



PERMANENT MISSION OF THE
REPUBLIC OF INDONESIA TO THE UNITED NATIONS
WORLD TRADE ORGANIZATION (WTO)
AND OTHER INTERNATIONAL ORGANIZATIONS
IN GENEVA

No: 103/POL-II/V/2026

The Permanent Mission of the Republic of Indonesia to the United Nations, the World Trade Organization, and Other International Organizations in Geneva presents its compliments to the Special Rapporteur on contemporary forms of slavery, including its causes and consequences, Working Group on the issue of human rights and transnational corporations and other business enterprises, Special Rapporteur on the rights to freedom of peaceful assembly and of association, and Working Group on discrimination against women and girls, and has the honour to refer to the Joint Communication issued by the aforementioned Mandate holders Ref.: AL IDN 3/2026, dated 6 March 2026, concerning allegations of serious labor exploitation at PT Huadi Nickel Alloy Indonesia (PT HNAI).

The Permanent Mission has further the honour to convey, as enclosed, the response of the Government of the Republic of Indonesia to the above-mentioned Joint Communication. The response sets out the measures undertaken by the Government to address the matters raised therein, with a view to ensuring the protection of the rights of all parties, including the concerned workers at PT HNAI, in accordance with applicable national law and due process.

The Permanent Mission of the Republic of Indonesia to the United Nations, the World Trade Organization, and Other International Organizations in Geneva avails itself of this opportunity to renew to the Special Rapporteur on contemporary forms of slavery, including its causes and consequences, Working Group on the issue of human rights and transnational corporations and other business enterprises, Special Rapporteur on the rights to freedom of peaceful assembly and of association, and Working Group on discrimination against women and girls, the assurances of their highest consideration.

Geneva, 27 May 2026



Tomoya Obokata, **Special Rapporteur on contemporary forms of slavery, including its causes and consequences**

Damilola S. Owaiy, **Chair-Rapporteur of the Working Group on the issue of human rights and transnational corporations and other business enterprises**

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Claudia Flores, **Chair-Rapporteur of the Working Group on discrimination against women and girls**

**Reply of the Government of Indonesia
to the Joint Communication of the Special Procedures Mandate Holders
Ref.: AL IDN 3/2026 of 6 March 2026**

1. The Government of Indonesia (hereinafter referred to as “The Government”) hereby submits its response to the Joint Communication referenced AL IDN 3/2026 dated 6 March 2026 from the Special Rapporteur on contemporary forms of slavery, including its causes and consequences, Working Group on the issue of human rights and transnational corporations and other business enterprises, Special Rapporteur on the rights to freedom of peaceful assembly and of association, and Working Group on discrimination against women and girls.
2. The Government affirms that the matters raised in the Joint Communication relate substantially to industrial-relations issues, including the payment of wages and overtime, working hours, occupational safety and health, the rights of women workers, termination of employment, and severance entitlements.
3. The relevant authorities in Indonesia have carried out a number of actions in order to address the issues in question. It is the duty of the Government to ensure that the rights of all relevant parties, especially of the workers, are effectively protected, under the applicable legal framework.
4. The National Commission on Human Rights of the Republic of Indonesia has also been monitoring this case since August 2025, including by sending formal inquiries to the President Director of PT Huadi Nickel Alloy Indonesia (HNAI), the Head of the Bantaeng Regency Manpower Office, the Head of the South Sulawesi Provincial Manpower and Transmigration Office, and the Internal Affairs Division of the South Sulawesi Regional Police.
5. It is important to note that PT HNAI has ceased its operational activities at its project site as per the Investment Activity Report for the first quarter of 2026 submitted by the company to the Ministry of Investment of the Republic of Indonesia. This is consistent with the absence of additional investment realisation in recent quarters.

A. Actions by the South Sulawesi Provincial Manpower and Transmigration Office

6. The relevant authority, in particular the Manpower and Transmigration Office of South Sulawesi Province (Disnakertrans), has taken the necessary steps to address the labour issues raised in respect of PT HNAI. These steps have included labour inspection, mediation between the parties, and the issuance of formal determinations by the Manpower Inspectorate.
7. On 27 May 2025, the Manpower Inspectorate of the Disnakertrans of South Sulawesi Province issued Determinations Nos. 20 to 39 of 2025, calculating the amounts of unpaid overtime due to twenty named workers and determining their entitlement to recover those amounts.
8. On 13 June 2025, the workers concerned, through the Mining and Energy Industry Workers Union of the Bantaeng Industrial Estate (SB-IPE KIBA), formally communicated the Determinations to the employer. As no response was received from PT HNAI, on 19 June 2025 the union submitted a request for tripartite mediation to the Bantaeng Regency Manpower Office.

9. The tripartite mediation was held on 16 July 2025. On 19 July 2025, the Mediator issued Recommendation No. 500.11.2/71/DTKP/VII/2025, recording that the negotiations had not produced an agreement and recommending that the Manpower Inspectorate's Determinations be used as a reference for further dispute settlement through the Industrial Relations Court.

B. Industrial Relations Court Proceedings

10. Subsequent to the mediation, the employer filed a claim against the workers before the Industrial Relations Court at the Makassar District Court, registered as Case No. 30/Pdt.Sus-PHI/2025/PN.Mks dated 11 August 2025. The Court rendered the following decision:
- a. declared the Joint Agreement of 27 February 2025 on **the termination of employment** between the employer and the workers, on grounds of efficiency, to be valid and binding, with effect from 1 March 2025;
 - b. declared the **Internal Memorandum and Remuneration Arrangements** of PT HNAI, attended and agreed to by the workers on 6 February 2024 and effective from 21 January 2024, to be valid and binding;
 - c. declared the **arrangement for payment of a 40 per cent incentive in respect of working hours in excess of the regular working hours**, based on the Internal Memorandum and Remuneration Arrangements agreed to by the workers and paid by the employer to the workers, to be valid and binding;
 - d. declared the Determinations of the Manpower Inspectorate of the Disnakertrans of South Sulawesi Province on the **calculation of unpaid overtime** to be not binding as between the parties to the dispute;
 - e. in its legal reasoning, recommended that the Manpower Inspectorate of the Disnakertrans of South Sulawesi Province follow up on the alleged breaches of working conditions, including those relating to working hours, discrimination against women workers, occupational safety and health, and time for religious observance at PT HNAI.
11. The workers subsequently lodged an appeal in cassation before the Supreme Court of the Republic of Indonesia. The cassation petition was rejected, and the decision of the Industrial Relations Court has become final and binding as between the parties.

C. Follow-up Labour Inspection

12. In follow-up to the recommendation contained in the judgment of the Industrial Relations Court, the Manpower Inspectorate of the Disnakertrans of South Sulawesi Province conducted an inspection of PT HNAI addressing the issues of working hours, overtime, rest breaks, occupational safety and health, and the rights of women workers. The inspection was carried out pursuant to Assignment Order No. 800/124/UPT.PK-K3/Wil.IV/VIII/2025 dated 12 August 2025.
13. On the basis of the inspection, the Manpower Inspectorate issued Inspection Note I No. 800/127/UPT.PK-K3/Wil.IV/VIII/2025 dated 22 August 2025, with the following findings:

- a. an underpayment of the provincial minimum wage was identified for the period from January to July 2025, falling below the 2025 South Sulawesi Provincial Minimum Wage set under Governor's Decree No. 1423/XII/2024;
 - b. non-payment of overtime wages to twenty named workers at PT HNAI was confirmed;
 - c. rest breaks and time for prayer were being provided on a rotating basis among workers, in particular in those work units that require continuous operational monitoring, specifically the furnace or kiln unit;
 - d. with respect to the allegation that workers had been instructed to enter furnaces for cleaning while these remained hot, the matter was examined through an Occupational Safety and Health (OSH) inspection conducted in accordance with the OSH regulatory framework. The Inspectorate has issued recommendations to the company for improvements to its work systems, and the applicable administrative enforcement measures will be imposed in the event that any breach of the OSH regulatory framework is established;
 - e. with regard to the case of a female worker identified as Ms Hasanah, who is reported to have suffered a miscarriage, PT HNAI granted her sick leave in August 2024 on the basis of the medical certificate she had submitted. She subsequently continued her employment with the company until she tendered her voluntary resignation in July 2025 in connection with a subsequent pregnancy. On the specific facts of her case, no breach of the norms protecting reproductive health was established.
14. Following the issuance of Inspection Note I, PT HNAI on 29 August 2025 paid the minimum-wage shortfall for the period from January to July 2025 in the amount of IDR 132,914,395 (one hundred and thirty-two million nine hundred and fourteen thousand three hundred and ninety-five rupiah).

D. Clarification on the Legal Effect of the Court's Decision

15. On 11 February 2026, the Ministry of Manpower, through the Directorate of the Manpower Inspection System, issued a clarification by Letter No. B/5/3/AS.02.05/II/2026 regarding the legal effect of the phrase *not binding* (*tidak mengikat*) in the judgment of the Industrial Relations Court.
16. According to the clarification, the expression means that there is no obligation upon the parties to the dispute to comply with the Determinations, and no legal consequence attaches to non-compliance. The Determinations themselves, however, have not been annulled by the Court. They retain their character as formal acts of the Manpower Inspectorate and may continue to serve as a reference in any subsequent proceedings.

E. Severance Pay

17. Concerning severance pay, the Joint Agreement on the termination of employment dated 27 February 2025 has been declared valid by the Industrial Relations Court. Therefore, the Government urges PT HNAI to pay in full the remaining fifty per cent of the severance entitlements that, on the basis of the information available, remain outstanding.

18. The Government has taken note of the allegation that PT HNAI has relied on claimed financial losses in order to justify a reduction of severance payments by approximately fifty per cent, without producing the results of an independent audit substantiating those losses.

F. Handling of Matters Relating to Freedom of Peaceful Assembly and Freedom of Association

19. With regard to the reports of allegations of intimidation by a group reportedly acting on behalf of the company during the protest, the matter has been followed up by the South Sulawesi Regional Police, in accordance with applicable laws and regulations.
20. On 29 July 2025, a Joint Agreement was concluded between PT HNAI and the workers' representatives. The Joint Agreement was witnessed by the Regent of Bantaeng, the Bantaeng Police Chief, the Bantaeng Regency Manpower Office, and the Supervisory Authority of the South Sulawesi Provincial Manpower Office.
21. With regard to the allegation of discrimination on grounds of trade union membership, the Government notes that two trade unions operate within the company premises, namely the SB-IPE KIBA and the Federasi Serikat Perjuangan Buruh Indonesia (FSPBI). The Ministry of Manpower has conducted mediation among the parties and has recommended that the company refrain from differential treatment of workers based on their union membership. The Government reaffirms that discrimination on the grounds of trade union membership, formation, or activity is prohibited under Law No. 21 of 2000 on Trade Unions.

G. Grievance Mechanism and Access to Remedy

22. The Government guarantees access to remedy through both judicial and non-judicial mechanisms. Any individual who considers that their rights have been infringed may avail themselves of these mechanisms in accordance with the applicable legal framework.
23. In the specific context of the present case, the Industrial Relations Court at the Makassar District Court remains open to receive claims relating to wages, severance pay, and other employment entitlements. Proceedings before the Industrial Relations Court are provided free of charge to workers with limited financial means.
24. With respect to non-judicial avenues, mediation through the Bantaeng Regency Manpower Office and the Disnakertrans of South Sulawesi Province remains available, as does the monitoring, investigation, and mediation function exercised by Komnas HAM pursuant to Law No. 39 of 1999.
25. In relation to the prevention of sexual harassment in the workplace, Indonesia has a comprehensive legal framework, Law No. 12 of 2022 on the Crime of Sexual Violence criminalises sexual harassment, including when committed in the workplace. Indonesian law provides clear channels for the reporting and handling of allegations of sexual harassment in the workplace. Victims may submit reports to the National Police, to the National Commission on Violence against Women (Komnas Perempuan), or through the internal complaint mechanisms established by the employer. Should any such report be submitted in respect of PT HNAI, the Government will ensure that it is examined in accordance with the applicable law.
26. With regard to the broader business and human rights agenda, the Government is currently finalising its renewed National Strategy on Business and Human Rights. A

draft Presidential Regulation on Corporate Human Rights Due Diligence is at present under inter-ministerial harmonisation. As an interim measure, the Ministry of Manpower has issued Ministerial Regulation No. 2 of 2024 establishing complaint mechanisms for alleged violations of labour rights.

H. Concluding Observations

27. The Government reaffirms that Indonesia is a State governed by the rule of law that upholds human rights, including the rights of workers, as mandated by the 1945 Constitution, the applicable national legislation, and the international human rights instruments to which Indonesia is a Party.
28. As a State Party to ILO Convention No. 29 on Forced Labour, Indonesia has fully incorporated the prohibition of forced labour into its national legal framework, including through the Manpower Law, the Criminal Code, and Law No. 21 of 2007 on the Eradication of the Crime of Trafficking in Persons. The determination of whether particular labour conditions in any given case meet the legal threshold for forced labour is a matter that is reserved to the competent national authorities and courts.
29. The Government remains committed to taking the further steps required to ensure that the rights of all workers, including the rights of the workers affected by the situation at PT HNAI, are effectively protected in accordance with the laws of Indonesia and consistent with Indonesia's international human rights obligations.
