

MIMCO

**MATTEL INDEPENDENT MONITORING COUNCIL
FOR GLOBAL MANUFACTURING PRINCIPLES**

AUDIT REPORT 2002

MATTEL JAKARTA SATU (MJS)

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MIMCO AUDIT REPORT

PT MATTEL INDONESIA – Mattel Jakarta Satu (MJS)

Introduction

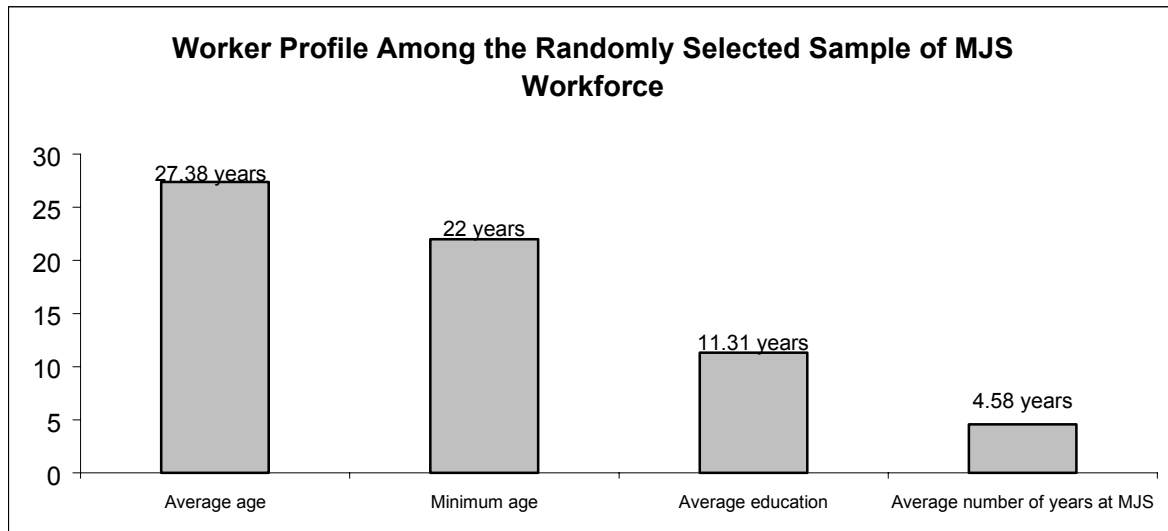
This report is based on the field audit of the MJS plant in Indonesia by MIMCO on May 6-7, 2002. This was the second comprehensive audit of the plant. The first such audit of the plant was conducted in February 24-27, 1999. MJS plant is located in the Cikarang Industrial Estate, West Java, Indonesia. It is 100% owned by Mattel. The plant is dedicated to the production of Barbie and “fashion” dolls.

WORKER PROFILE, 2002

MJS currently employs over 5700 workers. Of these, 92% are female workers. MJS workers are typically older than the pattern available in similar plants in Indonesia and other parts of the Pacific Rim countries and South Asia. Workers range in age between 20-60 years and have achieved education levels of between 12-18 years. Thus, MJS workers are more likely to have earned high school diplomas with some possessing college level education.

This pattern of worker profile was provided by the MJS management in the Management Compliance Report (MCR), and was reaffirmed among the group of workers that were randomly selected by MIMCO for one-on-one confidential interviews. The scientifically selected random sample was representative of the plants total workforce. Figure 1 shows that, among others, a typical worker at MJS had worked at the plant for 4.58 years. Notwithstanding, almost 48% of the workforce indicated that MJS was their first job.

Figure 1



AUDIT FINDINGS

Workers Hours, Wages and Benefits

MJS operates on the basis of 6 days per week. Each normal day (or shift) consists of 7.5 hours of work and 30 minutes of lunch break for a total of 8.0 hrs. Saturday consists of overtime of 7.5 hours and 30 minutes of lunch break. Sunday is considered a rest day.

Indonesian Labor Law stipulates a maximum of 54 hours per week. The company has received an authorization letter from the Department of Manpower allowing overtime to be worked to a maximum of 72 hours per week and 12 hours per day, effective from January 2 to December 31, 2002. Under the provisions of this authorization, all workers receive at least two days of rest in a month. Whenever they work on the rest days, the work cannot exceed 9 hours a day. However, based on GMP standards, MJS caps the maximum number of hours at 60 hours per week, with

additional hours permitted on an exception basis justified by urgent maintenance or production requirements.

The plant normally operates on a 3-shift basis for all machine-based processes, e.g., injection molding. The sewing operation, which employs the largest number of workers, operates on a 2-shift basis.

Under Indonesia's labor law, minimum wage is Rp. 575,500 per month. MIMCO's analysis of the payroll data indicated that no worker received less than legally mandated minimum wage. There were no violations of overtime hours or rest days. All overtime hours were paid as legally required. The minimum wage paid to workers at the MJS plant exceeded the regional wage mandated by the labor law. Overtime work is paid on the basis of 1.5 – 2.0 times normal hourly wages. Rates for rest days and holidays vary from 2 to 4 times normal hourly wages.

MIMCO's analyses of payroll data indicated that MJS was in compliance with regard to minimum wage and overtime pay rates. No worker received less than legally mandated minimum wage. There were no violations of overtime hours or rest days. All overtime hours were paid as mandated by the Indonesian labor law. The minimum wage paid to workers at the MJS plant exceeded the regional wage mandated by the labor law. MIMCO's analyses of workers' personnel files and payroll data indicated that actual hours worked during the month of June did not exceed 176 hours. These were well below the maximum hours for which MJS had received approval from the Indonesian government.

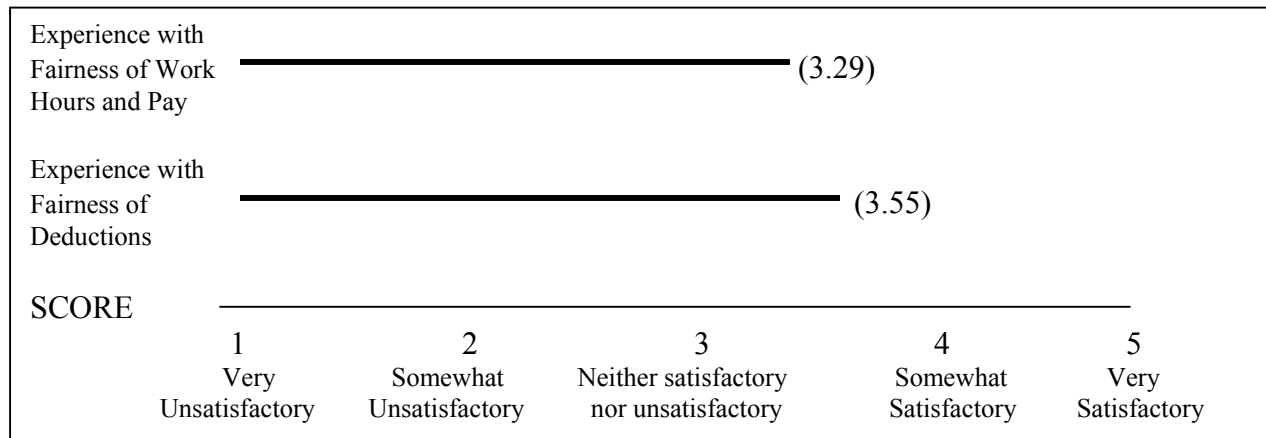
MJS has a relatively developed structure of social benefits, which is understood and appreciated by the workers. The plant provides a broad range of benefits to its employees. These include a government mandated Worker Social Insurance Program,

Medical coverage, life and accident insurance. Female employees are eligible for 90 days of maternity leave. Among the workers interviewed by MIMCO, everyone received social security and insurance benefits. An overwhelming majority of the workers interviewed by MIMCO, indicated that they received compensation for workplace accidents (98%), participated in the company's retirement plan (87%), and received severance benefits (83%).

In addition, MJS workers received a variety of allowances including shift allowance, bonuses for good performance, attendance, productivity and special skills. Among the workers interviewed by MIMCO, a little over 60% indicated having received one or more types of performance bonuses. This figure shows a significant improvement over the previous audit of the MJS plant in February 1999, when 46% of the interviewed had indicated receiving some type of performance bonus. When asked as to the types of bonuses earned, 56% received good attendance record bonus, 36% received group performance bonuses for meeting production quotas, and, another 15% received bonuses on the basis of line performance.

When asked for their overall assessment as to the fairness of working hours, pay and deductions, the workers ranked MJS at 3.29 and 3.55 on a scale of 1 to 5 (Figure 2).

Figure 2



Area of Potential Concern – Overtime Working Hours

The payroll data records are somewhat at odds with the opinions and beliefs of the workers as expressed to MIMCO during the one-on-one confidential interviews of the sampled workers. Almost one-half of the workers interviewed expressed the feeling that production quotas set by the management were too high and not always met. Workers by a two-third majority (69%) indicated that they were asked to work overtime in order to meet the day’s production quota.

A small minority of the interviewed workers (4%) indicated that factory management often pressured workers to work overtime on their days off and on holidays. In response to another question, 13% of the interviewed workers stated that they were pressured to work overtime by their supervisors when they were sick or tired.. It should be noted that this is a continuing problem since a similar finding was made by MIMCO during its first audit of the MJS facility in February 24-27, 1999. An indirect manifestation of this situation can also be found in the fact that according to factory records, a large proportion of worker visits to the factory were attributed to ‘exhaustion’.

The overall picture with regard to involuntary overtime suggests that MJS management is aggressive in pursuing a policy of work overload and overtime hours in order to meet production quotas.

Recommendations

Our recommendation here is the same as in the case of MJD. Now that the two plants have been consolidated in one integrated facility and under one General Manager, we would expect that the new management would move swiftly to remedy this situation. MIMCO recommends that MJS/MJD review its policies and procedures with regard to establishing production quotas and scheduling overtime. In particular, management should remind plant-floor supervisors and line leaders to ensure that all overtime must be voluntary and that under no circumstances should workers be asked to work overtime when sick or otherwise indisposed.

MJS-MJD should also set up procedures where workers can file complaints when they have been required to undertake involuntary overtime. Moreover, these procedures should emphasize that no worker would be penalized in terms of continued employment, promotion, work assignment, or performance bonuses because of the worker's refusal to work overtime.

We would also recommend that Mattel's internal audit group undertake an unannounced follow-up study – using a significantly larger sample - within 60-90 days of the issuance of this report to assess the effectiveness of the management's corrective measures. The findings of this study should be made available to MIMCO. In case it is deemed necessary, MIMCO may also choose to undertake a follow-up visit at a future date.

Management Response

In its response, MJS management stated that it concurred with MIMCO's finding that workers sometimes feel pressured by their supervisors to work overtime. MJS states that all workers are required to undertake automatic 8 hours of overtime (in a normal week of 48 hours). Workers accept this requirement as a condition of their employment. According to MJS management, "Informal interviews conducted by management do indeed give an impression that both peer and leader pressure play a role in encouraging workers to work overtime. Modulation of this pressure needs to be effected via direct coaching of the leaders and the establishment of complaint mechanism to allow workers to seek relief should the pressure be perceived as excessive. We have already incorporated the counseling process in our daily meetings with leaders. Separately, using both the information kiosks and internet facilities in dorms and plants in the coming month, we will provide direct access to the General Manager's office via e-mail. This mailbox will afford the workers the option of maintaining anonymity, but at the same time provide a means to process worker complaints of any kind, identify the source of any potential coercive pressure and request a personal meeting the GM or Department Director with whom the workers feel most comfortable to discuss their complaints."

MJS management found MIMCO's finding troublesome with regard to workers' complaints of being pressured to work overtime when "tired or sick". Management has offered a variety of records, e.g., workers reporting sick or tired at the plant's clinic, and workers being given paid absence from work when there is documented evidence of sickness, etc. MIMCO accepts the veracity of management's documentary evidence. However, this is precisely the reason why MIMCO undertakes

confidential, one-on-one interviews of a randomly selected group of workers. It reveals the workers' own experiences regardless of whether they coincide with the management's assessment of the situation, or not. These findings call for additional effort to ensure that documentary evidence reflects existing facts reported by the management and also as they are experienced by the workers.

Understanding of Pay-Stubs and Check-Ins

MIMCO's confidential one-on-one interviews with MJS workers revealed some confusion among workers with regard to pay stubs. Over 19% of the interviewed workers found it difficult to follow the calculations of regular hours worked. Some workers were also confused about the system of calculating overtime hours worked on regular weekdays (8.3%), holidays (12.5%), and rest days (10.4%).

MJS management has responded by suggesting that this confusion lies partly in the fact that a new labor agreement was being drafted and that the terms of the new agreement and its implementation schedule were ambiguous at the time of MIMCO's audit. Nevertheless, MJS has agreed to initiate a new series of programs to inform and educate workers to ensure their understanding of hours worked and wage calculations in their pay-stubs.

MJS plant uses time clocks to record working hours. All of the workers interviewed indicated that they punch the time clocks themselves. However over 15% of them also stated that sometimes they had worked without punching their time cards.

Patterns of Recruitment and Initial Hiring Experience

Over 77% of the workers got their jobs by directly applying at the plant site while friends referred another 10% or other workers at the plant. MJS indicated that all workers were provided with a signed contract at the time of initial hiring– a fact which was confirmed by the workers interviewed by MIMCO.

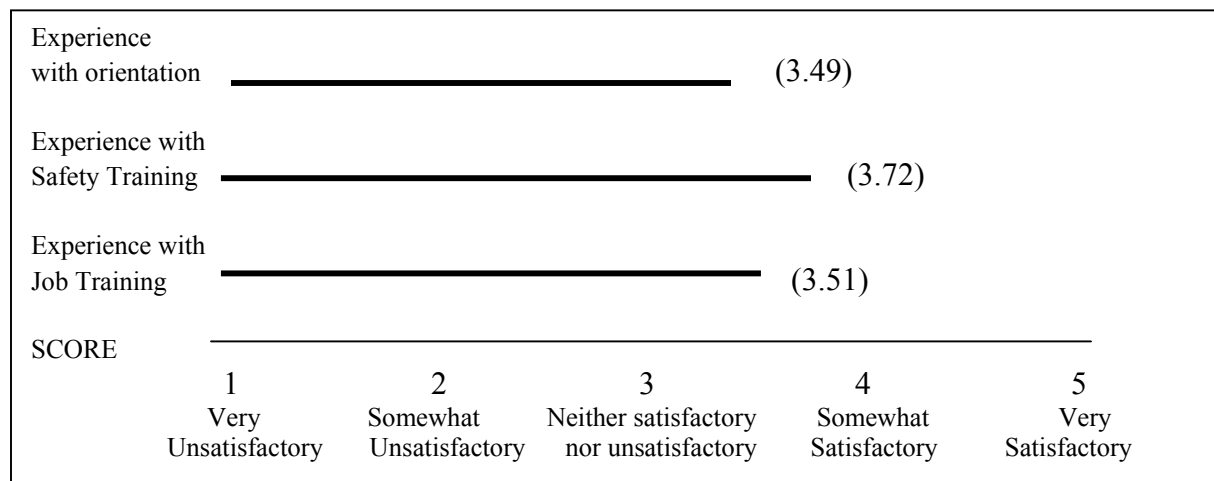
Overall, the workers were quite satisfied with the thoroughness of their orientation at the time of initial employment. Workers, almost unanimously, confirmed that they received information on wages and overtime policies, normal and overtime working hours, bonuses, benefits and deductions, grievance, procedures, disciplinary measures and guidelines, and new rules of conduct. They were given tour of the plant and dormitories and had informal meetings with other workers as well as an address by senior management during their orientation. Finally, the workers indicated that they received training in the operation of machinery to which they were assigned, and also the use of personal protective equipment (PPE).

All workers receive free medical examination at the factory clinic at the time of hiring, and this examination repeated yearly as long as workers remain at MJS. The examination includes pregnancy, blood, eye, ear, teeth, and urine tests, X-rays and blood pressure check-ups. In addition, vaccinations for Hepatitis-B and Typhoid are provided (unless refused by the worker). Treatment commences for any illnesses detected in the initial screening. All treatments are fully paid for by the company-funded managed care program. MJS does not screen out applicants due to existing illnesses and pregnancy conditions. Instead it provides free medical care for the treatment of these conditions upon hiring. When compared to its peers, MJS has set a commendable example for addressing their employees' health care needs in a country

where systems of preventive health care as well as treatment of illness are quite deficient.

When asked about their overall experience with orientation and its various elements, the opinions of the workers ranged between neutral to somewhat satisfactory (Figure 3).

Figure 3



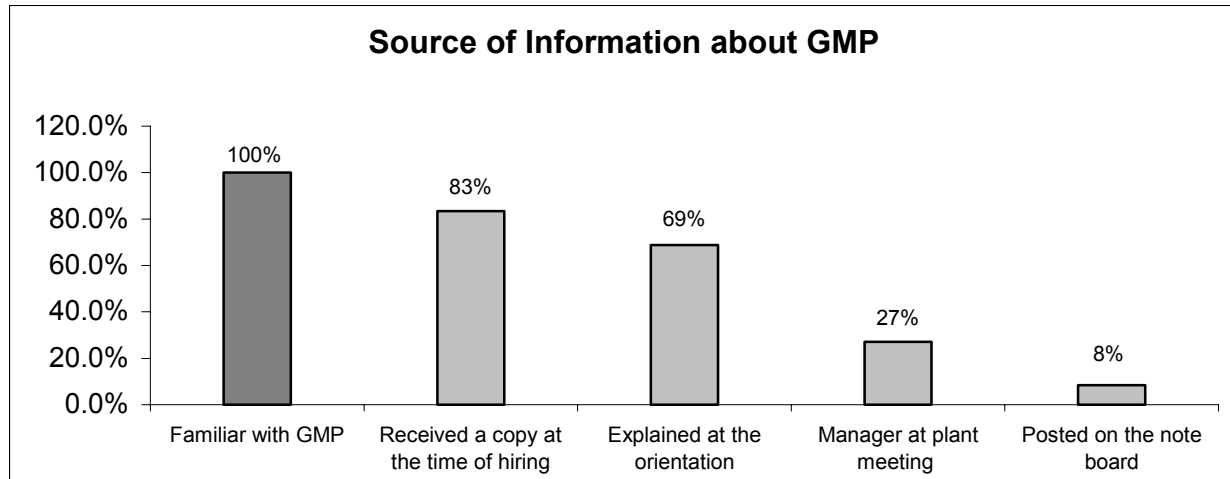
At MJS, most workers undergo a probation period. Among the interviewed workers, almost 80% stated that they spent three months as probationary workers. Workers achieve permanent status upon satisfactory completion of the probationary period provided there were vacancies in the ranks of permanent workers. Nearly half the workers stated that their pay was lower than wages paid to permanent workers, although they all received minimum wages mandated by the Indonesian Labor Law.

Awareness of the GMP

The MJS plant management puts a lot of emphasis on promoting Global Manufacturing Principles (GMP). Workers appeared to be quite familiar with GMP and its various provisions with regard to workers and plant operations (Figure 4). MJS'

Human Resources department publishes an information booklet on GMP in local language, which is made available to plant employees.

Figure 4.



Workplace Discipline of Employees

MJS plant complies with Collective Labor Agreement provisions pertaining to work place discipline of employees. MJS does not impose any cash fines on the workers for any infractions of work-place rules. In case of violations, workers first receive verbal advice from their immediate supervisors. Under more serious circumstances, workers are given a written warning letter. Where a worker is found to repeat similar violations or engage in other activities covered under disciplinary procedures within a three-month period, the Labor Agreement allows for the management to take more stringent disciplinary measures leading to eventual termination.

Among the workers interviewed by MIMCO, only a small group (8%) indicated that they were subject to some disciplinary action. The primary cases for disciplinary

actions reported by the workers interviewed by MIMCO were: defective work (75%), missed quotas (50%), and slow work (25%).

Overall personal experience of workers in regard to workplace discipline received a rank of 3.83 on a scale from 1 to 5, which falls between neutral to “somewhat satisfactory” status.

Work Environment of Manufacturing Operations and Related Facilities

MIMCO experts conducted a thorough walk-through of the plant’s facilities as an integral part of the MIMCO audit. The audit team found the MJS plant to be generally well run and operated. Environmentally, no spills were observed in the machine-areas. Wastewater treatment areas were properly covered and environmentally sound. Dry-separation and water-separation wastes are collected in drums that are disposed of every two months.

There were some notable exceptions, however. For example, the noise level at the roto-casting process was reported to be 90dB, which was above the acceptable 85dB level. Plant management insists that every worker in this area wear plugs and the audit team noted that this rule was strictly enforced.

MJS has recognized the need for better solution to the problem of noise levels in the roto-cast area. The factory is currently processing investment requests with Mattel corporate headquarters to bring noise levels within GMP limits.

In addition to the noise issue in the roto-cast department, there were some problems noted in different parts of the factory. MIMCO team found that in the roto-cast department, many female workers were not using finger protection devices and also were not wearing safety shoes. Some workers were observed to be working without

wearing facemasks or earplugs in the Torso Assembly process. No earplugs were worn in the staking and degating Process area.

Among the workers interviewed by MIMCO, there was noticeable concern about the plant's working environment. Almost 40% of the workers indicated that they were uncomfortable with the level of noise, temperature, and dust in the plant and at their workstations. Furthermore, close to 40% of the interviewed employees indicated they were generally reluctant to report incidents or injuries in the plant.

MJS management does not completely agree with this finding indicating that while individual workers are entitled to their own perception of the safety or "healthiness" of their work environment, "We normally rely on objective industrial hygiene sampling conducted both by internal and external audit teams. According to most recent samplings we do not have any potentially unhealthy chemical or particulate exposure findings that are not adequately controlled by PPE. With regard to noise levels, particularly in rotocast, local management is currently processing investment requests with corporate headquarters to bring noise levels within GMP limits."

MIMCO respects MJS' assertions but does not agree with its conclusions. The "objective records" might be accurate, the fact still remains that workers find the noise and dust conditions uncomfortable, and as such the issue must be addressed. In case the management believes that is a question of perception, then it seems to us that better communications with and education of workers should resolve the issue.

MJS also claims that their data on worker injuries and the frequency of worker reports to the plant clinic do not support the notion of workers' reluctance or fear to report incidents of injury. Instead, MJS suggests that this fear might simply be "malu" (embarrassment) which is highly likely given local culture. MIMCO does not agree. If it

were a question of “malu” then workers should be equally reluctant to report this matter to an “outsider” rather than 50% of them reporting that they were afraid to report incidents of harassment or injury.

Notwithstanding this difference of opinion, we appreciate the fact that MJS management has agreed to integrate this facet of worker concerns in its overall complaint handling procedures that were alluded to in a previous section.

It has been noted in an earlier part of this report that the plant provides appropriate PPE to all workers. This fact was also confirmed by an overwhelming majority of the workers interviewed by MIMCO. These workers also confirmed that they received training into the use of the PPE and understood the importance of using the PPE at work.

However, the availability of the PPE and familiarity with its usage has not translated into improved usage rates. Among the interviewed workers, 21% acknowledged to the use of protective equipment “occasionally” or “almost never”. It should be noted that this figure is an increase from the 1999 audit when the comparable number was 16%.

Areas of Potential Concern and Recommendations

MIMCO believes that workers’ reluctance to use the protective equipment—despite the availability of such equipment and sufficient training in its use – is linked to the existence of heat related conditions in the plant. Therefore, we would suggest renewed emphasis in further abating heat conditions in the plant.

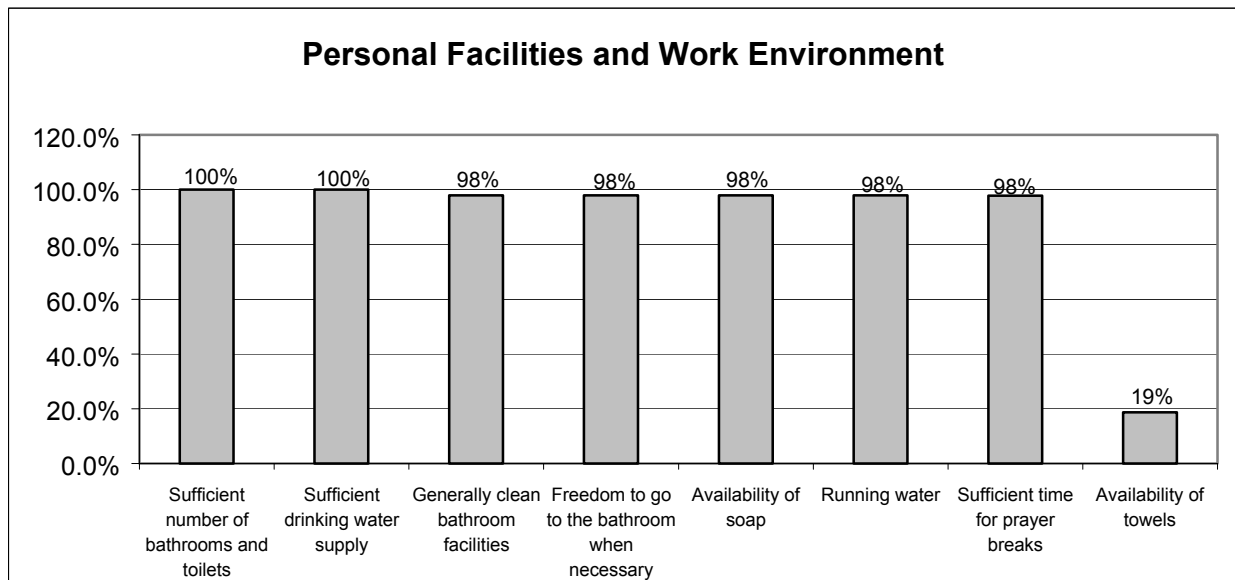
MJS management has recognized this situation indicating that sometimes workload changes in some production areas cause temporary hot spots and high-noise

conditions throughout the plant MJS maintains that worker complaints in these cases are handled promptly with appropriate corrective measures. Furthermore, it is expected that the proposed new investment in air-cooled roto-casting equipment should eliminate one of the primary sources of heat and noise discomfort.

Drinking Water and Personal Hygiene Facilities

MIMCO interviews with a randomly selected group of workers indicated a general level of satisfaction with general hygiene conditions, bathroom and toilet facilities, and availability of drinking water at the plant (Figure 5). There were, however, some complaints (19% of the interviewed workers) with insufficient towels. MIMCO's walk-through of the plant facilities, including toilets and drinking facilities, indicated they were generally in good condition, clean, and appear to be well-maintained bathrooms. There were also paper towel dispensers, although in a few cases they were empty. MJS management is currently engaged in plans to further improve workplace hygiene through installation of additional towels and air dryers in several areas. MIMCO considers the current status of these facilities to be quite satisfactory. Despite the generally acceptable findings on this issue, MJS management is moving to standardize toilets and bathroom arrangements along the lines changes outlined in the MJD report. Paper towels and/or dryers will be added to all canteens, clinics and plant rest rooms before the yearend. In dorm rooms workers will continue to use their personal towels. For the most part this is already in place.

Figure 5.



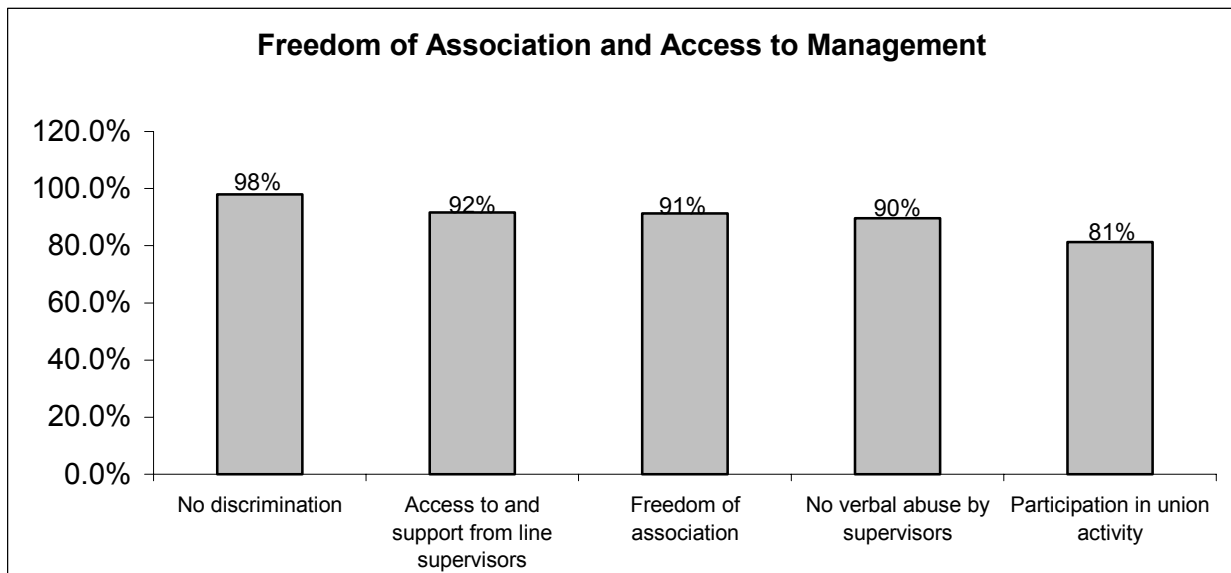
Freedom of Association and Access to Management

MJS plant has established formal written procedures that prohibit discrimination in hiring and promotion and other workplace practices due to sex, age, ethnic origin and other related factors. These procedures appear to be quite effective. Among the workers interviewed by MIMCO, a near unanimity (98%) expressed the opinion that neither they nor anyone else that they knew was the victim of discrimination (Figure 6). They also felt (84.4%) that promotion to the line leader and other supervisory positions was based on merit.

MJS workers are represented by a labor union. All workers interviewed by MIMCO acknowledged their awareness of the labor union, while 81% of them indicated that they were members of the union. An overwhelming majority of the interviewed workers (91%) indicated that the plant management because of union activity penalized neither them, nor anybody else that they know.

Interviewed workers were almost unanimous in their expression of easy access to all levels of management. Workers felt that senior management and other supervisors treated workers with respect and that workers received help and useful information from their supervisors. A small number of interviewed workers (10%), however, stated that they were personally subjected to verbal abuse by their supervisors or co-workers.

Figure 6



Dormitory Conditions

At MJS, approximately one-third of the workers lived in the dormitories, which are located within walking distance from the factory. Residency is restricted to single female workers. The remaining two-third lives at home or has other housing arrangements. All of the four dormitories have been renovated and upgraded. Each dormitory accommodates approximately 1000 workers. However, there is currently substantial

unutilized capacity. The company subsidizes dormitory charges. Workers pay a monthly rent of Rp. 25,000, which is deducted from their paychecks.

MJS does not ordinarily provide free transportation between the plant site and the dormitories because of their close proximity to the plant. However, free transportation is provided on rainy days and for special occasions. Free transportation is also provided to the dormitory residents during the weekends for work at the plant, visits to local shopping malls, and company-sponsored recreational-sports activities.

The dormitories have 24-hour security, laundry facilities, hot and cold running water, and indoor recreation facilities, including TV/radio, reading rooms, and game area. There are no cooking facilities. There are 8 showers and 8 toilets for 64 residents. Each living unit has a radio and a TV, and a cold running water.

Workers are housed in single hall-style rooms. Each room is designed to accommodate 32 workers. Each resident has her own bed and private locker. The size of rooms and amenities are within GMP standards. The rooms are clean and well maintained.

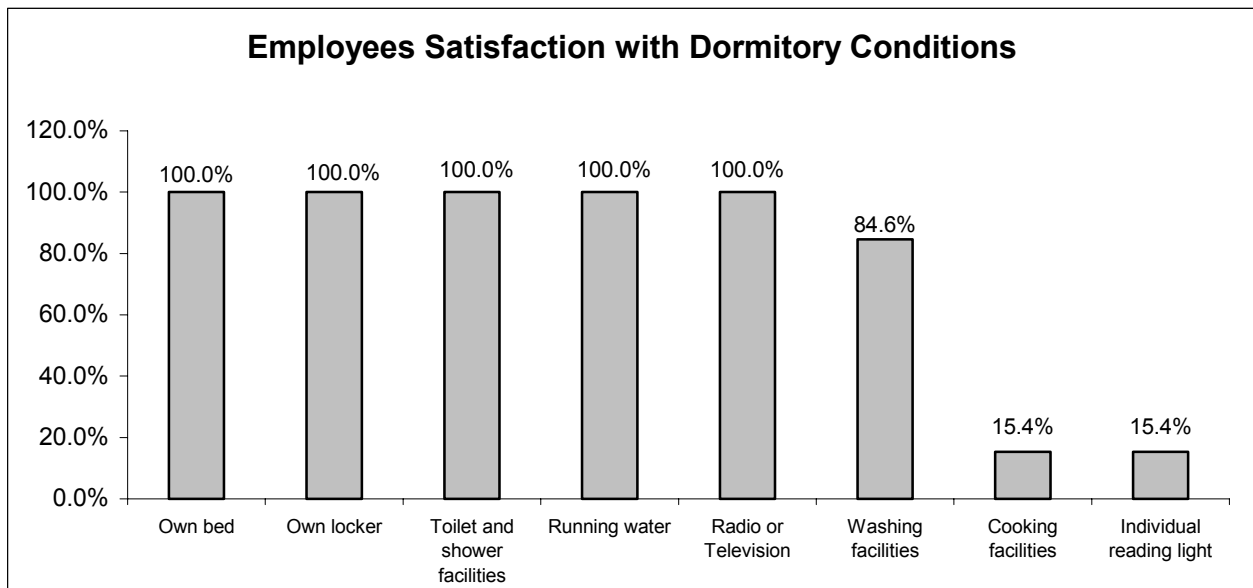
Although, the total space per resident meets GMP standards, the number of planned residents per room exceeds the limits established in the GMP.

Given the current unutilized capacity, the actual occupancy rate ranges between 19-24, thus affording workers extra space and more privacy.

MJS management states that “these rooms were built to applicable standards and are vastly superior, cheaper, and safer than public housing available to workers in the local community. Current plans call for a shift of a limited number of MJD employees to MJS dorm rooms to assist in reducing density.”

Workers, by and large, appear quite satisfied with the dormitories and their living arrangements (Figure 7). Workers' score for dormitories was 3.87 out of possible 5. This score was the highest of all other "overall rankings" of MJS activities.

Figure 7



Canteen and Eating Facilities

The plant provides free meals to all workers. MJS provides a 30-minute lunch break and no other formal breaks during the workday. A majority of workers also use the lunch break for prayers in addition to eating lunch. Management has recently begun the practice of adjusting break times to more closely align with Islamic prayer timing, which varies slightly according to the lunar phases. Although a majority of workers seem content with this arrangement, a significant minority (13%) considered the lunch-break too short. An overwhelming majority of the workers interviewed (98%) indicated that they ate lunch at the company cafeteria. General satisfaction with food was at best

lukewarm. A significant minority (23%) complained about the quantity and quality of food.

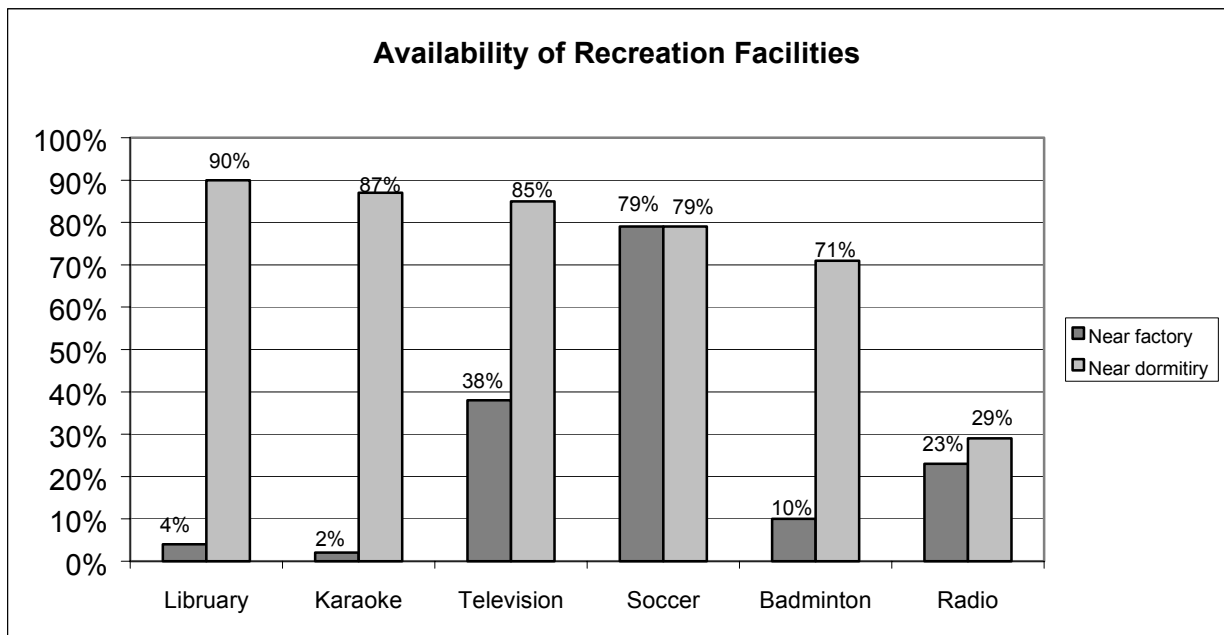
MJS management states that it has carried out significant surveys of workers including open discussions on these issues. Their conclusion is that “neither workers nor company favor altering the lunch break length as it could adversely impact either start times or quitting times and increase the difficulty of maintaining a competitive level of production. After recent consultations, however, we have begun the practice of adjusting break times to more closely align with Islamic prayer timing, which varies slightly according to the lunar phases. We are also meeting with the catering vendors monthly to work to improve both service and food quality. I [General Manager] am personally in the kitchens almost daily.”

In terms of overall rankings, the workers interviewed by MIMCO assigned a rating of 3.4 to the food and canteen facilities. This ranking falls between “neutral” to “somewhat satisfactory”.

Recreation Facilities

MJS management actively encourages workers to participate in sports and other recreational activities. Sports facilities are located both at the plant site and near dormitories. These activities are quite popular and elicit good worker participation (Figure 8). A number of workers interviewed also mentioned basketball and volleyball facilities available both at the plant building and at the dormitories, Internet access, and dancing.

Figure 8



Non-Job-Related Skill Enhancement Programs

MJS offers a large variety of training and educational programs. These are intended to broaden workers’ learning interests and also prepare them for future jobs once they leave their employment at MJS. Courses with high demand, such as English and Internet training are offered.

Courses are offered in two shifts to allow workers to come in early or stay late to attend classes, with free bussing provided between the dorms, plants and training facilities. Outside of company conducted programs MJS is also exploring opportunities for extending training in cooperation with two recently established independent Technical Schools in order to generate better academic accreditation for their growing adult student population.

Among the interviewed workers, 89% acknowledged awareness of these programs. Over 42% of the workers reported they took part in many non-job-related programs, and nearly 90% believed that a great many workers participated in these programs. Among the most popular of these programs were computer literacy (69%) and English language courses (51%). In addition to these main programs, workers also named health and life skills programs as being of interest to the factory employees.

Community Outreach Programs

MJS has perhaps one of the most extensive programs of outreach activities. It is designed to help plant workers and their families toward greater involvement in the communities where they live. Organized under the auspices of the Mattel Foundation, these programs focus on nutrition, education, and health. In addition to financial support, the company encourages voluntary participation in these activities.

One of these programs is the “Book Mobile”. Through voluntary participation of the workers, MJS provides a “book mobile,” a van, which travels to different primary schools where children can borrow books and magazines. The program is funded through the plant’s dormitory budget. The service is available for 4.0 hours/day and is manned by volunteer workers.

Another innovative out-reach program, and the one that is highly appreciated by the workers, is the visits to workers’ homes by MJS’ senior management. This takes place on a regular basis where management representatives, including invariably the general manager, visit a worker’s home where his/her family and a host of neighbors – who also generally work at the factory – meet together and talk about the plant, work situation, workers’ families, and “everything else under the sun”. MIMCO members

accompanied MJS' General Manager on one of these trips and found it to be quite pleasant with workers showing a willing to challenge management and ask for more concrete answers, and even suggest solutions. These visits appeared to be constructive, valued by the workers and their families, and build a bond between the workers and managers.

Overall Observations and General Recommendation

MJS has well-managed facilities where top management practices an enlightened and proactive approach to employment policies, training and development of workers, a clean and safe physical work environment, and a pleasant living environment. Furthermore, MJS management has set an exemplary standard for involving the management and workers in the life and wellbeing of the community.

MJS has demonstrated a high level of concern for the workers' welfare at the plant site, in dormitories, and even in their homes among the workers who do not live in the dormitories. Where certain shortfalls were noted, management has expressed a willingness to take necessary corrective action in terms of monitoring the situation and alleviating the problem.

Our observation, analysis and worker interviews with regard to certain areas of plant's operations have been mentioned in various parts of the reports and are summarized below:

1. The plant's physical environment needs further improvement. Even in situations where the plant's records indicate absence of a problem, workers' experience with regard to chemical odors, dust, and noise, need to be given further scrutiny and warrant remedial action. A relatively high percentage of

interviewed workers mentioned that workers were afraid to report incidents of harassment or minor injury. MJS management has questioned the substantive nature of this finding. Nevertheless, we urge MJS management to look into this matter and take further steps that would create confidence in the workers' mind and encourage them to report any kind of harassment or injury.

2. A small number of workers also mentioned that some employees were pressured to work overtime when they were sick or tired, or when they did not wish to work during off-days. Some workers also gave indications of verbal abuse from the line leaders or fellow workers. We commend the management for taking additional steps to investigate these issues, and where necessary, alleviate the problem through better supervisor training, and encouragement of workers to anonymously report their concerns to the top management of the plant.
3. MJS provides a 30-minute lunch break. As some time is lost in prayers and some while waiting in the canteen queue, we feel that the time for lunch-breaks is too short– a fact noted by a number of workers during MIMCO's confidential interviews. According to MJS management, their own surveys of workers at MJD and MJS, and management's own preference, lead them to a different conclusion, namely, to maintain the current system of 30-minute lunch break to ascertain a competitive level of production. Nevertheless, the management has demonstrated some flexibility in this area indicating that "lunch break times will be adjusted to more closely align them with Islamic prayer timing which varies slightly according to the lunar phases."

4. Interviewed workers mentioned crowding in the dormitories and also raised the issue with regard to cleanliness. MIMCO believes that MJS has satisfactorily responded to these issues and we await report on the implementation of the changes indicated by MJS' management and mentioned in an earlier part of this report.
5. We applaud MJS' efforts in providing job-related and non-job-related skill enhancement programs. These programs are extremely popular among the workers. We recommend that these programs be continued and expanded to take into consideration workers' request for more flexible time. MJS management has already taken steps to improve on the current situation by coordinating the two plants to optimize accessibility of classes between the four sets of training facilities.

We have made specific recommendations in different parts of the report with regard to the above-mentioned issues. We earnestly hope that MJS will respond to these recommendations in a proactive manner and with a detailed plan of action.