



Mr Robert Eckert
CEO of Mattel Inc.
333 Continental Boulevard
El Segundo, CA 90245-5012
USA

Email: corporate.communications@mattel.com

Brno, January 11th, 2010

Dear Mr Eckert,

We are writing to you regarding the recent investigation reports published by Students and Scholars against Corporate Misbehavior (SACOM) and China Labor Watch (CLW) and concerning serious labor rights violations at Wai Shing Metal Plastic Toys Factory and at Merton Plastics and Electronics Factory, two Chinese factories where Mattel toys are produced.

According to the results of an investigation led by SACOM¹ at **Wai Shing** from July to August 2009, workers at this factory are not given a copy of their labor contract as stated in the Chinese law, forced excessive overtime has been observed (as much as 120 hours overtime per month while the limit set by the law is 36) and wages are extremely low and not sufficient to live on. Neither health examinations, nor occupational health training are offered, no protective equipment is provided to workers and production safety measures are not observed. Finally, conditions in the dormitories are reported to be insanitary and inhumane. The investigation led at Wai Shing also underlines the limits of the social audits ordered by brand name companies and the International Council of Toy Industries (ICTI). Indeed, the report shows that workers are trained for questions of the auditors: they are given incentives to give the “correct” answers and prevented from answering “unsatisfactorily”, which constitutes a clear deception of the auditors.

Society for Fair Trade therefore endorses SACOM’s demands, and urges Mattel to commit to the following concrete steps to address the violations at Wai Shing:

- 1) ensure all workers are given a copy of their labor contract;
- 2) require that workers are paid living wages (rather than minimum wages) so that they do not need to do excessive overtime in order to earn a living;
- 3) ensure Wai Shing’s management implements Chinese laws regarding health and security at work, in particular, make sure that adequate protective equipment is provided to workers;
- 4) investigate living conditions at Wai Shing’s dormitories and ensure security and sanitary measures are implemented;
- 5) invite NGOs to provide labor rights trainings.

Another investigation led by CLW at **Merton Plastics and Electronics Factory**², after several previous investigations already led by CLW over the past decade, has shown that, although the inclusion of Merton in Disney and McDonald’s Kaleidoscope factory remediation project brought significant change to the factory, serious violations still continue to take place at Merton’s.

CLW began investigating Merton in 1998, when it was reportedly a sweatshop plagued with strikes and particularly poor conditions, and reported numerous violations in its first publication on Merton in 2000, including underpaid overtime regularly lasting through the night, 120 consecutive workdays without rest, excessive fines, overcrowded dorms, audit falsification and

¹ See investigation report “Exploitation of Toy Factory Workers at the bottom of the Global Supply Chain“, September 2009: http://doku.cac.at/toy-report_final_oct2009.pdf .

² See investigation report “Unhappy Holidays at Merton Toy Factory: Disney, MacDonal’d’s, Mattel produce toys in poor conditions“, October 2009: <http://www.chinalaborwatch.org/20091029merton.htm>

contract violations. According to CLW, many of the same wage, working hours and safety violations still persisted when they investigated Merton again in 2006, four years after Kaleidoscope was launched.

We also understand that Mattel refuted CLW's investigation at the time, and denied the existence of serious problems at Merton.

In its last investigation report, CLW notes that, although many of the worst violations they exposed in their first reports have been addressed, major issues remain unresolved. These include: illegal scheduling (Saturday is not continued overtime and therefore is both mandatory and paid at half the legal overtime wage); excessive overtime with 11.5 hours of work each day and 123 hours of overtime per month; no annual vacation for Spring Festival; difficulty quitting; and poor living conditions.

The fact that, 10 years after the case was brought to your attention, serious violations of that kind still persist, reflects systemic difficulties on Mattel's part identifying and correcting labor violations.

Society for Fair Trade therefore endorses CLW's demands, and urges Mattel to commit to the following concrete steps to address the violations at Merton's:

- 1) ensure that all Saturday work is voluntary and paid at the legal rate of twice the normal wage (as stated in the Labor Law);
- 2) confirm that overtime hours do not surpass the legal limit;
- 3) ensure that paid annual vacation is implemented, starting in 2010;
- 4) investigate and revise quitting procedures to comply with the Labor Law;
- 5) investigate and improve dormitory and canteen conditions.

More generally, we believe Mattel should **change purchasing policies** that direct orders to factories with the worst conditions and do not **enable manufacturers to comply with labour laws and codes of conducts**, as well as **the audit system** that has failed to identify serious labor violations.

Society for Fair Trade encourages Mattel to contact CLW and SACOM and discuss how to improve factory conditions and particularly the apparent problems with Mattel's auditing system in China. You may contact SACOM at sacom@sacom.hk or 852-2392 5464 and CLW at clw@chinalaborwatch.org or at 212-247-2212.

Sincerely,

Michala Chatrna
For Society for Fair Trade
misa.chatrna@fairtrade.cz