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## Employers Now Prohibited from Withholding Workers' Diplomas and Personal Documents

In an effort to strengthen protection for workers' rights, the Ministry of Manpower has issued Circular Letter No. M/5/HK.04.00/V/2025 dated 20 May 2025 ("Circular Letter 5/2025"). This move prohibits employers in Indonesia from withholding employees' educational certificates or other personal documents.

### What's New

Circular Letter 5/2025 sets out the following key prohibitions:

**1. Absolute Prohibition** – Employers are explicitly prohibited from requiring or retaining a worker's original educational certificate or other personal documents (such as competency certificates, passports, birth certificates, marriage books, or vehicle ownership books) as a condition of employment.

An exemption to the above prohibition is only applicable if the education or competency certificate was obtained through employer-sponsored education or training. In such cases, employers must ensure the safekeeping of the documents and provide compensation in the event of loss or damage

**2. No Hindrance to Better Opportunities** – Employers are not allowed to obstruct workers who wish to pursue more suitable employment elsewhere.

### Compliance and Implementation

Governors across Indonesia are urged to disseminate and enforce this Circular Letter among relevant regional stakeholders, including regents, mayors, employer organizations, and labor unions. The Ministry hopes this directive will put an end to an illegal diploma-withholding practices that have been widely criticized as coercive and legally ambiguous.

### Our View

The explicit prohibition serves as a strong government policy signal that any coercive document retention schemes by employers will not be tolerated. Employers should promptly audit their HR practices to ensure compliance and consider revising employment templates to avoid legal exposure or reputational harm.

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