



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Under Armour, Inc.

COUNTRY: Indonesia

ASSESSMENT DATE: 12/05/18

ASSESSOR: Donny Triwandhani

PRODUCTS: Footwear

NUMBER OF WORKERS: 3100

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

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory's Environmental Protection procedures only cover chemical spills and toxic and hazardous waste spills. They do not include provisions regarding the factory's environmental impact on other environmental media such as the ground, water and air. [ER.1, ER.31]
2. Only 2,042 out of 3,836 employees (workers and supervisors) received training on Environmental Protection in the past 12 months. [ER.1, ER.15]
3. The factory identified environmental risks as part of its Hazard Identification Risk Analysis (HIRA) for Health & Safety risk factors. However, they should have conducted a separate environmental risk assessment in order to clearly focus on the identification of environmental risks within and surrounding the factory. [HSE.1]

Local Law or Code Requirement

Act of the Republic of Indonesia No. 3 of 2009, Art. 65(2); Attachment I of Regulation of the Minister of Manpower No. 5 of 1996, Arts. 1 (2)(a), 1(2)(b); Law of the Republic of Indonesia No. 32 of 2009, Art. (14)(k); FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, and ER.31; Health, Safety & Environment Benchmark HSE.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

"Factory management to identify to us the person/team who/taht will ensure that:

1. The factory's Environmental Protection procedure include provisions regarding the factory's environmental impact on other environmental media such as the ground, water and air.
2. All employees (workers and supervisors) regularly or at least annually, receive training on Environmental Protection;
3. to conducte a separate environmental risk assessment in order to clearly focus on the identification of environmental risks within and surrounding the factory.

Please submit to us your plan and timetable."

Planned completion date

Action Plan no 2.

Description

"The factory must identify the manager/team who/that must identify the people responsible for 1) cleaning up any spillage in the factory, and 2) fo resotcking spill kits as necessary. This manager/team must also ensure that all of those responsible for spillages in the factory receive appropriate training and equipment as outlined by the chemicals MSDS.

THE FACTORY MUST IDENTIFY THE PERSON WHO WILL INSTALL WITHIN THE NEXT 30 DAYS A SECONDARY CONTAINMENT SYSTEM AND/OR SPILL CONTROL KIT (S) (SEE ATTACHED EXAMPLES) FOR ALL CHEMICALS AND CONTAINERS WITH CHEMICALS IN THEM THAT CURRENTLY ARE WITHOUT SECONDARY CONTAINER. COMBUSTIBLE CHEMICALS, INCLUDING DIESEL, SHOULD BE STORED IN SEGREGATED/ DEDICATED AREAS FOR FLAMMABLE/COMBUSTIBLE MATERIALS.

PLEASE SEND US PHOTOGRAPHS OF EACH OF THE NEW SECONDARY CONTAINERS ANTI-LEAKAGE FACILITIES.

Please send us supporting documentation for the training, such as photos and attendance sheets. Please also send us the roster of the team responsible for spillages in the factory.

The facility shall identify the manager who will be responsible for ensuring that written, documented policies and procedures are developed or updated to address all listed requirements, and that copies of the policies and procedures are provided to the Under Armour Sustainability Team. This manager must ensure that at a minimum: The health, safety, and environmental policies contain the framework for a comprehensive health, safety, and environmental management system within which the following are clear and regularly tested and reviewed:

- A commitment to minimizing environmental impacts with respect to energy, air emissions, water, waste, hazardous materials, and other significant environmental risks;
- Procedures to identify whether on-site operations generated any negative environmental impacts;
- Employers' responsibilities;
- Workers' rights and duties;
- Responsibilities of designated personnel;
- Procedures that enable workers to raise health, safety, and environmental concerns;
- Procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) and environmental emergencies; and
- Protections to workers who allege health, safety, and environmental violations.

Please send us the updated policies and procedures.

"

Planned completion date

03/07/19

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory's Health & Safety policy does not include the following components:
 - a. Protection against retaliation for workers who raise health and safety concerns;
 - b. A list of equipment and/or machines that require lockout-tagout;
 - c. Steps to ensure that all personnel, visitors, contractors, and service providers are safely evacuated;
 - d. A fire response plan;
 - e. A complete chemical inventory; and
 - f. Measures to protect the reproductive health of workers through minimizing exposure to workplace hazards. [ER.1, ER.31, HSE.1]
2. There is no evidence that the factory has communicated to each employee that working safely is part of their job description. [ER.1, ER.16]
3. There is no list and contact information of external authorities to call and inform in case of a fire posted near every phone. [HSE.5]
4. The factory does not report its illness records to the local manpower bureau every three months. [HSE.1, HSE.3]

5. Safety Act No.1 Year 1970 is not posted in a prominent area. [ER.1, ER.16, HSE.1, HSE.2]

6. The factory does not take proactive steps to reduce repetitive-motion stress and injuries. There is no stretching program, standing workers do not have anti-fatigue mats, and workstations are not adjustable to fit individual workers. [HSE.17]

Local Law or Code Requirement

Regulation of the Minister of Manpower No.8 of 2010, Art.5(2); Government Regulation of the Republic of Indonesia No.50 of 2012, Art.6 (5)(7); Government Regulation of the Republic of Indonesia No.61 of 2014, Art.1(2); Law of the Republic of Indonesia No.39 of 1999, Art.41(2); Law of the Republic of Indonesia No.36 of 2009, Arts. 47, 48(1)(e); Law of the Republic of Indonesia No.1 of 1970, Art.9(3); Attachment I of Government Regulation of the Republic of Indonesia No.50 of 2012, Section A(1)(d); Decision of the Minister of Manpower No.186 of 1999, Arts.2(2)(f), 2(4)(a), 2(4)(b), 2(4)(c), 2(4)(d); FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.3, HSE.5, and HSE.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

"Factory management to identify to us the person/team who/that will ensure that:

1. the health and safety policy includes the following elements:
 - a. Protection against retaliation for workers who raise health and safety concerns;
 - b. A list of equipment and/or machines that require lockout-tagout;
 - c. Steps to ensure that all personnel, visitors, contractors, and service providers are safely evacuated;
 - d. A fire response plan;
 - e. A complete chemical inventory; and
 - f. Measures to protect the reproductive health of workers through minimizing exposure to workplace hazards
2. the factory regularly communicate to each employee that working safely is part of their job description, and part of the safety culture in the factory;
3. There is a list and contact information of external authorities to call and inform in case of a fire posted near every phone;
4. The factory reports, and document, its illness records to the local manpower bureau every three months.
5. Safety Act No.1 Year 1970 is posted in a prominent area (send photos);
6. The factory has taken proactive steps to reduce repetitive-motion stress and injuries, and that there is a stretching program, standing workers have anti-fatigue mats, and workstations are adjustable to fit individual workers. Develop a ergonomic program consistent with Under Armour/FLA expectations.

"

Planned completion date

03/07/19

Action Plan no 2.

Description

"The facility shall identify the manager who will be responsible for ensuring that written, documented policies and procedures are developed or updated to address all listed requirements, and that copies of the policies and procedures are provided to the Under Armour Sustainability Team. This manager must ensure that the health, safety, and environmental policies contain the framework for a comprehensive health, safety, and environmental management system within which the following are clear and regularly tested and reviewed:

- Employers' responsibilities;
- Workers' rights and duties;
- Responsibilities of designated personnel;
- Procedures that enable workers to raise health, safety, and environmental concerns;
- Procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) and environmental emergencies; and
- Protections to workers who allege health, safety, and environmental violations.

Please send us a copy of the new policies and procedures.

"

Planned completion date

03/07/19

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Tape is used to cap and connect wires inside the fire alarm on the wall in building A2. [HSE.13]
2. Several electrical panels in the dormitory and production buildings are not equipped with safety rods and do not have single line diagrams posted on the back of the door panel. [HSE.13, HSE.25]
3. There is no rescue pulley equipment available when workers enter confined spaces. [HSE.1, HSE.6]

Local Law or Code Requirement

Law of the Republic of Indonesia No.1 of 1970, Art.3; General Requirements for Electrical Installation 2000, Art.2(1)(6)(1); Attachment of the Regulation of the Minister of Manpower No. 326 of 2011, Section C(10); FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.6, HSE.13, and HSE.25)

Recommendations for Immediate Action

1. Do not use tape to cap or connect wires. Instead, use electrical wiring caps and connector clips to terminate electrical currents and splice multiple wires together.
2. Install safety rods for every electrical panel and post single line diagrams on the back of the electrical panel doors.
3. Ensure that a rescue pulley is available whenever workers enter confined spaces.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- "1. Do not use tape to cap or connect wires. Instead, use electrical wiring caps and connector clips to terminate electrical currents and splice multiple wires together.
2. Install safety rods for every electrical panel and post single line diagrams on the back of the electrical panel doors.
 3. Ensure that a rescue pulley is available whenever workers enter confined spaces."

Planned completion date

03/07/19

Action Plan no 2.

Description

The factory must identify the person who will be responsible for implementing systems and controls (such as frequent daily documented inspections, with identified personnel (workers (confidentially elected by workers, and also members of the factory's: a) Fire and b) Health and Safety Committees) and managers on each shift and in each work area who are assigned this responsibility) who will: 1) periodically separate all a) combustible and b) flammable materials from sources (and potential sources) of heat and electricity and 2) ensure the handling of such materials demonstrates the existence of the required Fire Safety Competencies (see attached FLA Materials) follows established policies, procedures and Codes of Conduct The factory must ensure that the following occurs and is documented: 1) workers are confidentially elected by their co-workers and join as full members of the factory's Fire Safety Committee and its Health and Safety Committee; 2) workers must jointly own and share responsibility for safety; 3) these personnel, and in groups and over time, all personnel, should receive, along with managers, documented (sign-in sheets, retain documents of training materials, photograph or video of training, engage local Fire Department and/or certified expert in safety) training on fire safety; 4) daily documented, unannounced and randomly time inspections should be conducted by workers; 5) written inspection reports should be completed by these workers, logged in chart for trends/data/root cause analyses and 6) formally addressed as written agenda items in Weekly or Monthly documented (meeting minutes and attendance registers kept) Fire and Safety Committee Meetings. PLEASE ALSO REVIEW AND IMPLEMENT THE FOUNDATIONAL FIRE SAFETY COMPETENCIES (Copy attached).

Planned completion date

03/07/19

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. Male security guards perform physical pat downs on male workers before they leave the factory compound. There are no physical pat downs for female workers. [H/A.10]

Local Law or Code Requirement

FLA Workplace Code (Harassment or Abuse Benchmark H/A.10)

Recommendations for Immediate Action

1. Cease the practice of conducting physical pat downs as a general practice. Only perform physical pat downs when there is a legitimate reason to do so and with the consent of workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory management to identify to us the person/team responsible for ending the practice of conducting physical pat downs as a general practice. Only perform physical pat downs when there is a legitimate reason to do so and with the consent of workers, consistent with Under Armour and FLA benchmarks.

Planned completion date

03/07/19

Action Plan no 2.

Description

"Sustainable Improvement Required:

The factory must identify the manager/team who/that will be responsible for creating, in collaboration with an identified, experienced, third party capacity building firm, an SOP on security practices, including body searches and pat downs in accordance to FLA benchmarks and local law regulations. This should include:

1) Safeguards that protect the workers' dignity and rights during the search, such as: a) gender appropriate searches, b) making the searches and pat down non intrusive, c) obtaining workers' consent to the pat downs/body searches, d) conducting the searches and pat downs in a private location, and e) ensuring that there is a legitimate reason to conduct the security practices.

- 2) A description of complaint/grievance channels/mechanisms so that workers can express concerns and/or complaints related to the security practices (body searches and pat downs).
- 3) Enhance/update Disciplinary system to include: a) non-compliance security practices as violations to the internal regulations; b) further investigation of allegation concerning non-compliance security practices; and c) procedure for filing such disciplinary practices.

The factory must then communicate the SOP to the workers by:

- 1) Posting the SOP in prominent areas throughout the factory;
- 2) Considering using the PA system to advise workers about the SOP;
- 3) Updating the new hire orientation materials to inform new workers of the SOP;
- 4) Conducting training to all workers on the new SOP.

The factory must ensure that managerial and supervisory and security guard positions receive training about:

- A) Appropriate methods of conducting security practices;
- B) Constructive/positive management techniques and training on the factory's anti-harassment policies and procedures and related disciplinary policy and procedures for violations of the anti-harassment and abuse policies;
- C) Self-esteem, labor rights (coexistence rules, employer rights and obligations), strategic/empowered leadership, and team work;
- D) Review harassment or abuse policy and procedures implementation, identify shortcomings and recommend adjustments or revisions needed.

Lastly, the factory must engage with an experienced third party capacity building firm, recommended by Under Armour, to help address the above points.

Please send us supporting documentation that the above has happened, such as attendance sheets and photos for training. "

Planned completion date
03/07/19

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory switched catering companies on September 2018. However, the 25 catering workers who were employed by the previous catering company were not formally terminated and did not receive any severance pay. [ER.11, ER.22, C.1, C.5]
2. There is evidence of discrimination against mainland Chinese employees. Mainland Chinese employees receive less annual leave than Taiwanese employees. In addition, the factory provides paternity leave to Taiwanese employees, but not to mainland Chinese employees. [ER.22, ND.3, HOW.11]

Local Law or Code Requirement

Act of the Republic of Indonesia No. 13 of 2003, Art. 156; FLA Workplace Code (Employment Relationship Benchmark ER.11 and ER.22; Compensation Benchmarks C.1 and C.5; Hours of Work Benchmark HOW.11; Non-Discrimination Benchmark ND.3)

Recommendations for Immediate Action

1. Ensure that the previous catering company formally terminates the 25 catering workers and pays their severance pay.
2. Do not compensate mainland Chinese workers differently from Taiwanese workers. Retroactively compensate any mainland Chinese workers who were did not receive adequate compensation in the past 12 months.

COMPANY ACTION PLANS

Action Plan no 1.

Description

"Factory management to identify to us the person/team who/that will ensure that:

1. Going forward, service providers agree/sign contract provisions that include compliance with local laws and regulations; and more especially that they provide workers for full severance when dismissed, in accordance with local laws and regulations. Consider reaching out to the catering company, and discuss about how/when will it provide workers with owed severance;

2. No worker is subjected to any discrimination in employment, including hiring, compensation, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin. Going forward mainland Chinese workers are treated just the same as a local or Taiwanese worker. Retroactively compensate any mainland Chinese workers who were did not receive adequate compensation in the past 12 months. Please send to us your plan and timetable for our review."

Planned completion date

03/07/19

Action Plan no 2.

Description

"Develop formal written: a) termination policy and b) procedure that include equal opportunity provisions, according to Under Armour and FLA Workplace Code and Benchmark requirements. Include provisions that determine the termination payouts for all types of Termination & Retrenchment.

1. Regularly train all workers, supervisors, and managerial staff on Termination & Retrenchment policies and procedures.
2. Include Termination & Retrenchment policies and procedures in the new worker orientation process.
3. Designate staff members the responsibility of overseeing the proper implementation and enforcement of the newly created termination policy and procedures.
4. Develop a regular review process regarding the newly created Termination & Retrenchment policy and procedures.

Please submit to us training materials, sign-up sheets, and any other relevant documentation.

The factory must identify the manager/team who/that will: 1. Develop policies and procedures for Wages and Benefits that include safeguards to prevent discriminatory practices for wages, benefits, and compensation. For example, a) providing equal compensation/ wage rates and the same benefits for all employees that have the same jobs and responsibilities, b) creating/enhancing/updating job descriptions so that job wages, compensation, and benefits are not gender-based, and c) providing protection to all workers who allege violations of compensation laws, regulations, and procedures. 2. Facilitate communication with all relevant Human Resources ("HR") personnel in charge of wages and benefits about a) the development of the new and/or enhanced policies and procedures, and b) the expectation of a consistent and effective implementation of these new and/or enhanced policies and procedures. 3. Provide continuous and documented training for all relevant HR staff, supervisors, and other managerial positions in charge of wages and benefits on the new and/or enhanced policies and procedures. Please send us a copy of the new and/or enhanced Wages and Benefits policies and procedures.

"

Planned completion date

03/07/19

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. There have been cases of job reassignment that do not follow the factory's own Standard Operating Procedures (SOP). For example:
 - a. The SOP on job reassignment stipulates that a total reassignment form must be signed by the affected worker. However, the workers' signatures on the forms do not match the signatures in the workers' personal files. The Human Resources (HR) department confirmed that the forms might have been signed by the administration staff;
 - b. The factory planned to transfer a nurse from the onsite clinic to a gardening or cleaning position, which is not relevant to his qualifications. He did not agree to the plan and felt that he was being discriminated against. The nurse reported the case to the union, and the internal Harassment and Abuse team suggested that HR follow the SOP regarding job reassignment. The nurse has been temporarily reassigned to the asset department since August 2018 instead of being transferred back to the clinic;
 - c. A Quality Assurance (QA) worker complained that he was reassigned even though he did not sign the reassignment form and did not receive an explanation for why he was transferred to other unit. [ER.30]

2. There are several issues with the foreign management staff's employment agreements:

- a. There are two separate employment agreements: an internal agreement (in English and Mandarin) and an external agreement (in Bahasa Indonesia). The external agreement contains details regarding the calculation of social security contributions and taxes, but the internal agreement does not. In addition, only the external agreement is submitted to the local manpower bureau;
- b. The internal employment agreements do not clearly stipulate the employees' wages.
- c. The internal employment agreement requires a three-month probation period. However, local law does not permit short-term work agreements to require a probation period. [ER.10, C.1, C.17]

3. The factory does not adequately explain the terms and conditions of the foreign staff's contracts during the Recruitment and contract extension processes. As a result, most of the foreign staff members consider themselves to be permanent employees despite the fact that they were hired on short-term contracts. [ER.1, C.1]

4. According to management, the factory employs 37 workers with disabilities. This does not comply with local law, which requires that the factory hire one person with disabilities per 100 employees. Since the factory has 3,867 employees in total, they must employ at least 39 workers with disabilities. [ND.1, C.1]

5. The factory switched catering companies on September 2018. The 25 workers who were employed by the previous catering company were hired by the new catering company. The appointment letters and employment contracts issued to the workers by the new catering company are contradictory. The appointment letters state that the workers' employment began while they were still working for the previous catering company. However, their employment agreements require a three-month probation period, which means that they are considered new workers. [ER.1, ER.2, C.1]

Local Law or Code Requirement

Act of the Republic of Indonesia No. 13 of 2003, Arts. 54, 58(1), 58(2); Act of the Republic of Indonesia No.4 of 1997, Art.14 and Government Regulation of The Republic Indonesia Number 43 of 1998 on Article 28; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.10, and ER.30; Compensation Benchmark C.17; Non-Discrimination Benchmark ND.1]

Recommendations for Immediate Action

1. Ensure that job reassignments are implemented in a fair, transparent, and non-discriminatory way.

COMPANY ACTION PLANS

Action Plan no 1.

Description

"Factory management to identify to us the manager/team who/that will ensure:

1. Job reassignments are implemented in a fair, transparent, and non-discriminatory way. Please review/update and implement SOPs, as intended. Going forward, ensure that; a) worker signatures match workers' personal files, and not signed by administration staff; b) Review, and advise about the nurse's case, and ensure he's responsibilities are in line with his expertise/experience; c) reassignments follow the factory's SOP, and individuals have the experience/expertise, and agree, to the new responsibilities.

2. Factory management to consider engaging the 3rd party capacity building firm to:

- Increase factory management's understanding of FLA standards with the focus on human resource management system and related compliance benchmarks
- Increase worker (Chinese/Taiwanese migrant workers) awareness on their rights in regards of employment, in particular, Recruitment and Hiring, Terms and Conditions, Administration of Compensation, Industrial Relations, and Termination and Retrenchment.
- Strengthen factory internal training program to ensure proper training program is developed, Chinese/Taiwanese migrant workers are debriefed before departing their sending countries about the terms and conditions, and then again upon arrival at destination countries with an orientation training.
- Assist in reviewing employment contract conditions, and ensure they are aligned with local regulations.

"

Planned completion date

03/07/19

Action Plan no 2.

Description

"The factory must identify the top manager and teams who will

1. Develop policies and procedures for promotion, demotion, and job reassignment that are transparent and fair in their implementation. These policies and procedures should outline the criteria for promotion, demotion, and job reassignment scheme demonstrate linkages to job grading, and prohibit discrimination or use of demotion or job reassignment as a form of penalty or punishment.
2. Facilitate communication with and active participation from workers on the development of the policies and procedures, continuous training to broaden worker skills, and develop a mechanism for workers to express their views and opinions on job promotions, demotions, and reassignments.
3. Facilitate ongoing evaluations and revisions of policies and procedures.
4. Provide continuous training for all workers, supervisors, and managerial staff on the new policies and procedures.
5. Include information on the new promotion, demotion, and job reassignment policies and procedures during worker orientation or induction process.

6. Designate staff with the responsibility for policy/procedure enforcement and implementation.
7. Provide workers with documents detailing the information that is covered during the orientation or induction process.

Please send us a copy of the new policies and procedures for promotion, demotion, and job reassignment"

Planned completion date
03/07/19

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are no sprinklers or thermatics installed in the solid waste area. [HSE.1, HSE.5]
2. The fire brigade only has two self-contained breathing apparatuses (SCBAs), and they are not inspected periodically. [HSE.1, HSE.7]
3. There are no arrows marked on the floor in the washing area to indicate the direction of evacuation. [HSE.1, HSE.5]
4. The emergency exits in the offices on the mezzanine levels of the factory buildings open inwards instead of outwards. [HSE.1, HSE.5]
5. None of the factory's emergency exit doors are fire resistant smoke-sealed doors. [HSE.1, HSE.5]
6. The fire alarm is not tested on a weekly basis. In addition, the current monthly test does not include a stand-alone battery test or a test of the siren decibel level. [HSE.1, HSE.5]

Local Law or Code Requirement

Regulation of the Minister of Health No. 48 of 2016, Art.14(5)(f); Regulation of the Minister of Manpower No.8 of 2010, Art.7(2)(d), 7(2)(g); Law of the Republic of Indonesia No.28 of 2002, Art.30(2); Indonesian National Standard 03-1746-2000, Arts.5(1)(4)(1), 5(1)(4)(2); Regulation of the Minister of Manpower No. 2 of 1983, Art.57(1); FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, and HSE.7)

Recommendations for Immediate Action

1. Install sprinklers or thermatics in the solid waste area.
2. Provides more SCBAs for the fire brigade and periodically inspect the SCBAs.
3. Mark arrows on the washing area floor to indicate the direction of evacuation.
4. Replace the emergency exit doors on the mezzanine levels with doors that open outward.
5. Install fire resistant smoke-sealed doors for all emergency exits.
6. Test the fire alarm on a weekly basis. Test the fire alarm's stand-alone battery and siren decibel level on a monthly basis.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- "1. Install sprinklers or thermatics in the solid waste area, consistent with local law requirements.
2. Provides more SCBAs for the fire brigade and periodically inspect the SCBAs.
3. Mark arrows on the washing area floor to indicate the direction of evacuation.
4. Replace the emergency exit doors on the mezzanine levels with doors that open outward.
5. Install fire resistant smoke-sealed doors for all emergency exits.

6. Test the fire alarm on a weekly basis. Test the fire alarm's stand-alone battery and siren decibel level on a monthly basis."

Action Plan no 2.

Description

The factory must identify the person who will be responsible for implementing systems and controls (such as frequent daily documented inspections, with identified personnel (workers (confidentially elected by workers, and also members of the factory's: a) Fire and b) Health and Safety Committees) and managers on each shift and in each work area who are assigned this responsibility) who will: 1) periodically separate all a) combustible and b) flammable materials from sources (and potential sources) of heat and electricity and 2) ensure the handling of such materials demonstrates the existence of the required Fire Safety Competencies (see attached FLA Materials) follows established policies, procedures and Codes of Conduct The factory must ensure that the following occurs and is documented: 1) workers are confidentially elected by their co-workers and join as full members of the factory's Fire Safety Committee and its Health and Safety Committee; 2) workers must jointly own and share responsibility for safety; 3) these personnel, and in groups and over time, all personnel, should receive, along with managers, documented (sign-in sheets, retain documents of training materials, photograph or video of training, engage local Fire Department and/or certified expert in safety) training on fire safety; 4) daily documented, unannounced and randomly time inspections should be conducted by workers; 5) written inspection reports should be completed by these workers, logged in chart for trends/data/root cause analyses and 6) formally addressed as written agenda items in Weekly or Monthly documented (meeting minutes and attendance registers kept) Fire and Safety Committee Meetings. PLEASE ALSO REVIEW AND IMPLEMENT THE FOUNDATIONAL FIRE SAFETY COMPETENCIES (Copy attached).

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are no body wash stations or showers installed in the glue chemical storage building. [HSE.6]
2. The water in the eye wash stations is not tested for potability or treated with anti-bacterial preservatives. [HSE.6]
3. There are horizontal cracks on a beam in building C2. There are also vertical and horizontal cracks on the walls in building A6. The factory's internal inspection made note of the cracks, however, no repairs have been planned. [HSE.1]
4. The factory has not commissioned a third party to conduct a building inspection for the whole facility. As a result, the factory has not obtained the required Proper Function of Building document from the local government. [HSE.1, HSE.4]
5. The convex mirror installed on the road by the canteen is blurry, which makes the mirror ineffective. [HSE.1, HSE.6]
6. The factory does not provide safety information to contractors, visitors, and service providers prior to entering the factory premises. [ER.1, ER.16, HSE.14]

Local Law or Code Requirement

Regulation of the Minister of Manpower No.15 of 2008, Art.8(1)(d)(3); ANSI/ISEA Z358.1-2014; Regulation of the Minister of Labor No.4 of 1987, Art.4(2)(c)(5); Attachment I of the Government Regulation of the Republic of Indonesia No. 50 of 2012, Section C(1)(b)(2); Regulation of the Minister of Manpower No.7 of 1964, Art.9(2)(b), 9(2)(c), 9(2)(d), 9(4); Regulation of the Republic of Indonesia No.32 of 2012, Art.33; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.16; Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.6, and HSE.14]

Recommendations for Immediate Action

1. Install a body wash station or shower in the glue chemical storage building.
2. Test the potability of the water in the eyewash stations and treat the water with anti-bacterial preservatives.
3. Promptly repair any structural damage found in the factory buildings.
4. Commission a third-party expert to conduct a building inspection. Then submit the results to the local government to obtain the proper permit for factory building.
5. Maintain the convex mirrors to ensure that they remain functional.

6. Provide contractors, visitors, and service providers with safety information.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- "1. Install a body wash station or shower in the glue chemical storage building.
2. Test the potability of the water in the eyewash stations and treat the water with anti-bacterial preservatives.
3. Promptly repair any structural damage found in the factory buildings.
4. Commission a third-party expert to conduct a building inspection. Then submit the results to the local government to obtain the proper permit for factory building.
5. Maintain the convex mirrors to ensure that they remain functional.
6. Provide contractors, visitors, and service providers with safety information."

Action Plan no 2.

Description

"The factory to identify to us the manager/ team who/that will, according to a new documented maintenance schedule and work plan, be responsible for regularly: a) inspecting, b) maintaining, and c) replacing as necessary all health and safety equipment, including fire extinguishers, first aid kits, showers and eye-wash stations. This person/ team should also 1) conduct documented training for the workers on how to use the equipment and 2) post posters and photographs showing the workers how to properly use them and showing them incorrect/improper/unacceptable usage.

Please send us copies of inspection logs, and supporting documentation for training, such as attendance sheets and photos.

The factory must identify the personnel from each of their companies who will ensure that: 1) no exits are ever locked and 2) that no aisles, evacuation passages, exit doors, emergency exits, fire hydrants, fire extinguishers, evacuation passages, fire-fighting and emergency equipment, electricity connection boxes/electrical panels and the areas in front of all such exits, aisles, boxes panels and equipment are blocked (even partially); including by implementing written policies, and procedures featuring specific systems and controls (such as frequent daily documented inspections, with identified personnel (workers (confidentially elected by workers, and also members of the factory's Fire and Health and Safety Committees) and managers on each shift and in each work area who are assigned this responsibility). Additionally, the factory must identify the person who personally will make "yellow boxes" (made of taped or painted lines) or other markings to prominently identify/mark the areas in front of emergency exits and fire-fighting/fire extinguishers/equipment, emergency exits and control panels that are to be kept clear at all times. Finally, this person also must clearly mark all aisles, emergency evacuation passages/lanes and walkways with: 1) painted yellow directional arrows and lines or taped photo-luminescent lines on the floor to indicate the areas that are to be kept clear and 2) arrows on the walls that point toward the nearest exit."

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The midwife hired to take care of pregnant and breastfeeding workers is not a certified lactation counsellor. [HSE.1, HSE.18]
2. There are no medications stored or used in the clinic. As a result, assessors were unable to determine whether the medication system is based on First Expired First Out (FEFO) then First In First Out (FIFO) or not. [HSE.1, HSE.6, HSE.18]
3. Contact information for medical response is not located near each phone, or otherwise throughout the factory. [HSE.6]

Local Law or Code Requirement

Recommendations for Immediate Action

1. Enroll the factory midwife in a lactation counselling certification program.
2. Stock the clinic with medication. Keep an inventory of all medications used and stored in the clinic that reflects a FEFO and FIFO system.
3. Post contact information for medical response near each phone, or otherwise throughout the factory.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- "1. Enroll the factory midwife in a lactation counselling certification program.
2. Stock the clinic with medication. Keep an inventory of all medications used and stored in the clinic that reflects a FEFO and FIFO system.
3. Post contact information for medical response near each phone, or otherwise throughout the factory."

Action Plan no 2.

Description

"The facility shall identify the manager who will be responsible for ensuring that at a minimum: 1) Medical staff are fully licensed and recognized under applicable national rules and regulations; 2) an appropriate number of medical staff are on duty during all working hours, including any type of overtime, as required under national law.

Please send to us medical staff hiring documentation, their time records, and their certifications.

The factory management must identify the person who will be responsible for:

- 1) Ensuring all medicines and materials in the first aid kit and clinic are not expired or not about to expire;
- 2) Maintaining a list of medicines in the first aid kit and clinic, and their future expiration dates so that they may be replaced on a timely manner;
- 3) Updating the clinic medication system to clearly outline whether it is an First Expired First Out (FEFO) or a First in First Out (FIFO) system.

Please send us before and after photos of the first aid kits and the medications stored in the clinic. Please also send us the list of medications with expiration dates. "