



**Mattel, Inc.**  
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World Finance Centre  
Harbour City, Tsimshatsui,  
Kowloon, Hong Kong

December 12, 2016

Li Qiang - Executive Director, China Labor Watch  
E-mail: [clw@chinalaborwatch.org](mailto:clw@chinalaborwatch.org)

Dear Li Qiang:

We have received your November 1, 2016 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.

Because workplace health and safety are among our topmost priorities, we immediately launched an investigation into verifying the issues raised in your report. We did so to ensure our facilities continue to meet or exceed applicable laws and regulations, as well as our own high standards. Having concluded this investigation, we want to share with you our response to your report, which is largely misleading and factually inaccurate.

While we do not agree with the bulk of your findings with regard to Mattel facilities or those with which we contract, we value the work China Labor Watch is doing in China and believe strongly that you have a key role to play in improving workplace conditions. Mattel is equally committed to this vision. That said, we question the methodology employed by China Labor Watch, which does not appear to adhere to established best-practices and provides only a narrow and skewed view of our facilities. As always, we remain committed to collaborating with China Labor Watch to provide you with a full and complete picture.

With regard to your report, I have summarized the results of our investigation below.

#### *Our commitment*

Mattel is committed to ethical manufacturing practices and to ensuring that wages, working and living conditions, and employee access to management in factories meet or exceed all applicable laws, regulations, and standards. These active efforts are guided by our core values as a company and through the Mattel Responsible Supply Chain Standards.

We use a collaborative, transparent and industry-leading approach to enforce our Responsible Supply Chain Standards in Mattel operated sites, and provide guidance and training materials to our suppliers. The Mattel Responsible Supply Chain Standards, together with our participation in the ICTI CARE Process, provide a strong framework for ensuring the fair treatment and well-being of workers in our supply chain.

#### *Investigation findings*

The CLW report's allegations cover Mattel-operated plants in Foshan City and Chang An, and our vendor plant Weilifeng. To formulate our own conclusions regarding the CLW report, we conducted a review of the most recent Mattel Responsible Supply Chain Standards and ICTI CARE audit findings, in comparison with the CLW allegations and ICTI CARE special investigation. In general, we find the CLW report to be fundamentally misleading and inaccurate. Below are just a few examples of such inaccuracies:

- Combine Will (Dongguan) Industrial Co., Ltd. is a former supplier, with whom Mattel ceased a direct business relationship with in 2010. However, a Mattel licensee does work with the vendor to produce a limited amount of Mattel-licensed products. Because we do not work directly with the supplier, we cannot comment on its labor practices. However, we note that the supplier is certified by ICTI CARE, having met the ICTI CARE Process (ICP) requirements, as confirmed by an external, unannounced audit.

- Mattel continues to build a strong preventative safety culture supported by a number of programs including extensive training in areas such as fire safety and emergency procedures, machinery and equipment safety, and industrial hygiene standards and procedures. In order to encourage a strong safety culture, in 2015 we launched an employee engagement program called “Play with Care.” This program has positively impacted not only our workforce, but also more than 15,000 people in our extended supply chain.
- Wages are paid at or above the minimum wage for all hours worked. Any overtime work is purely voluntary, and paid at the appropriate premium over base wages. Mattel-operated manufacturing facilities in China carefully restrict overtime work hours to ensure workers receive adequate rest. Mattel plants and the majority of our vendors including Weilifeng limits total hours worked in a week to 66 hours, in line with standards set forth by ICTI CARE.
- Mattel-operated manufacturing facilities in China have fully enrolled all eligible employees into the five legally required types of social insurance. We are on track towards meeting our goal of full compliance with China’s regulatory requirements relating to social insurance and housing fund contributions by the end of 2016.

We are encouraged to see your report acknowledges conditions have improved in the plants named in the report, most notably the improvements in the housing fund and resignation process at Mattel Foshan City, in health exams offered and living conditions at Mattel Chang An, and an enhanced emphasis on fire safety at our vendor Weilifeng.

#### Areas for improvement

Our review of your report did uncover a few instances in which our established policies were not fully enforced. For example, while all workers are provided with appropriate personal protection equipment (PPE), a review discovered that some workers in contact with high noise areas did not wear ear plugs, or failed to wear them correctly. Similarly, our investigation found that some workers did not receive routine health checks, and others did not receive pre-resignation physical exams. Finally, we noted that in some cases, fire drills were not conducted in strict accordance with established procedures. We have taken immediate steps to remedy these issues.

#### Conclusion

Again, while we admire your ongoing commitment to protect workers’ rights, we take issue with the negative and misleading manner in which China Labor Watch continually mischaracterizes our manufacturing facilities. The fact is Mattel is deeply committed to ensuring every single person making our toys and products is treated fairly, with respect and is able to work in a safe and healthy environment, and we reject any suggestion to the contrary. We go to great lengths to ensure that every facility we operate meets or exceeds all applicable laws and regulations, as well as our own very high standards. Importantly, we work closely with the ICTI CARE Foundation to ensure third-party validation of our compliance.

As we have noted in the past, no company can claim to be perfect, and as noted above we have taken quick steps to ensure full compliance with our policies regarding training, PPE use and routine medical exams. To suggest, however, that our facilities are fundamentally unsafe, or that we treat our workers unfairly, is simply untrue.

We remain hopeful that China Labor Watch will consider a more collaborative approach moving forward, which can only benefit the very workers we are both interested in protecting.

Sincerely,



Edena Low  
Vice President, Corporate Citizenship & External Affairs  
Mattel, Inc.