



Corporate Social Responsibility

Mattel, Inc.

November 27, 2015

Mr. Li Qiang
Mr. Kevin Slaten
China Labor Watch
Via Email

Dear Mr. Li and Mr. Slaten:

We have received your 20 November 2015 China Labor Watch report, and have taken care to review it carefully and thoroughly, as we do whenever an independent organization presents observations regarding our manufacturing facilities. In general, we find your report to be fundamentally flawed and without merit.

While we do not agree with your findings with regard to Mattel facilities or those with which we contract, we value the work your organization is doing to help improve labor conditions in China. Indeed, we at Mattel are equally committed to this vision. For close to 20 years, Mattel has operated manufacturing facilities in China, and throughout that time, we have worked diligently to ensure that every person involved in the design, manufacture and distribution of our products is treated fairly and with respect.

Our goal is to be an industry leader in health, safety and labor practices. In our pursuit of this goal, we look to implement global best practices throughout our supply chain, then independently review and audit them, in order to continuously improve and raise standards.

In keeping with this commitment, we have gone to great lengths to find ways to work directly and collaboratively with China Labor Watch over the past year. As you know, we have reached out proactively on several occasions this year alone, both independently and in partnership with the ICTI CARE Foundation, in an attempt to have a direct and constructive dialogue with you. We have suggested that you share your concerns with us directly and frequently, so we can address them in a manner that drives progress. Unfortunately, because of your reluctance to engage in a constructive manner, our attempts to collaborate through meaningful dialogue have not been successful. Clearly, a collaborative approach would be in the best interest of the workers of the toy industry in China, and we hope China Labor Watch will consider establishing a direct working relationship with Mattel.

As for your recent report, we find it to be fundamentally inaccurate and misleading, and we are disappointed to note that it contains numerous factual errors and misrepresentations. While we are certain that your intentions are good, we believe the findings of your investigation are unreliable at best, likely because your investigators – who are not trained professional auditors – do not have access to all of the information they need to draw accurate conclusions.



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Allow me to address some of the many inaccuracies your report contains:

- Contrary to your claim, Mattel-operated manufacturing facilities in China carefully restrict overtime work hours. Overtime work is purely voluntary, and paid at the appropriate premium over base wages. Mattel also enforces a 66-hour workweek, in line with standards set forth by ICTI CARE. We hold all vendors whom we work with to these same standards.
- Although not reflected in your report, as of November 2015, all Mattel-operated facilities have reached its goal to fully enroll all eligible employees in a total of five different types of social insurance. By the end of 2016, this program will be administered based on contributions made in full by Mattel based on each employee's actual income, in compliance with and as approved by the government of the People's Republic of China.
- Importantly, we continue to prioritize a focus on health and safety. This commitment includes an ardent focus on fire and electrical safety, machinery and equipment safety and the highest industrial hygiene standards.

Our unwavering goal is to operate facilities that exceed all applicable regulations, laws and standards, and our vision is for zero injuries, environmental incidents or labor issues. Whenever we become aware of a condition that impedes our goal or our vision, we take immediate steps to correct it, and while our aspirational approach means that we're never satisfied, we are proud of our record of fair and ethical treatment of our workers.

Again, we join you in your commitment to ensuring that the people who work in manufacturing in China are treated properly. We ask yet again that you consider engaging with Mattel directly, so that we can collaborate to drive improvement across the toy industry in China.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Edena Low", with a long horizontal line extending to the right.

Edena Low, Vice President
Mattel, Inc.