



COMPANIES: GFSI, Inc.
Hanesbrands
Under Armour, Inc.

COUNTRY: Indonesia

ASSESSMENT DATE: 09/07/16

ASSESSOR: Donny Triwandhani

PRODUCTS: Apparel

NUMBER OF WORKERS: 1087

Understanding this Assessment Report

This is a report of a workplace assessment conducted by Fair Labor Association assessors following FLA's Sustainable Compliance methodology (SCI), which evaluates a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle.

This report identifies violations and risks of noncompliance with the Fair Labor Association Workplace Code of Conduct in its assessment of the employment functions, and includes a description of the root causes of violations, recommendations for sustainable and immediate improvement, and the corrective action plan for each risk or violation as submitted by the company. This document is not a static report; rather, it reflects the most recent progress updates on remediation in the "Progress Update" section for each finding.

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	Violations
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Findings and Action Plans

FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. There were inconsistencies between the online Government Healthcare Program (BPJS) records and the factory's payroll records regarding the total number of employees at the factory. Based on the BPJS records for August 2016, the factory has 1,614 employees; however, according to the factory's payroll records, it only has 1,405 employees at their main factory location. Furthermore, based on the factory's internal reconciliation record of BPJS, only 821 are registered to receive BPJS. Thus, of 1,614 employees registered at the BPJS, the factory did not disclose the location of 793 employees (1,614 - 821) or register 584 employees (1,405 - 821) to receive BPJS benefits.

2. According to the HR Manager, some workers are assigned to work at two other production facilities and the Manager confirmed that there is no separate business license for these separate facilities. During the second day of the assessment, the Compliance Manager offered to take the assessment team to the other production facility the next morning (located around 5 kilometers away). However, on the third day of the assessment, the Compliance Manager stated that the person in charge of the other facility would not allow the FLA assessment team to visit. Therefore, nothing about these facilities, including working conditions, compensation, working hours, and ages of workers could be verified. Based on the outgoing material logbook, production components of the FLA Affiliate were sent to both production facilities to be sewn.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.4.1; Compensation Benchmark C.15)

Recommendations for Immediate Action

1. Allow assessors access to all production facilities which are part of the factory's operations (including different production facilities that do not have a separate legal entity or business license) and are using workers from the factory to assist in the production of products for FLA-affiliated companies, in order to verify their compliance status.

2. Enroll all employees in BJPS, as per local law.

COMPANY ACTION PLANS

1. Management is to ensure compliance with local regulations with FLA Workplace Code and Benchmarks must:

1. Allow assessors access to all production facilities which are part of the factory's operations (including different production facilities that do not have a separate legal entity or business license) and are using workers from the factory to assist in the production of products for FLA-affiliated companies, in order to verify their compliance status.

2. From now on enroll all employees in BJPS, as per local law and updates the benefits status of: All a) employees and b) outsourced workers to ensure that all: i) workers/employees and ii) all outsources workers are registered with the government to receive: 1) Social security and 2) government healthcare benefits with the: A) BPJS Ketenagakerjaan and B) Kesehatan. Furthermore, please create a formal written procedure with clear steps and dates to ensure that these workers are:

- identified and accounted for (names, production area that they will be assigned, clock-ins, etc.)
- these workers are easily identified (colored ID cards, wrist bands, vests, etc.)
- trained on emergency evacuation procedures of the factory they are assigned.
- provided with appropriate PPE as per MSDS requirements.

Action plan status: In progress

Progress update: 1.24.19 UPDATE BY UA:
As per factory, Factory has make schedule to pay the outstanding social security payment (BPJS Ketenagakerjaan)

The UA team noted the payment plan, and asked the factory to send us monthly updates for these payments.

1.11.19 UPDATE BY UA:

As per factory, 2. Factory have paid for social security for July 2018 Main Factory / Krandon and for Plumbon and Godean Factory already paid till March 2018 and Factory have made time line for settlement the social insurance payment

The UA team noted that for the main factory, workers have already been paid social security for July 2018 and for the other 2 factories, workers have been paid social security for March.

The team asked the factory to send a plan for how the factory will pay the remaining social security to the remaining workers, and a plan for paying SS going forward.

1.2.19 UPDATE BY UA:

Based on auditor verification, 2. It is noted that delay payment for social insurance (work accident, pension plan, live insurance and pension guarantee program) BPJS Ketenagakerjaan, while the workers' wages are deducted 3% of the wage for social insurance contribution on monthly basis. The details are as follows: The payment of social security for February 2018 to July 2018 for Main factory/Krandon has not been made, and payment of social security for November 2017 to July 2018 has also not been for Plumbon and Godean factories.

Root Cause:

It is due to impact of low season occurred October 2017 - March 2018 that disturb factory cash-flow. Factory plans to settle the whole BPJS delayed payment on May 2019 for all 3 factories.

Previous Update

1. Presiden Director PT. Sport Glove Indonesia has allowed assessor to verify compliance status to all production facilities.

2. PT. SGI employees already enroll in BPJS Ketenagakerjaan, and some employees can,t enroll in BPJS Kesehatan (Medical healthcare) by company because they already covered medical healthcare program from government (Kartu Indonesia Sehat) which one if already covered by healthcare program from government, company can't enroll them in BPJS Kesehatan, It's by system in BPJS.

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. Supervisors do not receive specific training on any of the Employment Functions.

2. There is no training on Workplace Conduct for the relevant HR personnel and administrative staff and the relevant managers.

3. There is no ongoing training for the general workforce the following Employment Functions: Recruitment Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, and

the Grievance System.

4. The orientation training for workers is insufficient. According HR Manager, the factory verbally explains factory rules to new workers but does not keep any record of orientation training (e.g., attendance lists, signatures of participants) or provide written documentation to workers that substantiates all the issues covered in orientation. Based on orientation training materials, the orientation only covers factory rules, the Customs-Trade Partnership Against Terrorism (CT-PAT), and brand protection; it does not include information on Compensation, Industrial Relations (including Freedom of Association), Environmental Protection, Health & Safety, or Human Resources policies. The workers do not receive written documentation that substantiates all the issues covered and do not receive a copy of the workplace rules during orientation. Moreover, all selected sample workers stated they did not recall receiving any orientation training.

5. There is no ongoing training to workers on the following Employment Functions: Recruitment, Hiring & Personnel Development, Hours of Work, Compensation, Industrial Relations, Termination & Retrenchment, and Workplace Conduct & Discipline. Only some workers receive ongoing training on Environmental Protection and Health & Safety.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.16.1, ER.17.1, ER.17.3, ER.25.1 and ER.27.3)

COMPANY ACTION PLANS

1. The factory must identify the credentialed/trained/knowledgeable manager or 3rd party expert or firm who/that will conduct documented educational sessions (in any applicable language or dialect) to:
 - 1) HR staff and other relevant positions to ensure new workers receive a complete orientation training, at the time of hiring, which includes explanations of the factory's rules, compensation package and policies/procedures for human resources, industrial relations, including respect of the right to freedom of association, and health and safety. Orientation training should be updated in a regular basis, and in particular, when any policies and/or procedures are revised or updated; including updates in Under Armour/FLA Codes and benchmarks (identify the person(s) responsible for updating orientation training based on changes in the Codes and local law regulations); Ensuring all workers receive written documentation that substantiates all the issues covered and a copy of the workplace rules during orientation training;
 - 2) Management to identify someone responsible to ensure new hires and provided with written documentation that substantiates all of the issues covered in orientation briefings (Factory to provide updated Standard Operating Procedures (SOP)s, Job descriptions, and any other supporting documentation);
 - 3) Management to identify someone responsible to ensure that all supervisors are trained in national laws, regulations, and the Under Armour/FLA Codes, and the appropriate practices to ensure compliance (Factory to provide updated SOPs, Job descriptions, and any other supporting documentation that would indicate compliance with this action item);
 - 4) Management to identify someone responsible to ensure that all managers and supervisors are fully familiar and regularly trained, to account for turnover, on the workplace disciplinary system and in applying appropriate, fair and nondiscriminatory disciplinary practices; (Factory to provide updated SOPs, Job descriptions, and any other supporting documentation) and lastly;
 - 5) Management to develop and implement a yearly training program, for all workers and managerial positions that includes all human resources policies and procedures; from hiring to termination; including health & safety and environmental protection. Ensuring that the training needs to be documented and that means of using sign in sheets, taking photographs evidence and saving the materials that were used for auditor's verification. Factory to conduct and provide after training surveys to measure training impact and include what actions will be taken to close any defied gaps.

Factory to provide supporting documentation of training plans, timelines and identified responsible staff. Evidence should include, and not limited to: photographs, training attendance sheets, presentations, etc.

Action plan status: Completed

Progress update: 1.11.19 UPDATE BY UA:
As per factory:

1. Create program and conduct training for supervisor for Plumbon and Godean and Krandon Factory on subject National law and regulation, FLA Code, Compensation and Benefits, Hours of Work, Termination & Retrenchment, Industrial Relation , Freedom association and Grivance. 2. Create program and Conduct training for Manager HR Personnel and admin in Godean and Plumbon Factories on Workplace Conduct.
3. Create Training Need Analysis , conduct dan monitoring the training program.
4. Add the subject for Orientation training for new employee on Workplace rules, Industrial Relation, Freedom association and Grivance.

The UA team noted the training materials (attendance sheets and photos) for: National Law, Working Hours and OT, FLA and UA Code, Workplace Conduct, Termination and Retrenchment, Industrial Relations, Grievances, Recruitment, and the training for new employees (orientation)

1.2.19 UPDATE BY UA:
Based on auditor verification, the factory is working on these issues.

Previous Update

1. PT. SGI already conducted induction training for new worker which includes explanations of the factory's rules (PP), compensation package HR policies and procedures, including respect of the right to freedom of association, and health and safety.
2. HR officer will responsible to prepared orientation briefing documents for new hiring.
3. Compliance Manager will responsible for training national law or regulation and Under Armour / FLA codes wich appropriate on compliance standard.

4. HR Manager will responsible to conduct training for manager and supervisors to account of turnover, workplace disciplinary system, fair and nondiscriminatory disciplinary practices.
5. PT. SGI has defined Training Need Analyze as yearly basis, and will documented the implementation.

Completion date: 01/11/19

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not communicate the policies and procedures and their updates to the general workforce for the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination & Retrenchment, Grievance System and Environmental Protection.

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

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.1.3, ER.16, ER.25, ER.29, ER.30, and ER.32.5)

COMPANY ACTION PLANS

1. The Factory must identify the manager and team who will ensure to conduct documented educational and orientation meetings for all employees:

1) The meeting topics and subjects covered must include: explanations of the employers' rules, compensation package and policies for human resources, industrial relations, including respect of the right to freedom of association, health and safety, laws regarding workers' rights, working hours, and distribution of the FLA Code through appropriate means, including posters in local language(s) throughout the workplace's common areas;

2) Management must update training on a regular (meaning at least every 3 months or more frequently, if, and as, needed) basis. Workers are to be provided with written documentation summarizing and reviewing all the information covered in the orientation briefing; 3) the factory must provide every worker with a copy of the workplace rules during orientation;

3) The factory must ensure to establish procedures to request and/or receive workers' input/feedback (including engaging with trade unions and any other workers' organizations) regarding the creation, implementation, and updating of its policies and procedures. Ensuring workers must be either systematically integrated or consulted in decision-making processes by continually seeking their feedback, questions or comments.

Action plan status: Completed

Progress update: 1.24.19 UPDATE BY UA:
As per factory, Factory has conduct training for workers as per training program by each Factory

The team noted the supporting documentation for training, such as attendance sheets, photos, and reports

1.11.19 UPDATE BY UA:

As per factory, 1. Create Training Need Analysis (TNA), Conduct and Monitoring the program training for workers. Changes and posted the Procedure Training to Notice Board.

The UA team noted the training plans for all 3 factories. The team asked the factory to send supporting documentation for the trainings once they have been conducted such as attendance sheets and photos.

1.2.19 UPDATE BY UA

Based on auditor verification:

1. Only less than 10% of workers received training that covered wage calculation, factory regulation, disciplinary practice, grievance, recruitment and no updates communicated to the general workforce through training and posting the policies and procedures in notice boards.

2. Closed

1. PT. SGI has conducted socialization to workers for subject employers' rules, compensation package and policies for human resources, industrial relations, including respect of the right to freedom of association, health and safety, laws regarding workers' rights, working hours, and FLA Code

2. PT. SGI will conducted refresh training as regularly and provided the documentation and provide copy of the materials.

3. PT. SGI provided the procedure for changed policies and procedure.

Completion date: 01/24/19

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

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

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.1.3, ER.30, and ER 31.2)

COMPANY ACTION PLANS

1. The factory must identify the management person/team who/that:
 - 1) will implement a formal (according to a written plan and schedule) regular and documented review process of policies, procedures and their implementation in a consultative (documented review of related documents, functional issues with current processes and proposed changes, with identified workers (names, id numbers, signatures/dates on an attendance sheet/in meeting minutes) manner and amend when warranted (Factory to identify the person responsible for this action item);
 - 2) will enter into a formal written engagement with local legal counsel to periodically (no less that quarterly and promptly, as warranted, by the issuance of new, changes in, important laws, rules, regulations, decrees, etc.) brief the factory/guide them in implementing necessary functional/operational changes and revisions of related policies and/or procedures and according to changes in local law, regulations/FLA code and in response to internal/external audit results.

Action plan status:	Completed
Progress update:	1.2.19 UPDATE BY UA Based on auditor verification: Review has been conducted for health, safety and environmental protection and updating of current health and safety procedures based on law and regulation in periodic manner
	Previous Update 1. Company will provide procedure to ensure updates the procedure are made according to local law and FLA Workplace Code requirements, and ensure reviews will conduct periodically
Completion date:	08/13/18

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. Based on employment records, 599 of 1,267 (47.27%) production workers are employed under the PKWT fixed-term contracts although they are working permanent jobs in the cutting, sewing, finishing and packing departments, which is not allowed by law.
2. The factory does not provide trainees workers with any contract. They are hired as PKWT fixed-term workers and sign a contract only after completing the training period. However, this is contrary to the law which states that a contract for a specified (fixed) period cannot stipulate a probation period.
3. The personnel files, payroll and time records for three out of 40 sampled workers were not provided for review. The names of these three workers were selected from BPJS's list of employees registered at the factory.
4. One of the three workers whose personnel files were unavailable for review was 15 years old at the time of the assessment, according to their birthdate in the BPJS record. Assessors were unable to verify the young worker at the factory since the personnel file was unavailable and the worker was not physically found.
5. The factory's policies and procedures on young workers are conflicting. Point 1.1 of the factory's recruitment procedure in the

subsection on age verification procedure sets a minimum age for workers at 18 years old; point 4.3, however, defines a young worker as a worker above 15 years old but below the age of 18.

6. The personnel files of terminated or resigned workers were not provided for review. According management, the factory does not keep the personal files of former workers.

7. Pregnancy test packs are available for purchase (IDR 3,000; USD 0.23) at the onsite clinic for female workers. According the factory nurse, the pregnancy test packs were already available in clinic before she was assigned to work at factory. When the test packs ran out of stock the nurse replaced the test packs using her own money. A resignation letter showed that a pregnant contract worker from the cutting section resigned on July 25, 2016.

8. PKWT contractual workers are not provided with maternity leave.

9. The factory conducts performance reviews for all workers; however, it does not communicate the results of performance reviews to workers. The policies and procedures for performance reviews do not prohibit discrimination, provide written feedback, or comply with legal requirements.

Local Law or Code Requirement

Law No. 13 on Manpower (2003), Art. 59 (1); Law No. 13 on Manpower (2003), Art. 57(1) - (2); Law No. 13 on Manpower (2003), Art 58(1); Law No. 13 on Manpower (2003), Art. 1(26); Decision of the Minister of Manpower and Transmigration No. KEP 235/MEN on Work that endanger the health, safety or morals of children (2003), Art. 2 (1); FLA Workplace Code (Employment Relationship Benchmarks ER.2.1, ER.4.1, ER.8, ER.9, ER.11.2, ER.11.5, ER.12, and ER. 29; Child Labor Benchmark CL.1 and CL.3; Compensation Benchmarks C.14 and C.15)

Recommendations for Immediate Action

1. Convert PKWT contractual workers who perform jobs of a permanent nature to permanent employee status, as per legal requirements. Provide them with all seniority and other fringe benefits dated back to their hiring date as a temporary worker.

2. Provide contracts to all workers, including trainees, as soon as they are employed. Also ensure that workers who are employed under the PKWT contracts do not go through probation periods either before or after the entering into the contract.

3. Maintain workers' files (personnel files, payroll and time records) for existing workers and former workers for at least 2 years after their departure from the factory.

4. Only hire workers at least 18 years old to follow factory's own policy and national law on work restrictions for children under 18.

5. Ensure that pregnancy test packs are not available onsite.

6. Provide the mandated paid maternity leave to all eligible workers.

COMPANY ACTION PLANS

1. 1) The factory must identify the person who will, undertake a documented review in order to ensure that it is using the correct/legally accurate type of contract to employ each of its workers. The factory's regular workforce must be employed under permanent contracts and ensuring;

a) To convert PKWT contractual workers who perform jobs of a permanent nature to permanent employee status, as per legal requirements. Provide them with all seniority and other fringe benefits dated back to their hiring date as a temporary worker. (Factory to provide a detailed plan that includes: a) a timeline and b) % of workers to be converted into permanent status);

b) To provide contracts to all workers, including trainees, as soon as they are employed. Also ensure that workers who are employed under the PKWT contracts do not go through probation periods either before or after the entering into the contract.

(Factory to provide a commitment letter indicating that going forward all workers will be provided with employment contracts and workers under PTKW contracts do not go thru probation periods after they enter into permanent status);

c) To maintain workers' files (personnel files, payroll and time records) for existing workers and former workers for at least 2 years after their departure from the factory (Factory to identify to us the person responsible for this action item);

d) To only hire workers at least 18 years old to follow factory's own policy and national law on work restrictions for children under 18 (Factory to update policy and procedures based on changes in the Code and local regulations);

e) Pregnancy test packs are not available onsite and removed from clinic or offices in the factory;

f) Only workers who truly are seasonal, temporary or casual may be employed under PKWT;

g) Any employee termination decisions must be legally and Code/benchmark compliant and fully documented in the personnel file;

h) The factory must establish, and publish to its managers, Human Resources personnel and workers, written rules and policies that ensure that any workers who are initially employed under PKWT have equal access to, and receive the same benefits (including maternity leave, as applicable, and accrual of seniority) as those to which permanent workers are entitled;

i) To provide a work plan stating timeline and milestone target on how/when factory will convert the workers from fixed term contracts to employed workers and ensuring that the workers receive all of the benefits as stated above; including maternity leave as identified in the finding.

- 2) The Factory must identify the manager and team who will ensure that each worker has an onsite personnel that includes the following documents: a) Copies of age documentation made by trained factory human resources personnel who reviewed the original, legally valid age verification document/s; b) materials regarding bio-data, and c) contracts/work agreements. In cases where proof of age documentation is not readily available or unreliable, employers shall take all necessary and reasonable precautions to ensure at least minimum working age including requesting and maintaining medical or religious records of workers;
- 3) The factory must identify the manager and team who will ensure that the factory has new, formal FLA Benchmark compliant written policies and procedures with regards to performance reviews. These reviews should outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirements. Management is to ensure that the performance review process is communicated to the workforce and reviewed regularly.
- 4) The factory must appoint HR manager and team who will ensure that personnel files of terminated or resigned workers must be kept on site for review and auditor's inspection.

Action plan status:	Completed
Progress update:	1.11.19 UPDATE BY UA: As per factory, 1. Factory have convert employed under contract period of time (PKWT) to permanent worker (PKWTT) till december 2018 consist of : 1067 worker out of 1549 (69%) in main Factory Krandon, and 531 out of 936 worker (57%) in Factory Plumbon and 605 out of 918 (66%) in Factory Godean
	The UA team noted the employee status summary.
Completion date:	01/11/19

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. Probationary workers (trainees) are paid IDR 20,000 per day (USD 1.53) instead of the daily minimum wage of IDR 53,520 (USD 4.10). Moreover, they are paid a flat IDR 6,000 per hour (USD 0.46) for working overtime instead of IDR 11,601 (USD 0.89) for the first hour of overtime and IDR 15,468.21 (USD 1.19) for every hour thereafter, per local law. They are assigned to work in various departments (e.g., cutting, Quality Control, sewing). Based on the list of trainees provided by the factory, there were a total of 314 trainees working during the period of November 2015 to July 2016, and there were no trainees in August 2016 (low season).
2. The factory does not adequately inform workers of their annual leave before their balance expires.
3. The factory does not calculate or pay out unexpired and unused annual leave to resigned or terminated workers.
4. The factory's severance pay does not include compensation for housing, medical care, and health care allowances which must be calculated at 15% of the severance pay and/or reward for years of service pay for those who are eligible, as mandated in the factory's own regulations (Factory Regulation Article 20, 5.3). For example, a permanent employee who was hired in 2002 and terminated on January 18, 2016 received a termination payout of IDR 88,800,000 (USD 6,830). However, his termination payout did not include the balance of annual leave or compensation for the housing, medical care, and health care allowances.
5. Based on the factory's internal reconciliation records, the factory has only registered 821 of 1,405 workers at the main location with the Government Healthcare Program (BPJS).
6. Based on a document review and management interviews, assessors noted that contractual workers (workers who sign a PKWT, a fixed-term contract), are not entitled to maternity leave.

Local Law or Code Requirement

Regulation of Minister of Manpower No. 7 on Minimum Wage (2013), Art. 15; Labor Law No. 13 (2003), Art. 156 (3); Decision of the Minister of Manpower and Transmigration No. KEP 102/MEN/VI (2004), Art. 11; Law No. 24 Year 2011, Chapter V, Article 15 (1); Law No. 13 on Manpower (2003), Art. 82(1); FLA Workplace Code (Employment Relationship Benchmarks ER.11, ER.18, ER.19.1, ER.22.1, ER.32; Compensation Benchmarks C.1, C.2, C.3, C.7.2 and C.17.1)

Recommendations for Immediate Action

1. Pay trainees no less than the legal minimum hourly wage and correct premium rates for overtime. Retroactively compensate any workers who have not received the correct compensation within the last 12 months.
2. Correctly calculate and inform workers of their annual leave balance.

3. Pay out unused annual leave to resigned or terminated workers. Retroactively compensate any workers who have not received the correct compensation within the last 12 months.
4. Include compensation for housing, medical care, and health care allowances in severance and termination payouts, calculated at 15% of the severance pay and rewards for years of service for those who are eligible. Retroactively compensate any workers who have not received the correct compensation within the last 12 months.
5. Register all employees in the BPJS healthcare program.
6. Provide contract workers with maternity leave.

COMPANY ACTION PLANS

1. 1) The factory must establish, and publish to its managers, Human Resources personnel and workers, written rules and policies that ensure that all workers who are employed have equal access to, and receive the same benefits (including maternity leave, as applicable, and accrual of seniority) as those to which permanent workers are entitled and ensuring:
 - a) To pay trainees no less than the legal minimum hourly wage and correct premium rates for overtime. Retroactively compensate any workers who have not received the correct compensation within the last 12 months;
 - b) Calculation is performed correctly to inform workers of their annual leave balance;
 - c) To pay out unused annual leave to resigned or terminated workers. Retroactively compensate any workers who have not received the correct compensation within the last 12 months with effect from date of assessment;
 - d) To include compensation for housing, medical care, and health care allowances in severance and termination payouts, calculated at 15% of the severance pay and rewards for years of service for those who are eligible. Retroactively compensate any workers who have not received the correct compensation within the last 12 months;
- 2) The identified manager and team must prepare a chart in the next 30 days with the photograph, name, national identification card/birth certificate of, job description, hire date, SOCIAL SECURITY, BENEFIT STATUS, WORKER/EMPLOYEE STATUS (AT FACTORY OR WORKER FROM OUTSOURCING FIRM), work hours/shift, work location, home address of each worker along with a columns showing a) when registration documents were filed with, and b) approved by, the authorized manpower institution in the local district. Please send us a copy of the chart and the registrations. Also, the Management must update hiring and employment handbook to include registration for BPJS benefits upon initial hiring. Finally, factory present a plan; including: a) a timeline; b) % of workers; that will be enrolled on BJPS; and c) conduct documented educational sessions about BJPS. Finally, the Management must update hiring and employment handbook to include registration for BPJS.
- 3) The factory must establish, and publish to its managers, Human Resources personnel and workers, written rules and policies that ensure that any workers who are initially employed under PKWT/contract workers have equal access to, and receive the same benefits (including maternity leave, as applicable, and accrual of seniority) as those to which permanent workers are entitled (Factory to conduct documented training sessions with workers about how/when to apply for maternity leave benefit);
- 4) To provide a work plan that must indicate: a) Timeline and milestone target on how many/when workers will be reimbursed; b) a financial analysis showing a breakdown of factory owes (for unexpired or unused annual leave) retroactively and stating how/when factory will pay it back to each worker; c) a tracking procedure and process of notifying the workers who were terminated to receive the payments and d) ensuring payments are made in a secure manner for all affected workers.

Action plan status: In progress

Progress update: 1.24.19 UPDATE BY UA:
As per factory, Factory has make plan to enrolling workers to BPJS Kesehatan by Factory (PT. SGI)

The team noted the payment plan, and asked the factory to send us periodic updates for these payments

1.11.19 UPDATE BY UA:
As per factory, 3. Review the resigned or terminated worker procedure and pay out unexpired an unused annual leave. 5. Till December 2018 Factory have enrolled employees to healthcare insurance (BPJS Kesehatan) around 1071 out off 1549 total employees (69%) in main factory Krandon, and around of 519 out of 936 total employees (55%) in Factory Plumbon and around of 387 out of 918 total employees (42%) in Factory Godean

The UA team noted the revised procedure, the terminated workers payout and unexpired and unused leave, the health insurance enrollment, and the current enrollment status, and asked the factory to send a plan for enrolling all applicable workers in the BPJS.

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. Out of 80 selected sample workers, 56 worked overtime in excess of the legal limit, as following: (a) Nine workers from the warehouse, sample, sewing, quality control, and packing sections worked as much as 11 hours of overtime in one day (working a total of 18 hours,

including 7 regular hours) and up to 27.5 hours of overtime in one week (working a total of 67.5 hours, including 40 regular hours) in January 2016; (b) 13 workers from the warehouse, sewing, quality control, and packing sections worked as much as seven hours of overtime in one day (working a total of 14 hours) in March 2016; these workers' weekly overtime hours were within the legal requirement; (c) Eight workers from the sewing, quality control, and packing sections worked as much as eight hours of overtime in one day (working a total of 15 hours) and up to 18 hours of overtime in one week (working a total of 58 hours in one week) in April 2016; (d) 14 workers from the cutting, sewing, quality control, and packing sections worked as much as 6.5 hours of overtime in one day (working a total of 13.5 hours) and up to 20.5 hours of overtime in one week (working a total of 60.5 work hours) in June 2016; (e) 12 workers from the warehouse, cutting, sewing, quality control, and packing sections worked as much as 9.5 hours of overtime in one day (working a total of 16.5 hours) and up to 29.5 hours of overtime in one week (working a total of 69.5 work hours) in July 2016.

2. The trainees are not provided with time records (e.g. time cards) to record their working hours. Workers' attendance is manually recorded by management and includes workers' signatures, however, it does not include workers' time in and time out. Moreover, the factory only provided the trainees' manual attendance records for the period of May 1-15, 2016 for review. According to the HR Manager, the other trainees' attendance records are missing. Therefore assessors were unable to verify trainees' working hours.

3. The factory's rules and regulations (valid from April 5, 2016 to April 4, 2018) defined normal working days as follows: from 7:30 AM to 3:30 PM, Monday through Friday and from 7:30 AM to 1:00 PM on Saturday. The PKWT contract showed the same schedule. However, in many cases the factory changed the normal working days from 6 days to 5 days or became from 7:30 AM to 4:30 PM on Monday to Friday, such as in periods of May 2016 and August 2016, without prior agreement from workers. In addition, evening breaks for workers working 3 hours or more of overtime is not defined in the factory procedures.

4. There are no policies and procedures to identify pregnant and lactating women in hours of work records to ensure their legally-entitled protections. Although it is in the policies and procedures to do so, the working hours records do not identify young workers for legally-entitled protections.

Local Law or Code Requirement

Law No. 13 on Manpower (2003), Art 78(1b); Law No. 13 on Manpower (2003), Art. 79(2a); Law No. 13 on Manpower (2003), Art. 77(1) - (2); Regulation of Ministry of Manpower No. PER.16/MEN/XI/2011 on Procedures for Making and Certification of Company Regulations and Making and Certification of Collective Bargaining Agreement (2011), Art. 10; FLA Workplace Code (Employment Relationship Benchmarks ER.11, ER.23, ER.25.1; Hours of Work Benchmarks HOW.1, HOW.5, HOW.8.3 and HOW.8.4)

Recommendations for Immediate Action

1. Limit workers' overtime hours to three hours per day and 14 hours per week as required by local law.

2. Do not include overtime in regular production planning

3. FLA affiliate Company's Sourcing and Social Compliance teams should implement FLA Principles of Fair Labor and Responsible Sourcing and, to help the factory address its excessive hours issue, coordinate accordingly on the following topics : how to provide better order forecasts to the factories; possible workshops/consultancy for the factory on how to improve; clear guidelines on how to extend shipment deadlines in case of contingencies; steps that factory management must follow if overtime is inevitable (steps for how to communicate with the brand's Sourcing and Social Compliance teams); clear guidelines on the calculation and setting of reasonable production targets that will not demand work beyond regular working hours or during breaks; clear guidelines on how and when the factory can use subcontractors and/or temporary workers to avoid excessive overtime.

4. Ensure new workers are provided with an accurate and reliable method to record all hours of worked since the first day of employment.

5. Follow the working schedule as regulated in the factory's rules and regulations and agreed to in contact with workers.

6. Ensure the working-hours records also contain identification of underage workers and pregnant /lactating women.

COMPANY ACTION PLANS

1. The Top/Senior Management must identify the manager and team who will ensure:

1) The factory must not work more than: a) The local legal and Code of Conduct/benchmark limits on overtime hours per worker/per day/week/month/year (that is not more than 3 overtime hours/worker/day and b) 14 overtime /hours/worker/week or 30 overtime hours/worker/month;

2) To review the current capacity planning based on the regular workday and not on OT hours;

3) Not to include overtime in regular production planning

4) All overtime work must be consensual: a) The factory must not request overtime on a regular basis and b) must compensate all overtime work at a premium rate. Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 work hours and c) documented policy and procedures and trained all employees in the factory;5) Management to submit a letter (with the Company's letterhead) that from now on, PT Sport Glove Indonesia will allow workers at least 24 consecutive hours of rest in every seven-day period;

6) The working hour's record system include an identification of all special categories of workers, such as pregnant or lactating

- workers to ensure all legal protections; including those related to hours of work are implemented accordingly;
- 7) Provide the legally required one paid hour daily of breastfeeding time for the lactating workers; consistent with local regulations. (Factory to conduct documented awareness worker/supervisor/manager training about this benefit and how/when to apply for it);
- 8) New workers are provided with an accurate and reliable method to record all hours of worked (consistent with current tracking system in the factory) since the first day of employment;
- 9) Follow the working schedule as regulated in the factory's rules and regulations and as per agreement to the workers' employment contract. Ensure all supervisors and managers are aware and trained on factory's hours of work policy and procedures.
- 10) The working-hours records also contain identification of underage workers and pregnant /lactating women.

Action plan status: Completed

Progress update: 1.11.19 UPDATE BY UA
As per factory, 4. Factory has update the Policy to identify the attendance record of the pregnant or lactating workers

The UA team noted the updated policy.

1.2.19 UPDATE BY UA

Based on auditor verification:

1. Out of 45 selected sample workers, four workers from finishing and packing sections worked as much as 8.5 hours of overtime in one day (working a total of 16.5 hours, including 8 regular hours) and up to 21 hours of overtime in one week (working a total of 61 hours, including 40 regular hours) in December 2016, and seven workers from finishing and packing sections worked as much as 13.5 hours of overtime in one day/overnight (working a total of 21.5 hours) and up to 27.5 hours of overtime in one week (working a total of 67.5 hours, including 40 regular hours) in June 2017.
2. Based on document review, management and worker interviews, it is noted there is no more training system implemented. All workers are provided with finger scan time records. However, the time records of terminated or resigned workers are deleted from the system 5-7 days after workers are decided no longer work at factory. The dates recorded in time record system for workers in Godean production facility are not correctly in sequence order and mixed up. For example: June 1 then jump to June 10 to 19 and then jump back to June 2 followed by June 20 to 29, and June 4 to 9 are in position fourth week of the month. According to payroll staffs, they have to calculate manually the workers' wages and check carefully the dates in time record system. In addition, there are errors on time records of 2 out of 15 selected sample workers in Plumbon facility such as the arrival time on February 20, 2017 is 19:28 (7:28 PM) and time out is 18:07 (6:07 PM), and 4 out of 15 selected sample workers in Krandon (main) facility such as there are time in without no time out for 3-4 days in June 2017.
3. Based on the revision of factory internal regulation, management and worker interviews, it is noted factory has permanently implemented 5 normal working days per week on Monday to Friday. There are no more cases of changing normal working days.
4. The working hour records do not identify pregnant or lactating workers to help ensure they receive their entitled legal protections concerning working hours.

Previous Update

1. Company has define on policy that PT. Sport Glove Indonesia, committed to follow standard working hours and overtime hours as per regulation.
2. Operational manager will ensure that current capacity planning based on working days not on overtime hours.
3. Operational manager will ensure that overtime not include on production planning
4. Company has establish the procedure and policy regarding working hour and wages, based on policy SGI-HRMS-POL-10.00, PT committed to follow standard working hours, overtime hours, and wages as per local regulation.
5. Management will submit letter that PT Sport Glove Indonesia will allow workers at least 24 consecutive hours of rest in every seven-day period
6. Company will make identification on the working hour's record system for all special categories of worker such as pregnant or lactating worker.
7. Company will define policy related breastfeeding time for the lactating workers as per local regulation.
8. Company has define on recruitment procedure No: HRMS-SGI-PRO-01-01, Rev no: 02; Revision Date: September 8, 2016, Point 3.1.9 & Point 3.1.10 stated that new employees will received barcode card on first day working and Human Resources Department will ensure only barcode card used to record working hours
9. Company has establish the procedure and policy regarding working hour and wages, based on policy SGI-HRMS-POL-10.00, stated that company will implement working hours as regulation. Revised procedure working hours No. SGI-HRMS-PRO-03-02.01, page 1 out of 3, point 5.1.5 stated 30 minutes break for evening overtime working.
10. On Working hours record will contains identification of underage workers and pregnant /lactating women

Completion date: 01/11/19

2. The factory must identify the top and middle management personnel from 1) PT Sport Glove Indonesia who will: 1) conduct documented and regular (daily, weekly and monthly) documented and regular analyses of the factory's hours of work with a view to progressively reducing excessive hours of work; 2) demonstrate and issue a written commitment to reduce overtime and 3) alter its personnel practices to make a documented effort to maintain a level of staffing that is reasonable in view of predictable or continuing fluctuations in business demand. Factory management is to: address its excessive hours issues:
 - 1) If established to be necessary, by jointly working with its customers on how to provide better order forecasts;
 - 2) Participating in workshops/engaging a consultancy for the factory on how to improve productivity/quality;
 - 3) If established to be necessary, by jointly working with its customers to develop clear guidelines on how to extend shipment deadlines in case of contingencies;
 - 4) The creation of steps that management must follow if overtime is inevitable (steps for how to communicate with Gear for Sports (GFSI), HANES Brand, Under Armour's Sourcing and Sustainability teams and other customers);
 - 5) Clear guidelines on calculating and setting reasonable production targets that will not demand work beyond regular working hours or during breaks; and
 - 6) Developing clear guidelines on how and when the factory can use subcontractors and/or temporary workers to avoid excessive overtime.
 - 7) Re-evaluate the production planning systems and controls in order to ensure that they match their historically demonstrated production capacity in order to operate within its working hour control policy.

Action plan status: Completed

Progress update: 1.11.19 UPDATE BY UA
As per factory, 4. Factory has update the Policy to identify the attendance record of the pregnant or lactating workers

The UA team noted the updated policy.

1.2.19 UPDATE BY UA

Based on auditor verification:

1. Out of 45 selected sample workers, four workers from finishing and packing sections worked as much as 8.5 hours of overtime in one day (working a total of 16.5 hours, including 8 regular hours) and up to 21 hours of overtime in one week (working a total of 61 hours, including 40 regular hours) in December 2016, and seven workers from finishing and packing sections worked as much as 13.5 hours of overtime in one day/overnight (working a total of 21.5 hours) and up to 27.5 hours of overtime in one week (working a total of 67.5 hours, including 40 regular hours) in June 2017.
2. Based on document review, management and worker interviews, it is noted there is no more training system implemented. All workers are provided with finger scan time records. However, the time records of terminated or resigned workers are deleted from the system 5-7 days after workers are decided no longer work at factory. The dates recorded in time record system for workers in Godean production facility are not correctly in sequence order and mixed up. For example: June 1 then jump to June 10 to 19 and then jump back to June 2 followed by June 20 to 29, and June 4 to 9 are in position fourth week of the month. According to payroll staffs, they have to calculate manually the workers' wages and check carefully the dates in time record system. In addition, there are errors on time records of 2 out of 15 selected sample workers in Plumbon facility such as the arrival time on February 20, 2017 is 19:28 (7:28 PM) and time out is 18:07 (6:07 PM), and 4 out of 15 selected sample workers in Krandon (main) facility such as there are time in without no time out for 3-4 days in June 2017.
3. Based on the revision of factory internal regulation, management and worker interviews, it is noted factory has permanently implemented 5 normal working days per week on Monday to Friday. There are no more cases of changing normal working days.
4. The working hour records do not identify pregnant or lactating workers to help ensure they receive their entitled legal protections concerning working hours.

Previous Update

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2. Operational manager will ensure that current capacity planning based on working days not on overtime hours.
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5. Management will submit letter that PT Sport Glove Indonesia will allow workers at least 24 consecutive hours of rest in every seven-day period
6. Company will make identification on the working hour's record system for all special categories of worker such as pregnant or lactating worker.
7. Company will define policy related breastfeeding time for the lactating workers as per local regulation.
8. Company has define on recruitment procedure No: HRMS-SGI-PRO-01-01, Rev no: 02; Revision Date: September 8, 2016, Point 3.1.9 & Point 3.1.10 stated that new employees will received barcode card on first day working and Human Resources Department will ensure only barcode card used to record working hours
9. Company has establish the procedure and policy regarding working hour and wages, based on policy SGI-HRMS-POL-10.00, stated that company will implement working hours as regulation. Revised procedure working hours No. SGI-HRMS-PRO-03-02.01, page 1 out of 3, point 5.1.5 stated 30 minutes break for evening overtime working.
10. On Working hours record will contains identification of underage workers and pregnant /lactating women

Completion date: 01/11/19

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. Warning letters do not include reference to the violated rule, misconduct do not reference the violated rule, as stipulated in factory rules and regulations.
2. There is no process for workers to appeal disciplinary actions taken against them. Additionally, the disciplinary procedures do not include the presence of a third-party witness during imposition.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.27.2, ER.27.3 and ER.27.4; Harassment or Abuse Benchmark H/A.1)

COMPANY ACTION PLANS

1. A) The factory must identify the members of top management, managers and team members who will ensure, by drafting, effectively implementing, conducting documented training about, posting full and summary posters of, formal new written policies and procedures that are sufficient to ensure, that from now on that in accordance with FLA Benchmarks ER.27.3 and ER.27.4, management will develop and effectively implement written disciplinary: 1) policies and 2) procedures. The new written and FLA Code and Benchmark compliant procedures must provide for both: a) having a third-party witness present if, and when, sanctions

are imposed, and b) and an Appeal process.

B) The factory should conduct documented training, and with materials, in Bahasa and any other applicable dialects and languages, with its managers, Human Resources personnel and workers about each of the policies and procedures.

C) The factory should document actions it subsequently takes in accordance with, and pursuant to these policies and procedures in any affected managers' and workers' on site personnel files.

Action plan status: Completed

Progress update: 1.2.19 UPDATE BY UA
Based on auditor verification:
1. Based on document review, it is noted that the warning letters included reference to the violated rule as stipulated in factory rules and regulations.
2. The presence of a third-party witness during imposition has been included in the disciplinary procedures.

Previous Update

1. Company will revised disciplinary policy and procedure, related form and conduct socialization to workers.
2. Company will conduct disciplinary training to workers and provide the documentation.

Completion date: 07/18/17

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. There were no records of grievances submitted by workers available for review. The majority of workers are not aware of the grievance procedures.

Local Law or Code Requirement

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

COMPANY ACTION PLANS

1. 1. The factory must identify the members of top management, managers and team members who will ensure, by drafting, effectively implementing, conducting documented training about, posting full and summary posters of, formal new written policies and procedures that are sufficient to ensure, that from now on it; in accordance with FLA Benchmark ER.25.3, the factory identifies the person who will develop and effectively implement comprehensive written grievance: 1) policies and 2) procedures. The grievance procedures must include: A) a means by which its workers can directly and confidentially report grievances to top management/human resource personnel (for example, by sending text messages to a dedicated H.R. Supervisor's telephone number; an email message to a dedicated H.R. Department email address; making telephone calls to a dedicated H.R. Department hotline or telephone number) without the knowledge of or involvement by supervisors and free from reprisal, retribution and retaliation, and B) a grievance register, in substance reflecting the date and nature of the grievance and the action taken, among other things. Please also confirm that top management will regularly and confidentially meet with employees without supervisors being involved or present.

2) The factory should conduct documented training, and with materials, in Bahasa and any other applicable dialects and languages, with its managers, Human Resources personnel and workers about each of the policies and procedures.

3) The factory should document actions it subsequently takes in accordance with, and pursuant to these policies and procedures in any affected managers' and workers' on site personnel files. Management also should: A) install an additional suggestion boxes in convenient yet private places for workers to submit harassment and grievance reports. and B) to outline and post next to the suggestion boxes, a transparent system of worker-management grievance handling including an outlined process that enables workers to consult with, and provide input to, management.

Action plan status: Completed

Progress update: 1.11.19 UPDATE BY UA
As per factory, Management already post report for grivence on information board

The UA Team noted the posted report for grievance on the information board

1.2.19 UPDATE BY UA

Based on auditor verification, HR team maintained summary of grievance and management's response and is working on communicating the procedures to the workers.

Previous Update

1. Company has define givance procedure wich is workers can directly and confidentially report grivance to HR Manager through hotline number.

Grivance Procedure No: SGI-HRMS-PRO-06-01 Page 2 Out of 3, point 5.4.1 management provide hotline number for grivance facilities.
2. HR will conduct refreshment training and socialization to worker related implementation of grivance procedure

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory mixed hazardous waste with nonhazardous waste. Additionally, the solid waste storage area is outdoors and exposed to the elements. Thus, the factory's solid waste collection and disposal was not conducted by authorized organization in accordance with the prevailing regulation.
2. Although the factory has a hazardous storage room, the storage of hazardous waste was not properly controlled. For example: there was a broken tube lamp on the floor due to the storage container for the used tube lamps not being sufficiently tall enough to contain the lamps.
3. The factory did not arrange a regular environmental monitoring report for the first half of 2016 as required. The last report submitted was valid from July to December, 2015.
4. Although the Environmental Protection procedures enable workers to raise environmental concerns, they do not include protections for workers who allege environmental violations.

Local Law or Code Requirement

Government Regulation No. 18 on Management on Hazardous and Toxic Waste (1999), Art. 40 (1); Government Regulation No. 27 on Environmental Permit (2012), Art. 53; FLA Workplace Code (Employment Relationship Benchmarks ER.31; Health, Safety & Environment Benchmark HSE.1, HSE.4 and HSE.9)

Recommendations for Immediate Action

1. Separate hazardous waste and nonhazardous wastes. Provide shelter for waste storage and dispose of hazardous waste in an appropriate manner to the approved authorized third party company.

COMPANY ACTION PLANS

1. The Factory must identify the manager and team who will ensure:
 - 1) To create and effective implementation of environmental management and monitoring plan; 2) to set up regular Environmental Protection Communication program to all employees and 3) setting up and conducting documented capacity building for/training of workers in waste management and waste segregation and providing related policies and procedures and summary posters in factory;
 - 2) To develop a written policy and procedures to enable it to keep a daily log of, and transfer/disposal manifests/records for, its: a) Storage; b) recycling and c) or disposal, of solid and hazardous wastes; 2) to monitor and reduce: a) the solid or hazardous waste generated; b) water usage; c) water leaks and d) spills.
 - 3) Hazardous wastes must always be segregated from non-hazardous wastes. If the generation of hazardous waste cannot be prevented, then management should focus on the prevention of harm to health, safety and the environment;
 - 4) Provide shelter for waste storage and dispose of hazardous waste in an appropriate manner to the approved authorized third party company.
 - 5) To engage a credentialed 3rd party expert or firm must develop and implement an environmental protection communication/training program for all workers and managerial positions with the aim to increase their awareness about the environmental impact of the production processes and channels available to raise environmental concerns at the facility without retaliation.
 - 6) The factory must schedule a regular environmental monitoring report for the first half of 2016 as required.

Action plan status: Completed

Progress update: 1.24.19 UPDATE BY UA
As per factory, "2. Please find Waste Neraca (this is update for inventory of Waste)

3. Factory already have Procedure for waste handling especially for B3"

The team noted their inventory checklist as well as their policy/procedure for handling the waste.

1.11.19 UPDATE BY UA
As per factory, 1. Management already separated for hazardous waste & non-hazardous waste
3. Management already report to government every 3 month
4. Already have the procedure for protection for worker who allege environment violations

The UA team noted the after photos of the separate rooms for waste, and the report to the environment minister, and asked the factory to send the checklist for point 2 and the revised policy and procedure for point 4.

1.2.19 UPDATE BY UA

Based on the auditor verification:

- 1) Hazardous waste has been segregated from non-hazardous waste. Disposal of both hazardous and solid waste have been as per regulation since hazardous waste disposal utilised government
However, solid waste still placed outdoor that expose it to natural element. (IN PROGRESS)
- 2) Observed that hazardous waste is stored in a secured area and no scattered materials on floor or outside the intended area. However, there is still inadequate control about it since the inventory sheet has not use the form required by government and the disposal has not recorded into the inventory sheet. (IN PROGRESS)
- 3) Regular environmental monitoring report for second half of 2016 and first half of 2017 have been conducted. (CLOSED)
4. The Environmental Protection or procedures has not include protections for workers who allege environmental violations. (IN PROGRESS)

Previous Update

1. Company will conduct training and socialization environmental management as regularly, and providing related policies and procedures and summary posters.
2. Company has provided policy and procedure related environmental management.
3. Hazardous waste has segregated from non hazardous waste.
4. Company has provided shelter for hazardous waste and has approved by authorized party.
5. Company has define training plan regarding environmental management to worker and managerial positions.
6. Company has reported to government regular environmental monitoring as regularly.

Completion
date: 01/24/19

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not conduct an internal fire risk assessment nor commission a third party expert to do so.
2. The factory has not posted any evacuation plans on the second floor of the fabric warehouse. The evacuation plan posted in the main production building does not reflect the actual physical layout of the evacuation routes; the direction of the arrow signs on the evacuation plan do not match the actual direction to the nearest assembly point.
3. The factory has not installed emergency alarms in either the fabric and accessories warehouse or the packing & finished goods warehouse. None of the emergency alarms in the main production are equipped with a backup battery. The centralized fire alarm in the security warehouse is off or not connected to electricity. The factory has not have a system in place to inspect emergency fire alarms.
4. The emergency alarm is not loud enough for all employees to hear in all work areas (including warning lights where necessary). The fire alarm was only installed in the main production building and was not loud enough for works in the finishing and packing sections. There was no supplementary visible fire alarm installed for workers in noisy sections of the factory.
5. The factory has not installed an exit sign on one of the two emergency exits on the second floor of the fabric and accessories warehouse building. Two emergency lights in the warehouse building are either in the "off" position or not charging.
6. One of the two emergency doors in the leather warehouse is locked (the key provided did not work on the padlock). The other door in the leather warehouse swings in instead of swinging out to the direction of exit.
7. The emergency aisles for evacuation in the several sewing sections are not sufficient. For example, one sewing operator is blocked from the aisle by another sewing operator and sewing machine due to the production layout. Additionally, work bins/baskets partially obstructed one of the two emergency exits in the preparation sections (incoming-outgoing area for components).
8. The factory does not have a fire hydrant.
9. The factory's Health & Safety procedures do not include steps on how to ensure that all special categories of workers safely evacuated.

Local Law or Code Requirement

Decision of Minister of Manpower No. KEP-186/MEN/1999 on Fire Prevention Units at Workplaces (1999), Art. 2: Ministerial Decree of Public Works No. 10/KPTS on Technical Security Provisions of Fire Hazard in Buildings and Environment (2000), Annex, Chapter 3, Art. 2(3); Ministry of Public Works Regulation No. 29/PRT/M/2006 on Guidelines of Technical Requirements for Buildings, Annex I Sec. III.3.4; Ministry of Public Works Regulation No. 29/PRT/M/2006 on Guidelines of Technical Requirements for Buildings, Annex I Sec. III.3.4; Regulation of the Minister of Manpower No. PER-02/MEN on Automatic Fire Alarm Installations (1983), Art. 45(3); Regulation No. PER-01/MEN (1980), Art. 5(1); FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.5 and HSE.6.1)

Recommendations for Immediate Action

1. Arrange for a third-party to conduct a fire risk assessment. Review and respond to any imminent hazards.
2. Post evacuation plans in all production and warehouse buildings that reflect the actual layout of the factory.
3. Correctly install emergency fire alarms, and equip all alarms with a backup battery. Regularly inspect alarms to ensure functionality.
4. Ensure emergency alarms are loud enough in all areas of the factory. Install visual alarms in noisy sections of the factory.
5. Install exit signs and emergency lights in the warehouse building, and ensure the emergency lights are in the "on" position and charging .
6. Keep all emergency exits clear from obstructions and unlocked during working hours. Ensure all emergency doors open outwards, in the direction of the exit.
7. Ensure all aisles are free from any obstruction and all workers have easy access to emergency aisles.
8. Install a fire hydrant.
9. Develop procedures for evacuation which include steps on how to ensure that all special categories of workers safely evacuated.

COMPANY ACTION PLANS

1. The Factory must identify the manager and team who will ensure:
 1. To arrange for a third-party to conduct a fire risk assessment. Review and respond to any imminent hazards.
 2. To post evacuation plans in all production and warehouse buildings that reflect the actual layout of the factory.
 3. Correctly install emergency fire alarms, and equip all alarms with a backup battery. Regularly inspect alarms to ensure functionality.
 4. The emergency alarms are audible in all areas of the factory. Install visual alarms in noisy sections of the factory.
 5. To install exit signs and emergency lights in the warehouse building, and ensure the emergency lights are in the "on" position and charging.
 6. To keep all emergency exits clear from obstructions and unlocked during working hours. Ensure all emergency exit doors open outwards with a push-bar system and must not have doorsills.
 7. All aisles are free from any obstruction and all workers have easy access to emergency aisles.
 8. To install a fire hydrant and ensuring it must be installed in a location that would reach the area where it would be needed.
 9. To develop procedures for evacuation which include steps on how to ensure that all special categories of workers safely evacuated.
 10. All installations of fire safety and protection equipment must meet standard before investment is made.
 11. To submit the propose improvement plan addressing the above action plan (no. 1 to 10) that factory will make to the building for Gear for Sports (GFSI), HANES Brand, Under Amour and Sustainability teams review.

Action plan status: Completed

Progress update: 1.24.19 UPDATE BY UA
As per factory, "1. Factory already done for 3party fire risk assessment

2. Will discuss with management to comply this standard (instal for hydran & sprinkler)"

The team noted the fire risk assessment.

1.11.19 UPDATE BY UA
As per factory, 4. Management already install fire detector
6. Already make the door is open outwarnds
8. We have approval from goverment SGI no need for Hydran and springkel

The UA team noted the fire detector, the doorsill, and the approval from the government about the hydrant and the sprinkler, and asked the factory to send a copy of the fire risk assessment.

The team also asked the factory to consider installing the hydrant and the sprinkler as best practices..

1.2.19 UPDATE BY UA

Based on auditor verification:

1. Internal fire risk assessment has been made however it has not commissioned to a third-party expert yet. (IN PROGRESS)
2. Evacuation plans have been posted at every area that reflects actual position of the lay out, egress route to the nearest emergency exit and position of the viewer. (CLOSED)
3. Emergency alarms have been installed at fabric and accessories warehouse, packing & finished goods warehouse. Emergency alarm system has been back-up with battery while the centralized fire alarm in the security warehouse has been connected to electricity. Inspection of emergency alarm system is monthly conducted and recorded. Eventhough, the inspection upon back-up battery installed at emergency alarm regarding its life time has not been included yet.(CLOSED)
4. There is no fire detector installed at stairways in factory premise Krandon, Plumbon and Mandungan. Also, there are no fire alarm and

- detector at temporary storage for toxic and hazardous chemical at Krandon premise. Also, there is no fire alarm along with visible fire alarm installed at carton warehouse and office, which lie on 2nd floor. Also, packing section nearby loading area is missing visible alarm as well, just in case there is disable worker with hearing impair who happened work at this area. (IN PROGRESS)
5. Exit signs inspection conducted has included lighting level intensity. (CLOSED)
 6. There is doorsill that might trip people during speedy exit on emergency occurrences. Also, not all work stations equipped with access to at least two marked, well-lighted unlocked exit or fire doors that will open outward in the event of an emergency evacuation and lead to an external assembly point. Since, 2nd floor of fabric warehouse only has 1 emergency exit at Plumbon facility. (IN PROGRESS)
 7. Written procedure has been established and implemented. There are evidence of MoU with stipulation that contractor agree to follow health and safety regulation set by PT. Sportgloves Indonesia. On-site audit conducted by compliance manager to contractors/service providers have been provided during audit. (CLOSED)
 8. No fire hydrant installed yet. (IN PROGRESS)
 9. Current emergency procedures has included evacuation steps on how to ensure that all special categories of workers (pregnant, disabled), visitor and contractor safely evacuated.(CLOSED)

Previous Update

1. Company has conduct internal fire risk asesment as regularly.
2. Company has post update evacuation plan on all production and warehouse building
3. Company has installed new emergency alarm system and regularly inspect to ensure functionality
4. Emergency alarm already audible on all area of the factory include finishing and packing.
5. Company has completely and installed emergency light in the warehouse building
6. All emergency exit unlocked during working hours.
7. All aisles has free from any obstruction .
8. Company has planning to install fire hydrant.
9. Company has provide evacuation procedure wich include steps how to ensure special categories workers (pregnant, disable workers, ect) safely evacuated.
10. Company has request to authorized to check and assess the fire protection installation.

Completion date: 01/24/19

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The ladder to access the water tower tank (approximately 8 meters high) is not equipped with safety cage.
2. The factory has not established a system to protect the reproductive health of employees through minimizing exposure to workplace hazards.
3. There is no available seating areas to standing workers in the event of an emergency.
4. The factory has not established proactive steps to reduce repetitive-motion injuries; the factory does not provide any ergonomic breaks or train workers on proper lifting techniques.
5. The factory does not provide loading workers with lifting belts or training on their use.
6. There are no Standard Operating Procedures (SOPs) for each job focusing on performing the job safely.
7. The factory has not established Health & Safety procedures and guidance documents for external contractors or service providers.
8. The factory has not implemented a lockout-tagout system.
9. The factory does not arrange specific workplace safety training to designated employees with special responsibilities, such as: hot punch cutting operator, etc.
10. The factory has not established steps for workers to report death, injury, illness, and other health and safety issues, report Health & Safety concerns, or provide protection against retaliation for workers who raise such concerns.

Local Law or Code Requirement

Act No. 1 on Safety (1970), Art. 9 (1 & 2) and Art. 9(3); Regulation of the Minister of Labour No. 7 (1964), Art. 9(1) - (2) - (3); The safety act UU No.1/1970, regarding health and safety working condition, article 4.1; Government Regulation No. 50 on Implementation of Management System Occupational Health and Safety (2012), Art. 8; Regulation No. PER-01/MEN (1980), Art. II(8); FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31; Health, Safety & Environment Benchmarks , HSE.14.1, HSE.14.2, and HSE.17.1)

Recommendations for Immediate Action

1. Equip the high ladder for climbing up to the water tower tank with a safety cage.

2. Establish a system to protect the reproductive health of employees through minimizing exposure to workplace hazards.
3. Create SOPs for each job and communicate them to workers.
4. Implement a lockout-tagout system and train the relevant workers on the system.

COMPANY ACTION PLANS

1. The Factory must identify the manager and team who will ensure:
 1. To equip the high ladder for climbing up to the water tower tank with a safety cage.
 2. To establish a system to protect the reproductive health of employees through minimizing exposure to workplace hazards.
 3. To create SOPs for each job and communicate them to workers.
 4. To implement a lockout-tag out system and train the relevant workers on the system.
 5. Factory management to develop proactive steps to reduce repetitive-motion injuries in workplace. This must include providing ergonomic breaks to workers who are performing repetitive-motion tasks or exposed to heat and strain environment.
 6. To Provide lifting belts to all employees lifting heavy materials; a) Documented initial and periodic refresher training to all employees on proper lifting techniques and use of lifting belts; b) Ensuring the training program promotes an ergonomic approach to lifting that includes: i) Consider alternative ways to accomplish the same lifting or handling; ii) Assess the weight of the object before attempting lifting or handling; iii) Ask for assistance if necessary; d) Determine the best way to hold or maneuver the object before lifting the object; iv) During repetitive lifting activities, try to minimize the vertical distance of the lift from origin to destination, and minimize the amount of twisting and bending; v) Use the legs for lifting rather than the back and g) use the feet to turn, rather than twisting the trunk of the body.
 7. There must be a written Standard Operating Procedures (SOPs) on job safety program and includes Job Safety Training to designated employees with special responsibilities, such as: hot punch cutting operator, etc.
 8. To establish Health & Safety procedures and guidance documents for external contractors or service providers working in the facilities.
 9. There must be a written procedures and steps for workers to report: 1) Accident and incidental cases that might resulted in: a) Death; b) injury; c) illness, and B) other health and safety issues: a) Report Health & Safety concerns, or b) to provide protection against retaliation for workers who raise such concerns.
 10. For those workers in standing positions, please ensure there is marked/spare chair available to them in case of an emergency, as required by local law.
 11. To submit the propose plan addressing the above action plan (no. 1 to 10) that factory will carry out to improve the work place conditions for Gear for Sports (GFSI), HANES Brand, Under Amour and Sustainability teams review.

Action plan status: Completed

Progress update: 1.11.19 UPDATE BY UA
As per factory, 3. Management step-bystep have program to change the chair at production
4. Management have plan to train all of employee
8. Management already implemented logout-tagout

The UA team noted the LOTO policy and procedure, the training attendance sheets and photos, and the photo of the LOTO system being implemented.

1.2.19 UPDATE BY UA

Based on auditor verification

1. High ladder for climbing up to the water tower tank has been installed with safety cage. (CLOSED)
2. Current health and safety procedure has already regulated a system to protect the reproductive health of employees. (CLOSED)
3. It was found that many seating at Krandon, Plumbon and Godean premises are not equipped with backrest. Also found the seating at all premises are unable to be adjusted to compensate height difference between seating and working table. (IN PROGRESS)
4. Repetitive motions program has been established but the last ergonomic training has not been included yet. Also, there was only 9 out of 1,010 employees trained for ergonomic at Plumbon's facility on April 29, 2018. Only 6 out of 1,090 employees at Godean facility on August 2, 2018. (IN PROGRESS)
5. Lifting belts have been provided for relevant workers (loading and warehouse workers) along with training. (CLOSED)
6. Written Standard Operating Procedures (SOPs) on job safety program and includes Job Safety Training to designated employees with special responsibilities, such as: hot punch cutting operator, etc. have been made(CLOSED)
7. No Health & Safety procedures and guidance documents for external contractors or service providers working in the facilities. (CLOSED)
8. There is no record of LOTO system implemented which also record the initial isolation when equipment with electrical problems is identified. (IN PROGRESS)

Previous Update

1. Company already provide safety cage on ladder water tank.
2. Company has define and implement the policy to protect the reproductive of employees through minimizing exposure to workplace hazards and conduct training and socialization for pregnant workers.
3. Company will create SOP's for each Job by including safety performance.
4. Company has provide procedure and device and conduct training to implement lockout-tag out system.
5. Company will conduct training ergonomic to worker base on hazard risk assessment.
6. Company will provide lifting belt and conduct training manual handling and lifting.
7. Provided SOP and Job Safety training for operator.
8. Company has provided health & safety procedure for external contractor.
9. Company has provided procedure to record safety performance.
10. Company has provided seating areas for standing worker.

Completion
date: 01/11/19