

# The Indonesia Plant Fire and Our Response

A fire occurred at PT Mandom Indonesia Tbk, our Indonesian consolidated subsidiary, on July 10, 2015.

We sincerely offer our prayers for the souls of the local staff members who lost their lives, extend our deepest sympathy and condolences to the bereaved families, and pray for the quick recovery of those who were injured. We tender our deepest apologies to the people of Indonesia, those in the vicinity of the factory, and everyone who was affected by the accident.



100th day memorial service

Below we present a summary of the findings of the Indonesian National Police Headquarters in Jakarta regarding the cause of the accident, along with a summary of our ongoing response.

## 1. The cause of the accident and our ongoing response

The Forensic Laboratory Centre of the Indonesian National Police Headquarters presented the results of its investigation in which it stated that the explosion and fire was caused by heat from the Leister model hot-air hand tool used for finishing on Line 2 igniting vapor saturated with LP gas that had leaked from the tip of a flexible tube connected to an aerosol filling machine. The explosion faced the aerosol filling machine and caused flames to burst out. Once the police cordon was lifted, Mandom set up an Accident Investigation and Response Committee composed of external experts to study how to prevent such an accident from ever happening again. (From News Release No. 5 of Oct. 29, 2015)

## 2. Accident Summary

### (1) Date and time of occurrence

July 10, 2015

Local time: around 9:18 a.m. (11:18 a.m. Japan time)

### (2) Location of occurrence

Aerosol product production area, Indonesia Headquarters Plant

Address: Kawasan Industri MM 2100 Jl. Irian Blok PP Bekasi 17520

Aerosol: A liquid released from a valve by means of a propellant gas and used in hair sprays, antiperspirant deodorant sprays, etc.

### (3) Injuries, Deaths and Damage

28 deaths among Indonesian personnel (4 male, 24 female)

(including 23 deaths after the accident up to September due to burn sepsis and other causes)

30 injured among Indonesian personnel

Aerosol production area destroyed

Consideration : Photos of the scene of the accident are not included in this report out of consideration for the victims and their families. For more details, please refer to the final report materials of the Accident Investigation and Response Committee.

### Follow-up News Releases

**See Also** ● Final Report from Accident Investigation and Response Committee on Fire Accident at Consolidated Subsidiary (May 11, 2016)  
<http://www.mandom.co.jp/release/2016/src/2016051101.pdf> (Japanese only)

**Report** ● Accident Investigation Report on the Fire and Explosion at PT Mandom Indonesia Tbk HQ Plant's Aerosol Production Area published by the Accident Investigation and Response Committee  
<http://www.mandom.co.jp/release/2016/src/2016051102.pdf> (Japanese only)

- Company name ● PT Mandom Indonesia Tbk
- Established ● November 1969
- Paid-in capital ● 100,533,333,500 Indonesian rupiahs (as of December 31, 2015)
- Representative ● Muhammad Makmun Arsyad
- Business areas ● Manufacture and sale of cosmetics and plastic products, import product sales and exporting
- No. of employees ● 5,253 (as of December 31, 2015; total including directors and temporary personnel)
- Location ● Headquarters and Factory 1 (production plant)
  - Headquarters and factory moved from Jakarta (Sunter) to Bekasi. Went into operation in June 2015.
  - Site area: 147,936m<sup>2</sup>
  - Address: Kawasan Industri MM 2100 Jl. Irian Blok PP Bekasi 17520



Aerial photo of new Indonesian head office building and cosmetics manufacturing plant (Factory 1) (Feb. 2015)

- Factory 2 (plastic container molding plant)
  - Went into operation in March 2001
  - Site area: 54,442m<sup>2</sup>
  - Address: Kawasan Industri MM 2100 Jl. Jawa Blok J-9 Bekasi 17520

The Mandom Group takes this accident very seriously. We set up an Accident Response Headquarters immediately after the accident and continue to take measures based on the following three statements of our policy and stance.

1. We place top priority on providing quick, respectful, and courteous assistance to victims that puts people first, based on Mandom's management principles.
2. We will thoroughly investigate the cause with complete integrity and sincerity, discover the truth, and set up and implement measures to completely prevent another accident from occurring.
3. We will extend measures throughout the Mandom Group, not blaming any single person, but aiming to find out the real problem.

To make absolutely sure that another accident of this type does not happen ever again, we set up an Accident Investigation and Response Committee composed of external experts who looked closely at the cause of the accident and studied in detail how to prevent its recurrence. The committee's final report was presented in the news release detailed previously (see page 16).

In this KohDoh Report 2016 we have compiled and wish to communicate the efforts we have made so far to the bereaved families of the employees whose lives were lost in the fire and to the employees who are still being treated, along with their

families, based on the policy and stance presented above. Respecting the culture and customs of Indonesia, we also report on the memorial services held after the accident.

## Adversity Makes the Mandom Group Wiser.

—Supporting Victims and Their Families, and Remembering Those Who Lost Their Lives—

Muhammad Arif Kurniawan,  
Head of Internal Audit,  
PT Mandom Indonesia Tbk



### The Day of the Accident

It was exactly a week before the Lebaran holidays (the end of Ramadan), and on the morning of July 10th, it became a day of tragedy. We were shocked by a huge explosion, followed by black smoke and fire from the DPS production site. An Emergency Response Team (ERT) reacted quickly, together with employees and construction workers in the nearby area, rushing to the site and starting to fight the fire. Fire trucks

arrived a few minutes later and the fire was extinguished within an hour. Under police supervision, a total of 53 victims were transported to eight hospitals using cars belonging to the company, employees, suppliers, and ambulances. Unfortunately, there were five victims who died in the fire on the site. Other employees were evacuated to a safe location and sent home afterwards.

### Support for Victims and Their Families

The company directly covered all medical expenses from the beginning and saw to it that the hospitals provided first-class treatment. We also formed a volunteer group among employees and set up an on-duty schedule for each hospital. The group supported the victims and families 24/7 at eight hospitals and also participated in blood donation for the victims when needed. The company provided family compensation for those taking care of victims in the hospital, as well as transportation costs, meals, daily needs, and so forth. Our partner distributors also helped support the victims,

including through blood donation. These activities continued even during the Lebaran holidays. Colleagues stationed in Indonesia from Japan also participated in blood donation, and visited the hospitals every week to cheer up the victims and families. Even after the victims have come home and switched to outpatient treatment, the company has continued to support their families financially, as some of the victims still require special treatment at home due to their physical condition, and caregivers are oftentimes forced to miss work.

### Care for Other Employees

After the accident, production activities came to a total stop, and we commenced a psychological counseling program for the employees who worked in the nearby area (No.4 Packing Site) but were not directly affected as victims. The

psychological counseling was offered for 1.5 months until they were able to get back to work again. Thankfully it only took a few months to restore the normal state of production.

### Respecting Local Culture and Customs

In memory of the victims and to pray for them, the company held a 40th day memorial ceremony on August 19. We invited an "ustaz" (Islamic priest) to speak to employees and pray with them for the victims. We also offered prayers together every Friday after the weekly congregational prayer.

On October 1st, the CEO of Mandom Corporation, Motonobu Nishimura, visited Indonesia and brought "senbazuru" (strings

of folded paper cranes) made by employees of the Mandom Group in Japan. He visited the hospitals, and met with families and victims. It was a great relief, and the victims and their families were deeply moved. They expressed their gratitude for the visit and the senbazuru.

On October 19th, the company held a 100th day ceremony, attended by around 1,200 employees.



The ustaz delivers a sermon at the 40th day ceremony



Employees in attendance at the 40th day ceremony



President Makmun Arsyad prays alongside employees at the 100th day ceremony



Roughly 1,200 employees took part in the 100th day ceremony



Colleagues leave an offering of flowers

### Financial Support and Recovery Program for Victims and Families

Many of the victims who passed away were married with dependents. To support those families, the company established a foundation funded with donations from Mandom Corporation Japan, Mandom Indonesia, and employees of the Mandom Group (including Mandom Indonesia).

For the victims who passed away or suffered a permanent disability, we have provided condolence compensation, a chance for brothers, sisters and children of the deceased meeting company requirements to work at Mandom Indonesia, and scholarships for children until they reach 21 years of age.

The company bears all medical expenses of survivors and provides funds for cosmetic surgery. The company is also paying their monthly salary in full during the recovery period until they can get back to work. These types of compensation

are in addition to the workers' compensation insurance they receive from the insurance company.

Almost all survivors have requested to be allowed to return to work again. To prepare them, the company initiated a recovery program. This program includes psychological counseling, revisiting the work area, and work exercises. The counseling and revisit program has been running smoothly for a few months and work exercises in the actual workplace are scheduled to start immediately when conditions are ready.

(Note)

Laws and regulations concerning labor practices differ between Indonesia and Japan, however, Mandom Indonesia views conforming to local requirements as the bare minimum for compliance and makes a principle of maintaining standards that go above and beyond local legal obligations.

### In Conclusion

The accident was a tragedy. In total we lost 28 colleagues. But throughout that difficult time, all of the employees of Mandom Indonesia were bound together as a family. Our colleagues in the Mandom Group overseas also showed us deep sympathy for the loss, just like family. We help and support each other regardless of boundaries between departments, companies, and even national borders, just like

a big family.

Through this accident we were reminded again about the constant necessity of safety. It made us reflect upon ourselves and emphasize "Safety First" in every aspect of our policies and business operations to make sure that this accident will be the last and no such event will ever happen again in the future.

### Establishment of Mandom Group Safety and Reliability Day

As reported in our news release on May 11, 2016, we are making efforts to prevent any recurrence in the future, by referring to the final report of the Accident Investigation and Response Committee made up of third parties, including suggestions for measures to prevent recurrence of the cause identified through analysis by the committee. Based on the idea of putting safety first, we are working to prevent recurrence in all our projects and at all of our manufacturing sites, but in order to take this accident as a major lesson and prevent any fading of its memory, we have established July 10 of every year as the Safety and Reliability Day of the Mandom Group. On this day, we will offer our wishes in memoriam of the victims of the accident, and diligently review safety and reliability throughout our group.

It is not just machinery at manufacturing sites or workplaces

handling hazardous materials that may pose a risk to safety and reliability. Safety problems may be present even at non-manufacturing workplaces such as offices or sales facilities. Therefore, on Safety and Reliability Day, all of our employees will observe a moment of silence, and during that week, each workplace will consider and discuss risks to safety and reliability. The content of these activities will be planned by the Total Risk Management Committee, and then applied to organizations relating to each issue or countermeasure.

We take the gravity of this accident very seriously, and to ensure that no such accident occurs in the future, the Mandom Group is working continually as team to ensure safe and secure business activities.