PRESIDEN
REPUBLIK INDONESIA

REGULATION OF THE GOVERNMENT OF THE REPUBLIC OF INDONESIA NUMBER 35 OF 2021 ON FIXED TERM EMPLOYMENT CONTRACT, OUTSOURCING, WORKING HOUR AND REST PERIOD, AND TERMINATION OF EMPLOYMENT

BY THE BLESSINGS OF ALMIGHTY GOD

PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering : that in order to implement the provisions of Article 81 and Article 185 point b of Law Number 11 of 2020 on Job Creation, it is necessary to issue Government Regulation on Fixed Term Employment Contract, Outsourcing, Working Hour and Rest Period, and Termination of Employment;

Observing :

1. Article 5 section (2) of the 1945 Constitution of the Republic of Indonesia;
2. Law Number 13 of 2003 on Manpower (State Gazette of the Republic of Indonesia of 2003 Number 39, Supplement to the State Gazette of the Republic of Indonesia Number 4279);
3. Law Number 11 of 2020 on Job Creation (State Gazette of the Republic of Indonesia of 2020 Number 245, Supplement to the State Gazette of the Republic of Indonesia Number 6573);

HAS DECIDED:

To issue : GOVERNMENT REGULATION ON FIXED TERM EMPLOYMENT CONTRACT, OUTSOURCING, WORKING HOUR AND REST PERIOD, AND TERMINATION OF EMPLOYMENT.

CHAPTER I
GENERAL PROVISIONS
Article 1

In this Government Regulation:

1. Employment Relation means a relation between Employers and Workers/Labourers based on the Employment Contract, which contains the elements of jobs, Wage, and order.
2. Workers/Labourers mean any person who works by receiving Wage or other forms of remuneration.
3. Employer means:
   a. an individual, a partnership, or a legal entity that runs its own Company;
   b. an individual, a partnership, or a legal entity which independently runs their non-self-own Company;
   c. an individual, a partnership, or a legal entity located in Indonesia and representing the Company as referred to in point a and point b which is domiciled outside the territory of Indonesia.
4. Company means:
   a. every form of business, which is owned by an individual, a partnership, or a legal entity that is either privately or State-owned, that which employs Workers/Labourers by paying wages or other forms of compensation;
   b. social entity and other entities that have a management and employ other people by paying wage or other forms of compensation.
5. Trade Union/Labour Union means an organization formed from, by, and for Workers/Labourers both within the Company and outside the Company, which is free, open, independent, democratic, and responsible to fight

for, defend and protect the rights and interests of Workers/Labourers and improve the welfare of Workers/Labourers and their families.

6. Wage means the right of the Workers/Labourers that is received and expressed in the form of money as a reward from the Employer to the Workers/Labourers which is determined and paid according to an Employment Contract, agreement, or legislation including benefits for Workers/Labourers and their families for a job and/or services that have been or will be performed.
7. Overtime means working hour that exceeds 7 (seven) hours a day and 40 (forty) hours a week for 6 (six) working days in 1 (one) week or 8 (eight) hours a day and 40 (forty) hours a week for 5 (five) working days in 1 (one) week or working hour on weekly rest days and/or on official holidays set by the government.
8. Overtime Pay means Wages paid by Employers to Workers/Labourers who carry out work during Overtime.
9. Employment Contract means an agreement between a Workers/Labourers and an Employer which contains the terms of employment, rights, and obligations of both parties.
10. Fixed Term Employment Contract, hereinafter referred to as PKWT, means an Employment Contract between a Workers/Labourers and an Employer to enter into an Employment Relationship for a certain period of time or for a certain job.
11. Permanent Employment Contract, hereinafter referred to as PKWTT, means an Employment Contract between a Workers/Labourers and an Employer to establish a permanent Employment Relationship.
12. Company Regulations mean regulations made in writing by the Employer that contain requirements for working conditions and company rules and regulations.
13. Collective Bargaining Agreement means an agreement resulting from negotiations between a Trade/Labour Union or several Trade/Labour Unions registered with the

agency in charge of the manpower field with an Employer or several employers or association of Employers, which contains the terms of employment, rights, and obligations of both parties

14. Outsourcing Company means a business entity in the form of a legal entity that meets the requirements to perform certain job based on an agreement with the employing Company.
15. Termination of Employment means the Termination of Employment Relationship due to certain issue which results in the termination of rights and obligations between Workers/Labourers and Employers.
16. Central Government means the President of the Republic of Indonesia who holds the governing power of the state the Republic of Indonesia assisted by the Vice President and the ministers as referred to in the 1945 Constitution of the Republic of Indonesia.
17. Labour Inspector means a civil servant who is given the full duties, responsibilities, authorization and rights by the authorized official to perform the activities of guidance, examining, assessing, investigating, and developing the labour inspection system in accordance with the provisions of legislation.
18. Minister means the minister administering the government affairs in the field of manpower.

CHAPTER II
FIXED TERM EMPLOYMENT CONTRACT

Part One
General

Article 2

(1) Employment Relation happens because of the Employment Contract between Employers and Workers/Labourers.

(2) Employment Contract is made in writing or orally.

(3) Employment Contract made in writing is carried out in accordance with the provisions of legislation.

(4) The Employment Contract is made for either a fixed term or an indefinite term.

Article 3

PKWTT is implemented in accordance with the provisions of legislation.

Part Two

Implementation of Fixed Term Employment Contract

Article 4

(1) PKWT is based on:
   a. time period; or
   b. completion of certain job.

(2) PKWT cannot be held for work that is permanent.

Article 5

(1) PKWT based on time period as referred to in Article 4 section (1) point a is made for certain works, namely:
   a. works that are estimated to be completed in the not-too-distant future;
   b. seasonal works; or
   c. works related to new products, new activities, or additional products that are still under trial or exploration.

(2) PKWT based on the completion of certain job as referred to in Article 4 section (1) point b is made for certain works, namely:
   a. one-time jobs; or
   b. temporary jobs.

(3) In addition to certain works as referred to in section (1) and section (2), PKWT can be implemented for other certain works of which type and nature or activities are not permanent.

Article 6

The works which are estimated to be completed in the not-too-distant future as referred to in Article 5 section (1) point a are performed for a period of no longer than 5 (five) years.

Article 7

(1) Seasonal works as referred to in Article 5 section (1) point b is a work of which its implementation depends on:
   a. season or weather; or
   b. certain conditions.

(2) Works of which its implementation depends on the seasons or weather as referred to in section (1) point a may only be performed in certain seasons or certain weather.

(3) Works of which its implementation depends on certain conditions as referred to in section (1) point b are additional works performed to fulfill certain orders or targets.

Article 8

(1) PKWT based on the period of time as referred to in Article 5 section (1) may be made for a period of no longer than 5 (five) years.

(2) In the event that the PKWT period as referred to in section (1) will be expired and the work performed has not been completed, an extension of the PKWT may be made for a period of time in accordance with the agreement between the Employer and the Workers/Labourers, on the condition that the total period of the PKWT and its extension is no longer than 5 (five) years.

(3) The working period of Workers/Labourers in the event of extension of PKWT period as referred to in section (2) is counted from the time the Employment Relation based on PKWT happens.

Article 9

(1) PKWT based on the completion of certain work as referred to in Article 5 section (2) is based on the agreement of the parties as stated in the Employment Contract.

(2) The agreement of the parties as referred to in section (1) contains:
   a. the scope and limitations of work completion; and
   b. the time frame for work completion adjusted to the completion of the work.

(3) In the event that certain work agreed upon in the PKWT can be completed faster than the agreed time frame as referred to in section (2) point b, the PKWT will terminate by law upon the completion of the work.

(4) In the event that the certain work agreed upon in the PKWT cannot be completed within the agreed time frame as referred to in section (2) point b, the period of the PKWT is extended to a certain time limit until the completion of the work.

(5) The working period of Workers/Labourers in terms of extension of PKWT period as referred to in section (4) is counted from the time the Employment Relation based on PKWT happens.

Article 10

(1) PKWT that can be implemented for other certain works of which types and nature or activities are not permanent as referred to in Article 5 section (3) is in the form of certain works that are changing in terms of time and volume of work and payment of Workers/Labourers' wages is based on attendance.

(2) PKWT as referred to in section (1) may be implemented by daily Employment Contract.

(3) The daily Employment Contract as referred to in section (2) is implemented on condition that the Workers/Labourers work for less than 21 (twenty-one) days in 1 (one) month.

(4) In the event that Workers/Labourers work for 21 (twenty-

one) days or more for 3 (three) consecutive months or more, the daily Employment Contract as referred to in section (2) is invalid and the Employment Relation between the Employers and the Workers/Labourers by law changes based on PKWTT.

Article 11

(1) An employer who employs a Worker/Labourer in the job as referred to in Article 10 section (1) makes a daily Employment Contract in writing with the Worker/Labourer.

(2) The daily Employment Contract as referred to in section (1) may be made collectively and at least contains:
   a. name/address of the Company or the employer;
   b. name/address of the Worker/Labourer;
   c. type of job performed; and
   d. Wage rate.

(3) The employer as referred to in section (1) is required to fulfill the rights of the Worker/Labourer, including the right to the social security program.

Article 12

(1) PKWT may not require a probationary period.

(2) In the event that a probationary period is required, the required probationary period is legally null and void and the working period is still calculated.

Article 13

PKWT at least contains:

a. name, address of the Company, and type of business;
b. name, sex, age and address of the Worker/Labourer;
c. occupation or type of job;
d. place of work;
e. Wage rate and method of payment;
f. rights and obligations of the Employer and the Worker/Labourer in accordance with the provisions of legislation and/or work conditions stipulated in the Company Regulations or Collective Bargaining Agreement;

g. commencement and validity period of the PKWT;
h. place and date of when the PKWT is made; and
i. signatures of the parties in the PKWT.

Article 14

(1) PKWT must be registered by the Employer with the ministry administering the government affairs in the field of manpower online not later than 3 (three) working days from the signing of the PKWT.
(2) In the event that the online PKWT registration is not yet available, the registration of PKWT is made by the Employer in writing at the regency/municipal office administering the government affairs in the field of manpower, not later than 7 (seven) working days from the signing of the PKWT.

Part Three
Provision of Compensation Money

Article 15

(1) Employers are required to provide compensation money to Workers/Labourers whose Employment Relation is based on PKWT.
(2) The compensation money is provided upon the expiration of the PKWT.
(3) The compensation money as referred to in section (1) is provided for Workers/Labourers who have worked for no less than 1 (one) month continuously.
(4) If the PKWT is extended, the compensation money is provided upon the expiration of the PKWT period before the extension, and for the period of PKWT extension the next compensation money is provided after the extension of the PKWT period is expired or completed.
(5) The compensation money does not apply to foreign workers who are employed by the employer in an Employment Relation based on PKWT.

Article 16

(1) The amount of compensation money provided is in accordance with the following provisions:
   a. PKWT for 12 (twelve) months continuously, is provided with 1 (one) month of Wage;
   b. PKWT for 1 (one) month or more but less than 12 (twelve) months, is calculated proportionally with the following formula:
      working period / 12 x 1 (one) month of Wage;
   c. PKWT for more than 12 (twelve) months, is calculated proportionally with the following formula:
      working period / 12 x 1 (one) month of Wage.

(2) The Wage as referred to in section (1) which is used as the basis for calculating the payment of compensation money consists of the basic Wage and fixed allowance.

(3) In the event that the Wages in a Company do not use the components of the basic Wage and fixed allowance, the basis for calculating the payment of compensation money is Wages without allowance.

(4) In the event that the Wages in the company consist of the basic Wage and non-fixed allowance, the basis for calculating the compensation money is the basic Wage.

(5) In the event that a PKWT based on the completion of a work is completed faster than the time frame agreed in the PKWT, the compensation money is calculated until the time when the work is completed.

(6) The amount of compensation money for Workers/Labourers in micro and small businesses is provided based on an agreement between the Employers and the Workers/Labourers.

Article 17

In the event that one of the parties terminates the Employment Relation prior to the expiration of the period stipulated in the PKWT, the Employer is required to provide compensation

money as referred to in Article 15 section (1) of which the amount is calculated based on the PKWT period that has been worked by the Workers/Labourers.

CHAPTER III
OUTSOURCING

Article 18

(1) The Employment Relation between the Outsourcing Company and the employed Workers/Labourers is based on PKWT or PKWTT.

(2) PKWT or PKWTT as referred to in section (1) is made in writing.

(3) Protection of Workers/Labourers, Wages, welfare, working conditions, and disputes arising is implemented in accordance with the provisions of legislation and becomes the responsibility of the Outsourcing Company.

(4) Protection of Workers/Labourers, Wages, welfare, working conditions, and disputes arising as referred to in section (3) is regulated in an Employment Contract, Company Regulation, or Collective Bargaining Agreement.

Article 19

(1) In the event that the Outsourcing Company employs Workers/Labourers based on PKWT, the Employment Contract must require the transfer of undertakings (protection of employment) for the Workers/Labourers in the event of a change of Outsourcing Company and as long as the object of work remain existed.

(2) The requirements for the transfer of undertakings (protection of employment) as referred to in section (1) constitute a guarantee for the continuity of work for Workers/Labourers whose Employment Relation is based on PKWT in the Outsourcing Company.

(3) In the event that Workers/Labourers are not guaranteed for the continuity of work as referred to in section (2), the Outsourcing Company is responsible for the fulfillment of Workers/Labourers' rights.

Article 20

(1) The Outsourcing Company must be in the form of a legal entity and is required to comply with the business licensing issued by the Central Government.

(2) The requirements and procedures for obtaining a business license are implemented in accordance with the provisions of legislation regarding the norms, standards, procedures and criteria for business licensing stipulated by the Central Government.

CHAPTER IV
WORKING HOUR AND REST PERIOD

Part One
General

Article 21

(1) Every Employer is obligated to implement provisions of working hour.

(2) The working hour as referred to in section (1) includes:
   a. 7 (seven) hours in 1 (one) day and 40 (forty) hours in 1 (one) week for 6 (six) working days in 1 (one) week; or
   b. 8 (eight) hours 1 in (one) day and 40 (forty) hours in 1 (one) week for 5 (five) working days in 1 (one) week.

(3) The provisions of working hour as referred to in section (2) does not apply to certain business sectors or works.

(4) The implementation of working hour for Workers/Labourers in the Company is regulated in an Employment Contract, Company Regulation, or Collective Bargaining Agreement.

Article 22

Employers who employ Workers/Labourers during working hour as referred to in Article 21 section (2) are obligated to provide weekly rest periods for the Workers/Labourers, including:

a. weekly rest of 1 (one) day for 6 (six) working days in 1 (one) week; or
b. weekly rest of 2 (two) days for 5 (five) working days in 1 (one) week.

Part Two

Working Hour in Certain Business Sectors or Works

Article 23

(1) Companies in certain business sector or works may apply working hour that are less or more than the provisions as referred to in Article 21 section (2).
(2) Companies in certain business sectors or works that apply working hour less than the provisions as referred to in section (1) have the following characteristics:
    a. completion of work in less than 7 (seven) hours in 1 (one) day and less than 35 (thirty-five) hours in 1 (one) week;
    b. flexible working hour; or
    c. the work can be performed outside of the work site.
(3) Companies in certain business sectors or works that apply working hour more than the provisions as referred to in section (1), its implementation is in accordance with the working hour stipulated by the Minister.

Article 24

(1) In the event that there is a need for working hour and rest period other than those stipulated by the Minister as referred to in Article 23 section (3), the Minister may stipulate the working hour and rest period in other certain business sectors or works.
(2) Further provisions regarding working hour and rest period in certain business sectors or works as referred to in section (1) are regulated by a Ministerial Regulation.

Article 25

(1) The implementation of working hour and working hour for Workers/Labourers employed in certain business sectors or works that apply working hour less than the provisions as referred to in Article 21 section (2), is regulated in an Employment Contract, Company Regulation or Collective Bargaining Agreement.

(2) The implementation of working hour and working hour for Workers/Labourers employed in certain business sectors or jobs that apply working hour more than the provisions as referred to in Article 21 section (2), is regulated in an Employment Contract, Company Regulation, or Collective Bargaining Agreement.

Part Three

Overtime Working Hour

Article 26

(1) Overtime Working Hour may only be applied no longer than 4 (four) hours in 1 (one) day and 18 (eighteen) hours in 1 (one) week.

(2) The provisions for Overtime Working Hour as referred to in section (1) do not include overtime performed during weekly rest period and/or official holidays.

Article 27

(1) Employers who employ Workers/Labourers exceeding the working hour as referred to in Article 21 section (2) are required to pay Overtime pay.

(2) The obligation to pay Overtime pay is exempted for Workers/Labourers at the certain level of occupations.

(3) Workers/Labourers at the certain level of occupations have the responsibility of being thinkers, planners, implementers, and/or controllers of the running of the Company, whose working hour cannot be limited and receive higher Wages.

(4) Arrangements of the certain level of occupations are regulated in an Employment Contract, Company Regulation, or Collective Bargaining Agreement.

(5) If a certain level of occupations is not regulated in an Employment Contract, Company Regulation, or Collective Bargaining Agreement, the Employer is obligated to pay Overtime pay.

Article 28

(1) To implement Overtime Working Hour, there must be an order from the Employer and the approval of the Workers/Labourers concerned in writing and/or through digital media.

(2) Orders and approvals as referred to in section (1) may be made in the form of a list of Workers/Labourers willing to work overtime, signed by the Workers/Labourers concerned and the Employer.

(3) The Employer as referred to in section (2) must prepare a list of the implementation of overtime work containing the names of the Workers/Labourers who work overtime and the length of the Overtime Hours.

Article 29

(1) Companies that employ Workers/Labourers during Overtime Working Hour are obligated to:
   a. pay Overtime Pay;
   b. provide the opportunity to rest sufficiently, and
   c. provide foods and drinks of at least 1,400 (one thousand and four hundred) kilo calories, if the overtime work is 4 (four) hours or longer.

(2) The provision of food and drink as referred to in section (1) point c may not be replaced by money.

Article 30

Provisions of Overtime apply to all companies, except for companies in certain business sectors or jobs as referred to in Article 23 section (3) and Article 24.

Part Four
Overtime Pay

Article 31

(1) Companies that employ Workers/Labourers exceeding the Working Hour as referred to in Article 21 section (2) are obligated to pay Overtime Pay with the following provisions:
   a. for the first overtime working hour, it is 1.5 (one point five) of hourly Wage; and
   b. for each subsequent overtime working hour, it is 2 (two) times of hourly Wage.

(2) Companies that employ Workers/Labourers as referred to in section (1) are obligated to pay Overtime Pay, if the overtime work is performed on a weekly rest period and/or an official holiday for 6 (six) working days and 40 (forty) hours a week, with the following provisions:
   a. the calculation of Overtime Pay is made as follows:
      1. the first up to the seventh hour, it is paid 2 (two) times of an hourly Wage;
      2. the eighth hour, it is paid 3 (three) times of an hourly Wage; and
      3. the ninth hour, the tenth hour, and the eleventh hour, it is paid 4 (four) times of an hourly Wage;
   b. if the official holiday falls on the shortest working day, the calculation of Overtime pay is made as follows:
      1. the first up to the fifth hour, it is paid 2 (two) times of an hourly Wage;
      2. the sixth hour, it is paid 3 (three) times of an hourly Wage; and
      3. the seventh hour, the eighth hour, and the ninth hour, it is paid 4 (four) times of an hourly Wage.

(3) Companies that employ Workers/Labourers as referred to in section (1) are obligated to pay Overtime Pay, if overtime work is performed on weekly rest period and/or

official holidays for 5 (five) working days and 40 (forty)hours a week, on the condition that the calculation of Overtime Pay is made as follows:

a. the first up to the eighth hour, it is paid 2 (two) times of an hourly Wage;
b. the ninth hour, it is paid 3 (three) times of an hourly Wage; and
c. the tenth hour, the eleventh hour, and the twelfth hour, it is paid 4 (four) times of an hourly Wage.

Article 32

(1) Calculation of Overtime pay is based on the monthly Wage.
(2) The method of calculating an hourly Wage is 1/173 (one per hundred seventy-three) times of a monthly Wage.
(3) In the event that the Wage component consists of the basic Wage and fixed allowance, the basis for calculating the Overtime pay is 100% (one hundred percent) of the Wage.
(4) In the event that the Wage component consists of the basic Wage, fixed allowance and non-fixed allowance, if the basic Wage plus fixed allowance are still less than 75% (seventy-five percent) of the total Wage, the basis for calculating the Overtime Pay equals to 75% (seventy-five percent) of the total Wage.

Article 33

(1) In the event that Workers/Labourers' Wages are paid daily, the calculation of the monthly Wage is made with the following provisions:
   a. daily Wage multiplied by 25 (twenty-five), for Workers/Labourers who work 6 (six) working days in 1 (one) week; or
   b. daily Wage multiplied by 21 (twenty-one), for Workers/Labourers who work 5 (five) working days in 1 (one) week.

(2) In the event that the Workers/Labourers' Wages are paid on the basis of the output unit calculation, the monthly Wage equals to the average income in the last 12 (twelve) months.

(3) In the event that the monthly Wage as referred to in section (2) is lower than the minimum Wage, the monthly Wage used for the basis of calculation of Overtime Pay is the minimum Wage applicable in the area where the Workers/Labourers work.

Article 34

(1) In the event that the Company has paid the Overtime pay with another name and the amount of the Overtime Pay calculation equals to or higher than it, the Overtime Pay calculation will still apply.

(2) The Overtime Pay with other names and the calculation amount that has been made by the Company as referred to in section (1) becomes Overtime Pay in accordance with the provisions of this Government Regulation.

(3) The payment of Overtime Pay as referred to in section (1) and section (2) is regulated in an Employment Contract, Company Regulation, or Collective Bargaining Agreement.

Part Five

Prolonged Rest Period

Article 35

(1) Certain companies may provide a prolonged rest period.

(2) The certain companies as referred to in section (1) are companies that can provide prolonged rest period and the implementation of which is regulated in an Employment Contract, Company Regulation, or Collective Bargaining Agreement.

CHAPTER V
TERMINATION OF EMPLOYMENT

Part One
Procedure for Termination of Employment

Article 36

Termination of Employment may happen for the following reasons:

a. Companies are merging, consolidating, taking over, or separating the Company and the Workers/Labourers are not willing to continue the Employment Relations or the Employer is not willing to accept the Workers/Labourers;
b. the company take a measure of efficiency, either followed by the closure of the company not followed by the closure of the company, due to the company suffering from a loss;
c. the company closes because the company has suffered from a continuous loss for 2 (two) years;
d. the company closes due to force majeure;
e. the company is in a state of postponement of debt payment obligations;
f. the company suffers from bankruptcy;
g. there is an application for Termination of Employment submitted by the Worker/Labourer on the grounds that the employer has committed the following actions:
    1. torturing, rudely abusing, or threatening the Worker/Labourer;
    2. persuading and/or ordering the Worker/Labourer to commit an act in contrary to legislation;
    3. not paying Wages on time at the stipulated time for 3 (three) or more consecutive months, even though the Employer pays the Wages on time afterwards;
    4. not performing the obligations promised to the Worker/Labourer;
    5. ordering the Worker/Labourer to do a job outside the one agreed upon; or

6. providing a job that endangers the life, safety, health and morality of the Worker/Labourer, while the job is not included in the Employment Contract;

h. there is a decision by an industrial relations dispute settlement institution stating that the Employer has not committed the actions as referred to in point g with regard to the application submitted by the Worker/Labourer and the Employer decides to terminate the Employment Relation;

i. Workers/Labourers resign on their own accord and must meet the following requirements:
   1. submitting an application for resignation in writing not later than 30 (thirty) days prior to the date of resignation;
   2. not being bound by any commitment to work for the employer; and
   3. continuing to perform their obligations until the date of resignation;

j. Workers/Labourers are absent for 5 (five) or more working days consecutively without written information accompanied by valid evidence and have been properly summoned by the Employer 2 (two) times in writing;

k. Workers/Labourers violate the provisions stipulated in the Employment Contract, Company Regulation, or Collective Bargaining Agreement and have previously been given the first, second, and third warnings, each of which is valid for a maximum of 6 (six) months unless otherwise stipulated in the Employment Contract, Company Regulation, or Collective Bargaining Agreement;

l. Workers/Labourers are unable to perform work for 6 (six) months due to being detained by the authorities for allegedly committing a criminal act;

m. Workers/Labourers suffer from prolonged illness or disability due to employment injury and are unable to perform their work after exceeding the limit of 12 (twelve) months;

n. Workers/Labourers reach the retirement age; or

o. Workers/Labourers pass away.

Article 37

(1) Employers, Workers/Labourers, Trade Unions/Labour Unions, and the Government make every effort to prevent Termination of Employment from happening.

(2) In the event that Termination of Employment is unavoidable, the Employer notify the purpose and reasons for the Termination of Employment to the Worker/Labourer and/or Trade Union/Labour Union in the Company in case the Worker/Labourer concerned is a member of the Trade Union/Labour Union.

(3) A notification of Termination of Employment is made in the form of a notification letter and submitted legally and properly by the Employer to the Worker/Labourer and/or Trade Union/Labour Union not later than 14 (fourteen) working days prior to the Termination of Employment.

(4) In the event that Termination of Employment is made during the probationary period, a notification letter is submitted not later than 7 (seven) working days prior to the Termination of Employment.

Article 38

In the event that a Worker/Labourer has received a notification letter and does not refuse the Termination of Employment, the Employer must report the Termination of Employment to the ministry administering the government affairs in the field of manpower and/or the provincial and regency/municipal offices administering the government affairs in the field of manpower.

Article 39

(1) Workers/labourers who have received a notification letter of Termination of Employment and declares refusing, he or she must prepare a letter of rejection attached by the reasons not later than 7 (seven) working days after receiving the notification letter.

(2) In the event of a dispute regarding the Termination of Employment, the settlement of the Termination of

Employment must be made through bipartite negotiations between the Employer and the Worker/Labourer and/or the Trade Union/Labour Union.

(3) In the event that the bipartite negotiation as referred to in section (2) does not reach the settlement, the next stage of the settlement of Termination of Employment is made through the industrial relations dispute settlement mechanism in accordance with the provisions of legislation.

Part Two
Rights Arising from Termination of Employment

Article 40

(1) In the event of Termination of Employment, the Employer is required to pay severance pay and/or long service pay, and compensation for rights that should have been received.

(2) The severance pay as referred to in section (1) is provided with the following provisions:

a. for working period of less than 1 (one) year, 1 (one) month of Wage;
b. for working period of 1 (one) year or more but less than 2 (two) years, 2 (two) months of Wage;
c. for working period of 2 (two) years or more but less than 3 (three) years, 3 (three) months Wage;
d. for working period of 3 (three) years or more but less than 4 (four) years, 4 (four) months of Wage;
e. for working period of 4 (four) years or more but less than 5 (five) years, 5 (five) months of Wage;
f. for working period of 5 (five) years or more, but less than 6 (six) years, 6 (six) months of Wage;
g. for working period of 6 (six) years or more but less than 7 (seven) years, 7 (seven) months of Wage;
h. for working period of 7 (seven) years or more but less than 8 (eight) years, 8 (eight) months of Wage; and
i. for working period of 8 (eight) years or more, 9 (nine) months of Wage.

(3) The long service pay as referred to in section (1) is provided with the following provisions:

a. for working period of 3 (three) years or more but less than 6 (six) years, 2 (two) months of Wage;

b. for working period of 6 (six) years or more but less than 9 (nine) years, 3 (three) months of Wage;

c. for working period of 9 (nine) years or more but less than 12 (twelve) years, 4 (four) months of Wage;

d. for working period of 12 (twelve) years or more but less than 15 (fifteen) years, 5 (five) months of Wage;

e. for working period of 15 (fifteen) years or more but less than 18 (eighteen) years, 6 (six) months of Wage;

f. for working period of 18 (eighteen) years or more but less than 21 (twenty-one) years, 7 (seven) months of Wage;

g. for working period of 21 (twenty-one) years or more but less than 24 (twenty-four) years, 8 (eight) months of Wage; and

h. for working period of 24 (twenty-four) years or more, 10 (ten) months of Wage.

(4) The compensation for rights that should have been received as referred to in section (1) includes:

a. annual leave that has not been used and has not been expired;

b. costs or fees to return home for Workers/Labourers and their families to the place where Workers/Labourers are employed; and

c. other matters stipulated in the Employment Contract, Company Regulation, or Collective Bargaining Agreement.

Article 41

An Employer may terminate the Employment Relation of a Worker/Labourer because the Company is merging, consolidating or separating the Company and the Worker/Labourer is not willing to continue the Employment Relation or the Employer is not willing to employ the

Worker/Labourer, for which the Worker/Labourer is entitled to:

a. severance pay of 1 (one) time of the provision of Article 40 section (2);
b. long service pay of 1 (one) time of the provision of Article 40 section (3); and
c. compensation for rights in accordance with the provision of Article 40 section (4).

Article 42

(1) An Employer may terminate the Employment Relation of a Worker/Labourer for the reason of taking over the Company, for which the Worker/Labourer is entitled to:
   a. severance pay of 1 (one) time of the provision of Article 40 section (2);
   b. long service pay of 1 (one) time of the provision of Article 40 section (3); and
   c. compensation for rights in accordance with the provision of Article 40 section (4).

(2) In the event of a company takeover which results in a change in working conditions and the Worker/Labourer is not willing to continue the Employment Relation, the Employer may terminate the Employment Relation and the Worker/Labourer is entitled to:
   a. severance pay of 0.5 (zero point five) time of the provision of Article 40 section (2);
   b. long service pay of 1 (one) time of the provision of Article 40 section (3); and
   c. compensation for rights in accordance with the provision of Article 40 section (4).

Article 43

(1) An Employer may terminate the Employment Relation of a Worker/Labourer because the company is taking a measure of efficiency due to the company suffering from a loss, for which the Worker/Labourer is entitled to:

a. severance pay of 0.5 (zero point five) time of the provision of Article 40 section (2);
b. long service pay of 1 (one) time of the provision of Article 40 section (3); and
c. compensation for rights in accordance with the provision of Article 40 section (4).

(2) An Employer may terminate the Employment Relation of a Worker/Labourer because the company is taking a measure of efficiency in order to prevent losses, for which the Worker/Labourer is entitled to:
a. severance pay of 1 (one) time of the provision of Article 40 section (2);
b. long service pay of 1 (one) time of the provision of Article 40 section (3); and
c. compensation for rights in accordance with the provision of Article 40 section (4).

Article 44

(1) An Employer may terminate the Employment Relation of a Worker/Labourer because the company is closed due to the company suffering from continuous losses for 2 (two) years or suffering from not continuously losses for 2 (two) years, for which the Worker/Labourer is entitled to:
a. severance pay of 0.5 (zero point five) time of the provision of Article 40 section (2);
b. long service pay of 1 (one) time of the provision of Article 40 section (3); and
c. compensation for rights in accordance with the provision of Article 40 section (4).

(2) An Employer may terminate the Employment Relation of a Worker/Labourer because the company closes not due to suffering a loss, for which the Worker/Labourer is entitled to:
a. severance pay of 1 (one) time of the provision of Article 40 section (2);
b. long service pay of 1 (one) time of the provision of Article 40 section (3); and

c. compensation for rights in accordance with the provision of Article 40 section (4).

Article 45

(1) An Employer may terminate the Employment Relation of a Worker/Labourer because the company closes due to force majeure, for which Worker/Labourer is entitled to:
   a. severance pay of 0.5 (zero point five) time of the provision of Article 40 section (2);
   b. long service pay of 1 (one) time of the provision of Article 40 section (3); and
   c. compensation for rights in accordance with the provision of Article 40 section (4).

(2) An Employer may terminate the Employment Relation of a Worker/Labourer for the reason of a force majeure which does not lead to the closure of the Company, for which the Worker/Labourer is entitled to:
   a. severance pay of 0.75 (zero point seventy-five) of the provision of Article 40 section (2);
   b. long service pay of 1 (one) time of the provision of Article 40 section (3); and
   c. compensation for rights in accordance with the provision of Article 40 section (4).

Article 46

(1) An Employer may terminate the Employment Relation of a Worker/Labourer because the Company is in a state of debt payment liability suspension because the Company suffers from a loss, for which the Worker/Labourer is entitled to:
   a. severance pay of 0.5 (zero point five) time of the provision of Article 40 section (2);
   b. long service pay of 1 (one) time of the provision of Article 40 section (3); and
   c. compensation for rights in accordance with the provision of Article 40 section (4).

(2) An Employer may terminate the Employment Relation of a Worker/Labourer for the reason the Company is in a state of debt payment liability suspension not because the Company suffers from a loss, for which the Worker/Labourer is entitled to:

a. severance pay of 1 (one) time of the provision of Article 40 section (2);
b. long service pay of 1 (one) time of the provision of Article 40 section (3); and
c. compensation for rights in accordance with the provision of Article 40 section (4).

Article 47

For Termination of Employment due to the reason of the company bankruptcy, the Worker/Labourer is entitled to:

a. severance pay of 0.5 (zero point five) time of the provision of Article 40 section (2);
b. long service pay of 1 (one) time of the provision of Article 40 section (3); and
c. compensation for rights in accordance with the provision of Article 40 section (4).

Article 48

An Employer may terminate the Employment Relation of a Worker/Labourer for the reason of an application for the Termination of Employment submitted by the Worker/Labourer on the grounds that the Employer commits an act as referred to in Article 36 point g, for which the Worker/Labourer is entitled to:

a. severance pay of 1 (one) time of the provision of Article 40 section (2);
b. long service pay of 1 (one) time of the provision of Article 40 section (3); and
c. compensation for rights in accordance with the provision of Article 40 section (4).

Article 49

An Employer may terminate the Employment Relation of a Worker/Labourer for the reason of a decision by an industrial relations dispute settlement agency stating that the Employer has not committed the actions as referred to in Article 36 point g regarding the application submitted by the Worker/Labourer, for which the Worker/Labourer is entitled to:

a. compensation for rights in accordance with the provision of Article 40 section (4); and
b. separation pay, the amount of which is regulated in an Employment Contract, Company Regulation, or Collective Bargaining Agreement.

Article 50

Workers/Labourers who resign on their own accord and meet the requirements as referred to in Article 36 point i, are entitled to:

a. compensation for rights in accordance with the provision of Article 40 section (4); and
b. separation pay, the amount of which is regulated in an Employment Contract, Company Regulation, or Collective Bargaining Agreement.

Article 51

An Employer may terminate the Employment Relation of a Worker/Labourer because the Worker/Labourer is absent for 5 (five) or more working days consecutively without any written information, attached by valid evidence and has been properly summoned by the Employer 2 (two) times in writing, for which the Worker/Labourer is entitled to:

a. compensation for rights in accordance with the provision of Article 40 section (4); and
b. separation pay, the amount of which is regulated in an Employment Contract, Company Regulation, or Collective Bargaining Agreement.

Article 52

(1) An Employer may terminate the Employment Relation of a Worker/Labourer because the Worker/Labourer violates the provisions stipulated in the Employment Contract, Company Regulation, or Collective Bargaining Agreement and has previously been given the first, second, and third warnings in succession, for which the Worker/Labourer is entitled to:
   a. severance pay of 0.5 (zero point five) time of the provision of Article 40 section (2);
   b. long service pay of 1 (one) time of the provision of Article 40 section (3); and
   c. compensation for rights in accordance with the provision of Article 40 section (4).

(2) An Employer may terminate the Employment Relation of a Worker/Labourer because the Worker/Labourer commits an urgent violation stipulated in the Employment Contract, Company Regulation, or Collective Bargaining Agreement, for which the Worker/Labourer is entitled to:
   a. compensation for rights in accordance with the provision of Article 40 section (4); and
   b. separation pay, the amount of which is regulated in an Employment Contract, Company Regulation, or Collective Bargaining Agreement.

(3) An Employer may terminate the Employment Relation as referred to in section (2) without notification as referred to in Article 37 section (2).

Article 53

(1) In the event that a Worker/Labourer is detained by the authorities because he or she is suspected of committing a criminal act, the Employer is not required to pay the Wage, but is required to provide assistance to the Worker/Labourer's family member(s) who depend on him or her, with the following provisions:
   a. for 1 (one) dependent person, it is 25% (twenty-five percent) of the Wage;

b. for 2 (two) dependents, it is 35% (thirty-five percent) of the Wage;

c. for 3 (three) dependents, it is 45% (forty-five percent) of the Wage;

d. for 4 (four) or more dependents, it is 50% (fifty percent) of the Wage.

(2) The assistance as referred to in section (1) is provided for a period of no longer than 6 (six) months from the first day the Worker/Labourer is detained by the authorities.

Article 54

(1) An Employer may terminate the Employment Relation of a Worker/Labourer because the Worker/Labourer is unable to perform the job for 6 (six) months due to being detained by the authorities for allegedly committing a criminal act as referred to in Article 36 point 1 which causes loss to the Company, for which the Worker/Labourer is entitled to:

a. compensation for rights in accordance with the provision of Article 40 section (4); and

b. separation pay, the amount of which is regulated in an Employment Contract, Company Regulation, or Collective Bargaining Agreement.

(2) An Employer may terminate the Employment Relation of a Worker/Labourer because the Worker/Labourer is unable to perform the job for 6 (six) months as a result of being detained by the authorities for allegedly committing a criminal act as referred to in Article 36 point 1 which does not cause loss to the Company, for which the Worker/Labourer is entitled to:

a. long service pay of 1 (one) time of the provision of Article 40 section (3); and

b. compensation for rights in accordance with the provision of Article 40 section (4).

(3) In the event that the court decides the criminal case prior to the expiration of the 6 (six) month period as referred to in section (2) and the Worker/Labourer is found not guilty, the Employer re-employs the Worker/Labourer.

(4) In the event that the court decides the criminal case prior to the expiration of the 6 (six) month period as referred to in section (1) and the Worker/Labourer is found guilty, the Employer may terminate the Employment Relation and the Worker/Labourer is entitled to:

a. compensation for rights in accordance with the provision of Article 40 section (4); and

b. separation pay, the amount of which is regulated in an Employment Contract, Company Regulation, or Collective Bargaining Agreement.

(5) In the event that the court decides the criminal case prior to the expiration of the 6 (six) month period as referred to in section (2) and the Worker/Labourer is found guilty, the Employer may terminate the Employment Relation and the Worker/Labourer is entitled to:

a. long service pay of 1 (one) time of the provision of Article 40 section (3); and

b. compensation for rights in accordance with the provision of Article 40 section (4).

Article 55

(1) An Employer may terminate the Employment Relation of a Worker/Labourer because the Worker/Labourer has a prolonged illness or disability due to an employment injury and is unable to perform the job after exceeding the limit of 12 (twelve) months, for which the Worker/Labourer is entitled to:

a. severance pay of 2 (two) times of the provision of Article 40 section (2);

b. long service pay of 1 (one) time of the provision of Article 40 section (3); and

c. compensation for rights in accordance with the provision of Article 40 section (4).

(2) A Worker/Labourer may apply for Termination of Employment to the Employer because the Worker/Labourer has a prolonged illness or disability due to an employment injury and is unable to perform the job

after exceeding the limit of 12 (twelve) months, for which the Worker/Labourer is entitled to:

a. severance pay of 2 (two) times of the provision of Article 40 section (2);
b. long service pay of 1 (one) time of the provision of Article 40 section (3); and
c. compensation for rights in accordance with the provision of Article 40 section (4).

Article 56

An Employer may terminate the Employment Relation of a Worker/Labourer because the Worker/Labourer is reaching the retirement age, for which the Worker/Labourer is entitled to:

a. severance pay of 1.75 (one point seventy-five) times of the provision of Article 40 section (2);
b. long service pay of 1 (one) time of the provision of Article 40 section (3); and
c. compensation for rights in accordance with the provision of Article 40 section (4).

Article 57

In the event of Termination of Employment due to the reason that the Worker/Labourer passed away, the heirs are provided with an amount of money which is equal to:

a. severance pay of 2 (two) times of the provision of Article 40 section (2);
b. long service pay of 1 (one) time of the provision of Article 40 section (3); and
c. compensation for rights in accordance with the provision of Article 40 section (4).

Article 58

(1) An Employer who enrolls his or her Workers/Labourers to a pension program in accordance with the provisions of legislation in the field of pension funds, the contributions paid by the Employer may be calculated as part of the

Employer's obligations for severance pay and service pay and separation pay due to Termination of Employment as referred to in Article 41 to Article 52 and Article 54 to Article 57.

(2) If the calculation of the benefits of the pension program as referred to in section (1) is lower than the severance pay and service pay and separation pay, the Employer pays the difference.

(3) The implementation of the provisions as referred to in section (1) is regulated in an Employment Contract, Company Regulation, or Collective Bargaining Agreement.

Article 59

Employers in micro and small enterprises are required to pay severance pay, long service pay, compensation for rights, and/or separation pay to Workers/Labourers whose employment is terminated in the amount determined based on an agreement between the Employers in the micro and small enterprises and the Workers/Labourers

CHAPTER VI
LABOUR INSPECTION

Article 60

The labour inspection on the implementation of the provisions in this Government Regulation is conducted by the Labour Inspector at the ministry administering the government affairs in the field of manpower and/or the provincial offices administering government affairs in the field of manpower.

CHAPTER VII
ADMINISTRATIVE SANCTIONS

Article 61

(1) Employers who violate the provisions of Article 15 section (1), Article 17, Article 21 section (1), Article 22, Article 29 section (1) point b and point c, Article 53, and/or Article 59 is subject to administrative sanctions in the forms of:

a. written warning;
b. restrictions on business activities;
c. temporary cessation of part or all of the means of production; and
d. suspension of business activities.

(2) The administrative sanctions as referred to in section (1) are imposed in stages.

(3) A written warning as referred to in section (1) point a is a written warning of a violation committed by an Employer.

(4) The restrictions on business activities as referred to in section (1) point b include:
a. restrictions on the production capacity of goods and/or services within a certain time; and/or
b. postponement of granting business licenses in one or more locations for companies running projects in several locations.

(5) The temporary cessation of part or all of the means of production as referred to in section (1) point c is in the form of an action of not operating part or all of the means of production of goods and/or services within a certain time.

(6) The suspension of business activities as referred to in section (1) point d is in the form of an action of suspending the entire process of production of goods and/or services in the Company within a certain time.

Article 62

(1) The Minister, relevant ministers, governors, regents/mayors, or officials appointed in accordance with their respective authority impose administrative sanctions as referred to in Article 61 section (1) on Employers.

(2) The imposition of administrative sanctions is provided based on the results of the inspection conducted by the Labour Inspector, based on:
a. complaints; and/or
b. follow-up to the results of the labour inspection.

(3) The follow-up on the results of the inspection conducted by the Labour Inspector is contained in an inspection note.

(4) In the event that the inspection note is not implemented by the Employer, the Labour Inspector submits a report of non-compliance with the provisions of legislation, attached with the inspection note, to:

a. the director general of labour inspection at the ministry administering government affairs in the field of manpower, for the Labour Inspector in the ministry administering the government affairs in the field of manpower; or

b. the head of the provincial office administering the government affairs in the field of manpower, for the Labour Inspector at the provincial office administering the government affairs in the field of manpower.

(5) The director general or the head of office submits recommendations to the official authorized to impose administrative sanctions.

(6) The relevant ministers, governors, regents/mayors, or appointed officials notify the imposition of administrative sanctions to the Minister.

CHAPTER VIII
TRANSITIONAL PROVISION

Article 63

At the time this Government Regulation comes into force, PKWT that has existed and has not expired are still valid until the expiration of the PKWT.

CHAPTER IX
CLOSING PROVISIONS

Article 64

At the time this Government Regulation comes into force:

a. compensation money for PKWT of which period of time has not expired is provided in accordance with the provisions of this Government Regulation; and
b. the amount of compensation money as referred to in point a is calculated based on the working period of the Worker/Labourer whose calculation starts from the date of promulgation of Law Number 11 of 2020 on Job Creation.

Article 65

At the time this Government Regulation comes into force, all legislation which constitute the implementing regulations of Law Number 13 of 2003 on Manpower (State Gazette of the Republic of Indonesia of 2003 Number 39, Supplement to the State Gazette of the Republic of Indonesia Number 4279) regulating Working Hour in certain business sectors or jobs remain in effect as long as they are not contrary to this Government Regulation.

Article 66

This Government Regulation comes into force on the date of its promulgation.

In order that every person may know hereof, it is ordered to promulgate this Government Regulation by its placement in the State Gazette of the Republic of Indonesia.

Issued in Jakarta
on 2 February 2021

PRESIDENT OF THE REPUBLIC OF INDONESIA,

signed

JOKO WIDODO

Promulgated in Jakarta
on 2 February 2021

MINISTER OF LAW AND HUMAN RIGHTS
OF THE REPUBLIC OF INDONESIA,

signed

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2021 NUMBER 45

Jakarta, 06 September 2022
Has been translated as an Official Translation
on behalf of Minister of Law and Human Rights
of the Republic of Indonesia
DIRECTOR GENERAL OF LEGISLATION AD INTERIM,

DHAHANA PUTRA

ELUCIDATION OF
GOVERNMENT REGULATION OF THE REPUBLIC OF INDONESIA
NUMBER 35 OF 2021
ON
FIXED TERM EMPLOYMENT CONTRACT, OUTSOURCING, WORKING HOUR AND REST PERIOD, AND TERMINATION OF EMPLOYMENT

I. GENERAL

The dynamics of globalization and the rapidly developing transformation of information technology have changed the social and economic order, including changes in the manpower sector. These changes are strategic challenges that demand the productivity and competitiveness of human resources as the main prerequisites for the Indonesian workforce to be able to play its role in the global economy.

In order to improve the quality of productive and competitive Indonesian workforce, the direction of development policy in the manpower sector focuses on efforts to create the broadest possible job opportunities and improve protection of rights and welfare for Workers/Labourers, both during the employment and after the expiration of the Employment Relation.

Therefore, a regulation is needed that is adaptively able to respond to the challenges and dynamics of employment, especially on strategic issues concerning the Employment Relation which includes the arrangement of PKWT and protection of Workers/Labourers therein, including PKWT Workers/Labourers employed in outsourcing activities, arrangement of Working Hour and Rest period for Workers/Labourers, especially in certain business sectors and types of work that emphasize occupational safety and health aspects as well as arrangements for Termination of Employment mechanisms, including how to ensure the fulfillment of rights for Workers/Labourers whose employment is terminated.

This Government Regulation contains, among others:

a. PKWT based on the specified period of time or the completion of a certain job;
b. type and nature or work activities, time frame, and limit for extension of PKWT;
c. compensation money for PKWT Workers/Labourers;
d. Protection of Workers/Labourers and business licensing in outsourcing activities;
e. working hour in a certain business sector or job;
f. Overtime and Overtime Pay;
g. Limitation for certain Companies that can implement a prolonged rest;
h. procedures for Termination of Employment; and
i. Provision of severance pay, long service pay, and compensation for rights.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Sufficiently clear.

Article 3

Sufficiently clear.

Article 4

Sufficiently clear.

Article 5

Section (1)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

The term "new product" means a product that has never previously been produced or is a development of an existing product. The term "new activity" means a business that is newly performed by the Company.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Article 6

Sufficiently clear.

Article 7

Sufficiently clear.

Article 8

Sufficiently clear.

Article 9

Section (1)

Sufficiently clear.

Section (2)

Point a

The term "the scope and limitation of work" means the type of job and the location where the job is performed.

Point b

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Article 10

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

The term "by law" means that when the daily Employment Contract does not apply due to the fulfilled provisions in this section, the Employment Relation between the Employer and the Worker/Labourer does not require a written agreement or other written decision.

Article 11

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

The term "the rights of the Worker/Labourer" includes, among others, wages, religious feast allowances, rest, leave, and employment and health social security programs.

Article 12

Sufficiently clear.

Article 13

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

The term "work conditions" means the rights and obligations of Employers and Workers/Labourers that have not been regulated in the provisions of legislation.

Point g

Sufficiently clear.

Point h

Sufficiently clear.

Point i

Sufficiently clear.

Article 14

Sufficiently clear.

Article 15

Section (1)

Sufficiently clear.

Section (2)

The term "upon the expiration of the PKWT" means when the period of the PKWT has expired or completed.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Article 16

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Section (6)

Sufficiently clear.

Article 17

Sufficiently clear.

Article 18

Sufficiently clear.

Article 19

Sufficiently clear.

Article 20

Sufficiently clear.

Article 21

Sufficiently clear.

Article 22

Sufficiently clear.

Article 23

Section (1)

Sufficiently clear.

Section (2)

Point a

Sufficiently clear.

Point b

The term "flexible working hour" means a Working Hour arrangement which gives more freedom to Employers and Workers/Laborers in regulating Working Hour.

Point c

Sufficiently clear.

Section (3)

The term "certain business sectors or works" includes but is not limited to business in energy and mineral resources in certain areas, general mining business sector in certain operating areas, upstream oil and gas business activities, horticultural

agribusiness sector, and farming sector in certain operating areas.

Article 24

Sufficiently clear.

Article 25

Sufficiently clear.

Article 26

Section (1)

Sufficiently clear.

Section (2)

The term "official holidays" means national holidays, nationally off days, or holidays stipulated by the Local Government.

Article 27

Sufficiently clear.

Article28

Sufficiently clear.

Article 29

Sufficiently clear.

Article 30

Sufficiently clear.

Article 31

Sufficiently clear.

Article 32

Sufficiently clear.

Article 33

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

The term "the minimum Wage applicable in the area where the Worker/Labourer works" means the regency/municipal minimum wage in the event that the regency/municipal minimum Wage is stipulated in that area.

If the regency/city in the area does not have a stipulation of the regency/municipal minimum Wage, the provincial minimum Wage applies.

Article 34

Sufficiently clear.

Article 35

Sufficiently clear.

Article 36

Sufficiently clear.

Article 37

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

The notification letter contains, among others, the purpose and reasons for Termination of Employment, compensation for Termination of Employment and other rights for Workers/Labourers that arise as a result of the Termination of Employment.

Section (4)

Sufficiently clear.

Article 38

Sufficiently clear.

Article 39

Sufficiently clear.

Article 40

Sufficiently clear.

Article 41

Sufficiently clear.

Article 42

Section (1)

Sufficiently clear.

Section (2)

The term "change in working conditions" means a change in rights and obligations which is detrimental to the Workers/Labourers.

Article 43

Section (1)

The company suffering from a loss can be proven, among others, based on the results of either internal or external audits.

Section (2)

Efficiency to prevent losses is indicated by, among others, the potential for a decrease in the Company's productivity or a decrease in profits that will have an impact on the Company's operations.

Article 44

Section (1)

The term "the company is closed due to the company suffering from continuous losses for 2 (two) years or suffering from not continuously losses for 2 (two) years" means a company that stops operating or is unable to continue the production process due to the losses suffered even though has not reached 2 (two) years.

The company suffered from a loss can be proven, among others, based on the results of either internal or external audits.

Section (2)

Sufficiently clear.

Article 45

Sufficiently clear.

Article 46

Sufficiently clear.

Article 47

With the determination of the company bankruptcy, the Employers do not have the authority to run the management and/or settlement of the bankrupt company's assets.

Therefore, the payment of severance pay, long service pay, and compensation for rights for Workers/Laborers are made by the curator.

Article 48

Sufficiently clear.

Article 49

Sufficiently clear.

Article 50

Sufficiently clear.

Article 51

Sufficiently clear.

Article 52

Section (1)

Warnings are issued sequentially, namely:

a. The first warning, valid for a period of 6 (six) months.
b. If the Worker/Labourer violates the provisions in the Employment Contract, Company Regulation, or Collective Bargaining Agreement again within the grace period of 6 (six) months, the Employer can issue the second warning, which also has a validity period of 6 (six) months from the date of the issuance of the second warning.

c. If the Worker/Labourer still violates the provisions in the Employment Contract, Company Regulation, or Collective Bargaining Agreement, the Employer can issue the third (last) warning which is valid for 6 (six) months from the issuance of the third warning.

If within the period of the third warning the Worker/Labourer violates the Employment Contract, Company Regulation, or Collective Bargaining Agreement again, the Employer can terminate the Employment Relation.

In the event that the period of 6 (six) months since the issuance of the first warning has expired, if the Worker/Labourer concerned commits another violation of the Employment Contract, Company Regulation, or Collective Bargaining Agreement, the warning issued by the Employer is returned as the first warning, which is similarly true for the second and third warning.

The Employment Contract, Company Regulation, or Collective Bargaining Agreement can contain certain violations that can be provided with the first and last warnings.

If the Worker/Labourer violates the Employment Contract, Company Regulation, or Collective Bargaining Agreement within the grace period of the first and the last warning, the Employer can terminate the Employment Relation.

The grace period of 6 (six) month is intended as an effort to educate Workers/Labourers so that they can make a correction for their mistakes and, on the other hand, these 6 (six) months is sufficient time for the Employer to assess the performance of the Workers/Labourers concerned.

Section (2)

Urgent violations can be regulated in an Employment Contract, Company Regulation, or Collective Bargaining Agreement so that the Employer can immediately terminate the Employment Relation of Workers/Labourers, for example in the case of:

a. committing fraud, theft or embezzlement of Company property and/or money;
b. giving false or falsified information that is detrimental to the Company;

c. being drunk, drinking intoxicating liquor, consuming and/or distributing narcotics, psychotropic and other addictive substances in the work environment;
d. engaging in immoral acts or gambling in the work environment;
e. attacking, abusing, threatening, or intimidating co-workers or the Employer in the work environment;
f. persuading a co-worker or the employer to commit an act that is contrary to legislation;
g. carelessly or deliberately damaging or leaving the Company's property in danger of causing harm to the Company;
h. carelessly or deliberately leaving a co-worker or the employer in danger in the workplace;
i. revealing or divulging Company secrets that should be kept secret, except for the state's interest; or
j. committing other acts within the Company environment which are punishable by imprisonment of 5 (five) years or more.

Section (3)

Sufficiently clear.

Article 53

Sufficiently clear.

Article 54

Sufficiently clear.

Article 55

Sufficiently clear.

Article 56

Sufficiently clear.

Article 57

Sufficiently clear.

Article 58

Section (1)

An example of calculating the fulfillment of employers' obligations is as follows:

Severance Pay that should be received by Workers/Laborers is Rp15,000,000.00 (fifteen million rupiah).

The amount of pension benefits according to the pension program is Rp10,000,000.00 (ten million rupiah).

In the arrangement of the pension program, the contribution that is charged to the Employer is 60% (sixty percent) and the Worker/Labourer is 40% (forty percent).

The contribution that has been paid by the employer is 60% x Rp10,000,000.00 = Rp6,000,000.00.

The contribution paid by the Worker/Labourer is 40% x Rp10,000,000.00 = Rp4,000,000.00.

So, the shortfall that still must be paid by the employer is Rp15,000,000.00-Rp6,000,000.00 = Rp 9,000,000.00.

Thus, the money received by a Worker/Labourer at the time of dismissal consists of:

a. Rp6,000,000.00 is compensation from the pension program provider whose contribution is 60% paid by the Employer;
b. Rp4,000,000.00 is a benefit from the pension program provider, the contribution of which is 40% paid by the Worker/Labourer;
c. Rp9,000,000.00 represents the shortage of severance pay that must be paid by the Employer;

the sum of a to c is Rp19,000,000.00 (nineteen million rupiah).

If the amount of contributions paid by the Employer is higher than the severance pay, long service pay and separation pay for the Worker/Labouer, the difference is paid to the Worker/Labourer.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Article 59

Sufficiently clear.

Article 60

Sufficiently clear.

Article 61

Sufficiently clear.

Article 62

Sufficiently clear.

Article 63

Sufficiently clear.

Article 64

Sufficiently clear.

Article 65

Sufficiently clear.

Article 66

Sufficiently clear.

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 6647