



## Wage theft of Mattel's toy supplier factories equal to millions of dollars annually

Tuesday, October 15, 2013

### FOR IMMEDIATE RELEASE

NEW YORK - An investigative report published today by China Labor Watch (CLW) of six Chinese factories producing toys for Mattel has uncovered 18 sets of legal and ethical violations, including 84 to 110 hours of monthly overtime, up to 13-hour working days, hot and crowded dormitories, hiring discrimination, and ineffective safety training, inadequate protection equipment, environmental pollution, fire hazards, labor contracts violations, and more.

One of the most alarming findings was the various methods—many illegal—that Mattel's factories use to reduce their workers' due wages and benefits. Through a combination of unpaid overtime hours, work hour trickery, and voluntary social insurance (where social insurance is legally mandated in China), Mattel's supplier factories are stealing millions of dollars from workers. CLW's conservative estimates put the total annual amount at between \$8 million and \$11 million, and this is only the wage theft in six of Mattel's approximately 100 Chinese toy factories.

Mattel's shares responsibility for the violations found throughout its supply chain. In order to meet Mattel's low price and tight time schedule demands, its supplier factories resort to finding cost savings through the degradation of labor conditions. This dynamic has in part caused Mattel's failure to rigorously enforce its own code of conduct for supplier factories since 1997.

Moreover, Mattel understands the breadth and severity of labor violations in its supply chain. For over a decade, audits commissioned by Mattel itself have uncovered labor violations in factories producing Mattel toys. But the corporation has taken little meaningful corrective action, and over time, Mattel's public reporting of these audits has become more and more limited.

The way in which Mattel shirks responsibility for violations is embodied in a recent strike at its supplier factory. A group of 322 Chinese workers at one Mattel supplier plant called the Baode Toy Factory went on strike in August to demand unpaid retirement insurance. In the two months since the strike, Mattel has done nothing to rectify the violation despite investigating it. Mattel should respond constructively to this incident, and it must not choose to stop using the factory for production, all but guaranteeing that the workers lose their jobs.

CLW's investigations of Mattel's six supplier factories were carried out from April to September 2013 by undercover investigators and involved interviews with over 300 workers. These factories also produce for brand companies like Hasbro, McDonald's, and Disney. This year's investigations follow a CLW investigative report in 2012 aimed at four factories producing Mattel toys.

Labor conditions in Mattel's supply chain have deteriorated over the past decade. Instead of responding in denial to violations uncovered in its supply chain, as it did in 2012, Mattel should focus on taking action to prevent the occurrence of future violations. In the report, CLW raises a number of action points for Mattel, including making its reporting and supply chain more transparent, reforming its buying practices, and establishing a third-party hotline and worker-elected union committees.

CLW and Peoples Solidaires-ActionAid France (PSO) have launched an Urgent Appeal to ask Mattel to ensure respect of the rights of the Chinese workers who make its toys.

CLW's Executive Director, Li Qiang said, "Mattel always offers excuses for labor violations in its supply chain. But the labor conditions in its supplier factories have only become poorer over the years."

"Mattel clearly knows about the labor violations in its supply chain," explains Fanny Gallois, Campaigns Officer at Peoples Solidaires-ActionAid France. "As the leader in the toy sector, Mattel has the power to change things. It is time for Mattel to be accountable towards the thousands of workers who make its toys in indecent working conditions."

The six factories in the report all produce for Mattel. Some of them also produce for Disney, McDonald, Hasbro.

[Read the full report.](#)

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