



Mr Jim Skinner  
CEO of McDonald's Corporation  
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USA  
Email: jim.skinner@us.mcd.com

Brno, January 11th, 2010

Dear Mr Skinner,

We are writing to you regarding the recent investigation report published by China Labor Watch (CLW) which reveals serious labour rights violations at Merton Plastics and Electronics Factory, where McDonald's toys are produced.

Society for Fair Trade (Společnost pro Fair Trade) is a Czech non-governmental organization that raises awareness of the Czech public about working, social, environmental and economic conditions of production in developing countries and promotes Fair Trade as one of the positive alternatives. On these issues we inform public, mobilize citizens and alert media. Society for Fair Trade has been actively involved in awareness raising, campaigning and education since its foundation in 2003. Since 2009, Society for Fair Trade is also a member of the **"Stop Toying Around!" Campaign**, a European coalition that brings together NGOs from Austria, Czech Republic, France, Poland, and Romania, and that aims at **improving working conditions in the toy production** through initiating a dialogue with companies subcontracting their toy production to China.

We have been informed that several investigations led by CLW over the past decade have shown that serious violations still continue to take place at Merton. This is happening in spite of the fact that the inclusion of Merton in Disney and McDonald's Kaleidoscope factory remediation project brought a significant change to the factory.

CLW began investigating Merton in 1998, when it was reportedly a sweatshop plagued with strikes and particularly poor conditions. CLW then 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 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 McDonald's supplier, Creta Promotion, refuted CLW's investigation at the time, and denied the existence of serious problems at Merton.

In a report called "Unhappy Holidays at Merton Toy Factory: Disney, McDonald's, Mattel produce toys in poor conditions", which was published in October 2009, 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**.

For Society for Fair Trade, the fact that 10 years after the case was brought to your attention serious violations of that kind still continue, reflects systemic difficulties on McDonald's part identifying and correcting labor violations.

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

- 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 McDonald's should **change purchasing policies** that direct orders to factories with the worst conditions as well as **the audit system** that has failed to identify serious labor violations.

Society for Fair Trade encourages McDonald's to contact CLW and discuss how to improve factory conditions and particularly the apparent problems with McDonald's auditing system in China. You may contact CLW at [clw@chinalaborwatch.org](mailto:clw@chinalaborwatch.org) or at 212-247-2212.

Sincerely,

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