

## **ICCA Response to Financial Times News Report, (May 22, 2005), “Barbie Clothes Makers Accused Over Child Labor.”**

Dear Friends and Colleagues:

Following appearance of the Financial Times story (see CSA Articles section), ICCA received a number of inquires from the news media and friends and colleagues in the NGO and academic communities. These inquires generally focused on four issues.

- Whether ICCA was aware of the situation at the Mexican factory reported in the Financial Times news story?
- Did ICCA conduct an audit of this factory at any time, recent or past?
- Was ICCA aware of similar situations in other factories operated by Mattel's licensees?
- Whether ICCA had conducted GMP audits of other factories operated by Mattel's licensees?

### Answers

1. ICCA had no knowledge of the situation at the Mexican factory reported in the Financial Times story.
2. ICCA is currently focused on conducting field audits of vendor factories. Licensees audits are to be considered in the next phase of audits.
3. While the process is well underway, it does take time. ICCA has audited and followed-up with all Mattel owned facilities and currently is in the process of auditing vendors, with 50% of production volume now complete. Licensee plants are slated for the third phase of the audit process.

### Background Information

Starting in 1998, ICCA (and its predecessor organization, MIMCO) had been conducting independent external field audits of Mattel's owned/operated factories, and those of its vendors in all parts of the world with a view to ensure their compliances with Mattel's Global Manufacturing Principles (GMP). ICCA's audit findings were made public without any prior constraint from Mattel. These audit reports also included Mattel's corrective for remedial action. Where necessary, ICCA, at its own discretion, would conduct a follow-up audit to verify implementation of the factory's remediation plan.

The original plan, initiated in 1998, was intended to be implemented in three phases to cover all of Mattel's owned/operated plants, vendor plants and then licensee operations. Moreover, it was agreed that these audits would not be a one-time event,

but would continue to be conducted in the future on a regular basis. ICCA developed a plan of action, which called for a 3-year cycle of all Mattel owned/operated facilities; and a 3-year cycle of a group of vendors selected by ICCA and based on the volume of their business with Mattel.

Licensee operations posed special circumstances with regard to field audits because of many short-term contracts among the licensees and their factories, as well as relatively small size of individual operations. Thus ICCA was to focus on this category once the other two phases of audits had been satisfactorily completed.

Because ICCA's focus currently rests with the process of supplier audits and follow-up visits, the current plan of action is for Mattel to internally conduct preliminary audits with licensee facilities, which is now underway. As ICCA works through the auditing process with vendors and finalizes public reports, a timeline for the licensee phase will be discussed.