



COMPANIES: Nike, Inc  
COUNTRY: Indonesia  
ASSESSMENT DATE: 11/02/16  
ASSESSOR: Donny Triwandhani  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 4642

## Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

## Findings and Action Plans

### FINDING NO.1

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Recruitment, Hiring & Personnel Development

##### Finding Explanation

1. The factory pays for all applicants to go through a mandatory medical checkup, which includes x-rays to check for tuberculosis. There is no procedure to provide an alternative to x-rays for pregnant applicants.
2. The outsourced canteen staff is not provided with a letter of appointment, which confirms their status as permanent workers.
3. According to management, 18 out of 4,148 workers have a disability. This does not comply with local law which requires the factory to hire one person with disabilities per 100 workers. Thus, for a factory of 4,148 total workers, the factory must employ at least 41 workers with disabilities.
4. The written policies and procedures with regard to performance reviews do not prohibit discrimination. Furthermore, workers are not provided with a copy of their performance review, nor does the factory seek written feedback from workers regarding their review.

##### Local Law or Code Requirement

Law No. 13 on Manpower (2003), Article 63; Law No. 4 of 1997 Concerning Persons with Disabilities, Article 14; FLA Workplace Code (Employment Relationship Benchmarks ER.5.7, ER.14, ER.29.1, and ER.29.1.1; Nondiscrimination Benchmarks ND.1, ND.2, ND.8.1.1, ND.8.1.2, and ND.9)

##### Recommendations for Immediate Action

1. Establish procedures regarding an alternative to the x-rays for pregnant applicants as part of the pre-employment medical checkup.
2. Provide outsourced canteen staffs with a letter of appointment as soon as they have passed their probation period.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Revise & establish procedures of recruitment regarding an alternative to the x-rays for pregnant applicants as part of the pre-employment medical checkup and monitoring procedure implementation.
2. Provide outsourced canteen staffs with a letter of appointment after passed probation period by released Employment Decision Letters (SK) for Canteen workers. Due date: Dec 1, 2016
3. a. Mention in written (policy & procedure) regarding recruitment of disability requirement (Dec 1, 2016).  
b. Collaboration with community or foundation to recruit, hiring and develop person with disabilities when have open recruitment (based on needed).
4. Revise policy and procedure of performance evaluation regarding prohibition of discrimination, including feedback session from employee to the superior. (Jan, 2017)

## FINDING NO.2

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

- 1.All sixteen outsourced canteen workers are regarded as “all-in workers” and are therefore paid a fixed monthly wage (of at least the minimum wage IDR 3,172,732, USD 238) and are not entitled to overtime pay.
- 2.Since July 16, the canteen service provider has deducted 1% from the basic monthly wages of the 16 outsourced canteen workers for the BPJS pension security program. However, the service provider has not yet distributed the contributions to the government agency (BPJS). Furthermore, the service provider has not yet registered the canteen workers in the BPJS healthcare program and therefore these workers remain uncovered.

##### Local Law or Code Requirement

Circular letter SE-2/M/BW/1987 regarding the definition of staff who does not receive overtime wage; Decision of the Minister of Manpower and Transmigration No. KEP 102/MEN/VI on Overtime work and Overtime pay (2004), Article 4(1); Law No. 24, Year 2011 Chapter V Article 15 (1); FLA Workplace Code (Employment Relationship Benchmark ER.22; Compensation Benchmarks C.1, C.7.1, C.7.2, and C.10)

##### Recommendations for Immediate Action

- 1.Comply with regulations regarding “all-in workers” (overtime-exempt workers). Remove the “all-in” designation from canteen workers and only compensate eligible staff in this manner. Compensate outsourced canteen workers for any overtime hours worked.
- 2.Ensure outsourced canteen workers are registered in the BPJS Pension Security Program before deducting their monthly wages for the contribution. Enroll all workers in BPJS Healthcare program.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. Review the “all-in” status from canteen workers and only compensate eligible staff in this manner. Compensate outsourced canteen workers for any overtime hours worked
  - a. Internal communication with a management to review Canteen provider & create standard policy. Due date: Nov 16, 2016
  - b. Communicate with Canteen Management to review & revise MoU, and compliance concern. Due date: Dec 5, 2016
  - c. Reviewing Agreement Letters (SPK) of Canteen workers, create addendum of agreement letters that mention about overtime calculation form canteen workers. Due date: Dec 6, 2016
  - d. Make sure attendance recording do by their self thru training regarding "How to use attendance record machine and what important it is" Due date: Dec 5, 2016
2. Register Canteen workers in Pension Security Program of BPJS and enroll all workers in BPJS Healthcare program. Due date March, 2017.

## FINDING NO.3

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. A notification posted above the time card machine for canteen staff requires that “non-shift” workers (workers not assigned to a day or night shift) clock in at 7:00 AM and clock out at 3:00 PM, regardless of actual working hours. As a result, the time cards of outsourced canteen workers do not record the actual working hours. For example:
  1. The time-out on three time cards for November 1, 2016 was revised to 3:17 PM on November 1, 2016.
  2. The manual attendance record for September 12, 2016 had “V” marks (indicating presence) on the time cards of two canteen workers; however, their time cards did not show a time-in or time-out for that date.
  3. On August 14, 2016, two non-shift workers were assigned by their supervisor to help shift worker to prepare food for night shift workers but they did not record this time on their time cards. The canteen supervisor confirmed this occurrence.

2. Approximately 50% of workers' signatures on the overtime approval forms are similar or signed by the admin staff themselves rather than signed by the relevant worker.
3. The working hour records do not identify pregnant or lactating workers to help ensure they receive their entitled legal protections concerning working hours.

#### Local Law or Code Requirement

Decision of the Minister of Manpower and Transmigration No. KEP 102/MEN/VI on Overtime work and Overtime pay (2004), Article 6(1); FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.23.2, and ER.23.3; Hours of Work Benchmarks HOW.1.1, HOW.5, and HOW.8.2)

#### Recommendations for Immediate Action

1. Record all working hours on the time cards of outsourced canteen workers.
2. Ensure overtime approval forms are signed by workers themselves, to reflect that overtime work is voluntary. Administration staff should refrain from signing on behalf of workers.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Record all working hours on the time cards of outsourced canteen workers, with :
  - a. Make sure attendance recording do by their self thru training regarding "How to use attendance record machine and what important it is" Due date: Dec 5, 2016
  - b. Daily checking of time card by canteen supervisor.
2. Ensure overtime approval forms are signed by workers themselves with :
  - a. Coordinating with NIKE to implement overtime notification (SPL) in order to keep in line with COC. Due date: Nov 17, 2016
  - b. Revise Work Hour Procedures related to overtime notification (SPL). Worker sign SPL 1 day before, during that time they able to submit Refuse Overtime form, and if there are revision after implementation, worker need to sign again based on actual time in the column of SPL. Due date: Nov 22, 2016
  - c. Management representative involvement to emphasize the importance of overtime approval form directly to TL, Supervisor & Manager.
  - d. Socializing the revised procedure to all ADM (PIC), including emphasize ADM to ensure that the overtime forms (SPL) are signed by the worker and every signature forgery will result to punishment based on CBA. Due date: Dec 6, 2016.
  - e. Make sure no violation by re-socialize of CBA article to TL, VSS & Manager. Due date: Dec 1, 2016
  - f. One on one training for supervisor by coach regarding compliance, including OT approval form. (May 29, 2017)
3. Review record SunFish (HRIS System) for identify pregnant or lactating workers to help ensure they receive their entitled legal protections concerning working hours.

## FINDING NO.4

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Termination & Retrenchment

#### Finding Explanation

1. There is no specific training for the relevant supervisors or ongoing training for workers on Termination & Retrenchment.
2. The factory does not communicate its Termination & Retrenchment policy and procedures to the general workforce.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16.1, ER.17, and ER.32)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Conduct Specific Training related with termination and retrenchment for the supervisors
2. Socializing policy and procedure to all employee thru training & board information.

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

##### Finding Explanation

1. Management does not review the disciplinary actions imposed on workers. The following are written cases of unfair disciplinary actions imposed on workers:
  1. Three workers from the Material Supply department were issued Type 3 disciplinary actions for severe violations (final disciplinary action) on June 13, 2016 for sleeping during normal working hours. The investigation record for this incident showed that workers were found by the Production Chief lying down after completing their jobs (providing materials for production). The written warning and verification records do not reflect the date and time of the incident. Two workers were interviewed and stated it happened during the month of fasting and they had leaned on the carton boxes and closed their eyes a while waiting for the forthcoming scheduled break; they said they were not sleeping. Neither of the workers interviewed had been given verbal warnings prior to this incident.
  2. Four workers from the cutting, no-sew, and warehouse sections were given a Type 1 disciplinary action for minor misconduct for the period from January 2016 to July 2016 for not working overtime that they had already agreed to and signed for. Workers are required to sign overtime approval forms one day prior to the requested overtime. Therefore, if they change their mind or have personal or family matters, is difficult for workers to cancel their commitment to work overtime. Furthermore, the practice is also not in line with the spirit of voluntary overtime.
  3. One worker who received a warning letter for not attending overtime stated he did not sign overtime approval sheet. There were cases of overtime approval forms that were signed by admin staff themselves rather than signed by the worker who agreed to work overtime, as required.
2. Before leaving the factory every day, workers receive physical pat downs by same-gender security guards.
3. There is no procedure for workers to appeal disciplinary actions taken against them. In addition, the disciplinary procedures do not include the presence of a third-party witness during their

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.27; Hours of Work Benchmarks HOW.8.2 and HOW.8.5; Harassment or Abuse Benchmark H/A.10.2)

##### Recommendations for Immediate Action

1. Cease disciplining workers who decide not to work overtime, regardless of an earlier decision. When there is overtime work, the factory should inform workers in advance (the reason for overtime, number of hours and/or days, the department, operations, etc.); overtime approval forms should be signed by workers on the same day overtime is performed.
2. Ensure that overtime approval forms are signed by workers themselves, not forged by administrative staff.
3. Cease physical pat downs as a general practice. As per FLA requirements, physical pat downs shall only be undertaken when there is a legitimate reason to do so and upon consent of workers.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

- 1.a. Revise procedure of warning letter regarding with the spirit of good communication & methode of clear verification.
- b. Revise procedure to ensure the factory will inform workers in advance (the reason for overtime, number of hours and/or days, the department, operations, etc.) and socialization to workers to ensure forms signed by workers.
- c. Review OT procedure, employee have a right to submit refuse OT form and no any punishment.
- d. Ensure that overtime approval forms are signed by workers themselves with weekly monitoring of overtime approval form by HR and apply strict sanction.
2. Revise physical pat downs practice. Physical pat downs shall only be undertaken when there is a legitimate reason to do so and upon consent of workers, with factory action plan :
  - a. Review & revise Security Procedure regarding pat downs practice. Due date: Nov 16, 2016
  - b. Review & revise pat downs work instruction, randomly to certain people that already monitoring before, or randomly by certain time. Due date: Nov 16, 2016
  - c. Socializing the revised procedure to all security personnel, Due date: Nov 30,2016.
  - d. Implement new pat downs procedre, Due date: Dec 1, 2016
3. Revise procedure of warning letter related with the presence of a third-party witness during their imposition.

## FINDING NO.6

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. The factory does not have procedures that regulate environmental impact to its surroundings.
2. The factory has not conducted specific or ongoing training for supervisors or workers on Environmental Protection.
3. The factory's system for responding to unexpected environmental emergencies such as a chemical spills or gas leak is inadequate, as environmental emergencies are not part of the factory's evacuation plan.
4. The factory does not communicate to new workers or the general workforce regarding Environmental Protection.
5. The last review of environmental protection policy and procedure was not documented properly; it was unknown when the review occurred or which parts of the policy and procedures had been amended.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.17.1 and ER.31; Health, Safety & Environment Benchmark HSE.1)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. Revise environmental impact assessment procedures and were socialized.
2. Create environmental training schedule and priority. Conduct environmental training for supervisor and workers (WWTP operator, chemical handling operator, and solid waste handling operator)
3. Review and revise procedure of chemical spill including an emergency evacuation
4. Completed documentation of induction training explained about environmental awareness for all new worker
5. Completed the documentation of policies and procedures reviewed by management

## FINDING NO.7

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. Solid waste generated from production is stored in the same area as toxic and hazardous waste. Although there is a fence separating solid waste from toxic and hazardous waste, the fence is porous and would not prevent contamination. Furthermore, this building is designated only for the storage of toxic and hazardous waste.
2. The factory stores solid waste generated from the production process in the domestic waste temporary storage in the RMCC area. Domestic waste is stored outside behind the kitchen, unsheltered.
3. As there is no door with a lock to prevent unauthorized entry, the solid waste storage area is not secure.
4. In the temporary storage area for solid waste, there is no segregated water stream to enable the leachate (generated from the solid waste) to flow into the internal waste water treatment facility.
5. There is no secondary containment for the diesel fuel waste in the temporary toxic and hazardous waste storage that is in front of the Bali Room.
6. In the toxic and hazardous waste storage area in the RMCC area, the sump intended to contain leaks or spills of toxic and/or hazardous waste is filled with rain water.

##### Local Law or Code Requirement

Act No. 18 Year 2008, Article 29 (1c); Attachment: Bapedal Head Decree No 01/BAPEDAL/09/1995, dated: 5 September 1995 & Article 2.2.b.5; Government Regulation No. 81 Year 2012, Article 17.2; Permenaker No. 9 Year 2016, Article 7.1; Permen PU No. 03, Year 2013, Article 37(3); FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1 and HSE.9)

##### Recommendations for Immediate Action

1. Adequately separate solid waste from hazardous and toxic waste to prevent contamination.

2. Stored all waste in the appropriately designated areas. Ensure that waste is not placed on the ground or without shelter.
3. Equip solid waste storage with a locking door to prevent unauthorized access.
4. Provide a segregated water streams for leachate in the solid waste storage area and the domestic waste storage area to flow into the waste water treatment facility.
5. Provide a secondary container for liquid waste in the temporary toxic and hazardous waste storage area.
6. Periodically inspect and clean the sump in the temporary toxic and hazardous waste storage in the RMCC area and document regular cleaning and maintenance.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Make sure no any solid waste in toxic and hazardous waste storage ( RMCC B3) by provide additional facility for solid waste
2. Create adequate sheltered for domestic solid waste generated behind the kitchen
3. RMCC (Production Waste) completed with key (locked) and name of authorized person may entered RMCC area.
4. Action to ensure there is no leachate on domestic waste storage ::
  - a. Make sure no leachate by regular pick up of domestic waste ( 07.00 AM - 09.00 AM)
  - b. Ensuring all domestic waste consist only anorganic waste include plastic, carton, and paper.
  - c. Regular monitoring of facility condition (Roof, wall and floor are concrete and solid)
5. Provide secondary containment (embankment) and epoxy that prevent chemical spilled into environment

## FINDING NO.8

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. Only 10 out of 3,952 workers have been trained on machinery safety (on September 3 and June 10, 2016).
2. The factory has not trained workers in the cutting section or laboratory on safe lifting techniques as part of their ergonomic training although their jobs also include lifting.
3. Training on chemical handling (last conducted May 2015) does not include the following: safe chemical storage, restriction of access to chemical storage areas, potential impact of chemicals in tanks, handling of chemicals during transportation, and individual duties associated with monitoring and maintaining PPE.
4. The factory does not conduct training for the relevant workers regarding PPE, such as tasks that require PPE, the proper usage of PPE, and its maintenance.
5. Only 183 out of 4,138 workers had undergone the evacuation drill, held on January 7, 2016.
6. The factory has only provided basic firefighting training to 48 out of 4,138 workers.
7. The factory has not conducted any basic fire safety training for workers that includes fire hazards, emergency routes and exits, or their duties in the event of fire.
8. There is no specific training conducted for workers designated with additional responsibilities during an emergency, such as members of the firefighting unit, so they can effectively execute these responsibilities.
9. The factory has not trained any workers on first aid.

#### Local Law or Code Requirement

Safety Act 1/70, Articles 9(1), 9(2) and 9(3); INS/11/MEN/BW/1997, Attachment I Occupational Safety condition as described on Safety Act 1/70; Labor Minister Regulation PER-03/MEN/1982 regarding Medical Service article 2.h; Manpower Minister Decree No 186/99, Article 2.2.e; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.6.2, HSE.8, HSE.9.2, HSE.14.2, and HSE.17.2)

## COMPANY ACTION PLANS

### Action Plan no 1.

### Description

1. a. Develop material training for "15 minutes talk" related with machinery safety
- b. Delivered the material training to all employee
2. a. Conduct training for workers in the cutting section and laboratory related with ergonomic lifting
- b. Refresh lifting training to employee related with job lifting
3. Review and revise of training material related with chemical handling include safe chemical storage, restriction of access to chemical storage areas, potential impact of chemicals in tanks, handling of chemicals during transportation, and individual duties associated with monitoring and maintaining PPE.
4. Conduct training for the relevant workers regarding PPE include tasks that require PPE, the proper usage of PPE, and its maintenance.
5. Conduct evacuation drill in shift 1. All of workers had undergone the evacuation drill (December 9, 2016)
6. Provide schedule and conduct external training related with basic firefighting(Coordination with third party/external provider training to conduct in house training)
7. Conduct basic fire safety training for worker, including fire hazards, emergency routes and exits, or their duties in the event of fire.
8. Conduct specific training for workers designated with additional responsibilities during an emergency, such as members of the firefighting unit, so they can effectively execute these responsibilities.
9. Conduct roadshow training to all workers related with general first aider

## FINDING NO.9

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The factory does not have Standard Operating Procedures (SOP) for each job, focusing on performing the job safety.
2. Although the factory conducted a risk assessment, it did not include an assessment of risks to workers' reproductive health. Furthermore, the factory does not have any policy or procedures requiring its inclusion in risk assessments.
3. The factory does not have a procedure for workers to raise health and safety concerns or protection against retaliation for those who do.
4. The factory's Health & Safety procedures do not include regular monitoring of the emergency exits to ensure they remain free of obstructions.
5. There is no procedure for the evacuation of special categories of workers or any children that happened to be in the facility during an emergency.
6. Although the factory has a list of machines that require the lockout-tagout procedure, the factory does not have a list of equipment that requires the procedure. Furthermore, the factory does not have a procedure to update the list when necessary.
7. Current emergency preparedness procedures do not include duties of workers during emergencies.
8. The factory's Health & Safety procedures do not include information on first aid and what workers should do in case of injury.
9. The factory's Health & Safety policies do include not allow workers to refuse to work under unsafe conditions, such as with machines, equipment or tools that are not properly guarded.

#### Local Law or Code Requirement

FLA Workplace Code (Employee Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.2 and HSE.5.1)

### COMPANY ACTION PLANS

#### Action Plan no 1.

#### Description

1. Review job description as Standard Operating Procedures (SOP) mention in written their performing on job safety.
2. Conduct risk assessment including to workers' reproductive health.
3. Develop procedure of grievance & safety kaizen for workers to raise health and safety concerns or protection against retaliation for those who do.
4. Revise Health & Safety procedures include regular monitoring of the emergency exits to ensure they remain free of obstructions.
5. a. Develop activity plan to revise list of equipment that requires the lockout-tagout procedure
- b. create procedure to update the list of machine.
6. Revise emergency preparedness procedures regarding with duties of workers during emergencies.
7. Revise Health & Safety procedures regarding with information on first aid and what workers should do in case of injury.



8. Revise evacuation procedure related with special categories of workers that happened to be in the facility during an emergency.
9. Revise Health & Safety policies and procedure regarding with allow workers to refuse to work under unsafe conditions.

## FINDING NO.10

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. Outsole sewing machines in the production process do not have either needle guards or eye guards.
2. The ceiling of the second floor in the supermarket area near the Bali meeting room is made from zinc without proper air space between it and the aluminum thermal sheet and therefore the temperature is very high.
3. The temperature in the lamination department is too high. The supervisor does not turn on the two available exhaust fans while the lamination machines are in operation.
4. There is no visual management devices (such as indicators, convex mirrors in dead ends, reflectors, etc.) to ensure safe driving practices on factory premises.
5. Electrical safety at the facility is inadequate since:
  1. The electrical plug and socket for the pump in the waste water treatment plant near the temporary artificial fish pond is exposed to weather.
  2. The electrical socket in the canteen next to the drinking water fountain is not covered to prevent water exposure.
  3. The electrical socket and plug in the chemical storage area in Building 1 are not the fire-resistant type.
  6. The factory has not provided rubber mats beneath any of the electrical panels for electrical insulation and prevention against shocks.
  7. The electrical cable for the emergency alarm in the finished goods warehouse is repaired with black duct tape. The telephone lines on outer wall of Building 1 as well as the internet cables in the Bali room/meeting room are messy.
  8. The lighting fixtures in the diesel room, chemical storage, printing, temporary hazardous and toxic waste storage, and solid waste storage are not the explosion-proof type.
  9. The factory does not provide any vertical fall arrest system for workers who work at heights of at least six feet (1.8 meters) from the ground, such as an anchorage, carabiner, descender, ascender, webbing belt, and kernmantle ropes (lanyard).
  10. The factory has not installed a ground bump or bridge over ground pipes that run from the chemical mixing room to waste water treatment ponds which poses a risk of tripping and falling.
  11. The high working areas have inadequate fall safety measures. The ladder in the waste water treatment area has only one side of railing (instead of two).
  12. There are two ladders used to access the secondary container at the diesel fuel tank near the supermarket area, with a small platform connecting the ladders. The platform does not have a toe board or any other mechanism, such as handrails, to keep workers from falling when transitioning ladders.
  13. The factory does not provide the three welders in the maintenance department the appropriate PPE, including face masks, fire resistant gloves, fire resistant shoes, and fire resistant working apparel.
  14. The factory does not maintain a list of machinery and electrical panels that require the lockout-tagout system.
  15. The factory has not provided lifting belts to loading workers (in the finishing warehouse, material warehouse, cutting section, and laboratory).
  16. The incoming dock outside the finished goods warehouse does not have a fence to minimize falling risks.

##### Local Law or Code Requirement

Attachment of Bapedal Head Decree No: KEP-01/BAPEDAL/09/1995, Article 3.1.d.b; Attachment I PP No. 50, Year 2012, Section C.1.b paragraph 2; Government Regulation No. 50, Year 2012, Article 6.5.7.9; Health Minister Decree No. 261, Year 1998, Attachment II.2.B.1; Manpower Minister Decree No. 8/2010, Article 6.2; PUIL 2000, Articles 2.5.3.1 and 8.5.5; Safety Act 1/70, Articles 3(1) a-b and 14; Regulation of the Minister of Labor No.4/MEN/1985, Article 4; FLA Workplace Code (Employee Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.7, HSE.8, HSE.13, HSE.14, HSE.16, and HSE.17)

##### Recommendations for Immediate Action

1. Equip every outsole sewing machines with both needle guards and eye guards.
2. Repair the ceiling on the second floor in the supermarket area near the Bali meeting room to add air space between the roof and aluminum thermal sheet to lower the temperature.
3. Use exhaust fans in the lamination department while machines are in operation. Provide heat stress breaks to workers every two hours to lower their body temperature.
4. Install visual assistance devices to ensure safe driving practices on factory premises.
5. Protect all outside electrical plugs and sockets from weather.
6. Install a cover on all electrical sockets near water to protect from exposure.
7. Install fire-resistant electrical sockets and plugs in the chemical storage.
8. Provide rubber mats beneath every electrical panel.
9. All electrical cable shall be properly repaired with approved electrical materials and every cable shall be organized and properly

- secured.
10. Install explosion-proof lighting in all areas and rooms that pose a fire or hazard risk.
  11. Identify and immediately remove from production any damaged electrical panels and/or electric machinery until repaired.
  12. Create a list of machines and electrical panels that require the lockout-tagout system.
  13. Provide vertical fall protection apparatus for personal fall arrest system shall be properly provided, such as anchorage, carabiner, descender, ascender, webbing belt and kernmantle ropes (lanyard).
  14. Install a ground bump or bridge over the ground pipes to minimize tripping.
  15. Equip the secondary containers with a ladder that has handrails or a toe board on the platform.
  16. Provide maintenance workers all necessary PPE such as face masks, fire-resistant gloves, fire-resistant shoes, and fire-resistant apparel.
  17. Install a fence around the incoming dock outside the finished goods warehouse to minimize the risk of falling.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Create strict system to monitoring all safety equipment of machine included sewing machine with both needle guards and eye guards.
2. a. Coordination with supermarket bottom department to use of second floor focus for storage of goods (limited for worker) and risk control implementing with administration system (rolling of work hour).
- b. Install temperature indicator to monitoring heat.
3. a. Monitoring and make sure exhaust fans are always 'on' in the lamination department while machines are in operation.
- b. Administrative control by breaks arrangement to lower workers' body temperature.
4. Add reflectors in certain point to ensure safe driving practices on factory premises, and other visual assistance.
- 5 a. Provide equipment to protect all outside electrical plugs and sockets from weather in the waste water treatment plant.
- b. Install a cover on all electrical sockets near water to protect from exposure in the canteen.
- c. Install fire-resistant electrical sockets and plugs in the chemical storage.
6. Provide rubber mats beneath every electrical panel.
7. Monitoring all electrical cable shall be properly repaired with approved electrical materials and every cable shall be organized and properly secured.
8. a. Install explosion-proof lighting in rooms that pose a fire or hazard risk.
- b. Remove immediately any damaged electrical panels and/or electric machinery until repaired from production area.
9. Make sure all work height fulfill safety standard, for certain project subcont by professional expertise third party
10. a. Install a ground bump or bridge over the ground pipes to minimize tripping.
- b. Equip the secondary containers with a ladder that has handrails or a toe board on the platform.
- c. Install a fence around the incoming dock outside the finished goods warehouse to minimize the risk of falling.
11. Install ralling of the ladder in the waste water treatment.
12. Equip the secondary containers with a ladder that has handrails or a toe board on the platform.
13. Provide maintenance workers all necessary PPE such as face masks, fireresistant gloves, fire-resistant shoes, and fire-resistant apparel.

## FINDING NO.11

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. There is only one light (5kg) fire extinguisher installed in each of the following areas: the laminating process, the RMCC area, carton storage area, and finance/accounting office. By law, there must be a fire extinguisher every 15 meters in the building
2. Two fire extinguishers in the Bali meeting room are installed closer than 15 meters apart, the legal minimum.
3. Fire extinguishers are installed inside both the temporary hazardous and toxic waste storage room and the solid waste storage room instead of outside the rooms near their entrances.
4. One of the two emergency exits in the printing section and one emergency exit between the men's and women's toilets in the stock fit area are locked. Furthermore, one of the three emergency exits on the first floor of the supermarket building is partially blocked by the cargo elevator.
5. The emergency alarm was damaged in September 2016 due to vibrations from a thunderstorm. Therefore, the heat detector and smoke detector in Building 3 and 4 do not function.
6. The emergency exit doors in the printing area open inwards instead of outwards.

7. The factory has not commissioned a third-party expert to conduct a fire risk assessment; the current fire-risk assessment was done by the internal Health, Safety & Environment team. Furthermore, the fire risk assessment did not properly identify the importance of aerial fire extinguishers such as sprinklers or a thermatic canister system in the temporary hazardous and toxic waste storage area and the solid waste storage area.
8. The marking for fire extinguishers installed on the columns is incorrect; the extinguishers are marked with an upturned red triangle instead of a red ribbon around the column, as required.
9. The inspection procedures for the fire extinguishers does not include identifying corrosion.
10. One fire extinguisher in the supermarket area expired in 2012.
11. The factory has not yet installed a sprinkler system.
12. The factory did not have records of the manufacturers specifications for testing the fire alarm and could therefore not properly inspect or test the alarm according to manufacturing standards.
13. There are no fire alarms installed in the canteen, RCM, HR and Accounting/Finance Office.

#### Local Law or Code Requirement

Act 28/02. Articles 17 & 30; Attachment Manpower Minister No.: INS. 11/M/BW/1997, Article II.2; Government Regulation No. 50, Year 2012, Article 6.5.2; Government Regulation No. 36/2005 in regards implementation of Act No. 28/2002 on Building, Article 56(3); Kepmenaker 186/99, Article 2.2.e: INS/11/MEN/BW/1997 Attachment I Occupational Safety condition as described on Safety Act 1/70; Labor minister regulation PER-04/MEN/1980, regarding Requirements for the Installation; Labor Minister Regulation No. 15, Year 2008 on Article 8(1); Labor minister Regulation No: PER-04/MEN/1987. Article 4; Labor minister regulation PER-04/MEN/1980, Article 4(5); Labor minister regulation PER-04/MEN/1980 Attachment I, Article 5; Labor minister decision KEP.186/MEN/1999, regarding Fire Management Unit in Work Location Article 2.2.e.; Maintenance of Light Fire Fighting Equipment, Chapter II, Article 4(5);

Manpower Minister Regulation No. 9 Year 2016. Article 3.d; Manpower Minister Instruction No.: INS. 11/M/BW/1997, Article I.3; Manpower Minister Instruction No. 11/97 Chapter IV, Point 5; Manpower Minister Instruction No: INS. 11/M/BW/1997, Attachment I Article 6; Permenaker No.8/2010, Article 2(1);

Permenaker No. 9/2016, Article 2 and 10; Permenaker No. 2 year 1983. Article 57 (1), Article 80; Permen PU No. 29 Year 2006, Attachment Section Active Protection System Article 2; PP No. 101, Year 2014 regarding hazardous and toxic waste management, Article 13c & 17; Safety act No: 1/1970, Article 14(3); SNI 03 – 1746 – 2000; SNI 03 – 1746 – 2000 Articles 4.1.9.1, 4.1.9.2.1-2, and 5.2.4.2; SNI 03 – 3985 – 2000; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5 and HSE.6)

#### Recommendations for Immediate Action

1. Install a light fire extinguisher every 15 meters of the factory; fire extinguishers should not be installed within 15 meters of each other.
2. Install fire extinguishers outside of rooms or areas that have high fire risk.
3. Mark all light fire extinguisher installed on columns with a red ribbon, as legally required.
4. Keep all emergency exits unlocked during working hours and free from any obstructions.
5. Immediately repair the emergency alarm.
6. Inspect emergency alarm based on manufacture's standards.
7. Realign exit doors to ensure they open outwards.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Additional fire extinguisher in each area (laminating, RMCC, carton storage. HR/finance accounting to fulfill regulation (there must be fire extinguisher every 15 meters).
2. Move one of two fire extinguisher to other side of Bali Meeting Room to fulfill legal minimum.
3. a. Move fire extinguisher to outside of temporary hazardous and toxic waste storage room.  
b. Mark all light fire extinguisher installed on columns with a red ribbon, as legally required ( the temporary hazardous and toxic waste storage room and the solid waste storage room).
4. Keep all emergency exits unlocked during working hours and free from any obstructions. Monitoring emergency exit appropriate with standard.
5. a. Provide procedure of preventive action to vibrations from a thunderstorm to prevent alarm damaged, considering that the location is a risk area of thunderstorm.  
b. Repair the emergency alarm and smoke detector.
6. Realign exit doors to ensure they open outwards.
7. Coordination with third-party expert to conduct a fire risk assessment.
8. The marking for fire extinguishers installed on the columns is incorrect; the extinguishers are marked with an upturned red

- triangle instead of a red ribbon around the column, as required.
- 9. Review inspection procedures related with identifying corrosion.
- 10. Ensure fire extinguisher in the supermarket area appropriate with standard
- 11. Identify area that needed a sprinkler system (based on risk assessment).
- 12. Create and maintain records of the manufacturers specifications for testing the fire alarm and conduct inspect or test the alarm according to manufacturing standards.
- 13. Install fire alarms in the canteen, RCM, HR and Accounting/Finance Office

## FINDING NO.12

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. There is only one light (5kg) fire extinguisher installed in each of the following areas: the laminating process, the RMCC area, carton storage area, and finance/accounting office. By law, there must be a fire extinguisher every 15 meters in the building
2. Two fire extinguishers in the Bali meeting room are installed closer than 15 meters apart, the legal minimum.
3. Fire extinguishers are installed inside both the temporary hazardous and toxic waste storage room and the solid waste storage room instead of outside the rooms near their entrances.
4. One of the two emergency exits in the printing section and one emergency exit between the men's and women's toilets in the stock fit area are locked. Furthermore, one of the three emergency exits on the first floor of the supermarket building is partially blocked by the cargo elevator.
5. The emergency alarm was damaged in September 2016 due to vibrations from a thunderstorm. Therefore, the heat detector and smoke detector in Building 3 and 4 do not function.
6. The emergency exit doors in the printing area open inwards instead of outwards.
7. The factory has not commissioned a third-party expert to conduct a fire risk assessment; the current fire-risk assessment was done by the internal Health, Safety & Environment team. Furthermore, the fire risk assessment did not properly identify the importance of aerial fire extinguishers such as sprinklers or a thermatic canister system in the temporary hazardous and toxic waste storage area and the solid waste storage area.
8. The marking for fire extinguishers installed on the columns is incorrect; the extinguishers are marked with an upturned red triangle instead of a red ribbon around the column, as required.
9. The inspection procedures for the fire extinguishers does not include identifying corrosion.
10. One fire extinguisher in the supermarket area expired in 2012.
11. The factory has not yet installed a sprinkler system.
12. The factory did not have records of the manufacturers specifications for testing the fire alarm and could therefore not properly inspect or test the alarm according to manufacturing standards.
13. There are no fire alarms installed in the canteen, RCM, HR and Accounting/Finance Office.

##### Local Law or Code Requirement

Act 28/02. Articles 17 & 30; Attachment Manpower Minister No.: INS. 11/M/BW/1997, Article II.2; Government Regulation No. 50, Year 2012, Article 6.5.2; Government Regulation No. 36/2005 in regards implementation of Act No. 28/2002 on Building, Article 56(3); Kepmenaker 186/99, Article 2.2.e; INS/11/MEN/BW/1997 Attachment I Occupational Safety condition as described on Safety Act 1/70; Labor minister regulation PER-04/MEN/1980, regarding Requirements for the Installation; Labor Minister Regulation No. 15, Year 2008 on Article 8(1); Labor minister Regulation No: PER-04/MEN/1987. Article 4; Labor minister regulation PER-04/MEN/1980, Article 4(5); Labor minister regulation PER-04/MEN/1980 Attachment I, Article 5; Labor minister decision KEP.186/MEN/1999, regarding Fire Management Unit in Work Location Article 2.2.e.; Maintenance of Light Fire Fighting Equipment, Chapter II, Article 4(5);

Manpower Minister Regulation No. 9 Year 2016. Article 3.d; Manpower Minister Instruction No.: INS. 11/M/BW/1997, Article I.3; Manpower Minister Instruction No. 11/97 Chapter IV, Point 5; Manpower Minister Instruction No: INS. 11/M/BW/1997, Attachment I Article 6; Permenaker No.8/2010, Article 2(1);

Permenaker No. 9/2016, Article 2 and 10; Permenaker No. 2 year 1983. Article 57 (1), Article 80; Permen PU No. 29 Year 2006, Attachment Section Active Protection System Article 2; PP No. 101, Year 2014 regarding hazardous and toxic waste management, Article 13c & 17; Safety act No: 1/1970, Article 14(3); SNI 03 – 1746 – 2000; SNI 03 – 1746 – 2000 Articles 4.1.9.1, 4.1.9.2.1-2, and 5.2.4.2; SNI 03 – 3985 – 2000; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5 and HSE.6)

##### Recommendations for Immediate Action

1. Install a light fire extinguisher every 15 meters of the factory; fire extinguishers should not be installed within 15 meters of each other.
2. Install fire extinguishers outside of rooms or areas that have high fire risk.

3. Mark all light fire extinguisher installed on columns with a red ribbon, as legally required.
4. Keep all emergency exits unlocked during working hours and free from any obstructions.
5. Immediately repair the emergency alarm.
6. Inspect emergency alarm based on manufacture's standards.
7. Realign exit doors to ensure they open outwards.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Repair the damaged pipe and protective cover over the electrical cables running to the air conditioner that is installed in the waste water treatment office.
2. Revise and implement procedures to regularly monitor asbestos for damage. Post signs for workers identifying asbestos and its dangers.
3. Install a rack to secure the LPG gas cylinders in the kitchen.
4. Coordination with building provider (Dusun Indonesia) related with conduct Operation Proper Certificate (SLO) for electrical installation from the Government Electricity Company or the Proper Function Certificate (SLF) for building safety from the local government. Based on information from Dusun Indonesia, SLF and SLO is missing, so it needs to be re-submitted.
5. Create log book of illness for identify and root cause analyze for top ten diseases.

#### Company Action Plan Update

07/18/18 : All action plan have been undertaken, keep on regular monitoring the implementation. For Proper Function Certificate (SLF) keep on registration and administrative process