



2011

## FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

**COMPANY:** Nike, Inc.  
**COUNTRY:** Indonesia  
**FACTORY CODE:** 070033435J  
**MONITOR:** Donny Triwandhani  
**AUDIT DATE:** December 20 – 22, 2011  
**PRODUCTS:** Shoes  
**PROCESSES:** Preparation, Cutting, Stitching,  
Press Outsole, Assembly, Packing  
**NUMBER OF WORKERS:** 12,228



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## **Wages, Benefits and Overtime Compensation: General Compliance Wages, Benefits and Overtime Compensation**

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

### **Noncompliance**

**Explanation:** The factory has its own JPK (health care program) through an agreement with PT. Maxi Aurum, the healthcare insurance provider. Approval from the local labor department has been obtained to show that the service is better than the healthcare security of Social Security Scheme (JAMSOSTEK). However, the factory does not maintain report to the local labor office every 3 months for the implementation of health care program.

Sources: document review, management interview

Legal reference: PER 01/MEN/1998 Art. 16 stipulates that companies with their own JPK (health care program) must report to the local labor office every 3 months.

**Plan Of Action:** To ensure consistent reporting of factory healthcare program (JPK) to the local labor office, the following actions are to be taken:

1. Factory communicated with PT. Maxi Aurum on January 5, 2012, informing them to provide the report immediately and on time. The October – December JPK 2011 Report was sent January 17, 2012.
2. For January – March 2012, the report is scheduled to be sent April 20, 2012.
3. Dr. [Name] from the clinic will be the person in charge of sending the JPK report per the local law.

**Deadline Date:** 04/20/2012

**Action Taken:**

**Plan Complete:** No

**Plan  
Complete  
Date:**

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**Wages, Benefits and Overtime Compensation: Other - Wages, Benefits and Overtime Compensation**

**Noncompliance**

**Explanation:** Based on document review, canteen workers work on a weekly rotating shift system. The 1st shift is from 4:00am – 12:00pm and the 2nd shift is from 11:00am – 7:00pm. However, female canteen workers who work the 1st shift are not provided with transportation to the factory as per local law.

Sources: time records; work schedule; management and canteen worker interviews

Legal reference: Law No. 13 (2003), Art. 76(4) stipulates that entrepreneurs are under an obligation to provide return/round trip transport for female workers/laborers who work between 11pm until 5 am.

**Plan Of  
Action:** Factory reviewed and revised current female worker schedule and policy to ensure safety. Factory rescheduled canteen shift for employees on January 1, 2012:

1. Local employee canteen: 1st shift work hours rescheduled to 6am – 2pm; according to local law, transportation is not required.
2. Expatriate employee canteen: Canteen workers live in the dormitory, so no transportation is needed.

**Deadline  
Date:** 05/01/2012

**Action  
Taken:**

**Plan  
Complete:** No

**Plan  
Complete  
Date:**

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**Forced Labor: Other - Forced Labor**

Other

**Noncompliance**

**Explanation:** Some applicants have paid money to a broker/illegal agency in order to get a job at the factory. Reportedly, a female worker had to pay approximately IDR 700,000 to this broker in the past 2 months; some male workers reported they had to pay between IDR 600,000 – 1,000,000. Among sample records of suggestion/grievance boxes, at least 3 complaints were found regarding recruitment fees.

Sources: grievance records; management, worker and union representative interviews

**Plan Of  
Action:**

Factory revised recruitment standard operating procedure as follows:

1. Developed Zero Tolerance Policy in May 2011 and communicated policy to all expatriate leaders, local leaders and employees.
2. Developed Corrective and Preventive Action in recruitment system monitored by the Logistics Manager and Operation Manager. Recruitment staff will meet the candidates in front of the gate and provide recruitment notification documents to avoid illegal external agent fees. PT. Glostar Indonesia (GSI) accepts candidate referrals and resumes only from internal employees and recognized external agents. Referral Employee Identification Card will be filed upon application to ensure future tracking.
3. Revised recruitment procedure in January 2012:
  - a) Operation Manager monitors recruitment system by personally approving recruitment needs;
  - b) Logistics Manager of Administration Center controls recruitment documents and signs recruitment test notification forms;
  - c) Resume control system: i) On normal days: Limited to internal employees and GSI-recognized external referrals. Every resume will have attached a copy of the Referral's Identification Card for tracking; ii) Mass recruitment needs: Will directly recruit in front of main gate.



4. In parallel, implement preventive measures in the disciplinary system: If employees are found to charge new employees for entering GSI, they will receive a termination letter and no longer work for the company. If external agencies are found to charge a recruitment fee, GSI will terminate the business/contract.

5. For any reported and confirmed recruitment fee cases, GSI will compensate the worker for the equal amount of money they paid. Reimbursement will be documented.

**Deadline Date:** 03/30/2012

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**

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## Harassment or Abuse: Violence/Harassment/Abuse

H&A.13 Employers shall ensure that the workplace is free from any type of violence, harassment or abuse, be it physical, psychological, sexual, verbal, or otherwise. Employers shall refrain from any action - and shall take all appropriate action to ensure that all workers refrain from any action - that would result in an intimidating, hostile or offensive work environment for workers. (S)

### Noncompliance

**Explanation:** Based on record review, there was a Harassment and Abuse worker training, including supervisory level (local, expatriate, team and group leaders). However, the following confirmed harassment, verbal and physical abuses were noted in the past 3 months:

1. December 17, 2011: A 6-months pregnant worker had a headache while working and put her head down to rest for a minute. Upon noticing this, Ms. [Name], her expatriate leader, sternly expressed her anger, and then threw a handy talky at her, grazing the worker's chin.
2. November 9, 2011: When a worker asked for a reject product from cutting to be used in sewing, they were kicked by the expatriate supervisor, Mr. [Name].
3. November 11, 2011: A new worker complained about her leader (local staff) for using foul language (Sudanese slang, rude language).
4. November 18, 2011: Mr. [Name] (local staff at Production Planning Center), was reported to have committed sexual harassment against some female workers (e.g., touching their bodies, using improper language).
5. October 6, 2011: A leader of Converse Assembling Line filed a complaint about an expatriate leader, Mr. [Name], who often yelled and threw shoes/lasting during leader briefings. He was also reported to have cut the leader's hat for not wearing it.

Note: All the persons above who committed the harassment and abuse in question have been dismissed by factory management.

Sources: harassment and abuse incident report records; grievance records; management, worker, and union representative interviews

Legal reference: Constitution of Indonesia (1945), Art. 28G (1) stipulates that every person shall have the right to protection of him/herself, family, honor, dignity, and property, and shall have the right to feel secure against and receive protection from the threat or fear to do or not do something that is a human right.



**Plan Of  
Action:**

To maintain a work environment free from harassment and abuse, following are to be followed:

1. Established Zero Tolerance Policy in May 2011, including Harassment & Abuse handling system. Will disseminate Zero Tolerance Policy to expatriate supervisors and local leaders during regular meetings. In order to ensure proper conduct by factory leaders, factory will provide capacity building, including leadership development and cross cultural training. In addition, factory has integrated Key Performance Index (KPI) to track leaders' performance. KPI is meant to provide additional incentive to local and expatriate leaders to comply with CSR policy, including Pou Chen's Code of Conduct (COC), Nike CLS, and local legal regulations. Leaders who observe these regulations will be eligible for a bonus.

2. Assigned Labor and Industrial Relations teams in charge of Harassment & Abuse issues since April 2011. These 2 teams are the sub-groups of Human Resource Management team and are composed of 1 coordinator, 2 Industrial Relations members and 4 Labor members. Among the 4 Labor team members, 2 are from Corporate Responsibility (CR) Station (Grievance and Counseling Center) and 2 are from regular CR office. These members report directly to the head of HR Management. Labor team conducted monthly Harassment & Abuse training for local leaders and line workers on:

- a) January 31, 2012: Cutting, Sewing, Assembling Team Leader (12 attendees)
- b) February 6, 2012: Assembling A1 and Assembling A2 Team Leader and operator (2 attendees)
- c) March 10, 2012: Employee Participant Group member, Production Team Leader, Human Resource staff HSE staff (10 attendees)
- d) March 19, 2012: Assembling A8, Assembling B1, Preparation, Sorting and Warehouse Team Leader and Operator (18 attendees)
- e) After the FLA employee satisfactory survey in May and FLA management survey in July 2011, HRM team conducted Harassment & Abuse and Zero Tolerance training in May, June and September in factories A, B, and C
- f) Factory will conduct refresher training on Harassment & Abuse and Zero Tolerance Policy once a month May – December 2012. Factory aims to communicate Zero Tolerance Policy to all employees through unofficial morning briefings, surveys, bi-monthly Operation Manager meetings, weekly Operation Manager briefings and occasional internal self-auditing in 2012. For all new employees, orientation, Zero Tolerance policy and Harassment & Abuse policy will be instructed within 3 days of hire.



3. Conduct cross-cultural training for all expatriate and key local leaders by 2 third-party consultants, namely Jakarta Consultant Group and PT. Lidi, starting from April 2012.

- a) Jakarta Consultant Group focuses more on trainings to expatriate leaders and involves several local leaders. There will be 4 rounds of training, 2-day sessions with 45 attendees in each.
- b) PT. Lidi focuses primarily on local leaders' capacity building and will cooperate with local leaders and internal facilitators to conduct cross-cultural activities: Stage 1 (April 9 – 10): Train 6 local leaders on counseling, communication and basic management skills, to be facilitators for future internal cross-cultural events starting from June 2012. Stage 2 (April, May, June, July): Train all 600 local leaders (in 24 batches) on understanding and observing; active listening; empathy; and positive attitude. Stage 3 (Once monthly from June 2012): Conduct monthly internal cross-cultural events with 160 expatriate leaders (30 per session), internal facilitators, and local leaders.

4. Conduct continuous leadership training for both expatriate and local leaders all year long. Leadership training schedule in 2012 is as follows: a) By June 30, 2012, all expatriate leaders and local facilitators/leaders will participate in training module regarding subordinate development, conflict management and stress-release programs to develop their capabilities in leading employees. b) By September 30, 2012, all expatriate leaders and local facilitators/leaders will be trained in supervisory roles, time management, management concept sharing. c) By December 31, 2012, all expatriate leaders will be trained on management by objective and goal setting. These expatriate leaders will share best practices with local leaders.

**Deadline Date:** 06/30/2012

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**

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**Non-Discrimination: Recruitment and Employment Practices (Job Advertisements, Job Descriptions, Evaluation Policies)**

D.3 Recruitment and employment policies and practices, including job advertisements, job descriptions, and performance/job evaluation policies and practices shall be free from any type of discriminatory bias. (S)

**Noncompliance**

**Explanation:** The hiring banner posted on the main security gate showed gender preference. Banner indicated that the factory was looking only for female workers.

Sources: observation; management and worker interviews

Legal reference: Law No. 13 (2003), Art. 5 regulates that every worker has the same opportunity to obtain a job without discrimination.

**Plan Of Action:** 1. Removed banner immediately on December 23, 2011 and reviewed other recruitment banners, notification and posters.

2. New recruitment banner posted in January 2012 is compliant with NIKE CLS and local law.

3. Train all staff regarding recruitment procedure about the No Discrimination policy by May 3, 2012.

**Deadline Date:** 05/03/2012

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**

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### Non-Discrimination: Health Status

D.10 Employers shall not, on the basis of a person's health status, make any employment decisions that negatively affect the persons employment status, including decisions concerning recruitment, termination, promotion, or assignment of work, unless such decision is dictated by the inherent requirements of the job or a medical necessity to protect the worker and/or other workers. (S)

#### Noncompliance

**Explanation:** There is a question about marital status on the pre-employment Medical Check-Up (MCU) form. MCU is done as part of the hiring process (before being accepted as a new worker). Based on management interview, pregnant workers are discouraged from applying on grounds that MCU process involves an X-ray which can be harmful to unborn babies. It was found that pre-employment MCU form is kept in workers' personnel files.

Sources: medical check-up form and procedures; management, worker and security guard interviews

**Plan Of Action:** Revised recruitment SOP and removed Medical Check-Up (MCU) from the recruitment decision procedure. Improved recruitment and MCU procedure are to abolish practice of discouraging pregnant employees.

1. MCU records will be shared only with medical agency, clinic, and employee personally. No records are to be kept in personnel files for confidentiality reasons.

2. Medical Surveillance program is part of a legal requirement to ensure new employees are screened for any pre-existing conditions that may pose occupational health risks that may require special job placement. MCU is only required if worker passes the entrance exam, so it is not part of the hiring process and will not affect the hiring decision. Revised policy will exempt X-ray requirement for new and existing pregnant employees. Policy has been communicated to recruitment front liner in HR Department. The regional Corporate Social Responsibility assistant manager in Sukabumi at Pou Chen Group will monitor the policy implementation and ensure both implementation and compliance.

3. Educate all HR staff that a) MCU reports, including pregnancy status, are not to affect hiring decision-making processes and b) no MCU records should be kept in personnel files to ensure confidentiality.

**Deadline Date:** 04/20/2012

**Action Taken:**

**Plan** No  
**Complete:**

**Plan**  
**Complete**  
**Date:**

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**Code Awareness:**

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

**Noncompliance**

**Explanation:** The company's (Nike Inc.) COC posters are posted in production buildings. However, the company has not developed a secure communication channel to enable workers to report noncompliances directly to company. According to management, when company representatives visited factory, they interviewed workers directly and provided their business cards to workers.

Sources: observation; worker and management interviews

**Plan Of Action:** It is Nike's objective to strengthen contract manufacturers' internal grievance systems. Nike is researching solutions to provide a secure communication channel that would enable workers to report noncompliances directly to company.

The following actions are to be taken to strengthen factory's interval grievance systems:

1. Build up communication channels between employees and management team, such as Short Message Service, CR hotlines, Employee Participant Group, CR station (Grievance and Counseling Center), bi-monthly Operation Manager meetings (where management has direct dialogue with employees and union representatives on a monthly basis).
2. Disseminate communication channels to all employees and update management team on information received through these channels during Operation Manager Briefing every Friday.



3. Posters have been posted since March 10, 2011, in public to inform all employees of the factory's communication channels.

4. Review grievance cases every month to see which channels are mostly favored by employees starting from March 2012.

**Deadline Date:** 04/30/2012

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**

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## Health and Safety: General Compliance Health and Safety

H&S.1 Employers shall comply with all local laws, regulations and procedures concerning health and safety. (S)

### Noncompliance

**Explanation:** 1. Based on document review, factory identified and conducted risk (hazard) assessment of particular work areas and provided appropriate personal protective equipment (PPE). However, risk assessment is not conducted in some work areas, such as embroidery, rubber, mold service, technical foxing, punching machines and engineering workshop.

Sources: document review, management interview

Legal reference: Labor Ministry Circular No. SE-05/BW/1997 states that the factory shall maintain hazard assessments to determine that personal protective equipment is sufficient for working conditions.

2. Factory has provided occupational medical examinations (pre-employment medical examinations, periodic medical examinations) to all workers. However, the last medical examinations for workers in Blocks A and B were conducted from October 6 – November 18, 2010. Annual (periodic) medical examinations for 2011 have not been conducted.

Sources: medical examination record, management interview

Legal reference: Regulation of the Minister of Manpower and Transmigration No. PER-02/MEN on Medical Examination (1980), Art. 3(1) regulates that any undertaking as defined in Art. 2 (2) shall provide periodical medical examination to workers at least once a year, except otherwise determined by Director General for Development of Labor Relations and Protection of Manpower.

3. Factory has maintained environmental management plan and environmental monitoring plan (UPL & UKL) report since December 2009. Last update of UPL & UKL was in April 2010. However, factory does not maintain UPL & UKL reports for 1st and 2nd semesters of 2010 and 1st semester of 2011.

Sources: environmental management plan and environmental monitoring plan (UPL & UKL) reports; management interview

Legal reference: Government Regulation No. 27 of 1999 regarding analysis of environmental impact, Art. 32 states that company shall submit the evaluation report of UKL & UPL to the environmental impact control agency every 6 months in June and December.

4. No smoke detectors observed in carton warehouses of unit C. In addition, exhaust fans on washing lines A, B, C in B3 building are not functioning.

Source: observation

Legal reference: Regulation of the Minister of Manpower No. PER-02/MEN on Automatic Fire Alarm Installations (1983), Art. 11 states that each floor of a building containing a ducted air-handling system shall be protected by at least one smoke detector or a sampling device associated therewith, which shall be located in the duct opening as close as practicable to the vertical riser.

5. Wastewater test result in July 2011 showed BOD and COD levels higher than legal limits for Printing Converse, Cutting Converse and Printing Vans. Moreover, air level (SO<sub>2</sub>) in Converse Assembling line on July 12, 2011 exceeded the legal limit.

Sources: wastewater test reports, management interview

Legal reference: Decision of Minister of Environment No. 142 on Amendment to Decision of Minister of Environment No. 111 on Guidelines Requirement and Procedures for License for Waste Water Disposal (2003), Art. 3 stipulates that (1) Every business or activity that will dispose their waste water to water or water source is obliged to obtain a written permit from Regent/Mayor. (2) The permit application referred to in paragraph (1) is based on results of Environmental Impact Assessment study or Document of Environmental Management Efforts and Document of Environmental Monitoring Efforts. (3) Terms of waste water discharge permits to water or water source shall comply with the requirements referred to in Art. 38 paragraph (2) Government Regulation Number 82 Year 2001 on the Management of Water Quality and Water Pollution Control.

**Plan Of  
Action:**

1. Define risk management strategy; identify and analyze risks; and handle identified risks, including implementation of risk mitigation plans when needed.

2. Conducted Risk Assessment to following workers' areas: Embroidery, Rubber, Mold Service, Technical Foxing, Punching Machines and Engineering Workshop from December 27, 2011 – February 13, 2012.

3. Factory will perform root cause analysis and identify hazards related to chemical use, and implement engineering system to reduce emission to PEL (permissible exposure limit) in May 2012, by applying engineering control. Extraction system will be reviewed to improve the extraction rate to reduce SO<sub>2</sub> emissions to a level within the legal limit, with further control of PPE use to reduce worker exposure to SO<sub>2</sub>.

4. Maintain periodical MCU for employees exposed to hazardous material. Factory conducted first batch of periodical MCUs in March 2012, to be finished by August 2012 in batches of 300 workers every month.



5. Maintain environmental management plan and environmental monitoring plan (UPL & UKL) report to local authority. Conducted field inspection March 12, 2012. Scheduled another set of environmental tests: Water and Ambiance Management in April 2012 by local Health Department; Environment Analysis Report scheduled to be sent in June 2012.

6. WWTP has been constructed since 2011 and will be activated before May 30, 2012. HSE Administration Center is appointed to maintain the environment report and manage WWTP after being trained in WWTP management. Until WWTP is activated, wastewater generated from silkscreen will be collected and treated by external-licensed contractor.

7. Established Fire Safety Management System.

8. Factory C has been provided with fire extinguishers in the warehouse for fire protection; CR Officer is assigned to manage factory's Fire Safety Program.

9. Smoke detector request order was submitted to procurement department in April 2012 and detector is expected to be installed before July 30, 2012.

**Deadline Date:** 08/30/2012

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**

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**Health and Safety: Health and Safety Management System**

H&S.5 The health and safety policy shall contain the framework for a comprehensive health and safety management system within which employers' responsibilities and workers' rights and duties, various responsibilities of designated personnel, procedures that enable workers to raise health and safety concerns and procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) are clear and regularly tested and reviewed. (P)

**Noncompliance**

**Explanation:** Observed that Lock Out Tag Out (LOTO) devices are not being properly installed. The factory places pieces of paper to mark broken machines.

Sources: Observation

- Plan Of Action:**
1. Factory has developed Hazardous Energy Control Procedure in October 2010; reviewed and revised in April 2012.
  2. Posted label of broken and unused equipment in technical area in March 2012.
  3. Engineering Team put in a request for LOTO Tool and Device with the Procurement Department on March 21, 2012; the engineering leaders trained the subordinates on LOTO maintenance and safety tools on April 9, 2012.
  4. LOTO devices are not back yet and will be used by engineering team starting May 20, 2012.
  5. Schedule trainings to affected employees on LOTO procedure, e.g., sign, meaning of tags and locks.

**Deadline Date:** 05/20/2012

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**

## Health and Safety: Permits and Certificates

H&S.8 The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal. (P)

### Noncompliance

**Explanation:** There is no certified operator for Electrical Hoist Chain/Lift.

Sources: document review, management interview

Legal reference: Regulation No. PER-09/MEN (2010), Art. 5 regulates that (1) Lift and freight transport must be operated by operators that have a lift and haul License K3 and workbook according to type and qualifications. (2) Lift and freight transport operators referred to in paragraph (1) include lift equipment operators, tape transport, freight transport over the runway and on the surface, and rail transportation equipment.

**Plan Of  
Action:**

Develop and implement procedures to reduce or eliminate risk of equipment failure or exposure to hazards associated with lift maintenance and repair activities:

1. Sent engineering team to obtain Material Lift Operator Certificate on January 24 – 26, 2012.
2. Provided Safety Lift Awareness Training to lift operator on February 7, 2012.
3. Factory will develop Power Motor Vehicle Procedure by May 30, 2012.
4. Factory C conducted Safety Talk with Forklift Operator about Safety Awareness in December 2011.
5. Posted capacity limit identification at Factory C on November 24, 2011.
6. General Affairs Department monitors bookkeeping of Health, Environment and Safety Department every month.

**Deadline  
Date:** 05/30/2012

**Action  
Taken:**

**Plan  
Complete:** No

**Plan  
Complete  
Date:**

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**Health and Safety: Evacuation Requirements and Procedure**

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

**Noncompliance**

**Explanation:** No evacuation plan posted in building block C (box/carton factory).

Sources: observation, management interview

- Plan Of Action:**
1. Evacuation plan posted on December 24, 2011.
  2. Factory C provided fire extinguishers at warehouse for fire protection and CR Officer is assigned to manage factory's Fire Safety Program.
  3. Conducted field inspection on March 12, 2012. Factory will install smoke detectors in C area warehouse by July 30, 2012.
  4. Conducted Fire Safety evacuation training in C area in January 2012.

**Deadline Date:** 07/30/2012

**Action Taken:**

**Plan Complete:** No

**Plan Complete  
Date:**

### **Health and Safety: Chemical Management and Training**

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

#### **Noncompliance**

**Explanation:** Chemical containers in Banbury A are missing chemical labels and secondary containment cover is smaller than the container. Moreover, secondary containment is missing for chemicals stored in inner-box printing area and inside boiler of unit C.

Source: observation

Legal reference: Decree No. KEP-01/BAEPEDAL/09 on storage of hazardous materials (1995) Appendix 5D, Art. 2.2 (b5) states that to prevent release of hazardous and toxic waste into the environment, tank shall be equipped with secondary collection system; (iv) designed to collect and store liquids originating from leakage, spills, or contaminated rain water. (b)(6) Owner or operator shall inspect tank system at least once a day while it is in operation. Inspection shall include (ii) detection of corrosion or spills from the tank.

**Plan Of Action:**

1. Developed Material Safety Data Sheet and Chemical Labeling Procedures on March 26, 2011.
2. Developed Chemical Handling Procedure on November 16, 2011.
3. Container label posted on January 17, 2012.
4. Developed Spill Response Plan Procedure on March 9, 2012.
5. Factory C has provided cover and secondary containment March 17 and 23, 2012; conducted chemical management training February 24, March 20, and March 22, 2012.
6. Conduct routine inspection on monitor secondary containment and labeling system starting from 2011 in Factories A and B and in February 2012 for Factory C.

**Deadline Date:** 04/30/2012

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**

**Health and Safety: Bodily Strain**

H&S.20 Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains. Employers shall train workers in proper lifting techniques and items such as belts shall be provided. (S)

**Noncompliance**

**Explanation:** There are chairs missing backrests in Assembling area A (40% of chairs) and Building B6 (20% of chairs).

Source: observation

Legal reference: Regulation of Minister of Labor No. 7 (1964), Art. 9(1) (2) regulates that (1) Workers who work seated shall be provided with seating facilities; (2) Seating facilities shall fulfill the following requirements: a) correspond with physical attributes of the average Indonesian person and by otherwise suitable use by the worker; b) be comfortable and not give rise to muscle strain; c) facilitate work movements; and d) have a backrest for support.

**Plan Of Action:** Factory to provide a safe, hygienic and healthy workplace setting and to take necessary steps to prevent accidents and injuries. Chairs with backrests will be provided in Assembling area by April 30, 2012; completion to all line workers is expected by November 30, 2012.

**Deadline Date:** 11/30/2012

**Action Taken:**

**Plan Complete:** No



**Plan  
Complete  
Date:**

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