

To: WRC Affiliate Universities and Colleges
From: Jessica Champagne and Rola Abimourched
Re: Central Java Agreement for Gender Justice (Indonesia)
Date: February 26, 2025

We are pleased to share the news with you of a new binding agreement to combat gender-based violence and harassment—an agreement that is transforming the daily experience of women workers at two factories in Indonesia that are major producers of collegiate apparel. PT Semarang Garment Indonesia (“PT Semarang”) and PT Batang Apparel Indonesia (“PT Batang”) are both owned by the Korea-based firm Ontide (formerly Kukdong). They supply Fanatics with collegiate goods under both the Fanatics brand and, under license, the Nike brand. Combined, the factories employ 6,250 workers.

The WRC has worked extensively on the remediation of labor rights violations we identified at these factories, and we are pleased to be able to report to you on the progress achieved. We also want to acknowledge the corrective actions taken by the licensees. Fanatics and Nike branded product was sourced from these factories for years. Labor compliance audits were conducted by third-party auditors, but failed to identify the issues, leaving serious and long-standing problems unaddressed. However, when the WRC investigated, uncovered the violations, and sought remedial action, the licensees moved promptly to take effective measures, with Fanatics serving as the WRC’s direct interlocutor in the remediation process. Particularly notable is the licensees’ ongoing support for the efforts of the factory owners to achieve and sustain labor rights progress via the new Central Java Gender Justice Agreement (“the Agreement”). Fanatics’ and Nike’s ongoing support, for the Agreement and for the factory, will be crucial to prevent a recurrence of abuses and to protect women workers at these facilities in the months and years ahead. Notwithstanding the past violations, which are unfortunately far from unique in the garment sector in Indonesia, the new Agreement will make these two factories among the safest workplaces in the country for women garment workers.

Background

The two Ontide factories are located in the cities of Semarang and Batang, which are both located in Central Java, an area of Indonesia where garment production has been growing in recent years. Many of the workers are women for whom this is their first formal employment, and there is less civil society infrastructure in this region to support workers’ rights than in Indonesia’s original apparel and footwear manufacturing centers in western Java.

According to research conducted across garment-producing regions in Java in 2021 by the WRC and two partners—the Sedane Labour Resource Centre (LIPS), and the National Workers’ Union (SPN)—more than 80 percent of Indonesian garment workers reported experiencing verbal abuse at work, often including gendered insults. Nearly half of the garment workers interviewed stated that they had experienced physical maltreatment, including inappropriate sexual contact, in their workplace.

The WRC launched an investigation at PT Semarang in response to worker complaints and, in 2022, communicated findings and a list of required remedial actions concerning gender-based violence and harassment to Fanatics. That same year, as remediation was underway at PT Semarang, the WRC received worker complaints at PT Batang and commenced an investigation, finding similar violations. After documenting violations at the factories, which are enumerated later in this report, the WRC conveyed a list of necessary remedies, both immediate and long-term, to Fanatics. Acting on its own behalf and in its capacity as a licensee for Nike collegiate apparel, Fanatics accepted the WRC’s recommendations and worked with the WRC to implement them. The remediation at the two factories required Ontide to undertake immediate corrective actions, including reinstatement and back pay for workers who had been forced to quit in the face of persistent harassment and the dismissal of supervisory employees responsible for abusing workers.

Given the commonality of violations across the two factories, and their common ownership, the WRC, in conversation with affected workers, identified the need for a systemic solution. Therefore, in 2023, in addition to overseeing the implementation of near-term remedies, the WRC recommended that Ontide and Fanatics negotiate an enforceable supply chain agreement—one that would give workers more power over the long term to hold management accountable for preventing abuses. Fanatics agreed to ask Ontide to commence negotiations with the four factory-level unions representing the workers at the two factories. The four unions are affiliated to the national federations SPN, the All-Indonesia Workers’ Union (SPSI), and the Indonesian Trade Union Congress Alliance (KASBI).¹

¹ The four plant-level unions are:

- Plant-Level Leadership, Union of Textile, Clothing, and Leather Workers, Confederation of All-Indonesia Workers’ Union, PT Semarang Garment (PUK-F.SPTSK-K.SPSI PT Semarang Garment);
- Plant-Level Leadership, National Workers’ Union PT Batang Apparel Indonesia (PSP SPN PT Batang Apparel Indonesia);
- Plant-Level Leadership, Union of Textile, Clothing, and Leather Workers, Confederation of All-Indonesia Workers’ Union, PT Batang Apparel Indonesia (PUK-F.SPTSK-K.SPSI PT Batang Apparel Indonesia); and
- People’s Democratic Union, Indonesian Trade Union Congress Alliance, PT Batang Apparel (SBDK KASBI PT Batang Apparel).

It is common in Indonesia, and permitted by Indonesian labor law, for workers to form multiple unions at the same factory. The first of the unions listed above represents the workers at PT Semarang; the subsequent three unions represent workers at PT Batang.

With WRC's support, the unions developed and proposed a draft agreement text, and negotiations commenced. Two global labor organizations with longstanding relationships with Indonesian unions, Asia Floor Wage Alliance (AFWA) and Global Labor Justice (GLJ), joined the process in early 2024, providing support to union partners and sharing learnings from the newly signed Dindigul Agreement to Eliminate Gender-Based Violence and Harassment² ("Dindigul Agreement") and other enforceable supply chain agreements. The factory-level unions led the negotiations.

The negotiations were protracted, but ultimately successful. In July 2024, the parties concluded and signed the groundbreaking Central Java Gender Justice Agreement, which establishes a union-led program to create a workplace free of violence and harassment against women. This is a binding agreement between the unions and the supplier, with the WRC, in our capacity as a monitor of university code compliance, and the global labor organizations AFWA and GLJ as additional signatories. The final signatory, the Indonesian organization LION (Local Initiative for Occupational Health and Safety Network) is providing technical and administrative support. Fanatics, as outlined above and discussed in more detail below, will enforce compliance by Ontide.

The Agreement calls for worker-led training, a multi-channel grievance process for workers to report violations, and new mechanisms for fair and timely investigations and remediation of complaints. It creates a labor-management Committee to Eliminate Gender-Based Violence and Harassment (GBVH) at each factory, which will oversee the program day to day, and a Global Coordination Dialogue to ensure effective collaboration among all parties, including Fanatics. The program, which includes strong protections for whistleblowers and for freedom of association, is grounded in international labor standards and in the experience of prior enforceable agreements in apparel supply chains. It incorporates definitions and best practices from International Labour Organization (ILO) Convention 190 on violence and harassment in the world of work.

The program also draws on best practices from two enforceable supply chain agreements focused on the rights of women garment workers: the 2019 Lesotho Agreement to End Gender-Based Violence and Harassment³ and the 2022 Dindigul Agreement. The International Accord for Health and Safety in the Garment and Textile Industry,⁴ which brought about vast safety improvements across 1,600 factories in Bangladesh starting in 2013 and is now being implemented in Pakistan, has also demonstrated the effectiveness of such enforceable agreements and surfaced key learnings for the subsequent agreements.

² More information available at Scott Nova, "After WRC Investigation, a Binding Agreement to Protect Workers," June 21, 2022, <https://www.workersrights.org/communications-to-affiliates/after-wrc-investigation-a-binding-agreement-to-protect-workers/>. In particular, the unions drew on the Dindigul Agreement's unique worker shop floor monitor system as an important element to include in the Central Java Gender Justice Agreement.

³ "Enforceable Agreements Combat Gender-Based Workplace Violence," Worker Rights Consortium, accessed January 29, 2025, <https://www.workersrights.org/issues/gender-based-violence-and-discrimination/gender-based-violence-in-lesotho/>; and "Anti-GBVH Program in Lesotho," Worker's Rights Watch, accessed January 29, 2025, <https://www.wrwolesotho.org.ls/>.

⁴ Homepage, International Accord for Health and Safety in the Garment and Textile Industry, accessed January 29, 2025, <https://internationalaccord.org/>.

The Agreement complements earlier collective bargaining agreements, including previously negotiated language on GBVH, at the two factories.

Fanatics has committed to ensure that Ontide honors the new Agreement and corrects any breaches. This is consistent with Fanatics' and Nike's obligations, under university codes of conduct, to condition business with suppliers of collegiate apparel on their compliance with their legal and contractual obligations to workers.⁵ Fanatics is also working actively with Ontide and the other signatories on program implementation, acting on its own behalf and in its capacity as a licensee for Nike collegiate apparel. Nike itself has had a relationship with Ontide, and its predecessor, that dates to the opening of the Kukdong Textiles factory in Mexico in the late 1990s.⁶

In the remainder of this report, we (1) explain more about the structure and content of the new Agreement and the ongoing program it establishes; and (2) discuss the specific violations the WRC uncovered at each factory, the necessary short-term remedies we identified, and our work with Fanatics, Ontide, the workers, and their unions to implement these remedies.

Central Java Gender Justice Agreement

The new Agreement, which is already being implemented, provides an example of how the collective power of workers through their unions, with support from international labor organizations and brands, can bring about a sustainable pathway to end abusive conditions. To achieve real change in a situation where harassers have been able to act with impunity, it is necessary not only to discipline perpetrators but to create a robust program of education, monitoring, and enforcement in which workers play a leading role. Through this program, workers, supervisors, and managers all gain a clear understanding of their rights and responsibilities with regard to GBVH in the workplace. Moreover, by creating a clear, independent, trusted channel through which allegations can be reported and investigated, the program shows workers that their complaints will be heard and addressed and that they do not have to fear retaliation. The Agreement is not time limited.

Under the Agreement, the workers are represented by the four factory-level unions. Three global labor partners—AFWA, GLJ, and the WRC (in its capacity as monitor of university code compliance)—are signatories to the Agreement, along with the Indonesian organization LION, which plays an important role in implementation.

⁵ Letter from Joe Monahan, President of Fanatics Brands, dated October 1, 2024, on file with the WRC.

⁶ Steven Greenhouse, "Rights Group Scores Success With Nike," *The New York Times*, January 27, 2001, <https://www.nytimes.com/2001/01/27/business/rights-group-scores-success-with-nike.html>.

The Agreement incorporates the following:

Global labor standards on GBVH. The Agreement prohibits all violence and harassment, including GBVH in the world of work as defined by ILO Convention 190 (“C190”). The Agreement also incorporates other key elements from C190, including an inclusive definition of “employees” covered by the Agreement; the recognition that GBVH covers a wide range of behaviors and can result in physical, psychological, sexual, and economic harm; and the recognition that work-related GBVH can occur not just in the workplace but outside of the workplace and outside of work hours. The Agreement puts into practice mechanisms for the unions and management to identify risks and develop policies and practices to address GBVH at the factories and includes a commitment to respect freedom of association.

Union-management committees leading implementation. The Agreement provides for GBVH Elimination Committees at each factory with equal representation from unions and management and a majority of women members. These committees will oversee day-to-day implementation of the Agreement, coordinate investigation of complaints, and issue recommendations for remedy. The WRC, AFWA, and GLJ will support the GBVH Elimination Committees in implementing the program, including conducting complaint investigations as needed, and also are responsible for designating a chairperson for each GBVH Elimination Committee.

Worker-led education for full workforce. A training team, largely consisting of factory workers, will provide comprehensive training to the full workforce on GBVH and workers’ rights in the workplace.

Worker Shop Floor Monitors. Based on the Dindigul Agreement’s Worker Shop Floor Monitor program, unions have the right to appoint workers designated as Shop Floor Monitors to serve as part of an Anti-GBVH Task Force to support workers to monitor, report, and remediate GBVH.

Multi-channel grievance mechanism. The grievance mechanism includes multiple options for workers to report GBVH and seek remediation, including bringing complaints to the GBVH Elimination Committees, Shop Floor Monitors, or their unions, and requesting independent investigations.

Anti-retaliation and freedom of association protections. The Agreement provides protections against retaliation for complainants, witnesses, and Shop Floor Monitors. It also recognizes that employer respect for freedom of association is essential to address GBVH.

Fair and timely investigations and remediation of complaints. The Agreement provides for a survivor-centered approach to the handling of GBVH cases and fair and timely processes for investigation and remediation. The GBVH Elimination Committees, which consist of union-appointed workers and management representatives, are empowered to investigate complaints and

direct remedies. When a worker requests, or in the case of a conflict of interest involving Committee members, the global labor partners will be responsible for the investigation and determining remedies—ensuring that an external mechanism is always available to workers. Factory management must implement any remedy directed by the GBVH Elimination Committees or through an external investigation. A failure to do so may result in a finding of material default and Fanatics imposing business consequences for Ontide.

Global Coordination Dialogue. The Central Java Gender Justice Agreement establishes a regular convening of all unions, global labor stakeholders, Ontide, and Fanatics to exchange information about program implementation and resolve any disputes among the parties.

Enforcement. The Agreement between unions and Ontide, which is governed by Indonesian law, is designed to function in concert with Fanatics' extant university licensing contracts. Under these licensing agreements, which are binding and enforceable, Fanatics must ensure that its suppliers making university logo product comply with any labor agreement they sign with worker representatives and must withhold business from any supplier that fails to do so. Thus, Fanatics' commitments under its licensing agreements serve as a powerful mechanism to enforce this Agreement, as it is a collective agreement negotiated by Ontide and the unions.

Fanatics has provided written affirmation that it will support the program and will hold Ontide accountable for compliance. In a formal communication to the WRC, the President of Fanatics Brands states: "Fanatics is committed to supporting the success of the CA [collective agreement]. In the event of unsettled disputes or a failure to adhere to the CA in the workplace, Fanatics is prepared to hold Kukdong [now Ontide] accountable to good faith fulfillment of its portion of the CA in alignment with Fanatics' Workplace Code of Conduct and any applicable University Codes."⁷

The WRC will, on behalf of its affiliate universities and in consultation with the unions and global labor partners, monitor Fanatics' compliance with its obligation under university codes to enforce the Agreement. It is the WRC's expectation that the Agreement, and Fanatics' obligation to enforce it, will ensure university code compliance at these facilities in relation to GBVH.

Background: Findings and Remediation at PT Semarang and PT Batang

PT Semarang

Findings

At PT Semarang, the WRC documented a pattern of sexual harassment and gender-based violence by men in positions of power, from a high-ranking manager to mechanics who decide when and whether a worker's sewing machine gets fixed. The WRC launched this investigation in 2021 in

⁷ Letter from Joe Monahan, President of Fanatics Brands, dated October 1, 2024.

response to complaints from women workers. We contacted Fanatics in 2022 with an initial set of findings; we then added further findings based on additional worker complaints.

These findings include the following:

First, one high-ranking manager regularly groped women workers, clasping their thighs and buttocks.

Second, numerous male sewing machine mechanics regularly took advantage of their positions to get women sewing machine operators to acquiesce to be touched in a sexual manner and to tolerate incessant sexual comments and demands. Women who did not acquiesce did not get their machines fixed in a timely manner, which led to verbal abuse from managers for not meeting production targets. In addition to acquiescing to sexual abuse, some women sewing workers were also compelled to provide food and cigarettes to these mechanics. At PT Semarang, there was no clear system for prioritizing machine repairs, which gave mechanics the leeway that allowed them to abuse their power.

Sewing operators faced gendered verbal abuse on a regular basis from a particular supervisor, who frequently called workers “stupid”, “fat”, “crazy”, “idiot”, and other epithets. Workers were forced to kiss this supervisor’s hand each day before taking their seats at their machines. Some workers were forced to give this supervisor food or money to avoid being falsely targeted for disciplinary action.

This pattern of behaviors constituted a clear violation of Indonesian law,⁸ university codes of conduct,⁹ and the codes of conduct of the licensees and other buyers.¹⁰

Remediation

When the WRC contacted Fanatics in 2022 with these findings and a list of necessary remedial actions, Fanatics responded promptly, agreeing to require Ontide to implement the remedies. Fanatics then worked with factory management, the PT Semarang workers’ union, and the WRC to do so. Ontide took the following remedial measures:

⁸ Manpower Act of Indonesia (“Law No. 13/2003,”), Article 86 (1) (“Every worker/labourer has the right to receive protection on: a. Occupational safety and health; b. Morality and decency; and c. Treatment that shows respect to human dignity and religious values.”)

⁹ Collegiate Licensing Company, Standard Retail Product License Agreement, 14.a.ii.H. Harassment or Abuse (“Every employee shall be treated with dignity and respect. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse. Licensee will not use or tolerate any form of corporal punishment.”).

¹⁰ For example, Fanatics, *Code of Conduct and Benchmarks*, August 2023, <https://static1.squarespace.com/static/5ff494b9931735466ce28d5b/t/662ff810fdb80518e92f034a/1714419728432/3.+FANATICS+Code+of+Conducts+and+Benchmarks+-+Version+5.0+Aug2023+%281%29.pdf>. “Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.”

- *Disciplining and removing perpetrators from the workplace.* Ontide fired the supervisor who engaged in harassment and the extortion of money and goods from workers at the factory. Facing the prospect of disciplinary action, the senior manager who had engaged in harassment and abuse resigned. All implicated mechanics were issued a disciplinary warning.
- *Creating new procedures for mechanics.* Fanatics worked with factory management to create a system for prioritizing machine repairs, designed to remove discretion from the mechanics. Now, there is a flagging system that creates a clear first-come, first-served queue to determine which machines should be repaired and in which order. In addition, the sewing workers no longer have to engage directly with machine maintenance workers to ensure that their machines are repaired; supervisors liaises with the mechanics' department, so mechanics no longer have direct contact with sewing workers.
- *Negotiating a labor-management agreement.* The factory and the union negotiated an agreement, with technical assistance from the WRC, that laid out steps to prevent GBVH and address GBVH cases, including establishing an ongoing labor-management team focused on this issue and a clear framework for future investigations into alleged GBVH (this initial, factory-specific agreement was ultimately superseded by the Central Java Gender Justice Agreement, which covers both factories).
- *Financial restitution for illegal wage deductions.* The company repaid workers who had been pressured into handing funds over to their supervisor for illegitimate purposes.

Following this labor-management agreement, the workers' union and the new labor-management committee played a significant role in implementing this remediation and engaging in ongoing work to address GBVH at the plant. Several women who had made initial reports of harassment and abusive treatment in the factory have told the WRC that they no longer felt afraid because the perpetrators had been removed. Other workers also told the WRC that the factory had become, in the words of one sewing worker, "calmer and safer".

PT Batang

As word traveled that women workers' concerns were being taken seriously at PT Semarang, workers from its sister factory, PT Batang, approached the WRC to report GBVH at their workplace. The WRC initiated an investigation at PT Batang and documented a very similar pattern of violations to those found at PT Semarang. In 2023, the WRC contacted Fanatics and Ontide with these findings. The WRC noted that despite Fanatics' and Ontide's successful interventions at PT Semarang the preceding year, Ontide had not taken steps to address the similar violations at PT Batang, allowing abuses to continue. Its failure to take a systemic approach demonstrated the need for an agreement that would commit Ontide to drive sustainable change from the corporate level. The WRC therefore not only sought immediate remedies at PT Batang but also asked Fanatics and Ontide to pursue negotiations with workers' unions for a binding agreement that could prevent GBVH at both factories long term.

Findings

The WRC investigation found that managers, supervisors, and mechanics engaged in verbal and physical sexual harassment and abuse at PT Batang. We further found that the perpetrators of these abuses had been emboldened by a belief that they could act with impunity, because of management's failure to take corrective action when workers raised complaints.

Managers regularly groped women workers' thighs and buttocks and openly leered at them. Supervisors pressed workers to become their "second wives" or girlfriends. In one case, a supervisor repeatedly called a woman worker late at night and, during the workday, repeatedly groped her. When the worker protested by asking "why are you touching me, sir?" he responded, "that is up to me!"

Supervisors also verbally and sometimes physically abused workers, throwing clothes at workers and calling them "dog" and "stupid moron" to scold them for working slowly. Some supervisors demanded gifts for themselves and other supervisors. They instructed workers to buy them food, pool money for expensive gifts like a cell phone and a gold ring, and "loan" them money that would never be repaid.

As at PT Semarang, the mechanics charged with fixing sewing machines took advantage of their positions to harass workers. Women reported mechanics looking up their skirts, making sexual comments about their bodies and clothing, and publicly speculating about their sex lives. Workers also felt pressured to provide food and cigarettes to the mechanics. One worker reported that when she asked a mechanic to fix her machine, he responded that her line was "full of old women only; no one here is beautiful. If there were anyone beautiful here, the machine would be repaired immediately."

These violations were compounded by management's response when workers raised concerns about this culture of abuse. In one case, a manager told workers who had complained about supervisors extorting them for money, "I like [those supervisors]! If they leave, for sure you also have to leave too!" While the company required supervisors to return funds to some workers, other workers were left with no redress, and supervisors faced no discipline. The supervisors were emboldened by management's response. They told workers who had brought complaints, "If you want to report me again, go ahead... I'm not afraid..." and "Watch out! If I hear someone reporting again, I will punish [them]!"

Four workers reported to the WRC that they had resigned after experiencing intolerable gender-based harassment. These workers told the WRC they knew that management would never act to end the abuse and that they would likely be targeted for retaliation if they complained, leaving them feeling disempowered and hopeless.

The practices and action the WRC identified constituted clear violations of Indonesian law,¹¹ university codes of conduct,¹² and the codes of conduct of the licensees and other buyers.¹³

Remediation

In response to the WRC's findings and our list of necessary remedies, Fanatics and Ontide acted promptly to address these violations. The remedies implemented include:

- *Disciplining and removing perpetrators from the workplace.* Ontide terminated or disciplined more than 20 perpetrators.
- *Creating new procedures for mechanics.* Factory management implemented a system similar to the one used at PT Semarang to ensure that supervisors rather than individual sewing operators engage with mechanics.
- *Reinstating impacted workers.* Factory management offered reinstatement and back pay to four workers who had resigned from the factory as a result of harassment and retaliation.
- *Financial restitution for illegal wage deductions.* The company repaid workers who had been pressured into handing funds over to their supervisor for illegitimate purposes.

As it became clear that factory management was now willing to respond seriously to allegations of GBVH, a number of new complaints came in from workers; factory management began working with the WRC and the factory unions to address these cases, including conducting additional investigations. A number of investigations are currently ongoing; additional employees were disciplined up to and including termination in the following months.

In addition to these immediate remedies, Fanatics agreed to ask Ontide to pursue negotiations for a binding agreement and Ontide complied.

Conclusion

Many garment workers around the world experience groping, unwanted sexual advances, obscene name-calling, and physical abuse as an everyday reality—and are denied remedy when they report these abuses.

The Central Java Gender Justice Agreement, building on the strong initial remedies implemented at the two factories, marks a turning point for the workers at Ontide. Along with the Lesotho and Dindigul Agreements that preceded it, this new Agreement can be a model for what is possible when licensees and other brands join with worker representatives and non-governmental

¹¹ Manpower Act of Indonesia (“Law No. 13/2003,”), Article 86 (1).

¹² Collegiate Licensing Company, Standard Retail Product License Agreement.

¹³ For example, Fanatics, *Code of Conduct and Benchmarks*.

organizations to comprehensively address GBVH and build workplaces that respect workers' dignity and rights.

The WRC will provide a more detailed report of findings, recommendations, and remediation at both of these factories to universities in the coming months. We will also provide updates on the ongoing the implementation of the Agreement.

As one woman worker at PT Batang recently told the WRC, in reference to the Agreement, "I am no longer afraid to report any form of violation or violence in the workplace. The protection and confidentiality for complaints encourages women workers to be braver and no longer tolerate any violence or harassment... The work atmosphere now is calmer and more comfortable."