



China Labor Watch
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September 16, 2009
Robert A. Iger, CEO
The Walt Disney Company
500 South Buena Vista Street
Burbank, CA 91521

Dear Mr. Iger,

On July 30, Disney's Senior Vice President of Corporate Responsibility, Jennifer Anopolsky, issued a statement that Disney implemented a number of measures to address labor violations at Yiuwah Stationary Factory. Disney's plan addressed nearly all major concerns made in a public outcry after the death of a child laborer in the factory in April. We write to you today to inform you of CLW's recent follow-up investigation which reveals that in spite of some changes, **the plan has failed** in several serious ways.

Child labor and safety problems at Yiuwah led in concert to the tragic death of Liu Pan. The factory has, in fact, made changes in these areas. During the recruitment process, the factory now collects IDs for one week of inspection. Nevertheless, workers tell us that **underage workers are still employed**. Regarding safety, the factory now offers safety training to workers who operate machines, but not other workers. This training consists of a brief talk by the section leader and a few pages of materials with blurry handwriting. **Many workers do not take the training seriously and throw away the materials** or stash them under their beds after. Of course, training is a process, however, Yiuwah has still not achieved an adequate level of success given the high stakes of worker injury.

In addition to these more shocking violations are equally serious forms of abuse that continue at Yiuwah- issues like illegal **wages and social insurance** policy which, unlike child labor and safety training, can be immediately revised. Worker salaries have not changed and **still fail to meet minimum wage standards** for overtime wages which are only 4.8 RMB/hour for regular, weekend and holiday overtime. These wages fall short of wage requirements of 6.56 RMB/hour for regular overtime, 8.75 RMB/hour for weekend overtime and 13.12 RMB/hour for holiday overtime. This policy can and should be changed immediately.

Workers are also **denied their legal right to purchase social security or medical insurance**. The factory limits the number of workers who can purchase this insurance, and workers are told that they must wait until older workers retire before they will have this right. Some workers have waited 2 years and are still unable to purchase insurance.

If these troublesome issues come as a surprise to you or Disney's Corporate Responsibility team, we redirect your attention to **Disney's faulty auditing system**. In our original letter to Disney, we asked that you publicize the names of auditing companies that verified Yiuwah as a labor compliant factory. We also called on Disney to begin a dialogue with CLW on ways to improve the audit process. Disney refused on both counts and its system of neglectful audits has persisted, enabling Disney to turn a blind eye as violations continue at Yiuwah and throughout the Disney supply chain.

We still look forward to a conversation with Disney about how to improve factory conditions at Yiuwah, and Disney's best practices for factory monitoring and remediation. You may contact CLW at clw@chinalaborwatch.org or reach us at 212-247-2212.

Sincerely,

Li Qiang
Executive Director