

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

**AUDIT REPORT 1999**

**FOR MONTOI S.A. DE V.C., MONTERREY, MEXICO**

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**MIMCO  
c/o Zicklin School of Business  
Baruch College – CUNY  
17 Lexington Avenue  
New York, N.Y. 10010**

**E-mail: [MIMCO@baruch.cuny.edu](mailto:MIMCO@baruch.cuny.edu)**

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## **EXECUTIVE SUMMARY**

The Montoi plant is located in Monterey district, Mexico. The plant is 100% owned by Mattel. The Montoi plant is dedicated to the production of Barbie dolls, Hot Wheels sets and the Fisher Price line. Its annual output is approximately 10,000,000 toys. This report is based on the field inspection of the Montoi plant that was conducted by the MIMCO team on August 2-6, 1999. The official audit of the Montoi plant represents the second visit to this facility by a MIMCO team.

Montoi currently employs approximately 2,300 direct-labor workers during peak production periods. The turnover is highly affected by seasonal patterns in the production cycle. The plant employs contract employees to perform specialized tasks during peak production periods. More than half of the Montoi workforce is female (59%). The company records indicate that only 16% of the workers are aged between 16 and 17 years, while 68% of the workforce is between 18 and 30 year-old. There are no workers under 16 years of age.

**Working Hours, Wages, And Overtime Pay:** Our analysis of the plant's payroll data and interviews with workers showed that the Montoi plant meets all the regulations of the Mexican government as well as GMP standards with regard to the determination of normal and overtime hours and payment of wages for regular and overtime hours. At Montoi, the minimum wage a worker gets is higher than the minimum wage specified in the Mexican labor law. The plant management also indicated that all overtime is voluntary and that no worker is forced to work overtime involuntarily. Additionally, on off-days, Montoi provides an extra one-day

compensation of the monthly salary. This practice is not stipulated by the Mexican labor law and is undertaken by the management to provide greater incentive to its workers.

The Montoi plant has a generous system of bonuses and employee benefits that consistently exceed the levels prescribed by the Mexican law. The plant offers a profit sharing plan based on salary and days worked, as well as a weekly food bonus program. Montoi exceeds Mexican labor law for vacation days by offering 25% more paid-vacation. The plant also provides annual and maternity leaves in compliance with the Mexican labor law and GMP.

**Attitude toward Management:** An overwhelming majority of workers expressed satisfaction toward all levels of plant management, although, on some issues there were pockets of dissatisfaction among the workers interviewed by MIMCO. 90% of the interviewed workers felt that the line leaders were helpful to workers and 94% of them reported that workers were treated fairly and with respect by the plant management.

**Work Environment of Manufacturing Operations and Related Facilities:** Montoi is a modern, well-organized and completely air-conditioned facility. In general, the plant provides a clean and safe work environment. Montoi meets all of the important GMP standards with regard to the workplace environment and maintains detailed records on various aspects of manufacturing operations and employee status. The plant maintains comprehensive records pertaining to work-place injuries and the treatment of those injured. These reports are prepared on a weekly and monthly basis and include corrective actions designed to prevent incidence of such injuries in the future. Workers interviewed by MIMCO stated that the factory was clean (98%) and adequately ventilated (88%). However, 14% of the interviewed workers expressed some dissatisfaction with working conditions. These pertained to high temperature and excessive noise levels in some work areas.

The plant management is aware of these problems and has taken steps to ameliorate them through better worker training and use of earplugs by all workers in the affected areas. It is also reviewing other options that would provide further relief to the workers.

**Freedom of Association and Access to Management:** The Montoi management has a structured system of worker consultation and access to management. There are regular and frequent meetings between operators and line supervisors, line supervisors and section leaders, section leaders and floor managers, and floor managers and the plant manager. There seem to be an open line of communications between different levels of management and workers. The management has also installed suggestion boxes with writing materials at different sites in the plant to encourage workers to communicate the management with their suggestions and also on issues of concern to the workers.

Interviewed workers (76%) confirmed that there were frequent meetings with supervisors or managers. 92% stated that they could freely talk to their supervisors. By a three-fourths majority, they also stated that they attended at least one meeting in the last 12 months with the plant's senior management. Montoi has an organized union, the CTM Union. The plant management pays the union dues on behalf of the workers. Among the interviewed workers, 63% indicated that they were aware of the union. 24% indicated that they were members of the union. There was no evidence of harassment of workers for union-related activities.

**Overall Observations and General Recommendations:** We commend the management of the Montoi plant for maintaining an excellent overall work environment both as to physical facilities and treatment of workers. Despite some localized problems, the overall situation is quite good as evidenced from the plant data with regard to worker injury and work health and safety issues. The high level of worker satisfaction elicited from the MIMCO's one-on-one

confidential interviews with a randomly selected group of workers also confirms this state of affairs.

MIMCO team was also pleased with the relationship between the plant management and all levels of workers and the personal interest of the top management in creating open access for workers and making itself available to workers. From communications received from the plant management, and a face-to-face meeting subsequent to the audit, MIMCO is pleased to note that Montoi has made significant progress in handling various localized issues mentioned in this report and is satisfied that no substantive issues remain unresolved.

## **MONTOI – MEXICO**

### **I. INTRODUCTION**

This report is based on the field inspection of the Montoi plant that was conducted by the MIMCO team on August 2-6, 1999. The official audit of the Montoi plant represents the second visit to this facility by a MIMCO team. MIMCO had visited the plant in 1998 and made preliminary recommendations regarding physical facilities, safety procedures, working conditions, and other operational issues. This report contains the team's overall observations including plant management's implemented changes resulting from the 1998 visit.

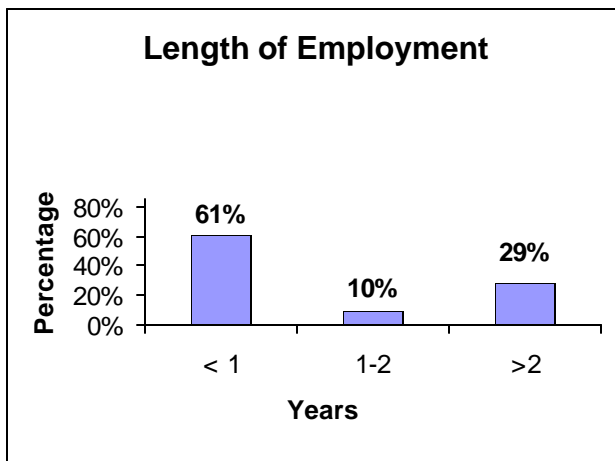
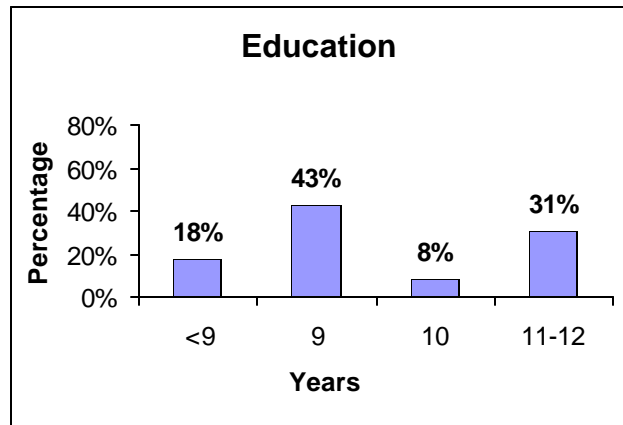
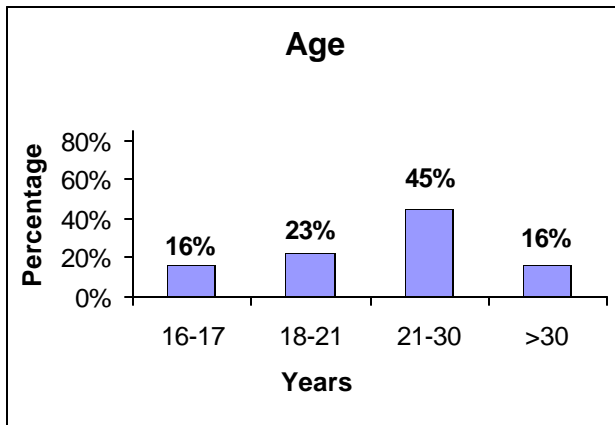
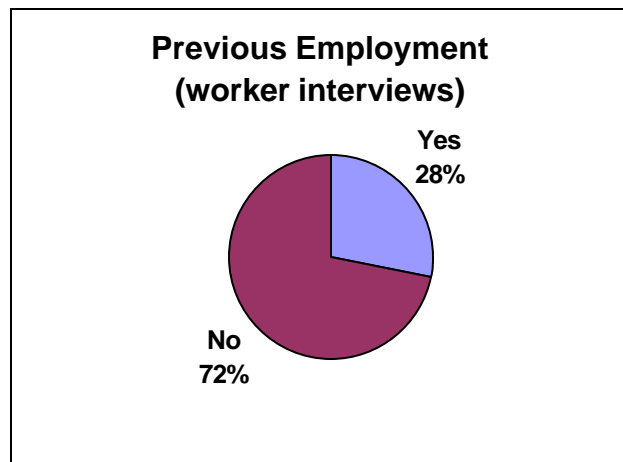
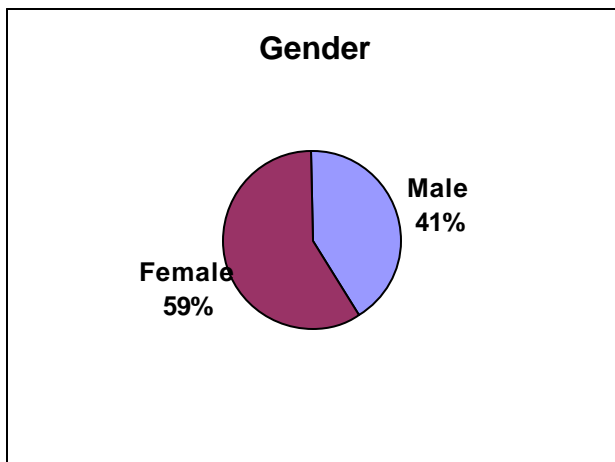
The Montoi plant is located in Monterey district, Mexico. The plant is 100% owned by Mattel. The Montoi plant is dedicated to the production of Barbie dolls, Hot Wheels sets and the Fisher Price line. Its annual output is approximately 10,000,000 toys.

### **II. MONTOI - WORKER PROFILE, 1999**

Montoi currently employs approximately 2,300 direct-labor workers during peak production periods. The turnover is highly affected by seasonal patterns in the production cycle. The plant employs contract employees to perform specialized tasks during peak production periods. More than half of the Montoi workforce is female (59%). The company records indicate that only 16% of the workers are aged between 16 and 17 years, while 68% of the workforce is between 18 and 30 year-old. There are no workers under 16 years of age. The younger workers are invariably seasonal workers hired to meet demand during peak production period. Of the workers interviewed by the MIMCO team, 82% have 9 or more years of

schooling. A majority (61%) of the workers has been employed at the Montoi plant for less than a year. Nearly three-fourth (72%) of the workers interviewed by MIMCO reported that this was their first work experience (Exhibit 1).

**Exhibit 1: Workforce Demographics**



### **III. PATTERNS OF RECRUITMENT AND INITIAL HIRING EXPERIENCE**

The dominant pattern of recruitment at the plant is through “walk in” by workers seeking employment or through referrals by friends and current employees. Almost all of the workers interviewed by MIMCO indicated receiving a signed employment contract at the time of hiring.

#### **III.1 Permanent vs. Temporary Workers**

A core group of workers, approximately 1,100, has no termination date. All other workers receive 3-month renewable contracts and remain on the job depending on the plant’s production needs. Any vacancies among the core group are filled from the ranks of short-term contract workers.

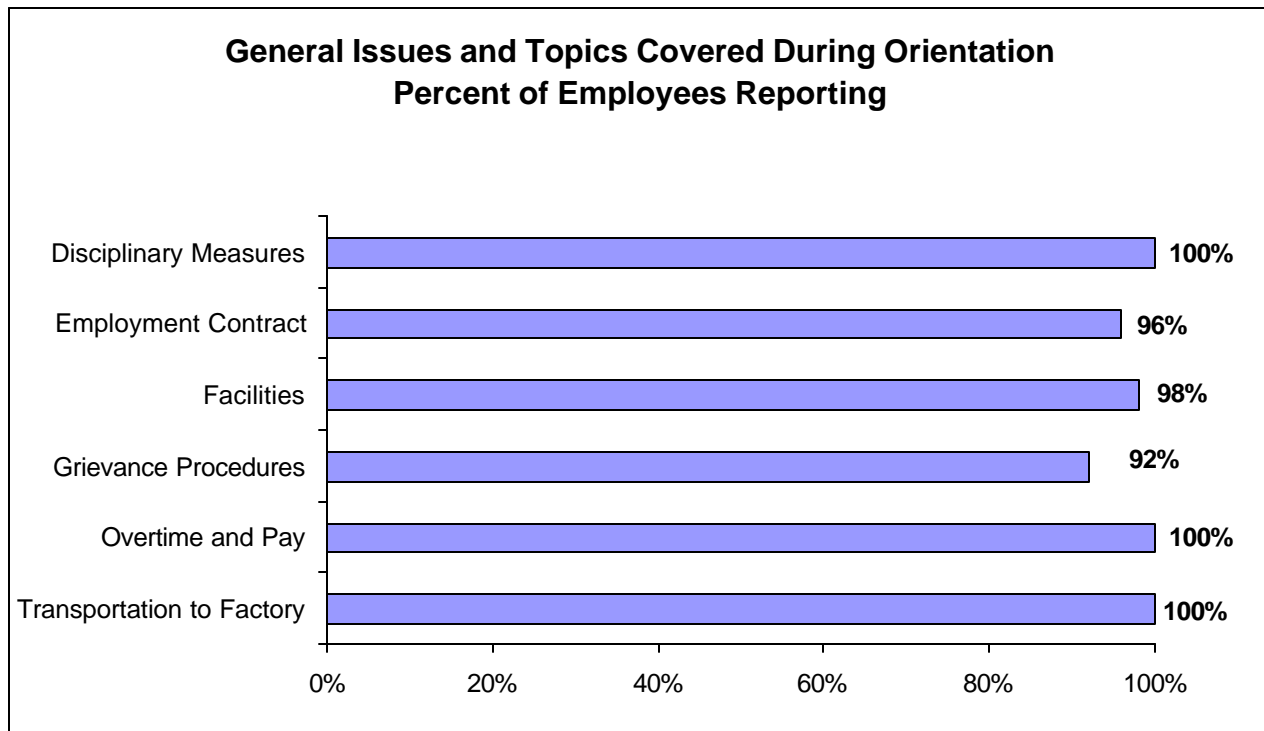
There are no substantial differences in benefits provided to permanent and temporary workers. According to the Mexican labor law, only permanent workers are entitled to severance pay. Notwithstanding, the Montoi plant extends benefits of severance pay to temporary workers where they have had a continued employment at the plant for an extended period.

#### **III.2. Orientation, Initial Job-Related Training and Probationary Period**

Montoi plant management affirms that it is in full compliance with GMP in terms of the orientation and the initial job-related training given to the new-hires. The plant conducts an 8-hour orientation session that covers Montoi’s history, quality and safety policies, benefits and compensation, internal regulations, ISO-9000, safety and services in plant. All new hires are furnished with written copies of an employment agreement during orientation. This document provides specific details particular to each employee, e.g., job title, commencement date, working hours, overtime and basic wage policies, and paid holidays. The orientation process

also includes a plant tour and a job-specific briefing in the area where new employees are going to work. All workers undergo a detailed GMP information session conducted by Human Resources Supervisor at the orientation.

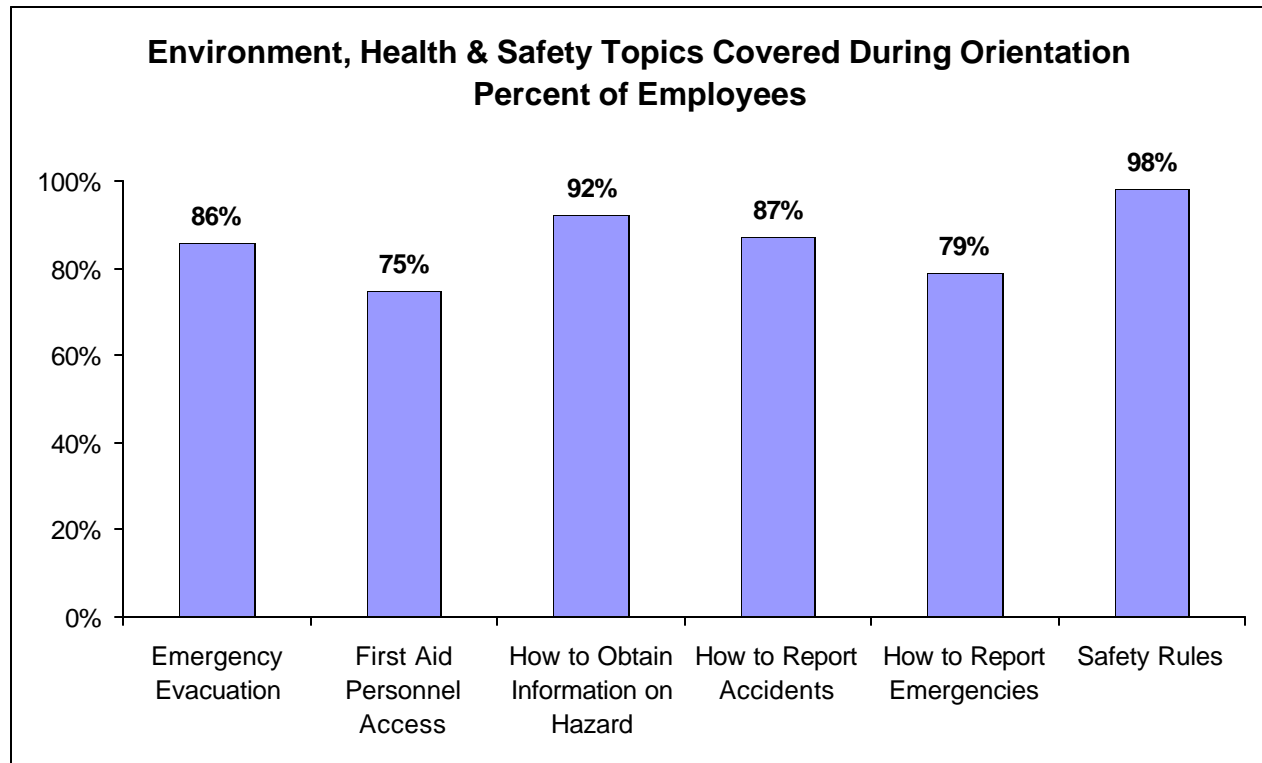
### Exhibit 2: Orientation Profile - General Issues



98% of the interviewed workers stated that they went through a general company orientation covering a broad spectrum of issues pertaining to their working conditions at the Montoi facility (Exhibit 2). An overwhelming majority of the workers interviewed by MIMCO (96%) reported that they were given an environment, health and safety (EHS) orientation at the time of hiring. Structured interviews with workers showed that the EHS orientation covered all of the general issues including safety rules, emergency evacuation, how to obtain information on hazards and how to report accidents. However, 25% of the workers did not recall receiving any information on access to first aid personnel, and 21% did not recall being trained on how to

report emergencies. (Exhibit 3). When asked about their suggestions to improve the safety training at the plant, some of the interviewed workers reported that more frequent and continuous training was needed. A few workers also indicated that training assistants should have more patience towards new workers and should not put pressure on them.

### Exhibit 3: Orientation Profile - Safety Issues



### III.3. Medical Examinations

The plant operates an on-site infirmary staffed by four nurses to cover all shifts in the plant. Additionally, there is a physician who coordinates preventive programs and medical examinations. At Montoi, all new hires must undergo a general medical examination provided at the plant's clinic. Among the interviewed workers, 96% stated that they received a medical check-up at the time of their hiring.

#### **III.4. Pre-Job and On-the-Job Training**

Plant management reports indicate that all employees go through intensive training in the health and safety (EHS) aspects of their work at the plant. Additionally, management holds weekly meetings concerning workplace safety with supervisors and periodic EHS training sessions throughout the plant. The training activities cover a wide spectrum from safety contests to dental campaigns and accidents investigation programs. In addition, Montoi provides a six-month education program through Learning Center conducted in the plant and directed by an educational institution. A certificate is awarded upon completion of the program.

A majority of the interviewed workers (88%) reported receiving job-related training prior to starting on their assigned jobs. Among the interviewed workers, the training period ranged between one day and under (68%) to between 1-7 days (32%).

#### **IV. AWARENESS OF THE GMP**

Prior to the MIMCO audit team's visit, plant management initiated two GMP awareness programs on February 16, 1999 and during the period of July 28-29, 1999. These programs were designed to familiarize the workers with the various provisions of the GMP and what they meant to them in terms of the company's responsibilities toward its employees all over the world. Each worker was also given a copy of a pamphlet that described the GMP. A large majority (88%) of the interviewed workers indicated familiarity with the GMP. Most learned about the GMP from the orientation session (78%) and/or the pamphlet (63%). MIMCO team also noted that Spanish translation of GMP was posted on various bulletin boards throughout the plant. The plant management had also prepared a video on GMP that was used in employee orientation sessions.

## **V. WORKING HOURS, WAGES, AND OVERTIME PAY**

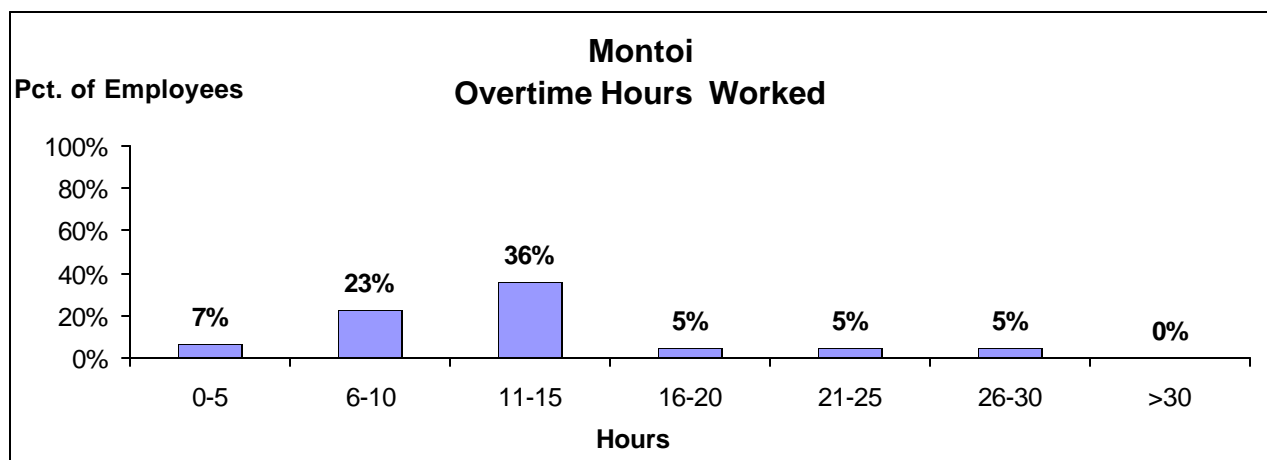
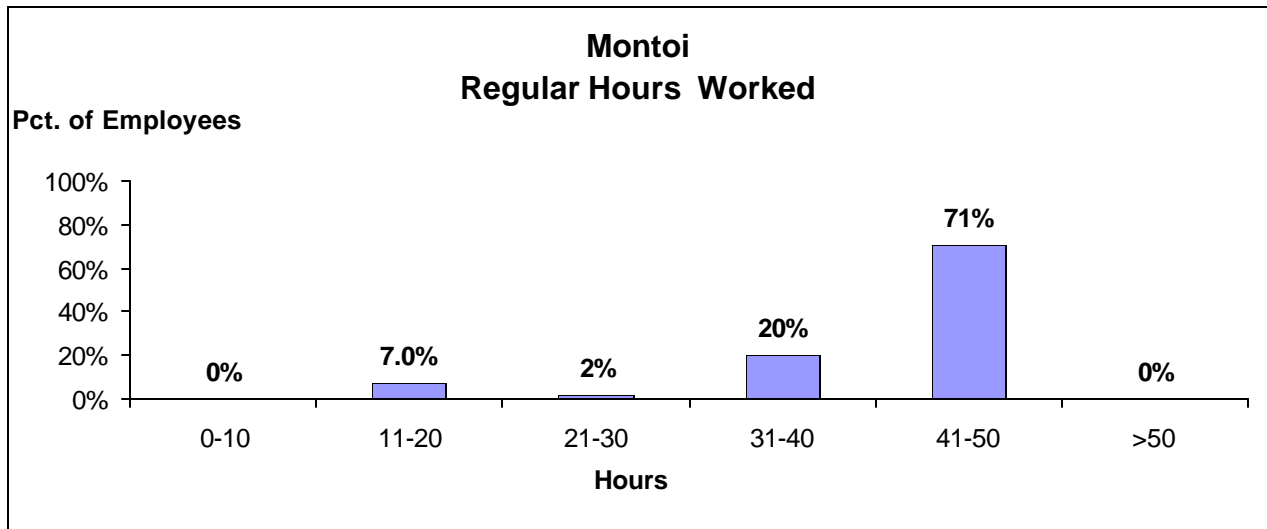
Mexican labor law states that a normal workweek shall not exceed 48 hours per week in day shifts, 42 hours per week in night shifts and 45 hours per week in combination of day and night shifts. The Mexican labor law does not establish a maximum number of overtime hours in a day or week. In Mexico, the National Minimum Wage Commission determines minimum daily wage rates. All employers must follow the government's mandated wage rate. Government regulations with regard to overtime rates are as follows: (a) up to nine overtime hours in a week, each hour of overtime at 2.0x 1.0 hour wage; and, (b) in excess of nine hours in a week, at 3.0x 1.0 hour wage.

According to the Montoi Management Compliance Report, the Montoi plant meets all the regulations of the Mexican government as well as GMP standards with regard to the determination of normal and overtime hours and payment of wages for regular and overtime hours. At Montoi, the minimum wage a worker gets is higher than the minimum wage specified in the Mexican labor law. The plant management also indicated that all overtime is voluntary and that no worker is forced to work overtime involuntarily. Additionally, on off-days, Montoi provides an extra one-day compensation of the monthly salary. This practice is not stipulated by the Mexican labor law and is undertaken by the management to provide greater incentive to its workers.

Our analysis of the worker payroll data for the randomly selected representative group of workers was conducted over two time periods, i.e., February 1999 and June 1999 consisting of one week each. This was designed to capture any variations that might exist in the regular and overtime working hours during off-peak and peak production periods. A significant difference was found in terms of overtime hours between the two periods. While the workers worked on an

average of 35 regular hours and no overtime in February, they made 44 regular and 11 overtime hours in June 1999. Exhibit 4 provides the combined data of the two time periods for regular and overtime work performed by the randomly selected group of workers.

**Exhibit 4: Regular and Overtime Hours Worked Per Month**



Our analysis of the payroll data indicated that the Montoi plant was in complete compliance with the Mexican law and the GMP standards. This was true both for regular and overtime hours worked. The payroll records were complete, current, and understandable. Of the interviewed workers, 68% felt that they were paid fairly. Of the 32% that felt they were not paid

fairly, 50% favored more bonuses, 29% requested improved evaluation of tasks they performed, and the remaining 21% desired an increase in salaries.

Montoi plant uses a punch-card system to record the time employees' report to work. Interviewed workers unanimously confirmed that they regularly punched their own cards and that no one used the system for them in their absence. Workers also unanimously confirmed that there was no pressure from the management to work overtime when sick or on off-days and holidays. They were also unanimous in stating that neither they personally or anyone they knew were asked to work overtime when they were sick or indisposed.

## **VI. EMPLOYEE BENEFITS, BONUSES AND OTHER PERFORMANCE-BASED INCENTIVES**

The Montoi plant has a generous system of bonuses and employee benefits that consistently exceed the levels prescribed by the Mexican law. The plant offers a profit sharing plan based on salary and days worked, as well as a weekly food bonus program. Of the workers interviewed by the MIMCO team, 51% reported earning some type of performance bonus. All of them reported to receiving a "good attendance" record bonus.

Montoi also provides its workers with a year-end Christmas bonus equal to one-month salary that is twice the rate mandated by the Mexican law.

### **VI.1. Employee Benefits**

The Montoi plant provides its workers with four extra statutory holidays. These are in addition to the eight days required by law. Montoi exceeds Mexican labor law for vacation days

by offering 25% more paid-vacation. The plant also provides annual and maternity leaves in compliance with the Mexican labor law and GMP.

## **VI.2. Transportation**

The Montoi plant provides its workers with free transportation from their residences to the factory. This covers all shifts, including overtime work on off-days and holidays. When asked, workers unanimously stated that they used company transportation from their residences to the factory.

## **VI.3. Understanding the Pay-Stubs**

At Montoi, all workers receive individual pay-stubs for each pay-period. This document states the number of hours worked in terms of regular hours, normal and off-day/holiday overtime hours, and wages received for each type of work in terms of multiple of the regular hourly rate. In one-on-one confidential interviews conducted by the MIMCO team, 96% of the workers stated that they found their pay-stubs to be accurate, simple, and understandable with regard to the calculation of base wage and the number of regular hours worked. Similarly, over 90% of the interviewed workers demonstrated an understanding of the calculation of their pay for regular, off-day and holiday overtime hours worked, and for tax deductions.

Plant management has done an excellent job of helping workers to understand their pay-stubs. Workers were given a pamphlet explaining the calculations and deductions, and a large wall poster explaining pay-stubs was posted within the plant.

## **VII. WORKPLACE DISCIPLINE OF EMPLOYEES**

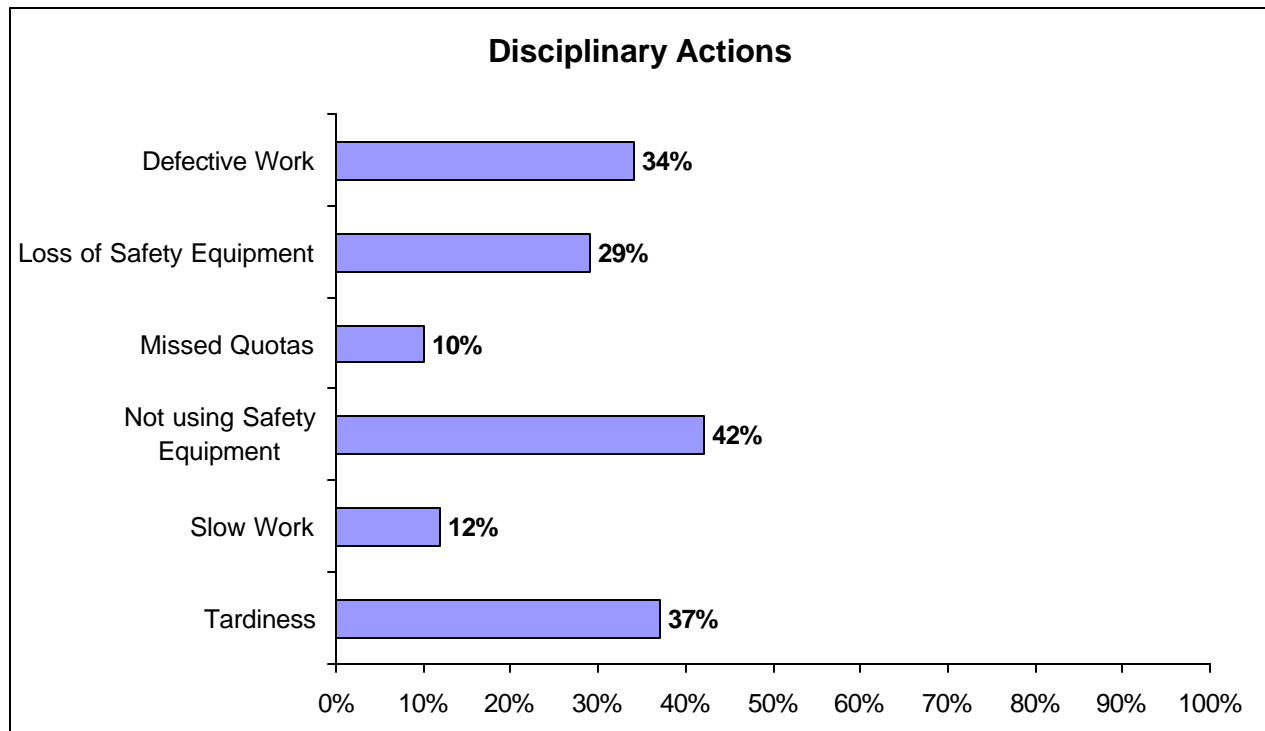
The Management Compliance Report indicated that 302 workers (13% of the workforce) were disciplined during the period January – August 1999. Montoi collects a variety of data on employee violations with regards to safety standards, company policies, and personal misconduct. The most common infractions were absenteeism and low job quality (Table 1). The reprimands follow a sequential order from oral warnings to employment termination. Before any disciplinary action is taken, a complete investigation which includes the employee’s oral defense and discussions with all involved parties is made by the Human Resources Department. All employees are informed about these policies in the orientation session. According to management reports, 114 workers were terminated in the January – August 1999 period.

Among the workers randomly selected for interviews by MIMCO, a very small minority (7%) indicated that either they or someone they knew had been disciplined at work. Among the major reasons for disciplinary actions reported by the interviewed workers were failure to use safety equipment, tardiness and poor work quality. Interviewed workers also reported verbal and written warnings in these cases. 84% of the interviewed workers felt that the reasons for disciplinary action and the penalty imposed were generally fair and proper (Exhibit 5).

**Table 1: Reasons for Employee Disciplinary Actions – Company Reports**

▪ <b>Absenteeism</b>	<b>56%</b>
▪ <b>Low job quality</b>	<b>16%</b>
▪ <b>Late arrival</b>	<b>6%</b>
▪ <b>Not using safety equipment</b>	<b>3%</b>
▪ <b>Others</b>	<b>16%</b>
<b>TOTAL</b>	<b>100%</b>

**Exhibit 5: Reasons for Employee Disciplinary Actions  
Percent of Workers Reporting**



### **VIII. ATTITUDE TOWARD MANAGEMENT**

An overwhelming majority of workers expressed satisfaction toward all levels of plant management, although, on some issues there were pockets of dissatisfaction among the workers interviewed by MIMCO. 90% of the interviewed workers felt that the line leaders were helpful to workers and 94% of them reported that workers were treated fairly and with respect by the plant management.

The primary source of unhappiness pertained to incidents, albeit, infrequent of verbal abuse by line supervisors especially when it is meted out in public and in the presence of co-workers. 8% of the workers interviewed by MIMCO stated that either they or another worker had been demeaned or verbally abused by a co-worker or a supervisor. 25% of the interviewed workers also indicated that they were afraid to report incidents of harassment or injury.

The plant management indicated that it makes all possible efforts to sensitize line supervisors in good worker-treatment practices. The effectiveness of this approach is indicative of the fact that 94% of the workers reported to being fairly treated by their line supervisors. The plant management reviews all pertinent issues of supervision and human relations in its weekly meetings. It also indicated that it would take further action to strengthen its first-line supervisor training program.

## **IX. WORK ENVIRONMENT OF MANUFACTURING OPERATIONS AND RELATED FACILITIES**

Montoi is a modern, well-organized and completely air-conditioned facility. In general, the plant provides a clean and safe work environment. Montoi meets most of the GMP standards with regard to the workplace environment and maintains detailed record system on various aspects of manufacturing operations and employee status. The plant maintains comprehensive records pertaining to work-place injuries and the treatment of those injured. These reports are prepared on a weekly and monthly basis and include corrective actions designed to prevent incidence of such injuries in the future.

Factory lighting is currently satisfactory and is being upgraded. The existing lighting equipment is to be replaced by superior overhead lighting fixture throughout the plant. The factory floor is adequately stripped in order to indicate safe areas for personnel movements. In case of emergency situations, evacuation routes are clearly posted throughout the plant. The entire plant is protected against fire by smoke detectors, alarms and a sprinkler system. There is sufficient emphasis on fire drills and fire prevention exercises.

The plant's shortcomings with regard to physical environment, and worker health and safety, are in the areas of storage of toxic and hazardous materials, excessive noise, and inadequate ventilation. Most of these problems are in isolated locations and not endemic to the entire facility. Nevertheless, they must be addressed to prevent their occurrence.

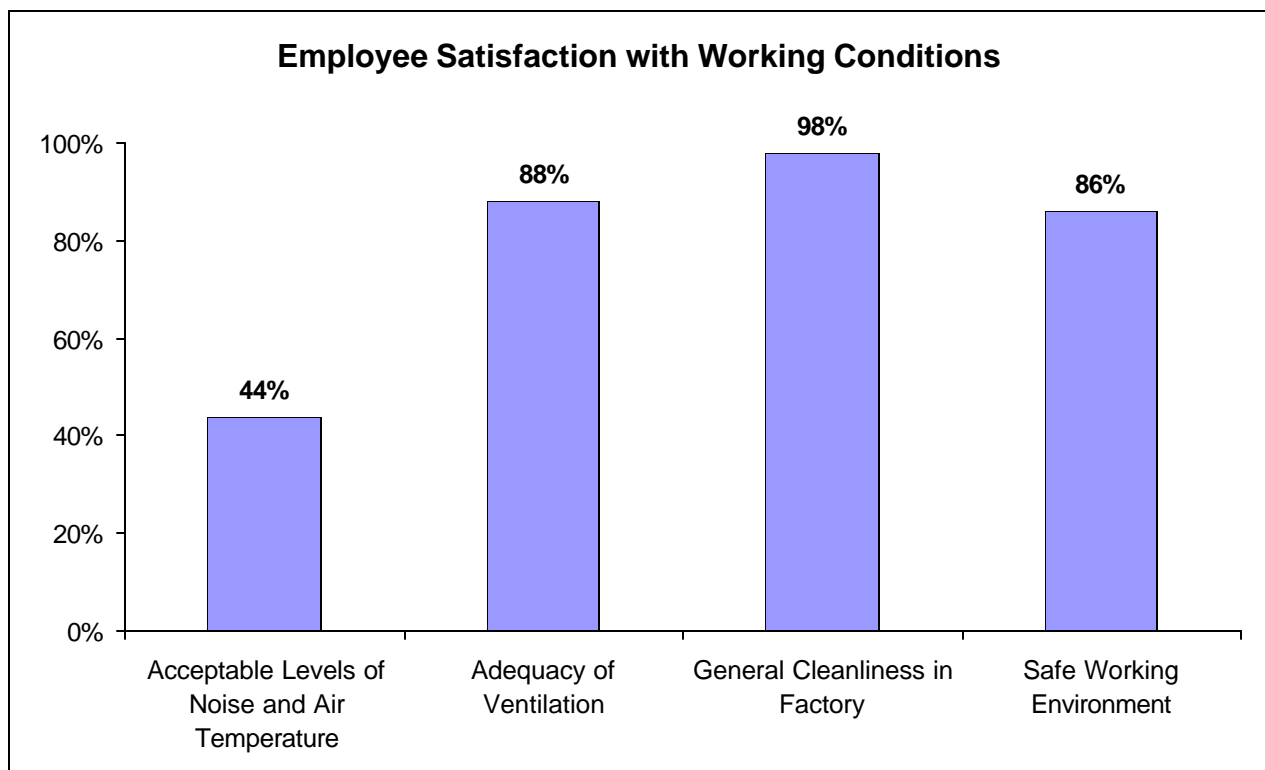
The Montoi plant suffers from a shortage of storage space as it has reached its maximum capacity. This shortage of storage space causes an encroachment of this function into the working area. Volatile compounds stored in barrels are kept in a tool crib in the middle of the factory's assembly area. Although this situation is well within the legal limits, it nevertheless is an issue of concern to both the workers and the management. The plant management has strengthened its training procedures to ensure that all safety guidelines are followed and that workers handling tool cribs receive additional training. The plant management has also indicated that it plans to take further corrective action to remedy the situation in the near future.

Another area of concern was the noise level in some areas caused by the sonic welding machines. This noise level was found to be in excess of Mattel's GMP standards in the vicinity of the sonic welding operations. To control this situation, plant management required, and all workers were observed to be wearing ear protection on the plant floor.

In a few instances, painting fumes did not appear to be adequately ventilated, although the problem was somewhat ameliorated by the use of water-based paint. In response, the plant management has indicated that Mattel standard requires fumes to be extracted at min100 ft/min; while the plant equipment extracts them at the rate of 180 ft/min. Montoi also monitors air contaminants, such as respire dust, titanium, butoxypropanol and respire particles and total particles. The plant's testing records show that it is within acceptable parameters.

Workers interviewed by MIMCO stated that the factory was clean (98%) and adequately ventilated (88%). However, 14% of the interviewed workers expressed dissatisfaction with hazardous working conditions. When asked to describe hazardous conditions on their jobs, high temperature and excessive noise levels (56%) were the most common problems (Exhibit 6). Some of the interviewed workers also reported that during peak production periods, ventilation was not adequate for the increasing number of workers. The Mattel standard for maximum allowable in-plant temperature is 36°C. According to the plant management's records, the in-plant reading ranged from 27°C to 34°C.

**Exhibit 6: Employee Satisfaction - Working Conditions**



Another possible work hazard described by workers was the risk of fire when water is spilled from work-machines on the electric cables in the area. In response, the management

indicated that water feeding system to machines has been upgraded subsequent to the MIMCO visit and thereby eliminating the problem. In addition, workers have been trained on actions to be taken when water is spilled.

The use of all-purpose utility knives to trim the mold marks was identified as a work hazard by management, workers, and the MIMCO team. Management reported that the cuts that workers receive in this operation are a major source of injury and lost-days of work (Table 2). To protect workers, plant management requires that all workers using the utility knives wear protective gloves. This approach, combined with constant training, has considerably reduced injury rates. Management is also studying the replacement of the utility knives with specialized trimming tools designed to eliminate such injuries. These efforts are to be commended. However, MIMCO's experts in the audit team feels these efforts to be at best short-term approaches and consider that replacement of these knives is the only viable long-term solution.

**Table 2: Internal Capacity Accidents – Company Reports**

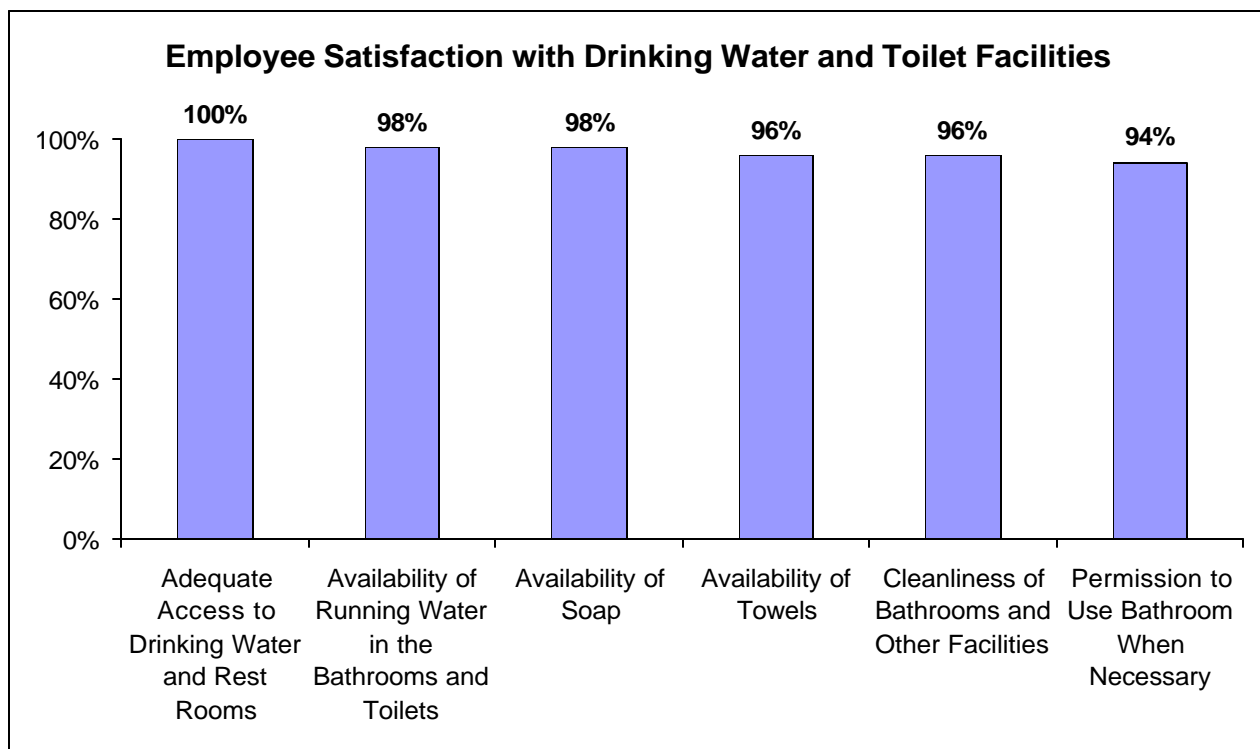
	<b>Knife</b>	<b>Other</b>	<b>Total Accidents</b>	<b>Average Employees</b>
▪ <b>1997</b>	<b>88</b>	<b>151</b>	<b>239</b>	<b>1998</b>
▪ <b>1998</b>	<b>61</b>	<b>115</b>	<b>176</b>	<b>2092</b>
▪ <b>1999<sup>1</sup></b>	<b>18</b>	<b>44</b>	<b>62</b>	<b>1742</b>

### **IX.1. Drinking Water and Personal Hygiene Facilities**

MIMCO interviews with a randomly selected group of workers indicated a high level of satisfaction with general hygiene conditions, bathroom and toilet facilities, and the availability of drinking water at the plant (Exhibit 7). The only area of complaint by workers pertained to long

waiting time for the use of bathrooms because the workers felt that there were not enough bathrooms to meet the needs of workers when the plant was operating at full capacity. In response, the plant management indicated that the number of available bathrooms meet the standards of both the Mexican labor law and GMP. The management, however, recognized that long lines even, for relatively short periods, are an unnecessary loss of work-time and, therefore, would review the situation to find ways to ameliorate the situation.

### Exhibit 7: Personal Hygiene Factors



### IX.2. Use of Safety Equipment

According to the management compliance report, Montoi puts great emphasis on providing its workers with safety training and equipment. The management conducts weekly safety meetings with line supervisors and periodical EHS training sessions with workers.

<sup>1</sup> Data relevant to the first seven months of 1999.

Additionally, the plant has an established hygiene and safety committee. The plant management also conducts an annual week-long Safety Fair with employees submitting posters on safety practices which are used in a plant calendar prepared for the employees.

During plant tours, the MIMCO team noted an almost 100% usage rate of safety equipment by workers on the plant floor. An overwhelming majority of the interviewed workers indicated that they were trained on the safe operation of their machines (94%), and, that they were provided with safety equipment (96%).

A common source of injury in the plant is female workers' wearing shoes with elevated heels. Workers indicated that they do not have access to personal lockers to store their shoes safely while wearing work shoes on the plant floor. The plant management does not currently have any plan to provide individual lockers because of space limitation. The management, however, was addressing the problem by giving employees constant training that explains the risks of using high heel shoes at work.

### **IX.3. Sports and Recreation Facilities**

According to the Management Compliance Report, Montoi provides facilities for sports, and recreation. The plant organizes volleyball, basketball, soccer and ping-pong tournaments, karate and aerobic exercises. In interviews, 13% of the workers reported regular participation in one or more recreational activities. 96% spent 3 hours or less on these activities while the remaining 4% reported spending 3 or more hours a week on on-site sports and recreational activities. The plant management also organizes special occasions such as weekly birthday celebrations and annual children and mothers days to increase the motivation of employees.

#### **IX.4. Food and Lunch Facilities**

Montoi provides a 30-minute lunch break for all workers and another 10-minute break for certain work areas during the workday. When asked, 76% of the workers indicated that the length of the lunch break was sufficient. At the same time, among the interviewed workers, there was a general consensus that the lunch break could be longer, i.e., 40 minutes.

Workers interviewed by MIMCO, unanimously stated that they had their lunch in the company cafeteria. In general, workers were satisfied with the quantity and quality of food served in the cafeteria (89%). Some of the workers asked for an increase in the number of attendants serving in the cafeteria and a larger food variety. The cafeteria is operated by a third-party vendor and Montoi plant fully subsidizes the cost of lunch in the cafeteria. A nutritionist is employed to prepare 6-week menus. The cafeteria normally offers multiple choices. In addition to ensure the quality of the food, periodic laboratory tests are done and cafeteria employees are given physical check-ups. The MIMCO team sampled the food in the cafeteria and found it to be of surprisingly high quality.

#### **IX.5. Freedom of Association and Access to Management**

Interviewed workers were asked a series of questions designed to elicit information about their experiences pertaining to (a) freedom of speech and the right to organize, and (b) the extent to which the workers felt that they had access to various levels of management with regard to grievances and whether or not their views were taken into consideration on issues that affected their working and living environment.

The Montoi management has a structured system of worker consultation and access to management. There are regular and frequent meetings between operators and line supervisors,

line supervisors and section leaders, section leaders and floor managers, and floor managers and the plant manager. There seem to be an open line of communications between different levels of management and workers. The management has also installed suggestion boxes with writing materials at different sites in the plant to encourage workers to communicate the management with their suggestions and also on issues of concern to the workers. Interviewed workers (76%) confirmed that there were frequent meetings with supervisors or managers. Workers reported that production increases, overtimes, salary increases and workplace safety constituted the main issues discussed in these meetings. The upper echelons of plant management are well known and recognized by the workers. The plant manager intentionally spends time each week visiting different sections of the plant.

Among the interviewed workers, 92% stated that they could freely talk to their supervisors. By a three-fourths majority, they also stated that they attended at least one meeting in the last 12 months with the plant's senior management. 41% of the interviewed workers stated that their line supervisor was the most helpful person to discuss issues of concern to them. When it came to seeking helpful information, other sources listed were the fellow worker (14%), HRM personnel (8%), and the plant manager (6%).

Montoi has an organized union, the CTM Union. The plant management pays the union dues on behalf of the workers. However, the workers do not seem to be much involved with the union and do not see the union as an integral part of their work-day life at the plant. Among the interviewed workers, 63% indicated that they were aware of the union. 24% indicated that they were members of the union. There was no evidence of harassment of workers for union-related activities. A large majority of the interviewed workers (93%) stated that neither they nor anyone they knew had been subjected to adverse action by the plant management for union-related

activity. They also stated (92%) that they did not know of anyone who was fired or demoted for union-related activity.

#### **IX.6. Non-Job-Related Skill Enhancement Programs**

Montoi offers a number of non-job-related skill enhancement programs. These include computer-training courses, sports, dance, first aid and other health related classes. When asked, 62% of the workers interviewed expressed knowledge of the availability of these programs, but only 13% reported taking part in one or more of these programs. However, when asked a majority of the workers (93%) believed that a great many workers took part in these programs. Interviewed workers also indicated interest in more frequent offerings of programs in computer training (54%), English (6%), and environmental education (2%) training.

### **X. OVERALL OBSERVATIONS AND GENERAL RECOMMENDATIONS**

We commend the management of the Montoi plant for maintaining an excellent overall work environment both as to physical facilities and treatment of workers. Despite localized problems of noise, inadequate ventilation, and storage of hazardous materials, the overall situation is quite good as evidenced from the plant data with regard to worker injury and work health and safety issues. The high level of worker satisfaction elicited from the MIMCO's one-on-one confidential interviews with a randomly selected group of workers also confirms this state of affairs.

MIMCO team was also pleased with the relationship between the plant management and all levels of workers and the personal interest of the top management in creating open access for workers and making itself available to workers. The existence of the union does not seem to

have affected the amicable nature of management-worker relationship. From communications received from the plant management, and a face-to-face meeting subsequent to the audit, MIMCO is pleased to note that Montoi has made significant progress in handling various localized issues mentioned in this report and is satisfied that no substantive issues remain unresolved.