

ICTI CARE Process (ICP) Audit Summary - PT Mattel Indonesia (PTMI)

An independent audit firm approved by ICTI CARE performed an ICP audit in April 2009. This factory is located in Indonesia, occupies an approximate area of 50,000 m² and had approximately 7,000 employees at the time of the audit. The factory includes the following major production departments; injection molding, spray painting, tampo printing and sewing. During the course of this audit the following findings were identified.

The hours worked at this factory were adequately documented using a computerized timing system. The maximum hours worked per day were 12 and 61 per week. All overtime at this factory is voluntary and the maximum overtime hours worked per month is 86. All employees are entitled to one day off in seven and the maximum consecutive working days per month is 13.

The wages and compensation for factory employees do meet Indonesian legal requirements; however wages records do not reflect payment for employees clocking in 16-59 minutes prior to their scheduled shift. This is inconsistent with ICTI CARE Code of Practice. The payment of wages is made readily available to employees by bank transfer. Legal withholdings from employee wages are being held correctly and include pension and social security funds. All deductions for food and housing are reasonable and legal. The amount of deductions for food depends on the menu and for housing is Rp 82,500 per month. The employees have a choice to live in the dormitory and where to eat. No deductions are made for company provided items. The deduction for replacement of lost company items is reasonable and does not exceed the cost of the item.

The factory does have a written policy specifying the youngest age for workers hired at the factory and the age of the youngest employee is 19. This age is in compliance with policy and local laws. The factory does not use forced or bonded labor. This has been verified via document review, factory tour, and employee interview.

The emergency exit doors are kept open and unlocked. The aisles and emergency exit doors are clearly marked and are unobstructed. The exit sign is illuminated at all times. Personal protective equipment (PPE) is provided and employees have been trained to use it. The factory does provide dormitory living for employees. There are 10-12 female workers per room and these employees have sufficient dormitory living space approximately 3 m² per person.

Additional findings: No remedy action/procedure was available at the factory in case of being above upper ICTI CARE limits for temperature and humidity. Emergency phone numbers were not included in the emergency preparedness plan. The electrical main switch is three ft away from spray paint booth and is not explosion proof.

Corrective Actions:

In response to the audit findings, PTMI has taken the following actions:

- A written procedure was developed in July 2009 to implement corrective actions in case of the temperature exceeding the upper ICTI CARE limit.
- The factory's Emergency Preparedness plan was revised to include emergency phone numbers on May 15, 2009.

There is an explanation for why employees arrive at the factory early prior to their shift. Workers may arrive early as a result utilizing the bus service or making their own transportation plans. PTMI provides free bus service to and from the factory for workers that live in the local community. Workers are free to make their own transportation arrangements or use the factory's bus service. Offering bus service is a common practice because the local area is extremely congested. For safety and security purposes, workers swipe their badge upon arrival at the factory, and may use the canteen and locker areas until their shift starts. During the audit, worker interviews did not express concerns about starting work prior to their scheduled shifts. Mattel is working with ICTI CARE to improve guidance for worker interviews to better understand the nature of worker commuting practices.

In regards to the finding about the main electrical switch in the spray painting process area, the electrical panel is enclosed and there is no spark hazard in this area. Spray paints are contained in one liter closed containers at each spray station. The flow rate of local exhaust ventilation is adequate and inspected quarterly. In addition, chemical exposure monitoring most recently found the exposure to be less than one percent of the permissible concentration limit. With these conditions, the potential for fire in the spray painting area is nil.

Outcome:

ICTI CARE Seal of Compliance awarded with condition of implementing corrective action plan. Seal # C1752.