCBA, fire resistant apparel and fire fighting tools for the factory's firefighting team.

f. Provided ziploc bag to store mask to preserve mask shelf-life when not in use.

7. Every forklift has a logbook that will be submitted by the compliance team to local manpower supervisory officer every 3 months for review. The next reporting date will be November 2019. They will submit the logbook to manpower supervisory officer every 3 months for review.

8. The factory has enrolled one personnel to be a counselor for the lactation room. They plan to complete training in 2020 once it's available.

9. The factory has created a medical inventory process based on the FIFO process.

10. Provided individual seating that can be adjusted to fit individual workers posture.

11.

a. Marked traffic lanes with "Vehicle Lane"

b. Marked walking paths

c. Added additional parking so the walking path is not used for parking.

d. Encouraged workers in the morning briefing to use the walking path.

12. Installed platform from jockey pump room to upper level of water reservoir. Also replaced ladder from ground to water reservoir.

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation
1. There is inadequate illumination at the factory since no anti-explosive lighting has been installed at compressor, generator room, solid waste, toxic and hazardous waste storage and chemical storage. Also, lighting at waste storage is not enclosed. [HSE.13]

2. There is inadequate electrical safety since: [HSE.13]
a. Dangling wires were found at finished goods storage as this section was under repair.
b. There is no mechanism to ensure that there is no activity or goods being stored in the repair area. Finished goods were stacked right underneath the exposed wires.
c. There is no evidence that electrical equipment is repaired in a timely manner since both electrical maintenance procedure did not regulate timeframe from when the damage was identified to when the repair was completed. Also, repair records did not reflect the time it took for the repair.
d. There is no written evidence that when an equipment has electrical problem, it is immediately removed or put in isolation until it is repaired.

3. Found workers were using used mineral water bottle that was made from PET 1 for drinking water from potable water station, instead of using water bottle that was made from PET 5. [HSE.23]

4. There is no proper management for confined space at factory such as: [HSE.1, HSE.14]
a. There is no consistent marking of "Confined Spaces", “Do not enter”, or “Only authorized person allowed” and identification number for grey water drainage tunnel door.
b. There is no appropriate rescue equipment available at the factory such as pulley to retract people from confined space, SCBA, torchlight or whistle.
c. Utility people who are responsible for confined spaces have not been certified by government or authorized training organizer.

5. There is no certification for Fire Action Officer and Fire Coordinator as well as for Work In-Height designated person. [ER.31]

Local Law or Code Requirement
PUIL 2000 Article 2.5.3.3, Article 5.3.6.1.1, Article 5.3.3.3.1, Article 5.3.3.3.2, Article 5.3.3.3.3., Article 6.2.1, Article 7.11.1.8, (Peraturan Umum Instalasi Listrik); Kepmenperind No 705 Year 2003 Article 9.1.c. (Keputusan Menteri Perdangan dan Perindustrian No 705 tahun 2003 tentang Persyaratan Teknis Air Minum Dalam Kemasan); OHS Guidance for confined spaces by Directorate of OHS Norm Supervisory, , September 2006 Article 2.1.2, Article 2.1.3, Article 2.2.2, Article 2.2.2.1, Article 2.2.2.2, Article 2.2.2.3.; Kepmenaker No 186 Year 1999 Article 6 (1) and (3) (Keputusan Menteri Tenaga Kerja No 186 tahun 1999 tentang Unit Penanggulangan Kebakaran di Tempat Kerja); FLA Workplace Code (Employee Relationship Benchmark ER.31; Health, Safety and Environment Benchmarks HSE.1, HSE.13, HSE.14, and HSE.23)

Recommendations for Immediate Action

1. Install anti-explosive lighting at compressor, generator room, solid waste, toxic and hazardous waste storage and chemical storage

2. Establish a robust electrical safety program by ensuring:
a. No wires are dangling anywhere on factory premise through installation of electrical tray for containing any external wires. Establish a mechanism that any electrical repair shall be finished within certain time frames. When the repair has not done then any wire has not placed within electrical tray must be tied down into any permanent fixture temporarily until the next day.
b. No activity or stored goods under on-progress electrical repair through restricting area (put warning signs and yellow taped line)
c. Have working instructions and procedures for curative maintenance and set timeframe for each type or machinery and equipment repair. Keep records of the reported date of the damaged identified until the repair is completed. Also note the time start and time finish for any repair done.
d. Working instruction and procedure for curative maintenance regulates when an equipment has electrical problem there must be an immediate removal or isolation from service until it is repaired and record the time of isolation or removal as evidence.

3. Forbid workers to bring and use PET 5 plastic bottle for potable water refill at the factory. Put warning sign for this matter at production areas as encouragement.

4. Have proper management for confined space at factory such as:
a. Consistent marking of "Confined Spaces", “Do not enter”, or “Only authorized person allowed” and identification number for grey water drainage tunnel door.
b. Provides appropriate rescue equipment such as rescue pulley for retract people from confined space, SCBA, torchlight and whistle.
c. Enroll utility people who are responsible for confined space for certification by government or authorized training organizer.

5. Enroll designated Fire Action Officer and Fire Coordinators as well as for Work In-Height designated person for certification from government or from authorized certification company.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Install anti-explosive lighting at compressor, generator room, solid waste, toxic and hazardous waste storage and chemical storage. Enclose lighting at waste storage.

2. Establish a robust electrical safety program by ensuring:

a. No wires are dangling anywhere on factory premise through installation of electrical tray for containing any external wires. Establish a mechanism that any electrical repair shall be finished within certain time frames. When the repair has not done then any wire has not placed within electrical tray must be tied down into any permanent fixture temporarily until the next day.

b. No activity or stored goods under on-progress electrical repair through restricting area (put warning signs and yellow taped line)

c. Have working instructions and procedures for curative maintenance and set timeframe for each type or machinery and equipment repair. Keep records of the reported date of the damaged identified until the repair is completed. Also note the time start and time finish for any repair done.

d. Working instruction and procedure for curative maintenance regulates when an equipment has electrical problem there must be an immediate removal or isolation from service until it is repaired and record the time of isolation or removal as evidence.

3. Forbid workers to bring and use PET 1 plastic bottle for potable water refill at the factory. Put warning sign for this matter at production areas as encouragement.

4. Have proper management for confined space at factory such as:

a. Consistent marking of "Confined Spaces", “Do not enter”, or “Only authorized person allowed” and identification number for grey water drainage tunnel door.

b. Provides appropriate rescue equipment such as rescue pulley for retract people from confined space, SCBA, torchlight and whistle.

c. Enroll utility people who are responsible for confined space for certification by government or authorized training organizer.

5. Enroll designated Fire Action Officer and Fire Coordinators as well as for Work In-Height designated person for certification from government or from authorized certification company.

Company Action Plan Update

1. Anti explosive lighting has been installed in the compressor, generator, solid waste, toxic and hazardous waste storage and chemical storage areas.

2.

a. Factory has installed a wire cover to ensure there are no dangling wires.

b. Factory used yellow caution tape around working area and put a warning sign in front to make sure no activity is done in the area of repair.

c. The factory has created a log book to track repairs from the time the damage was identified until the repair is completed.

d. The factory has updated their procedures to note that damaged equipment must be moved or isolated until the repairs are completed and record the start and end time of repair.

3. The factory informed all employees of the prohibition of PET 1 water bottles by posting the update on the announcement board and hanging a banner in the production area.

4.

a. The factory has marked all confined spaces.

b. All confined-spaces projects will be contracted out to a third party. Factory has confirmed they will ensure the third party has complete rescue equipment before working in the confined space.

c. All confined-spaces projects will be contracted out to a third party.

5. The factory has enrolled a designated Fire Action Officer and Fire Coordinators as well as for Work In-Height designated person who have received certification from the government or from an authorized certification company.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Current fire risk assessment is inadequate since: HSE.1, HSE.5

a. It did not assess both the working area and processes within the working areas as the assessment was based on specific processes only. There is a risk of missing some areas and processes e.g. at raw material warehouse where no thematic nor sprinkler installed.

b. Fire risk assessment only focused on responsible workers without considering the risk with the building and machinery and equipment.

c. There is no additional measure established to overcome existing fire risks.
d. Fire Risk Assessment only conducted internally without commission to a third party.
2. Current Risk Assessment Report is inadequate since: HSE.1
a. Hazard Identification Risk Analysis (HIRA) is not included in the toxic and hazardous waste storage, chemical storage, loading/unloading process, lifting process at warehouse, etc.
b. Hazard Identification Risk Analysis (HIRA) has not included warning signs and providing PPE as part of risk control measures, as well as ergonomic management.
c. There are no additional measures established. There is a gap between the current condition and the existing measures since the existing measures has not completely mitigate the risks (there is no mechanical engineering established before using administrative control/PPE, in this case the PPE is mask). Also the PPE stated on current measure has not been specified, what type of PPE needed.
3. There was a new column installed at the on-site clinic that made the wall in the lactation room unevenly enclosed. There was also an opening on the ceiling in the lactation room and front area of the on-site clinic (there was new additional construction for two floor warehouse attached to the on-site clinic). Furthermore, there was no drawing document or building permit available (authorized addition) for this building modification to prove the material used and design is acceptable under regulation. HSE.19
4. Current first aid equipment has inadequate maintenance since: HSE.6
a. No bacteria preservative added into the potable water used for eye rinse
b. There is no body shower installed at the chemical storage and toxic and hazardous waste storage.
5. Light fire extinguisher installed inside chemical storage. HSE.4, HSE.6
6. There is no sprinkler installed throughout the factory. Also, found there is no thermatic apparatus installed at raw material warehouse. HSE.1, HSE.6
7. There is no evidence that the factory has already installed fire resistant smoke-sealed doors at emergency exits. HSE.1, HSE.6
8. Found that emergency doors at 2nd floor where office is located in building 1 has inward door instead of outward to the egress route. HSE.1, HSE.6
9. Based on the last evacuation drill conducted on June 2019, there was no identification of how many workers were absent from the training and when these workers will be trained for the next evacuation drill.ER.1, HSE.5
10. Inspection and testing of Fire alarm has not included battery level and decibel level (at least 15 decibels above the average ambient sound level or 5 decibels above the maximum sound level having a duration of at least 60 second, whichever the greater) and the standard used is based on manufacturer standards HSE.5, HSE.31

Local Law or Code Requirement

Public Work Minister Regulation No 26 Year 2008 Article 11, Attachment Section Article 3.14.1.1 (Peraturan Menteri Pekerjaan Umum No 26 tahun 2008 tentang Persyaratan Teknis Sistem Proteksi Kebakaran Pada Bangunan Gedung dan Lingkungan); Government Regulation No 50 Year 2012. Article 11. 3, Article 11.4 (Peraturan Pemerintah No 50 tahun 2012 tentang Penerapan Sistem Manajemen Kesehatan dan Keselamatan Kerja); SNI 03-1735- 2000 Article 5.1.4.2 (Standar Nasional Indonesia); ANSI/ISEA Z358.1 -2014.; Labor minister decision KEP.186/MEN/1999. Article 2.2.e (Keputusan Menteri Tenaga Kerja tentang Alat Pemadam Api Ringan); The National Fire Alarm Code (NFPA 72); FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.4, HSE.5, HSE.6, HSE.19, and HSE.31)

Recommendations for Immediate Action

1. Amend fire risk assessment by:
a. Assess for both working area and processes within the working area.
b. Not only focus on responsible worker who worked on the said process but also the risk upon building and machinery/equipment.
c. Establish additional measure to overcome the existing fire risk that has not been covered by existing measures.
d. Commission 3rd party for Fire Risk Assessment.
2. Ensure Risk Assessment Report includes:
a. Toxic and hazardous waste storage, chemical storage, loading/unloading process, lifting process at warehouse, etc.
b. Combine warning sign and provision of PPE as part of risk control measures, as well as ergonomic management.
c. Establish additional measure to overcome the existing fire risk that has not covered by existing measure.
3. Find another place where lactation is not in the same room with on-site clinic to minimize airborne pathogen contamination. Also, provide new as built drawing that reflects building adjustment as well as new establishment permit that reflects new adjustment.
4. Have robust first aid equipment maintenance such:
a. Add bacteria preservative into the potable water used for rinse eyes
b. Install body shower at chemical storage and toxic and hazardous waste storage.
5. Remove current light fire extinguisher installed inside chemical storage to outside.
6. Install sprinkler throughout the factory or its replacement such as thermatic apparatus at raw material warehouse.
7. Ensure that emergency exits at factory is fire resistant smoke-sealed doors.
8. Ensure that every emergency exit has door that swing outwards.
9. Ensure that evacuation drill documentation records on how many workers were absent from the training and when when they will be trained for the next evacuation drill.
10. Ensure inspection and testing of fire alarm includes battery level and decibel level (at least 15 decibels above the average ambient sound level or 5 decibels above the maximum sound level having a duration of at least 60 second, whichever the greater) and the standard used is based on manufacturer standards.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Amend fire risk assessment by:

a. Assess for both working area and processes within the working area.

b. Not only focus on responsible worker who worked on the said process but also the risk upon building and machinery/equipment.

c. Establish additional measure to overcome the existing fire risk that has not been covered by existing measures.

d. Commission 3rd party for Fire Risk Assessment.

2. Ensure Risk Assessment Report includes:

a. Include HIRA in toxic and hazardous waste storage, chemical storage, loading/unloading process, lifting process at warehouse, etc.

b. Combine warning sign and provision of PPE as part of risk control measures, as well as ergonomic management.

c. Establish additional measure to overcome the existing fire risk that has not covered by existing measure.

3. Find another place where lactation is not in the same room with on-site clinic to minimize airborne pathogen contamination. Also, provide new as built drawing that reflects building adjustment as well as new establishment permit that reflects new adjustment.

4. Have robust first aid equipment maintenance such:

a. Add bacteria preservative into the potable water used for rinse eyes

b. Install body shower at chemical storage and toxic and hazardous waste storage.

5. Remove current light fire extinguisher installed inside chemical storage to outside.

6. Install sprinkler throughout the factory or its replacement such as thermatic apparatus at raw material warehouse.

7. Ensure that emergency exits at factory is fire resistant smoke-sealed doors.

8. Ensure that every emergency exit has door that swing outwards.

9. Ensure that evacuation drill documentation records on how many workers were absent from the training and when when they will be trained for the next evacuation drill.

10. Ensure inspection and testing of fire alarm includes battery level and decibel level (at least 15 decibels above the average ambient sound level or 5 decibels above the maximum sound level having a duration of at least 60 second, whichever the greater) and the standard used is based on manufacturer standards.

Company Action Plan Update

1.

a. New fire risk assessment was done to include all working areas and all processes within the working areas.

b. New fire risk assessment now includes the risk of building and equipment.

c&d. Factory had a Fire Risk Assessment completed by a third party which came back in "tolerable condition". To overcome existing fire risks based on the Fire Risk Assessment findings, they will conduct regular maintenance of the electrical system.

2.

a. HIRA has been included in all areas/processes in the factory.

b. HIRA now includes signs, PPE and ergonomic management.

c. The factory has a procedure to first remediate the issue with improvements and then provide PPE.

3. Factory repaired the hole in the wall and ceiling to make the lactation room separate from the on-site clinic. The factory commissioned a third party to complete the building safety inspection, which has been completed.

4.

a. Bacteria preservative has been added into the potable water used to rinse eyes

b. Factory has installed a body shower in the chemical storage and toxic/hazardous waste storage areas.

5. The light fire extinguisher was removed from the chemical storage area and a foam type 6kg fire extinguisher was installed.

6. Installed theramatic apparatus throughout the factory.

7. Factory has smoke-sealed all fire exit doors.

8. Factory has installed an outward swinging door.

9. The workers who were absent for the evacuation drill will join in the next training. Evacuation drills are conducted four times a year (quarterly).

10. Factory conducted fire alarm testing and found all alarms to be at least 5 decibels above the maximum sound level. HSE tests fire alarm battery levels monthly.

FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The worker involvement component is missing across all Employment Functions. The factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. [ER.1.3, ER.25.2]

2. The factory does not have a copy of the FLA Code on file. Therefore, there is no communication on FLA Code elements to the workers. [ER.16.1]

3. The factory does not communicate its environmental protection program to the general workforce, including supervisors. Induction material for new recruitment has not included steps that will be taken to protect workers who raise grievances related to EHS matters from retaliation action by worker's superior. [ER.1, ER.16]

Local Law or Code Requirement

Act No 32 Year 2009 Article 65 (Undang Undang Perlindungan dan Pengelolaan Lingkungan Hidup No 32 Tahun 2009); FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.16, and ER.25.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Revise Employment Functions to integrate procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures.

2. Obtain a copy of the code currently being used (FLA, Nike or BCS code) to put on file and communicate the code to all current and incoming employees.

Company Action Plan Update

1. The factory has revised their employment functions to integrate procedures to allow for employee feedback/suggestions regarding new policies and procedures or revisions to policies and procedures.

2. The FLA code has been obtained and posted in the workplace. Factory trains incoming employees on the FLA code, as well as providing continuous training for current employees.

3.The factory has updated their induction material to add in measures that protect workers from retaliation when reporting issues/grievances. All reports will be processed according to the Grievance and Investigation Procedures.

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory does not have any written procedures for managing the environmental impact within the factory and to its surroundings. [ER.31, HSE.1]

2. The current chemical handling procedure has not included obligation for factory to have complete chemical inventory that reflects date of expiration, incoming and outgoing that includes quantity of each incoming and outgoing. [ER.31]

Local Law or Code Requirement

Act 32 Year 2009 Article 13.1-2 (Undang Undang Perlindungan dan Pengelolaan Lingkungan Hidup No 32 Tahun 2009), PP No. 50 Year 2012 Article 11.2.c, g, h (Peraturan Pemerintah RI No 50 Tahun 2012 tentang Penerapan Sistem Manajemen Keselamatan dan Kesehatan Kerja); Act No 32 Year 2009 Article 14. K, L and Article 47 (Undang Undang Perlindungan dan Pengelolaan Lingkungan Hidup No 32 Tahun 2009); FLA Workplace Code (Employee Relationship Benchmark ER.31; Health, Safety and Environment Benchmark HSE.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Create procedures for managing the environmental impact within the factory and to its surroundings.

2. Revise the chemical handling procedure to include factory obligations to complete chemical inventory that reflects date of expiration, incoming and outgoing that includes quantity of each incoming and outgoing.

Company Action Plan Update

1. The factory now has a written procedure for managing their environmental impact which includes;

-Every six months, the ESH department will coordinate the implementation of environmental quality measurement in collaboration with a third party to obtain approval from the Living Environment Agency to measure environmental quality while creating a planning schedule and sample points.

-If any results fall below the given requirements, the ESH manager, along with the HRD manager, will come up with corrective and preventative actions.

-The ESH department will carry out regular inspections of environmental conditions and will report any discrepancies found to the ESH Coordinator for immediate action.

2. The factory now maintains a chemical inventory log to record and monitor all chemicals on hand which includes;

6.3.5.1 Name of chemical stored

6.3.5.2 Expiry of the chemical

6.3.5.3 Date of entry and exit of the chemical

6.3.5.4 Initial Stock

6.3.5.5 Amount of chemicals released

6.3.5.6 Amount of the last chemical stock

6.3.5.7 Name along with the Department that took the chemical

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation
1. Security guards performs same-gender physical pat downs four times per day: when workers enter the building before the shift, before leaving the building for the lunch break, after the lunch break, and after the shift ends. [H/A.10.2]

2. There are no process for workers to appeal disciplinary actions taken against them and a third-party witness involvement. In addition, the disciplinary procedures do not include the presence of a third-party witness chosen by workers themselves during imposition of disciplinary actions. [ER.27]

Local Law or Code Requirement
FLA Workplace Code (Employee Relationship Benchmark ER.27; Harassment or Abuse Benchmark H/A.10.2)

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

COMPANY ACTION PLANS

Action Plan no 1.

Description

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

2. Revise disciplinary action procedures to allow workers to appeal actions taken against them and to note that a third-party witness that is chosen by workers themselves must be present during imposition of disciplinary actions.

Company Action Plan Update

1. All factory policies and procedures have been revised to ensure physical pat-downs are only conducted when there is a legitimate reason to do so.

2. The factory has updated their policies and procedures to allow all workers the right to appeal the actions taken against them and to choose a 3rd party witness to be present during imposition of the disciplinary action.

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation
1. The factory pays for all applicants to go through a mandatory medical checkup, which includes x-rays to check for tuberculosis. Possibly pregnant applicants are exposed to x-rays during medical checkup. The procedures related to medical checkups mention pregnant applicants can still obtain the job by having a medical checkup without x-rays. However, this procedure was just created during the second day of the assessment. The factory has not implemented and communicated the updated procedures to female applicants or the medical clinic. Therefore, it is not clear to pregnant applicants that they can refuse to take the x-ray. [ND.9, ND.10]

2. The available procedures on performance reviews do not include prohibition of discrimination, and does not include providing written feedback. [ER.29]

Local Law or Code Requirement
FLA Workplace Code (Employee Relationship Benchmark ER.29; Nondiscrimination Benchmarks ND.9, and ND.10)

Recommendations for Immediate Action
1. Implement an alternative to x-rays for pregnant applicants as part of the pre-employment medical checkup, and ensure to provide same opportunity for all applicants, including pregnant women, to obtain the job.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Implement an alternative to x-rays for pregnant applicants as part of the pre-employment medical checkup, and ensure to provide same opportunity for all applicants, including pregnant women, to obtain the job.

2. Revise performance review procedures to include prohibition of discrimination and add a section for written feedback.

Company Action Plan Update

1. During medical check-ups, pregnant workers will be tested for tuberculosis through a blood test and white blood cell count, as opposed to x-ray testing.

2. The factory has revised their procedures to note that it is expected by the team leaders to conduct performance reviews with transparency and without discrimination. The factory has also added a written feedback column on the annual appraisal form and noted in their procedures "workers can respond to results in the worker's feedback column."

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation
1. The factory requests workers sign an overtime agreement form one day prior to when overtime is conducted. As result, the workers are not easily able to cancel the overtime. Assessors observed the following example:
Based on clinic record, an operator from OCM (Computerized Machine) went to the onsite clinic two times in one day. Based on the doctor's diagnosis, the worker had a high fever, headache, and the doctor noted that the worker had passed out. This worker continued working her scheduled overtime after visiting the clinic and then went to the hospital after her shift. She stayed in the hospital for three days. [HOW.8.2, HOW.9.2, F.8]

2. The chief of outsourced security guards worked more than 60 hours per week, up to 62 hours in April 2019. [HOW.1.3]

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

Local Law or Code Requirement
Decision of the Minister of Manpower and Transmigration No. KEP 102/MEN/VI on Overtime work and Overtime pay (2004), Art. 6(1) (Peraturan Menakertrans no. kep. 102/men/vi/2004 pasal 6); FLA Workplace Code (Hours of Work Benchmarks HOW.1.3, HOW.5, HOW.8.2, and HOW.9.2; Forced Labor Benchmark F.8)

Recommendations for Immediate Action
1. Ensure that workers voluntarily sign the overtime agreement on the same day overtime will be conducted and ensure workers are free to go home when they are sick or want to cancel overtime.

2. Limit the total weekly working hours to 60 for all workers in the factory, including third party contractors.

3. Create a system to identify pregnant and lactating workers in working hour records to ensure they receive their entitled legal protections concerning working hours.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Ensure that workers voluntarily sign the overtime agreement on the same day overtime will be conducted and ensure workers are free to go home when they are sick or want to cancel overtime.

2. Limit the total weekly working hours to 60 for all workers in the factory, including third party contractors.

3. Create a system to identify pregnant and lactating workers in working hour records to ensure they receive their entitled legal protections concerning working hours.

Company Action Plan Update

1. Factory has revised their overtime policy to note that workers will be notified of overtime one day prior and the overtime agreement will be signed on the day the overtime is being worked.

2. The factory has a system to conduct monitoring on a monthly basis of employee's, internal and outsourced, working hours and overtime.

3. All pregnant and lactating workers have been marked in the HR system to improve monitoring.

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation
1. There are wage deficiencies for workers under the monthly “all-in” wage system. For example, a worker from QA department is paid

monthly “all-in” wage that consist of basic wage of IDR 1,883,550 (USD 133) which is a bit higher than the local minimum wage of IDR 1,879,031 (USD 132.63), position allowance IDR 184,738 (USD 13), incentive IDR 689,429 (USD 48.66), and other incentive IDR 100,000 (USD 7) for each time they work overtime on rest days (Saturday). This employee worked overtime 76 hours including three Saturdays in the peak season of January 2019. He should not have received less than IDR 3,418,758 (USD 241.30) for the month – a total of basic wage (IDR 1,883,550) plus overtime at the respective premium wage rates (IDR 1,535,208) if he is paid same as other production workers. Thus, there was a wage deficiency of IDR 361,041 (USD 25.48). [C.7.2]

2. No workers under monthly “all-in” wage system are paid the correct premium overtime, including contracted workers from security agency and cleaning agency: [C.7.2]
- Factory workers under the monthly “all-in” wage system do not receive adequate overtime compensation at 200% of the wage rate for working on rest days and public holiday since they are paid only IDR 100,000 (USD 7). Workers who are paid based on daily rate receive at least IDR 174,201 (USD 12.30) for working the same overtime hours on rest days and public holidays.
- The contracted security agency does not pay overtime at legal overtime rates to one chief of outsourced security guards. The chief of security guards is paid a monthly incentive of IDR 425,000 (USD 30) and a rest day overtime incentive IDR 100,000 (USD 7) per day and not the overtime at legally required rates. The chief of outsourced security guards who worked a total of 99.5 overtime hours in April 2019 received IDR 3,714,671 (USD 262) and should have received a total wage, including overtime compensation, of at least IDR 4,097,531 (USD 289).
- The contracted cleaning agency pays supervisors the rate of IDR 100,000 (USD 7) for eight hours of overtime worked on rest days and public holidays.

3. The amount deducted for unpaid leave is not clearly reflected in workers’ pay slips. Pay slips generally note the basic wage is reduced when there is unpaid leave days, hours used for personal leave, and absent without notice. As a result, workers are unable to easily identify the amount of wage deduction for each time they are taking unpaid leave. [C.13.6]

4. The factory does not correctly calculate unused annual leave for terminated workers. For example, a worker who was hired in January 2016 and resigned in May 2019 was paid unused annual only for her years of service until December 2019. [C.1, C.6]

Local Law or Code Requirement
Circular letter SE-2/M/BW/1987 regarding the definition of staff who does not receive overtime wage (Surat Edaran Direktur Jendral Bina Hubungan Ketenagakerjaan dan Pengawasan Norma Kerja No. SE-2/M/BW/1987); Decision of the Minister of Manpower and Transmigration No. KEP 102/MEN/VI on Overtime work and Overtime pay (2004), Art. 11 (Keputusan Menteri Tenaga Kerja dan Transmigrasi No. KEP 102/MEN/VI;2004 Pasal 11; FLA Workplace Code (Compensation Benchmarks C.1, C.6, C.7.2, and C.13.6)

Recommendations for Immediate Action
1. Comply with regulations regarding “all-in workers” (overtime exempt workers), and ensure their compensation and fringe benefits are not less than the minimum legal requirement.

2. Compensate all overtime hours at legal overtime rate.

3. Reflect deductions clearly for unpaid leave in workers’ pay slip.

4. Compensate terminated workers for their unused annual leave correctly.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Comply with regulations regarding “all-in workers”

Company Action Plan Update

1 & 2. The factory has set up the overtime compensation for "All-In" workers for working on rest day/holiday at Rp. 175.000 (200% of the wage rate) and is now higher than the overtime rate received by daily based workers who are working on a rest day/public holiday.

3. Factory has added "cut absence" to employee pay slips to clearly show the amount that is deducted for unpaid leave, ensuring employees are able to easily identify the amount of wage deduction for each time they are taking unpaid leave.

4. Factory has revised the calculation of unused leave for terminated workers. It will now be calculated up to the time of termination, based on the labor law.