About the ICTI CARE Process (ICP)

Frequently Asked Questions

1. What is the ICTI CARE Process?

It is the worldwide toys and children’s products industry’s initiative to promote fair labor standards and safe working conditions in the manufacture of its products. It is based on the ICTI Code of Business Practices which upholds the following principles: that no underage, forced, or prison labor should be employed, that no one is denied a job because of gender, ethnic origin, religion, affiliation or association, that workers are treated fairly and in accordance with local law, and that factories comply with laws protecting the environment.

This ethical manufacturing program moves beyond simply setting the standards with which factories must comply. It also has established an evaluation arm that oversees monitoring for compliance with those standards and provides guidance and training where necessary to help factories to do so. The aim is to have one global code of business practices and to achieve one world standard for the ethical manufacturing of toys and children’s products throughout the global supply chain.

2. What is the geographic scope of the ICTI CARE Process?

The ICTI CARE Process Program is currently implemented in China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, Tunisia and Vietnam.

Further expansion to Argentina, Brazil and Mexico is currently under consideration.

3. How are ICTI and the ICTI CARE Process Related?

As the representative of 19 national toy trade associations encompassing the full range of toys, playthings and related merchandise, the International Council of Toy Industries (ICTI) recognized the need to develop a single, fair, consistent monitoring program for Chinese toy factories to manage the confusing array of labor codes and monitoring protocols instituted by toy brands, retailers and licensors to ensure fair treatment of workers.

ICTI assembled an international group of experts in 2001 who collaborated to expand the industry-wide Code of Business Practices by establishing ethical manufacturing rules to ensure worker safety and fair labor treatment. In June 2002 the national associations collectively decided to move beyond simply setting standards and put in place the monitoring protocols, guidance document and systems now collectively called the ICTI CARE Process, which went into full operation, based in Hong Kong, in 2004. An independent Governance Board was established to oversee the ICP, making sure it is totally transparent.
4. How is the ICTI CARE process independent of industry?

The ICTI CARE Process is supervised by the ICTI CARE Foundation, an independent, multi-stakeholder organization registered as a non-profit foundation in the State of New York. Its Governance Board includes representatives from Civil Society, NGOs and intergovernmental organizations, in addition to industry.

5. What steps must a new factory applicant take in order to get verified/certified for the first time?

**Step 1:** Download and complete the online ICP registration form [http://www.icti-care.org/e/content/cat_page.asp?cat_id=165](http://www.icti-care.org/e/content/cat_page.asp?cat_id=165).

**Step 2:** ICTI CARE Foundation Asia Ltd will schedule an initial audit by an independent ICP accredited audit firm.

**Step 3:** The cost of the factory audit will be based on the ICP standard rates plus any travel expenses, which should be negotiated between the applicant company and the audit firm. See fees under: [http://www.icti-care.org/uploadfileMgnt/0_2013912163830.pdf](http://www.icti-care.org/uploadfileMgnt/0_2013912163830.pdf). After reaching agreement on travel expenses, the factory audit will be conducted as scheduled.

**Step 4:** Upon completion of a factory audit, the factory should reach an understanding with the audit firm on the findings of the audit and, if necessary, implement a corrective action plan. In such cases, the audit firm will perform a subsequent re-audit based on the corrective action plan (CAP). Additional costs for conducting re-audits will be advised by the audit firm prior to the re-audit.

**Step 5:** If the audit is successful, the audit firm then will provide the results to ICTI CARE Foundation Asia Ltd (ICFAL), which will review and approve them.

**Step 6:** Once the results are approved, ICTI CARE Foundation Asia Ltd will issue a corresponding seal of compliance upon receipt of the seal fee.

**Step 7:** The Seal of Compliance must be renewed annually. ICTI CARE Foundation Asia Ltd will reissue the seal for the following year based on continuing, audit-verified compliance.

6. What is the ICP doing to enhance the transparency of its activities?

Beginning in 2011, the ICP began to post summaries of its financial statements and of the minutes of its Governance Board meetings on its website. It is also posting results of annual factory surveys that pinpoint issues to be resolved and improvements to be made in the ICP.
Transparency is also promoted through the factory audit process. Third-party audits are carried out by seven independent audit firms accredited to the ICP. Every audit report and decision about the designated Seal of Compliance level is determined by the technical team in Hong Kong. The number of Quality Control audits has also increased to guarantee credibility of the program. Brands, retailers, and licensors are also encouraged to practice transparency in their ICP commitments.

7. How has the ICTI CARE Process evolved?

From a procedural point of view, in its own version of a continuous improvement process, the ICTI CARE Process has continually evaluated its performance, learned from it and then sought ways to better achieve its mission and goals. Improvements made to date include the following:

- **Strengthened the audit system**
  - Refined the audit firm/auditor qualification and certification process, including more frequent re-certification and broadening the number of audit firms, as well as requiring IRCA certification of auditor qualification courses.
  - Centralized the audit firm assignment process within ICFAL and made assignments on a random basis to bring more transparency to the process.

- **Launched the Continuous Improvement Program (CIP)**
  - Made a major policy change designed to help factories work toward social compliance with wages and working hours, over a reasonable period of time, with reasonable goals, rather than adhere to a straight pass-or-fail system.
  - Assigned new Seal of Compliance (SOC) parameters which are valid for a period of 12 months and must be renewed annually:
    - **Class A60 Factory** - Work a minimum of 40 weeks at less than or equal to 60 hours/week; and "Seasonal OT" with maximum of 12 weeks greater than 60 hours/week but less than or equal to 66 hours/week (which can be applied consecutively).
    - **Class A Factory** - Work a minimum of 40 weeks at less than or equal to 66 hours/week; and "Seasonal OT" with maximum of 12 weeks greater than 66 hours/week but less than or equal to 72 hours/week (which can be applied consecutively).
    - **Class “B” Factories** - Work less than or equal to 72 working hours/week on a normal basis.
    - **Class “Conditional” Factories** - Work more than 72 hours/week and a maximum of 78 hours.
  - Factories ranked for three consecutive years at the highest level of compliance in the ICTI CARE Process are granted seals of compliance with validity extended from 12 months to 18.
  - To view a factory’s seal status, just add name or seal number [http://www.icti-care.org/e/content/cat_page.asp?cat_id=211](http://www.icti-care.org/e/content/cat_page.asp?cat_id=211).
• **Offered training and capacity building programs** aimed at improving audit quality, factory management and buyer practices in order to help manufacturers meet the industry’s evolving social compliance requirements:
  - ICP Management Systems Training
  - ICP Senior Management Roundtable
  - Open Day Events
  - International Register of Certified Auditors (IRCA) Auditor Accreditation
  - ICP Auditor Refresher Training
  - ICP Brands Orientation Training

8. What is the ICP doing to increase industry participation?

The ICP recognized from the beginning that to persuade factories to participate, it must simultaneously convince toy brands, licensors and retailers to support the ICP. This effort originally asked toy brands and retailers with own brands to enter a “Date Certain” program, whereby they would commit to a specific date after which they would source only from suppliers certified by, or registered in, the ICP. Today, this initiative is known as the “ICP Committed Brand Program”. By the same token, retailers and licensors were asked to enter a “Convergence” program under which they would converge their ethical manufacturing code with the ICTI Code and/or would accept compliance with the ICP as being in compliance with their own codes.

9. What impact has the ICTI CARE Process had?

• Since the program began in 2004, a total of 2,200 factories have achieved a Seal of Compliance and, as such have improved working conditions for about 1.4 million workers employed by ICP factories.
• Today, there are 1,100 factories with a valid Seal of Compliance representing 700,000 workers. The drop in numbers is a result of factories going out of business, automation, increased productivity and the labor shortage in China.
• ICP factory workers receive increased access to information through ICTI CARE Cards and the confidential toll-free ICP Helplines which educate and empower them to protect their labor rights.
• In a clear demonstration of worldwide buyer support for the ICP, more than 900 toy brands, licensors and retailers from 31 countries have also made a commitment to the ICP, selecting a date after which they will source only from factories in the ICP.
• The ICP initiative has reduced the number of audits by different customers in each factory by 75% at a savings of US$2-3,000 per audit.
• The highest health, safety and labor standards have been expanded beyond the toy sector to include all children’s and juvenile products, and beyond China to include other Asian countries.
10. How has the ICP assured a strong labor voice in its governance?

The ICP has sought from its beginning to develop a balanced board that includes strong labor and civil society representation in addition to industry (manufacturers and brands). The labor-focused Governance Board member is the former head of the Fair Labour Association and leads the Academy for Sustainable Business. He also has extensive experience working in the ILO. From civil society, there are members from the International Youth Foundation, Harvard University's JFK School of Government and a former Member of Parliament and government minister from Finland.

11. What is the ICP doing to ensure that workers are being paid at least the legal minimum wage and that working hours practices comply with national law requirements?

Compliance with at least the legal, national minimum wage is a basic requirement of the ICP and failure to comply is considered a serious violation that must be corrected, not only to receive a Seal of Compliance, but also in order to be allowed to enter the Continuous Improvement Program (CIP) for working hours.

The CIP allows factories that comply with wage requirements, that have no other serious violations and that are transparent about their current working hours practices to enter into an agreement with the ICP to make progressive steps toward working hours compliance over a specific time period. This program was developed as it became clear that the difference between actual hours worked and the legal requirements was so great that factories could not or would not move to compliance in a single step. In the years since this program began, a very large percentage of the factories involved have entered the program and are making the required progress, as verified by regular audits.

12. What is the ICP position on the concept of a "Living Wage"?

ICP supports full compliance with government wage regulations in accordance with the ILO definition of "minimum wage":

*The ILO Declaration on Social Justice for a Fair Globalization has defined minimum wages as “the lowest level of remuneration permitted ...which in each country has the force of law and which is enforceable under threat of penal or other appropriate sanctions. Minimum wages fixed by collective agreements made binding by public authorities are included in this definition.”*

ICP believes in the payment of fair wages, including overtime, for work performed, and insists on full compliance with government wage regulations as a starting point. Unfortunately, no reliable system exists within various countries and regions to define the meaning of “living wage”. The ICP will continue to monitor the issue and seek advice from our labor-focused Governance Board members and advisors. In the meantime, ICP considers attaining compliance with government regulations represents a significant improvement for workers.
13. What is the ICP doing to combat corrupt or unethical behavior?

When a factory offers a bribe, or an auditor accepts a bribe, this is considered corrupt or unethical behavior and has a zero tolerance level in the ICTI CARE Process. It results in immediate termination of registration in the ICTI CARE Process (if a first-time audit) or withdrawal of the existing Seal of Compliance (for renewal or other audits), and does either lead to the termination of the factory in the ICP or the expulsion from the list of accredited auditors. The ICP has established a clear policy, publicizes it broadly to ensure all concerned are aware of it, takes its own internal actions (e.g., probation or termination) and - equally important - supports positive action in terms of education and training programs, as well as the encouragement of a professional association and accreditation for auditors. (For more information, please see section 7 on the ICP Process Handbook [http://www.icti-care.org/e/content/cat_page.asp?cat_id=192].)

14. What is the ICP doing to educate workers on their entitlements under Chinese law?

ICP participated in a public-private partnership that carried out a pilot program to educate 3,600 workers about their labor rights along with:

- GIZ, a federal enterprise which supports the German government in achieving its sustainable development objectives
- DVSI, the German Toy Association
- the China Toy and Juvenile Products Association
- the Chinese government entities responsible for labor policy development and implementation

The pilot project ended successfully. ICP is now seeking grants to fund expansion of the program via a national roll-out.

Millions of workers have received ICTI CARE pocket-size information cards informing them of their labor rights and the ICP Helpline service.

A confidential toll-free ICP worker helpline, staffed by NGO partners, provides a way for workers to ask for clarification of their rights and to report infractions.

For more detailed information go to www.icti-care.org.