



MATTEL 2003

GRI REPORT

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Question	Mattel Response
<u>1. Vision and Strategy</u>	
1.1 Statement of the organization's vision and strategy regarding its contribution to sustainable development.	<p>Mattel's Sustainability Mission</p> <p>As the global leader in the toy industry, Mattel takes pride in the quality of our products, our relationships with our customers, the talent and development of our employees, efforts to better our communities locally and globally, as well as the value built for our shareholders. We regard the thoughtful management of the environment and the health and safety of our employees, customers and neighbors as among our highest priorities and as key elements of our corporate responsibility to be a sustainable company – today and tomorrow.</p>
1.2 Statement from the CEO (or equivalent senior manager) describing key elements of the report.	<p>Our commitment to leadership in all aspects of our business brought us to the decision to create a comprehensive Corporate Social Responsibility report, our first, in accordance with the Global Reporting Initiative (GRI) guidelines. Our goals are to convey where we have come from, provide a snapshot of where we are now, and present our vision of where we are going. It's important to note that Mattel is the first company in the toy industry to do so. We are proud of our leadership position in the toy industry and the corporate social responsibility arena, and we are committed to continuous improvement. At Mattel, we will be leaders every day, everywhere, for everyone and with every brand.</p>
<u>2. Profile</u>	
<p><u>Organization Profile</u></p> <p>2.1 Name of reporting organization.</p>	<p>Mattel, Inc. ("Mattel")</p>

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<p>2.2 Major products and/or services, including brands if appropriate.</p>	<p>Mattel designs, manufactures and markets a broad variety of toy products worldwide through sales to retailers and directly to consumers. Mattel believes its products are among the most widely recognized toy products in the world. Mattel's portfolio of brands and products are grouped in the following categories:</p> <p>Mattel Brands – including Barbie® fashion dolls and accessories (“Barbie®”), Polly Pocket!™ and ello™ (collectively “Other Girls Brands”), Hot Wheels®, Matchbox® and Tyco® R/C vehicles and playsets (collectively “Wheels”) and Nickelodeon®, Harry Potter™, Yu-Gi-Oh!™, He-Man® and Masters of the Universe®, Batman™, Justice League™, and games and puzzles (collectively “Entertainment”).</p> <p>Fisher-Price Brands – including Fisher-Price®, Power Wheels®, Sesame Street®, Little People®, Disney preschool and plush, Winnie the Pooh, Rescue Heroes®, Barney™, See ‘N Say®, Dora the Explorer™, PowerTouch™ and View-Master®.</p> <p>American Girl Brands – including American Girl Today®, The American Girls Collection® and Bitty Baby®. American Girl® Brands products are sold directly to consumers and its children’s publications are sold to certain retailers.</p> <p>Manufacturing:</p> <p>Approximately 50% of our products are produced by Mattel owned and operated manufacturing facilities, located in China, Indonesia, Malaysia, Mexico and Thailand. The remaining 50% of our products are produced by outsourced vendors. The majority of our products, including outsourced production are manufactured in China. We also have a limited amount of outsourced production in Eastern Europe.</p> <p>Licensees:</p> <p>Mattel licenses our brands and trademarks to other companies for the production of specialized consumer products such as apparel, software, durable goods and other children’s products.</p>
<p>2.3 Operational structure of the organization.</p> <p>2.4 Description of major division, operating companies, subsidiaries and joint ventures.</p>	<p>Mattel is incorporated in Delaware, U.S.A. The business units are Mattel Brands, Fisher-Price Brands, American Girl Brands and International. Products from these business units are sold in the U.S. and in International markets with the exception of American Girl Brands, which are primarily marketed and sold in the U.S.</p> <p>Mattel owns and operates manufacturing facilities that produce approximately 50% of the products, while the other 50% of the products are produced by outsourced vendors.</p> <p>Mattel has approximately 200 wholly owned subsidiaries.</p>

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<p>2.5 Countries in which the organization's operations are located.</p>	<p>With headquarters in El Segundo, California, Mattel has offices and facilities in 42 countries. Countries in which our Manufacturing (bold font and denoted with an asterisk), Distribution Centers, and Sales Offices are located are given below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3" style="text-align: center;">As of 12/31/2003</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <p><u>North America:</u> Canada United States Mexico*</p> </td> <td style="vertical-align: top;"> <p><u>Asia Pacific:</u> Australia China* Hong Kong India Indonesia* Japan Korea Malaysia* New Zealand Philippines Singapore Taiwan Thailand*</p> </td> <td style="vertical-align: top;"> <p><u>Central & South America:</u> Argentina Brazil Chile Columbia Costa Rica Dominican Republic Guatemala Peru Puerto Rico Venezuela</p> </td> </tr> <tr> <td style="vertical-align: top;"> <p><u>Europe:</u> Austria Belgium Czech Republic Denmark United Kingdom Finland France Germany Greece Italy Netherlands Norway Portugal Romania Spain Switzerland</p> </td> <td></td> <td></td> </tr> </tbody> </table>	As of 12/31/2003			<p><u>North America:</u> Canada United States Mexico*</p>	<p><u>Asia Pacific:</u> Australia China* Hong Kong India Indonesia* Japan Korea Malaysia* New Zealand Philippines Singapore Taiwan Thailand*</p>	<p><u>Central & South America:</u> Argentina Brazil Chile Columbia Costa Rica Dominican Republic Guatemala Peru Puerto Rico Venezuela</p>	<p><u>Europe:</u> Austria Belgium Czech Republic Denmark United Kingdom Finland France Germany Greece Italy Netherlands Norway Portugal Romania Spain Switzerland</p>		
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<p>2.6 Nature of ownership; legal form.</p>	<p>Mattel is a publicly traded company and is listed on the New York Stock Exchange.</p>									
<p>2.7 Nature of markets served.</p>	<p>Mattel primarily sells our products to retailers who, in turn, sell to consumers. On a limited basis, we sell our products directly to consumers via catalog, the internet and Mattel-owned stores.</p>									

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<p>2.8 Scale of the reporting organization.</p>	<p>Mattel designs, manufactures and markets a broad variety of toy products worldwide through sales to retailers and directly to consumers. Mattel employs more than 25,000 employees in 42 countries and sells products in more than 150 countries throughout the world.</p> <p><u>For Fiscal Year 2003:</u></p> <p><u>Mattel, Inc:</u></p> <p>Net income: \$537.6 million (\$1.22 per share) Net sales: \$4.96 billion Operating income: \$785.7 million</p> <p><u>Employees:</u></p> <p>Mattel had approximately 25,000 full time employees (as of December 31, 2003).</p>
<p>2.9 List of Key Stakeholders.</p>	<p>Please Refer to Section 3.9 – 3.12 on Stakeholder Engagement.</p>
<p><u>Report Scope and Profile</u></p> <p>2.10 Contact person(s) for the report, including email and web addresses.</p>	<p>Global Sustainability Department</p> <p>csr-report@mattel.com</p>
<p>2.11 Reporting period for information provided.</p>	<p>Mattel's Fiscal Year runs equivalent to the Calendar Year, January 1st – December 31st. This report is for 2003.</p>
<p>2.12 Date of most recent report, if any.</p>	<p>This is Mattel's first report using GRI guidelines. We are also publishing a printed Corporate Social Responsibility Report that includes the key elements of this GRI report as well as additional information on our programs and performance.</p>

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<p>2.13 Boundaries of report (countries/regions, products/services, divisions/facilities/ joint ventures/subsidiaries) and any specific limitations on the scope.</p> <p>2.15 Basis for reporting on joint ventures, partially owned subsidiaries, leased facilities, outsourced operations.</p>	<p>We categorize our operations into three tiers and report according to our impacts:</p> <p><u>Tier 1: Mattel-owned and controlled operations and direct employees.</u> These include our owned and operated manufacturing, offices, distribution centers and retail stores. The social, economic and environmental aspects of our Tier 1 Operations are covered in this report. We are working to measure and minimize the impacts from our Tier 1 Operations. Where data systems exist, quantified performance metrics are reported for Tier 1 Operations.</p> <p><u>Tier 2: Contract Manufacturing and their employees.</u> Mattel contracts with approximately 75 companies to manufacture our products. Mattel production accounts for 30% to 100% of each vendor's total production. Our Global Manufacturing Principles (GMP) and Audit Program apply to such vendors and address the social and environmental performance of Contract Manufacturers. This program and results of independent monitoring in our Tier 2 Operations are described in this report.</p> <p><u>Tier 3: Licensees and their employees.</u> Mattel licenses our brands and trademarks to other companies for the production of specialized consumer products such as apparel, software, durable goods and other children's products. Mattel contracts with approximately 600 companies to license their products. Performance data from Tier 3 operations is not included in this report.</p>
<p>2.14 Significant changes in size, structure, ownership, or products/services that have occurred since the previous report.</p>	<p>Not applicable since this is our first report.</p>
<p>2.16 Explanation of the nature and effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).</p>	<p>Not applicable since this is our first report.</p>
<p>2.17 Decisions not to apply GRI principles or protocols in the preparation of the report.</p>	<p>This 2003 GRI report was prepared in accordance with GRI principles and protocols and is available on our website at www.mattel.com. Our 2003 Corporate Social Responsibility Report (a printed report) contains key GRI elements and indicators and other information relevant to our stakeholders.</p>
<p>2.18 Criteria/definitions used in any accounting for economic, environmental, and social costs and benefits.</p>	<p>Standard and generally accepted definitions are employed.</p>
<p>2.19 Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information.</p>	<p>Not applicable since this is our first report.</p>

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<p>2.20 Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability report.</p> <p>This includes internal management systems, processes, and audits that management relies on to ensure that reported data are reliable and complete with regard to the scope of the report.</p> <p>2.21 Policy and current practice with regard to providing independent assurance for the full report.</p>	<p><u>Materiality and Credibility:</u> Our 2003 reporting effort is comprised of detailed responses to the Global Reporting Initiative (GRI) guidelines and this Corporate Social Responsibility Report. The purpose of this Corporate Social Responsibility Report is to highlight the key elements of our GRI Report, provide context on the progress of our programs, create a vehicle for stakeholder dialogue and present a roadmap for future programs and reporting. The GRI www.globalreporting.org is an independent institution whose mission is to develop and disseminate globally applicable sustainability reporting guidelines. GRI has developed guidelines that are for voluntary use by organizations for reporting on the economic, environmental and social dimensions of their activities, products, and services. We support the GRI mission to bring comparability, consistency and unity to corporate reporting. We have prepared a detailed response in accordance to the GRI Guidelines and have posted it on the Corporate Responsibility section of our website www.mattel.com.</p> <p>The primary goal of our reporting endeavor is to present a clear picture of our commitment – as measured by our performance – to our corporate values and principles. If you are reading this report, chances are you are engaged in our company in some way. It is not enough for us to tell you how hard we are working or even the amount of money we've invested. We present quantitative measurements of our performance in this report so you as a stakeholder can clearly see the results of our commitment.</p> <p>Our goal is that our stakeholders will be able to understand the significant or material corporate social responsibility challenges that we face and evaluate how we are responding to them. Based on our business experience and stakeholder engagement to date, one significant area of interest is the working conditions and practices in our factories and in our supply chain. Therefore, there is a major emphasis on this topic in this report. We also present our governance and management practices – important elements for the sustainability of a global corporation. The boundaries of our reports go beyond our owned operations and extend to our suppliers because we understand that our business has a direct impact on them. We invite stakeholder engagement, including feedback on this report, so that we can cover issues of significance in future reports.</p> <p><u>Compliance with our Global Manufacturing Principles (GMP):</u> We engage in an independent monitoring system that provides objective checks and balances to evaluate compliance with our GMP standards. In 1997, we created the Mattel Independent Monitoring Council (MIMCO) in affiliation with the Zicklin School of Business. Since 1998, the council has performed selected audits and published public reports on the progress of Mattel manufacturing facilities, including all owned and certain contracted facilities, in complying with the company's Global Manufacturing Principles and related manufacturing standards. The public reports are available on our website. The International Center for Corporate Accountability (ICCA) absorbed MIMCO in February 2003 and now performs the independent monitoring. True to its MIMCO origins, ICCA is a not-for-profit, independently incorporated organization. ICCA alone estimates its budget at the beginning of each year based on the number of audits it will conduct. Mattel transmits the budget funds to Baruch College, a public institution. All funds are disbursed by Baruch College following university procedures of due diligence and verification that expenses relate to the work of ICCA as specified in the ICCA-Mattel agreement.</p> <p><u>Financial Data:</u> Pricewaterhouse Coopers, a global accounting firm, is Mattel's independent auditor.</p> <p><u>Environmental Data:</u> Mattel is currently implementing a system to collect, validate and report quantified environmental information from our owned and operated factories. CH2M HILL, a global environmental and engineering company, has provided oversight on the development of the management system and has verified the accuracy and appropriateness of calculation procedures. CH2M HILL technical staff includes registered professional engineers, certified environmental assessors, certified industrial hygienists and degreed scientists.</p>

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<p>2.22 Means by which report users can obtain additional information and reports about economic, environmental, and social aspects of the organization's activities, including facility-specific information (if available).</p>	<p>The results of Independent Monitoring Audits on our performance under our Global Manufacturing Principles are available on our website www.mattel.com and the Independent Monitor's website www.icca-corporateaccountability.org. Additionally, information about our financial results and philanthropic activities on our website www.mattel.com.</p>
<p><u>3.0 Governance Structure and Management Systems</u></p>	
<p><u>Structure and Governance</u></p> <p>3.1 Governance structure of the organization, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organization.</p> <p>Describe the scope of responsibility of any major committees and indicate any direct responsibility for economic, social, and environmental performance.</p> <p>3.4 Board-level processes for overseeing the organization's identification and management of economic, environmental, and social risks and opportunities.</p>	<p>Mattel has a Board of Directors, which strives to ensure good corporate management and governance. The Board selects, monitors, evaluates and supports the Chief Executive Officer and oversees the development and pursuit of corporate policies and strategies.</p> <p>The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of Mattel and its stockholders.</p> <p>Mattel also has an internal Management Committee consisting of the Chief Executive Officer and each of the executive officers who are the CEO's direct reports. The Management Committee, under the supervision of the CEO, has responsibility for overall direction and operations of Mattel, including corporate financial performance, environmental leadership and safety, social responsibility, community involvement and the development of Mattel's people.</p> <p>In 2003, six meetings of the Board were held. In 2003, the directors of Mattel had an average attendance rate of 97% of the meetings of the Board and its various committees.</p> <p><i>(At the September 2004 Board of Directors meeting, the Board approved expanding the topics addressed by the Nominations/Corporate Governance Committee to include the company's Corporate Social Responsibility initiatives. The Committee will be renamed the Governance and Social Responsibility Committee.)</i></p>
<p>3.2 Percentage of the board of directors that are independent, non-executive directors.</p> <p>State how the board determines "independence".</p>	<p>Ten of the 11 directors are non-management directors; only one director is an officer and employee of Mattel.</p> <p>Each member of the Audit Committee, the Nominations/Corporate Governance Committee and the Compensation Committee is required to be an independent director as defined by the New York Stock Exchange and federal securities laws. In addition, the members of the Audit Committee must meet the independence and experience requirements of the New York Stock Exchange, Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations of the Securities and Exchange Commission (the "Commission").</p>
<p>3.3 Process for determining the expertise board members need to guide the strategic direction of the organization, including issues related to environmental and social risks and opportunities.</p>	<p>The Nominations/Corporate Governance Committee of the Board of Directors reviews and makes recommendations to the Board of Directors concerning the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This review is conducted on an annual basis and includes an assessment of the talent base, skills, areas of expertise and experience, diversity and independence of the Board and its members.</p>

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<p>3.5 Linkage between executive compensation and achievement of the organization's financial and non-financial goals (e.g., environmental performance, labor practices).</p>	<p>The Compensation Committee of the Board of Directors of Mattel develops, evaluates, and in certain instances, approves or determines the compensation plans, policies and programs of Mattel. The Committee reviews and approves all forms of compensation to be provided to all executives who are designated as being in the "Executive Leadership Band" and above in Mattel's compensation structure. The Committee annually reviews and approves corporate goals and objectives relevant to Chief Executive Officer compensation. The Compensation Committee is guided by principles that are intended to create a competitive compensation structure that will help attract and retain key management talent, assure the integrity of Mattel's compensation practices and link compensation to performance.</p>
<p>3.6 Organizational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies.</p> <p>Include identification of the highest level of management below the board level directly responsible for setting and implementing environmental and social policies, as well as general organizational structure below the board level.</p>	<p>Mattel has a Management Committee consisting of the Chief Executive Officer and each of the executive officers that are the CEO's direct reports. The Management Committee, under the supervision of the CEO, has responsibility for overall direction and operations of Mattel, including corporate financial performance, environmental leadership and safety, social responsibility, community involvement and the development of Mattel's people. The members of the Management Committee are:</p> <p><u>Mattel Management Committee</u></p> <p>ROBERT A. ECKERT Chairman of the Board and Chief Executive Officer</p> <p>KEVIN M. FARR Chief Financial Officer</p> <p>MATTHEW C. BOUSQUETTE President of Mattel Brands</p> <p>NEIL B. FRIEDMAN President of Fisher-Price Brands</p> <p>ELLEN L. BROTHERS President of American Girl and Executive Vice President</p> <p>BRYAN G. STOCKTON Executive Vice President of International</p> <p>JOSEPH F. ECKROTH, JR. Chief Information Officer</p> <p>THOMAS A. DEBROWSKI Executive Vice President of Worldwide Operations</p> <p>ALAN KAYE Senior Vice President of Human Resources</p> <p>ROBERT NORMILE Senior Vice President, General Counsel and Secretary</p>

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<p>3.7 Mission and values statements, internally developed codes of conduct or principles, and polices relevant to economic, environmental, and social performance and the status of implementation.</p> <p>Describe the status of implementation in terms of degree to which the code is applied across the organization in different regions and departments/units. "Policies" refers to those that apply to the organization as a whole, but may not necessarily provide substantial detail on the specific aspects listed under the performance indicators in Part C, Section 5 of the Guidelines.</p>	<p>In July 2000, Mattel adopted the following vision and values statement:</p> <p><u>Vision:</u> The World's Premier Toy Brands – Today and Tomorrow</p> <p><u>Values: We Value</u></p> <p><u>Our Consumers:</u> Inspiring kids' imaginations <u>Our Work:</u> Striving for excellence and creativity in everything we do <u>Our Partners:</u> Sharing success with customers, vendors, shareholders and communities <u>Ourselves:</u> Unwavering integrity, taking ownership of all that passes in front of us and being accountable for the results of the business and the development of our fellow employees</p> <p>Mattel has also adopted a Code of Conduct (the full text of which is posted on www.mattel.com). The Code of Conduct is our general statement of ethical business conduct. The Code of Conduct is based on our commitment to adhere to Mattel's values and to comply with the law. While the Code of Conduct outlines our broad responsibilities, we also have more specific guidelines and company policies for various activities. All company policies and the underlying procedures established for business operations must be consistent with the standards of ethical behavior outlined in the Code of Conduct. All employees are required and expected to comply with the Code of Conduct, and with the laws and company policies that govern our activities.</p> <p><u>Global Manufacturing Principles (GMP)</u></p> <p>Mattel's Global Manufacturing Principles (GMP) Policy applies to all parties that manufacture, assemble, license or distribute any product or package bearing any of the Mattel logos. GMP provides guidance and minimum standards for all manufacturing plants, assembly operations and distribution centers that manufacture or distribute Mattel products. GMP requires safe and fair treatment of employees and that facilities protect the environment while respecting the cultural, ethnic and philosophical differences of the countries where Mattel operates. GMP also requires internal and periodic independent monitoring of our performance and our partners performance to the standards. Mattel and its partners will operate their facilities in compliance with applicable laws and regulations. The principles are dynamic and evolving to continually improve our efforts to ensure on-going protection of employees and the environment. In addition, Mattel has developed a comprehensive and detailed set of underlying procedures and standards that enable us to apply and administer our GMP in the countries where we operate. The procedures and standards are updated and refined on an ongoing basis.</p>

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<p>3.8 Mechanisms for shareholders to provide recommendations or direction to the board of directors.</p> <p>Include reference to any policies or processes regarding the use of shareholder resolutions or other mechanisms for enabling minority shareholders to express opinions to management.</p>	<p>The independent directors of Mattel have unanimously approved a process by which stockholders of Mattel and other interested persons may send communications to any of the following: (a) the Board of Directors, (b) any committee of the Board, (c) the presiding independent director or (d) the independent directors. Such communications should be submitted in writing by mailing them to the relevant addressee at the following address:</p> <p style="text-align: center;">[Addressee] Mattel—Secretary, Mail Stop M1-1516 333 Continental Blvd. El Segundo, CA 90245-5012</p> <p>Any such communications will be relayed to the Board members that appear as addressees, except the following categories of communications which will not be so relayed (but will be available to Board members upon request):</p> <p>Communications concerning company products and services; solicitations; matters that are entirely personal grievances; and communications about litigation matters.</p> <p>The Nominations/Corporate Governance Committee of Mattel's Board of Directors has adopted a Director Nominations Policy, which includes provisions regarding stockholder recommendations of possible candidates for Board of Directors membership. A copy of the Director Nominations Policy is available in the "Corporate Governance" section of our website, www.mattel.com.</p>
<p><u>Stakeholder Identification and Engagement</u></p> <p>3.9 Basis for identification and selection of major stakeholders.</p> <p>2.9 List of stakeholders, key attributes of each, and relationship to the reporting organization</p> <p>3.10 Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group.</p> <p>3.11 Type of information generated by stakeholder consultations.</p> <p>3.12 Use of information resulting from stakeholder engagements.</p>	<p><u>Communicating with Our Stakeholders</u></p> <p>Our stakeholders are a diverse group of people and organizations, – ranging from our employees to our suppliers to parents and their children who buy our products. Our stakeholders' concerns are as diverse as they are global. Yet there are common threads: the requests for transparency, honesty and respect. While we communicate with our stakeholders in many ways on a daily basis through customized means, we acknowledge that it is essential to communicate with integrity.</p> <p>1. Consumers: The consumers of our products are primarily children and their parents in over 135 countries worldwide. <u>Dialogue:</u> we provide information and receive feedback through product packaging, website interaction, customer satisfaction surveys, focus groups, help lines and call centers. We engage with consumer product advocacy groups through direct communication and industry associations.</p> <p>2. Customers/Retailers: The retail companies that purchase our products account for the majority of our sales. On a global basis, the largest customers are Wal-Mart, Toys-R-Us and Target. <u>Dialogue:</u> our sales staff engages daily with retailers, regardless of size, and gains additional insights on our ultimate customer – children and parents. We also receive feedback from customers through company-hosted and industry-hosted toy fairs.</p> <p>3. Employees: Mattel employs approximately 25,000 employees in positions ranging from factory workers to executive management. Trade unions represent groups of employees in Indonesia, Mexico and the United States. <u>Dialogue:</u> our intranet portal is updated daily and allows for two-way communication, our What's on Your Mind employee survey gives employees the opportunity to express views, and regular employee meetings provide information at all levels.</p>

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	<p>4. Non-Governmental Organizations (NGOs) representing Supply Chain Workers:</p> <p>A. The Hong Kong Christian Industrial Committee is a group that speaks for workers in the toy manufacturing industry in China. The HKCIC engages with Mattel on the factory working conditions of our suppliers. Mattel engages with HKCIC through meetings and dialogues. www.hkcic.org</p> <p>B. International Center for Corporate Accountability (ICCA) is a not-for-profit, independently incorporated organization. As an academically affiliated organization, ICCA undertakes proactive independent field audits on aspects of day-to-day operations and engages in dialogue with a wide range of employees and business partners. <u>Dialogue:</u> we provide our Global Manufacturing Principles (GMP) in local languages and require that every manufacturing employee be given a general orientation on them. We require the GMP to be posted in workplaces and that a written grievance procedure be put in place. www.icaacorporateaccountability.org</p> <p>5. Shareholders: Dialogue: we provide information on policies and performance through our Annual Report and the Annual Meeting of Stockholders, reports filed with the U.S. Securities and Exchange Commission, public statements, our website and investor teleconferences.</p> <p>6. Communities: Dialogue: we engage with communities through our Mattel Children's Foundation programs, localized programs and other philanthropic events.</p> <p>7. Environment: Dialogue: we participate in conferences, industry-working groups on specific projects such as cleaner transportation, and work with material suppliers to improve product formulations.</p> <p>Comprehensive Stakeholder Dialogue: Our Path Forward Dialogue with our stakeholders is a continuous process and the publication of this report is one part of a broader engagement. In this first reporting effort, we have endeavored to present a clear picture of our journey to date and the direction in which we are heading. In future reports, we plan to increase our quantitative performance reporting and incorporate stakeholder feedback. Additionally, we will present additional independent monitoring results from our supply chain.</p>
<p><u>Overarching Policies</u></p> <p>3.13 Explanation of whether and how the precautionary approach or principle is addressed by the organization.</p>	<p>Our product safety policies are based on our core value of protecting our consumers from unforeseen harm. We set global standards on health and safety exposures at or more stringent than legal limits. For example, Mattel has begun to include the substitution of water-based paints for solvent-based paints and the use of new painting techniques, which result in lower emissions.</p>
<p>3.14 Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organization subscribes or which it endorses.</p> <p>3.20 Status of certification pertaining to economic, environmental, and social management systems.</p>	<p><u>Certification to International Codes</u></p> <p>The following Mattel-owned factories are certified to ISO 14001 and OHSAS 18001 standards:</p> <p><u>ISO14001 and OHSAS 18001:</u></p> <p>MMSB: Die Cast Factory Malaysia MBK: Die Cast Factory Thailand MDT: Tooling Factory Malaysia</p>

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Question	Mattel Response
	<p><u>Mattel's GMP Principles</u></p> <p>In addition to international codes developed by multi-laterals and NGOs, Mattel developed our Global Manufacturing Principles (GMP) in concert with ICCA. Please refer to 3.7 and 3.15 for details on this code.</p>
<p>3.15 Principal memberships in industry and business associations, and/or national/international advocacy organizations.</p>	<p>Mattel is a member of or is affiliated with the following organizations:</p> <p><u>Advertising Education Forum (AEF)</u> is a non-profit, academically neutral organization that offers a comprehensive database of information on advertising and children and related issues. www.aeforum.org/</p> <p><u>American Chamber of Commerce to the European Union (AmCham EU)</u> is the key organization representing the views of companies of American parentage committed to Europe. AmCham EU represents some of the earliest and most committed business supporters of the European ideal and, in particular, of the single market concept. www.amchameu.be/</p> <p><u>Business for Social Responsibility (BSR)</u> is a global organization that helps member companies achieve success in ways that respect ethical values, people, communities and the environment. BSR provides information, tools, training and advisory services to make corporate social responsibility an integral part of business operations and strategies. A nonprofit organization, BSR promotes cross sector collaboration and contributes to global efforts to advance the field of corporate social responsibility. www.bsr.org</p> <p><u>California Chamber of Commerce</u> is the largest broad-based business advocate to government in California. Membership represents one quarter of the private sectors jobs in California and includes firms of all sizes and companies from every industry within the state. The California Chamber, a not-for-profit organization, promotes international trade and investment in order to stimulate California's economy and create jobs. www.calchamber.com</p> <p><u>Center for Corporate Citizenship at Boston College</u> is a membership-based research organization working with corporations globally to help leverage their social, economic and human assets to ensure a more sustainable world. For almost 20 years, the Center has helped its 350 member businesses to integrate strategic community involvement and citizenship throughout their operations. www.bc.edu/centers/ccc/index.html</p> <p><u>Council on Foundations</u> is a membership organization of more than 2,000 grant-making foundations and giving programs worldwide. They provide leadership expertise, legal services and networking opportunities – among other services – to their members and to the general public. www.cof.org</p> <p><u>Emergency Committee for American Trade (ECAT)</u> is an organization of the heads of leading U.S. international business enterprises representing all major sectors of the American economy. Their annual worldwide sales total over \$1.5 trillion and they employ approximately four million persons. ECAT's purpose is to promote economic growth through the expansion of international trade and investment. www.ecattrade.com</p> <p><u>International Center for Corporate Accountability (ICCA)</u> is a not-for-profit public policy research and action-oriented organization based at the Zicklin School of Business, Baruch College of The City University of New York. ICCA is dedicated to enhancing voluntary codes of conduct, accountability and transparency in all areas of operations and especially as they pertain to corporate governance, sustainable development, fair and equitable treatment of workers and environment-friendly policies. www.icca-corporateaccountability.org</p>

MATTEL 2003 GRI REPORT

Question	Mattel Response
	<p><u>International Council of Toy Industries (ICTI)</u> was formed in 1974 as an association of toy trade associations from around the world. The products of its member countries encompass the full range of toys, playthings and related merchandise. www.toy-icti.org</p> <p><u>Media Smart®</u> is a media literacy program, initially focused on advertising. Their objective is to provide children with the tools to help them understand and interpret advertising, so that they are able to make informed choices. www.mediasmart.org.uk/index-2.html</p> <p><u>Points of Light Foundation</u> The Points of Light Foundation & Volunteer Center National Network engages and mobilizes millions of volunteers who are helping to solve serious social problems in thousands of communities. Through a variety of programs and services, the Foundation encourages people from all walks of life: – businesses, nonprofits, faith-based organizations, low-income communities, families, youth, and older adults’ – to volunteer. www.pointsoflight.org</p> <p><u>Southern California Grantmakers (SCG)</u> is a membership association founded in 1973, which uniquely supports grantmaking organizations throughout the region that range in size from foundations with no staff to very large institutions. Collectively, the 150 members represent more than \$30 billion in assets. www.socalgrantmakers.org/</p> <p><u>Toy Industry Association, Inc. (TIA™)</u>, founded in 1916, is the national New York City-based trade association for U.S. producers and importers of toys, games and children's entertainment products. Its 300+ members account for 85 percent of industry sales; associate members include toy testing laboratories, design firms and professional inventors. www.toy-tia.org</p> <p><u>Toy Industry of Europe (TIE)</u> is an action group working on behalf of the European toy industry. TIE interfaces with the EU institutions and other European stakeholders on behalf of the toy industry advocating its position in the fields that are key to the industry, i.e. advertising and marketing, international trade, and toy safety regulation. www.tietoy.org/</p> <p><u>U.S. Children's Advertising Review Unit (CARU)</u> was founded in 1974 to promote responsible children's advertising as part of a strategic alliance with the major advertising trade associations through the National Advertising Review Council (comprising the AAAA, the AAF, the ANA and the CBBB). CARU is the children's arm of the advertising industry's self-regulation program and evaluates child-directed advertising and promotional material in all media to advance truthfulness, accuracy and consistency with its Self-Regulatory Guidelines for Children's Advertising and relevant laws. www.caru.org/index.asp</p> <p><u>World Federation of Advertisers</u> is a unique, worldwide network, owing to its dual membership – nearly 50 National Advertisers Associations and around 30 Corporate Members – comprising several thousand businesses operating in a wide spectrum of sectors at national, regional and global levels. Through its members, the WFA covers around 85% of global advertising expenditure. www.wfanet.org/</p>

MATTEL 2003 GRI REPORT

Question	Mattel Response
<p>3.16 Policies and/or systems for managing upstream and downstream impacts, including:</p> <ul style="list-style-type: none"> • Supply chain management as it pertains to outsourcing and supplier environmental and social performance: and • Product and service stewardship initiatives. <p>Stewardship initiatives include efforts to improve product design to minimize negative impact associated with manufacturing, use, and final disposal.</p>	<p><u>Supply Chain Management:</u></p> <p>Mattel's Global Manufacturing Principles (GMP) policy applies to all parties that manufacture, assemble or distribute any product or package bearing the Mattel, Fisher-Price and American Girl logos. Refer to 3.7 for a description of GMP. Refer to 3.19 for a description of the independent monitoring process. A detailed explanation of Mattel's auditing process is in our 2003 Corporate Social Responsibility Report.</p> <p><u>Waste Minimization Program:</u></p> <p>Mattel has implemented a waste minimization program. This program is designed to provide a process for the development and implementation of a waste minimization program intended to conserve, as well as to minimize the impact on the environment. This includes waste minimization guidelines and strategies for eliminating, reducing and recycling hazardous and non-hazardous waste, administrative aspects, waste assessments, monitoring and tracking reports.</p> <p>Mattel also has a GMP audit inquiry for all Tier 1 facilities that requires conducting a solid waste assessment to identify waste reduction opportunities.</p> <p>The assessment includes the following:</p> <ul style="list-style-type: none"> ➤ Documentation of the facility's operations that generate solid wastes (e.g., pack-out, canteen, general manufacturing and office trash) ➤ Final destination and disposition of all solid waste streams generated ➤ Quantification of the amount and cost for disposal of each solid waste stream generated ➤ The operational and economic feasibility for preventing, reusing or recycling each solid waste stream ➤ Targets for reducing the amount of solid waste generated ➤ A baseline reporting year ➤ Measurements documenting progress towards solid waste reduction targets
<p>3.17 Reporting organizations approach to managing indirect economic, environmental, and social impacts resulting from its activities.</p>	<p>We believe that globalization of opportunity should be accompanied by globalization of responsibility. Globalization of supply chains and markets has had a positive impact on our business. In return, we believe that it is our responsibility to have a positive impact on the countries and people that we touch beyond our owned operations. Mattel is strategically incorporating global citizenship into our business plans and performance metrics.</p> <p>Our Global Citizenship efforts include:</p> <ul style="list-style-type: none"> ➤ Ethical Sourcing: Global Manufacturing Principles ➤ Life Skills Capacity Building in our Factories ➤ Local Community Engagement ➤ Safe Products and Responsible Advertising ➤ Corporate Philanthropy <p>Please refer to our discussion of Global Citizenship in our 2003 Corporate Social Responsibility Report.</p>

MATTEL 2003 GRI REPORT

Question	Mattel Response
<p>3.18 Major decisions during the reporting period regarding the location of, or changes in, operations.</p>	<p>During 2003, production and distribution operations were consolidated and shifted in Mexico. One factory in Monterrey, Mexico was closed and the production operations were moved to our other factory in the same city. Our Mexico City Distribution Center was moved to another location outside of Mexico City in San Martin Obispo.</p>
<p><u>Management Systems</u></p> <p>3.19 Programs and procedures pertaining to economic, environmental, and social performance, include discussion of:</p> <ul style="list-style-type: none"> • Priority and target setting; • Major programs to improve performance; • Internal communication and training; • Performance Monitoring; • Internal and external auditing; and • Senior management review 	<p><u>Mattel Code of Conduct and Ethics Line</u></p> <p>Our Code of Conduct, posted on our website: www.mattel.com, is a general statement of the standards of ethical business conduct, based on our commitment to adhere to Mattel's values and to comply with the law. Our values include a commitment to obey the law of the countries and communities in which we do business. As a global company conducting business around the world, Mattel's operations are subject to the laws of many countries. We must comply with all applicable laws, rules and regulations wherever Mattel does business.</p> <p>While the Code of Conduct outlines our broad responsibilities, we also have more specific guidelines and company policies for various activities. All company policies and the underlying procedures established for business operations must be consistent with the standards of ethical behavior outlined in the Code of Conduct. All employees are required and expected to comply with the Code of Conduct, and with the laws and company policies that govern our activities.</p> <p>The Mattel EthicsLine is a toll-free phone number that employees can call any time, day or night, to report concerns regarding potentially unethical situations. The EthicsLine is just one of the resources available to employees to address questions and concerns about how the principles of the Mattel Code of Conduct and company policies are being applied every day in the conduct of our business.</p> <p><u>Supply Chain: Internal and Independent Performance Monitoring</u></p> <p>While the development of a set of Global Manufacturing Principles is essential to success, enforcement of the principles is equally important. At Mattel, we have initiated an extensive independent auditing process, which is overseen by the International Center for Corporate Accountability (ICCA). ICCA audits the company's owned-and-operated facilities around the world, as well as a representative sample our vendors. If a vendor is either unable or unwilling to work with Mattel in order to meet and maintain its standards, Mattel will discontinue the working relationship.</p>
<p><u>4.0 GRI Content Index</u></p>	<p>This GRI Document serves as a complete Content Index.</p>
<p><u>5.0 Performance Indicators</u></p>	
<p><u>A. Economic Performance Indicators</u></p>	
<p><u>Customers</u></p> <p>EC1: Net sales.</p>	<p>2003 Net Sales = \$4.96 Billion</p>

MATTEL 2003 GRI REPORT

Question	Mattel Response																
<p>EC2: Geographic breakdown of markets.</p> <p>For each product or product range, disclose national market share by country where this is 25% or more. Disclose market share and sales for each country where national sales represent 5% or more GDP.</p>	<p>Due to the lack of data to provide an accurate measure of market share by country, Mattel is not in a position to provide national market share by country.</p> <p>Gross revenues by geographic area for fiscal year 2003 are outlined below, with revenues attributed to regions based on the location of the customer:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">United States</td> <td style="text-align: right;">\$3,203.8 million</td> </tr> <tr> <td>Europe</td> <td style="text-align: right;">\$1,356.1 million</td> </tr> <tr> <td>Latin America</td> <td style="text-align: right;">\$462.2 million</td> </tr> <tr> <td>Canada</td> <td style="text-align: right;">\$185.8 million</td> </tr> <tr> <td>Asia Pacific</td> <td style="text-align: right;">\$171.6 million</td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$5,379.5 million</u></td> </tr> <tr> <td>Less Adjustments</td> <td style="text-align: right;"><u>(\$419.4) million</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$4,960.1 million</u></td> </tr> </table>	United States	\$3,203.8 million	Europe	\$1,356.1 million	Latin America	\$462.2 million	Canada	\$185.8 million	Asia Pacific	\$171.6 million	Total	<u>\$5,379.5 million</u>	Less Adjustments	<u>(\$419.4) million</u>	Total	<u>\$4,960.1 million</u>
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<p><u>Suppliers</u></p> <p>EC3: Cost of all goods, materials and service purchased.</p>	<p>Amounts provided below are as reported in our 2003 Annual Report:</p> <p>Product and Product-related costs: \$2,530.6 million</p> <p>Advertising and Promotion costs: \$636.1 million</p> <p>SG&A costs: \$1,002.9 million</p> <p>Depreciation and Amortization: \$183.8 million</p>																
<p>EC4: Percentage of contracts that were paid in accordance with agreed terms, excluding agreed penalty arrangements.</p> <p>Terms may include conditions such as scheduling of payments, form of payment, or other conditions. This indicator is the percent of contracts that were paid according to terms, regardless of the details of the terms.</p>	<p>The Company endeavors to perform all of its contracts according to their respective terms.</p>																
<p><u>Employees</u></p> <p>EC5: Total payroll and benefits (including wages, pension, other benefits, and redundancy payments) broken down by country or region.</p> <p>This remuneration should refer to current payments and not include future commitments. (Note: Indicator LA9 on training also offers information on one aspect of the organization's investment in human capital.)</p>	<p>This is proprietary information.</p>																

MATTEL 2003 GRI REPORT

Question	Mattel Response
<p><u>Providers of Capital</u></p> <p>EC6: Distributions to providers of capital broken down by interest on debt and borrowings, and dividends on all classes of shares, with any arrears of preferred dividends to be disclosed.</p> <p>This includes all forms of debt and borrowings, not only long-term debt.</p>	<p>Amounts provided below are as reported in our 2003 Annual Report:</p> <p>Interest Expense: \$80.6 million</p> <p>Dividends: \$171.3 million</p>
<p>EC7: Increase/decrease in retained earnings at end of period.</p> <p>(Note: the information contained in the profile section (2.1-2.8) enables calculation of several measures, including ROACE (Return On Average Capital Employed)).</p>	<p>Amounts provided below are as reported in our 2003 Annual Report:</p> <p>Change in retained earnings: \$366.3 million</p>
<p><u>Public Sector</u></p> <p>EC8: Total sum of taxes of all types paid broken down by country.</p>	<p>Mattel does not disclose taxes incurred and paid by country. However, Mattel's consolidated tax expense for 2003 was \$203.2 million.</p>
<p>EC9: Subsidies received broken down by country or region.</p>	<p>Mattel does work with various agencies globally to qualify for public sector subsidies such as grants, tax incentives and other forms of financial benefits.</p>
<p>EC10: Donations to community, civil society, and other groups broken down in terms of cash and in-kind donations per type of group.</p>	<p><u>Mattel Children's Foundation</u> – In 2003, the Foundation distributed cash grants in the aggregate amount of approximately \$5.8 million, which included a grant of \$5 million to the Mattel Children's Hospital at UCLA.</p> <p><u>Mattel Corporate Philanthropy</u> – In 2003, Mattel Inc. donated approximately \$800,000 in cash to other charitable organizations. Furthermore, Mattel donates millions of dollars in retail value of product annually to help children in need and the organizations that serve them. During 2003, Mattel donated approximately 1 million units of product to approximately 3,000 non-profit organizations that directly benefit children in need; the retail value of the donated product was approximately \$8 million.</p> <p><u>Mattel Brands Philanthropy</u> – Mattel donated approximately \$1 million in connection with cause marketing campaigns.</p>

MATTEL 2003 GRI REPORT

Question	Mattel Response
<p><u>B. Environmental Performance Indicators</u></p> <p>EN1: Total material use, other than water, by type.</p> <p>EN2: Percentage of materials used that are wastes (processed or unprocessed) from sources external to the reporting organization.</p> <p>EN3: Direct energy use segmented by primary source.</p> <p>EN4: Indirect energy use.</p> <p>EN5: Total Water Use.</p> <p>EN8: Greenhouse gas emissions.</p> <p>EN10: Nox, Sox, and other significant air emissions by type.</p> <p>EN11: Total amount of waste by type and destination.</p> <p>EN12: Significant discharges to water by type.</p> <p>EN22: Total recycling and reuse of water.</p>	<p>We are developing a data collection system for the following key environmental indicators from our global manufacturing plants and distribution centers. In 2003, we completed a benchmarking analysis to develop best practices for data collection. We aim to implement these practices and to report environmental performance in 2004 using the format below.</p> <p><u>Materials</u></p> <ul style="list-style-type: none"> ➤ Raw material usage ➤ Recycled industrial material <p><u>Energy</u></p> <ul style="list-style-type: none"> ➤ Total consumption <p><u>Water</u></p> <ul style="list-style-type: none"> ➤ Total consumption ➤ Total recycling and reuse <p><u>Emissions, Effluents, Waste</u></p> <ul style="list-style-type: none"> ➤ Air emissions <ul style="list-style-type: none"> ○ Greenhouse Gas (GHG) Emissions ○ Ozone Depleting Substances (ODS) ○ Solvent (VOCs) consumption ➤ Hazardous and non-hazardous waste type and treatment ➤ Wastewater type, quantity and discharge destination
<p><u>Biodiversity</u></p> <p>EN6: Location and size of land owned, leased, or managed in biodiversity-rich habitats.</p>	<p>Mattel does not own, lease or manage land in biodiversity-rich habitats.</p>
<p>EN7: Description of the major impacts on biodiversity associated with activities and/or products and services in terrestrial, freshwater, and marine environments.</p>	<p>Mattel's products and operations do not have impacts on the biodiversity of our environment.</p>
<p>EN9: Use and emissions of ozone-depleting substances.</p> <p>Report each figure separately in accordance with Montreal Protocol Annexes A, B, C, and E in tones of CFC-11 equivalents (ozone-depleting potential).</p>	<p>Mattel has an Environmental Operating Procedure, which does not allow for the use of ozone depleting substances in the manufacturing processes.</p>

MATTEL 2003 GRI REPORT

Question	Mattel Response
<p>EN13: Significant spills of chemicals, oils and fuels in terms of total number and total volume.</p> <p>Significance is defined in terms of both the size of the spill and impact on the surrounding environment.</p>	<p>On March 18, 2003, the South West Distribution Center in Fort Worth, Texas had a tractor-trailer, operated by Pac Lease-Grand Prairie, strike a fire hydrant. Approximately 30 gallons of diesel fuel spilled. The spilled diesel fuel was contained and properly disposed of. The Reportable Quantity for diesel fuel in the state of Texas is 25 gallons; therefore the spill was reported to the state.</p>
<p><u>Products and Services</u></p> <p>EN14: Significant environmental impacts of principal products and services.</p> <p>Describe and quantify where relevant.</p>	<p>Mattel products have a relatively insignificant environmental impact. Mattel is defined by the Dow Jones Sustainability Index (DJSI) as being in the light industry category. Light industry is defined by the DJSI as those companies whose operations have a small to medium impact on the environment.</p>
<p>EN15: Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed.</p>	<p>Mattel does not measure this information.</p>
<p><u>Compliance</u></p> <p>EN16: Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties, and national, sub-national, regional, and local regulations associated with environmental issues.</p> <p>Explain in terms of countries of operation.</p>	<p><u>United States</u></p> <p>April 30, 2003 (California) – Notice of Violation received for three compliance issues:</p> <p>In accordance with 23CCR Section 2637 secondary containment testing of underground storage tank is required. Testing had not been completed within specified time period.</p> <p>In accordance with CA H&SC Section 25505(a) an updated emergency business plan is to be submitted to administering agency. Updated plan to be submitted reflecting new plan administrator.</p> <p>In accordance with CA H&SC Section 25509(a) annual inventory for hazardous materials is to be submitted to administering agency by March 1st. Annual inventory to be submitted within 30 days.</p>
<p><u>Additional</u></p> <p><u>Transport</u></p> <p>EN34: Significant environmental impacts of transportation used for logistical purposes.</p>	<p>Shipment of goods has an environmental impact and we are working with a coalition of companies to address this issue. The coalition is the Business for Social Responsibility's (BSR) Clean Cargo Group, a worldwide committee consisting of multinational corporations who have voluntarily developed environmental guidelines for ocean transportation. The Clean Cargo Group is dedicated to making sustainable product transportation by ocean a reality. More information can be found at www.bsr.org/sustainabletransport.</p>

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Question	Mattel Response
<u>C. Social Performance Indicators</u>	
<p><u>Employment</u></p> <p>LA1: Breakdown of workforce, where possible, by region/country, status (employee/non-employee), employment type (full time/part time), and by employment contract (indefinite or permanent/fixed term or temporary). Also identify workforce retained in conjunction with other employers (temporary agency workers or workers in co-employment relationships), segmented by region/country.</p>	<p>The total number of persons employed by Mattel and its subsidiaries at any one time varies because of the seasonal nature of its manufacturing operations. At year-end 2003, Mattel's total number of employees, including its international operations was approximately 25,000.</p>
<p>LA2: Net employment creation and average turnover segmented by region/country.</p>	<p>Mattel does not have a system to measure this information.</p>
<p><u>Labor/Management Relations</u></p> <p>LA3: Percentage of employees represented by independent trade union organizations or other bona fide employee representatives broken down geographically OR percentage of employees covered by collective bargaining agreements broken down by region/country.</p>	<p><u>United States of America</u></p> <p>United Steelworkers of America AFL-CIO. HW1 Local 458 SW1 Local 766.</p> <p><u>Canada</u></p> <p>International Union of Allied Novelty and Production Workers, AFL-CIO Local 905</p> <p><u>Indonesia</u></p> <p>Labor Unions at PTMI:</p> <ol style="list-style-type: none"> 1. SPSI: Serikat Pekerja Seluruh Indonesia 2. SPK: Serikat Pekerja Keadilan 3. SPMI: Serikat Pekerja Metal Indonesia <p><u>Mexico</u></p> <p>Confederación de Trabajadores de México (CTM)</p>
<p>LA4: Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organizations operations (e.g., restructuring).</p>	<p>Each Mattel location adheres to local labor laws. While Mattel does not have a formal global policy on these matters, many locations have detailed consultation and negotiation policies and procedures as per local practice or law.</p>

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Question	Mattel Response
<p><u>Health and Safety</u></p> <p>LA5: Practices on recording and notification of occupational accidents and diseases, and how they relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases.</p>	<p>Mattel has developed worldwide Environmental, Health and Safety (EHS) standards intended to support responsible management of the environment and the health and safety of our employees, customers and neighbors. Mattel is also committed to implementing policies and procedures that ensure our operations are conducted in compliance with applicable laws, regulations and standards.</p> <p>All work-related incidents are investigated and documented on a standard form and the records maintained for a minimum of one year. Forms consist of the following: name of individual involved in the incident; description of incident; root cause of incident; and corrective action(s) with the date of completion and the person responsible for implementation.</p> <p>Training on incident investigation and reporting is provided to supervisors and employees. Annual training for supervisors includes the following: the reason incidents are investigated; elements of a good investigation; and investigation procedure and reporting. All manufacturing and operations employees receive annual awareness training on the reporting procedure for each type of emergency. Training records are maintained for a minimum of one year and include the date of the training, the training content and the attendees.</p> <p>Each manufacturing facility has an incident reduction program to track incidents and lost day incidents. Each facility has an annual continuous improvement goal for reducing lost day incident rates.</p>
<p>LA6: Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees.</p>	<p>Each facility has an Environmental Health and Safety (EHS) committee. Members of the committee consist of both management and employees. The facility manager attends one meeting per quarter. The EHS committee meets at least every 60 days. At least 75% of the members are required to attend.</p> <p>EHS committee meeting minutes are documented. Minutes include the tracking of three items: open issues; action items that need resolution with corrective action dates and person responsible; and decisions reached.</p> <p>The EHS committee has a documented mission and stated objectives. At a minimum, the objectives include: reviewing and providing input for EHS policies and procedures; reviewing incident data; reviewing monthly inspection reports and corrective action responses and notifying management if not complete; reviewing required EHS training for the facility; and communicating EHS committee issues to all employees and management.</p> <p>Upon being assigned to the EHS committee, committee members are trained in the following: The purpose and responsibilities of the committee; hazard identification (how to conduct inspections) and how to conduct effective incident investigations.</p>

MATTEL 2003 GRI REPORT

Question	Mattel Response										
<p>LA7: Standard injury, Lost day, and absentee rates and number of work-related fatalities (including subcontracted workers).</p>	<div style="text-align: center;"> <p>Lost Day Incident Rates* 2000 - 2003</p> <table border="1" style="margin: 10px auto;"> <caption>Lost Day Incident Rates* 2000 - 2003</caption> <thead> <tr> <th>Year</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>2000</td> <td>0.825</td> </tr> <tr> <td>2001</td> <td>0.594</td> </tr> <tr> <td>2002</td> <td>0.480</td> </tr> <tr> <td>2003</td> <td>0.468</td> </tr> </tbody> </table> </div> <p>*Lost Day Incident = $\frac{\text{Number Lost Workday Injuries/Illnesses} \times 200,000}{\text{Number Employee Hours Worked}}$</p>	Year	Rate	2000	0.825	2001	0.594	2002	0.480	2003	0.468
Year	Rate										
2000	0.825										
2001	0.594										
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<p>LA8: Description of policies or programs (for the workplaces and beyond) on HIV/AIDS.</p>	<p>See LA10</p>										
<p><u>Training and Education</u></p> <p>LA9: Average hours of training per year per employee by category of employee. (e.g., Senior management, middle management, professional, technical, administrative, production, and maintenance).</p>	<p>Mattel does not have a system to measure this information. We are currently enhancing our training programs and the systems to monitor the amount of training employees receive each year.</p>										

MATTEL 2003 GRI REPORT

Question	Mattel Response
<p><u>Diversity and Opportunity</u></p> <p>LA10: Description of equal opportunity policies or programs, as well as monitoring systems to ensure compliance and results of monitoring.</p> <p>Equal opportunity policies may address workplace harassment and affirmative action relative to historical patterns of discrimination.</p>	<p>Mattel recognizes diversity as an asset, and is committed to actively seeking and promoting diversity in the workforce.</p> <p>We value the differences of diverse individuals and cultures. We provide equal employment opportunity for all applicants and employees, without regard to factors such as race, color, religion, gender, sexual orientation, national origin, age, disability, marital status, veteran status or other protected characteristics. We make employment decisions to meet our business needs based on factors such as qualifications, skills and achievement. We comply with local and national employment laws.</p> <p>Mattel prohibits the harassment of any individual on any of the bases listed above. Mattel does not tolerate the improper interference with the ability of employees to perform their job duties.</p>
<p>LA11: Composition of senior management and corporate governance bodies (including the board of directors), including female/male ratio and other indicators of diversity as culturally appropriate.</p>	<p><u>Mattel Board of Directors – As of May 14, 2003</u></p> <p>11 members: two females, nine males</p> <p><u>Mattel Inc.. Management Committee</u></p> <p>10 members: nine males, one female</p>
<p><u>Human Rights</u></p>	
<p><u>Strategy and Management</u></p> <p>HR1: Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results.</p> <p>HR3: Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors, including monitoring systems and result of monitoring.</p>	<p>Please refer to the discussion of our Global Manufacturing Principles (GMP) and Independent Monitoring Program in Section 3. A detailed discussion of this program is found on our website.</p>

MATTEL 2003 GRI REPORT

Question	Mattel Response
<p>HR2: Evidence of consideration of human rights impacts as part of investment and procurement within the supply chain and contractors, including selection of suppliers/contractors.</p>	<p>We are committed to expanding and improving Mattel's business through business alliances, including customers, suppliers, vendors, subcontractors, licensees, agents, joint ventures, etc. We will build productive relationships with business partners based on integrity, legal and ethical behavior and mutual trust. Any person who acts on Mattel's behalf is made aware of Mattel's Code of Conduct. Integrity, ethical behavior and mutual trust are important criteria when evaluating and selecting our business partners. We seek to do business with companies that have a history of acceptable ethical behavior.</p> <p>Our Global Manufacturing Principles (GMP) policy is the cornerstone of our commitment to responsible worldwide manufacturing practices. The establishment and implementation of GMP provides a framework within which all of Mattel's manufacturing should be conducted. GMP provides guidance and minimum standards for all manufacturing plants, assembly operations and distribution centers that manufacture or distribute Mattel products. GMP mandates safe and fair treatment of employees and that factories protect the environment while respecting the cultural, ethnic and philosophical differences of the countries where Mattel operates. GMP also requires internal and periodic independent monitoring of our performance and increasingly of our suppliers' and licensees' performance to the standards.</p>
<p><u>Non-discrimination</u></p> <p>HR4: Description of global policy and procedures/programs preventing all forms of discrimination in operations, including monitoring systems and results of monitoring.</p>	<p>Mattel endeavors to treat others, as they want to be treated – with respect, dignity and fairness.</p> <p>Employees have the right to work in an environment free from intimidation and harassment based on race, color, religion, gender, sexual orientation, national origin, age, disability, marital status, veteran status or other protected characteristics. We should respect our co-workers' rights, and we must refrain from engaging in such harassment.</p> <p>If employees observe conduct that they believe may be unethical, illegal or in violation of the Code of Conduct or other company policies, they are encouraged to report their concerns to their supervisor, the Human Resources Department, the Law Department, the Internal Audit Department, the Global Security Department or the confidential Ethics Line. All reported concerns are handled promptly, fairly and discreetly.</p>
<p><u>Freedom of Association and Collective Bargaining</u></p> <p>HR5: Description of freedom of association policy and extent to which this is universally applied independently of local laws, as well as description of procedures/programs to address this issue.</p>	<p>Mattel facilities recognize all employees' right to choose to affiliate, or not to affiliate, with lawful organizations or associations without unlawful interference. Mattel requires that facility senior management create formal channels to encourage communication among all levels of supervisors and employees. Facilities are required to have semi-annual meetings between management and employees.</p> <p>Employees who voice concerns are not retaliated against. The facility must document and ensure that follow-up actions are taken in a timely fashion and the results are communicated to employees.</p>

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Question	Mattel Response
<p><u>Child Labor</u></p> <p>HR6: Description of policy excluding child labor as defined by the ILO Convention 138 and the extent to which this policy is visibly stated and applied as well as description of procedures/programs to address this issue, including monitoring systems and results of monitoring.</p>	<p>Mattel requires that all employees and on-site contractors are at least 16 years old. If the local law requires a higher minimum age, we will comply with the local law. If employees between the ages of 16 and 18 are hired, the facility prohibits them from working in areas where there are hazardous substances, hazardous machinery, or extreme temperature conditions.</p> <p>Each facility's employment systems ensure all employees are at least 16 years old. Each facility has a system to verify and document the age of employees (e.g., copy of identity card or birth certificate is inspected upon hiring). Each facility has a documented system to identify forged or borrowed identification cards. Identification verification occurs periodically.</p>
<p><u>Forced and Compulsory Labor</u></p> <p>HR7: Description of policy to prevent forced and compulsory labor and extent to which this policy is visibly stated and applied as well as description of procedures/programs to address this issue, including monitoring systems and results of monitoring.</p> <p>See ILO Convention No. 29, Article 2.</p>	<p>Mattel's GMP standard on Forced Labor includes:</p> <ul style="list-style-type: none"> ➤ Employees are employed at their own free will ➤ There is a written policy that recognizes employees' rights ➤ The facility documents recruiting methods ➤ The facility does not withhold residency or work permits, national identification cards, or other documents verifying an individual's personal status ➤ Prison or bonded labor is not used <p>Mattel requires that each facility establishes and documents the complaint procedure and disciplinary action policy. A written complaint procedure is in place that describes the process for employees to voice concerns without fear of reprisal. The disciplinary policy reflects the types of offenses that are considered punishable along with a measured response. Where fines are allowable under governing law, fine amounts and offenses are documented in facility procedures. The facility communicates its complaint procedure and disciplinary action policy to employees.</p> <p>The facility does not allow physical/verbal abuse, or any form of physical/psychological intimidation of employees. Security personnel do not administer disciplinary action against employees. Employees are free to enter and exit the dormitory outside their working hours. Curfews are permitted if the curfew policy is documented and employees are allowed to enter the facility if they arrive after curfew. Curfew is not enforced as a means to restrict movement.</p>

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Question	Mattel Response
<p><u>Community</u></p> <p>SO1: Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures/programs to address the issue, including monitoring systems and results of monitoring.</p> <p>Include explanation of procedures for identifying and engaging in dialogue with community stakeholders.</p>	<p><u>Mattel's Philanthropic Vision</u></p> <p>To make a meaningful difference, one child at a time.</p> <p><u>Mattel's Philanthropic Mission</u></p> <p>To make a difference in Mattel's global community by effectively serving children in need. Partnering with non-profit organizations dedicated to directly serving children, Mattel creates joy through product donations, grant making and the work of employee volunteers. Mattel also enriches the lives of its employees by identifying diverse volunteer opportunities and supporting their personal contributions through the matching gifts program. The Mattel philanthropic efforts are active wherever Mattel employees live and work (and play!).</p> <p><u>Mattel's Philanthropic Values</u></p> <ul style="list-style-type: none"> ➤ Children: by touching their lives in meaningful ways ➤ Our communities: through programs that enhance the lives of children ➤ Our partners: through strategic collaborations ➤ Our volunteers: by sharing their passion ➤ Ourselves: by fulfilling our mission with integrity
<p><u>Additional</u></p> <p>SO4: Awards received relevant to social, ethical, and environmental performance.</p>	<p><u>Marco Polo Award – U.S.-China Foundation for International Exchanges</u></p> <p>Since its inception in 1987, the U.S.-China Foundation for International Exchanges has bestowed the Marco Polo Award on American corporate leaders and companies who have played an active role in China's development. Mattel received the award in September 2003.</p> <p><u>BEST COMPANIES TO WORK FOR IN COLOMBIA</u></p> <p>MEPT (Maximum Excellence Productivity Talent and Trust Organization) and API (Programs and Research Institute). Mattel Columbia was recognized in 2003 as one of the BEST COMPANIES TO WORK FOR IN COLOMBIA. This award was given by MEPT (Maximum Excellence Productivity Talent and Trust Organization) and API (Programs and Research Institute).</p> <p><u>Corporate Responsibility Award from U.S. Fund for UNICEF</u></p> <p>The U.S. Fund for UNICEF honored Mattel with the Corporate Responsibility Award in 2003 for its dedication to children's issues through the Mattel Children's Foundation, and the work of thousands of Mattel employees who volunteer their time and talents to a variety of causes such as building schools in China, working with orphanages in Mexico and supporting programs for children affected with serious illnesses in the United States.</p> <p><u>Baja California Governor's Office - Planta Segura (Safe Plant) Award</u></p> <p>Mabamex received the Planta Segura (Safe Plant) Award from the Baja California Governor's office in recognition of compliance to environment, health and safety regulations and being a role model plant.</p>

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Question	Mattel Response
<p><u>Bribery and Corruption</u></p> <p>SO2: Description of the policy, procedures/management systems, and compliance mechanisms for organizations and employees addressing bribery and corruption.</p> <p>Include a description of how the organization meets the requirements of the OECD Convention on Combating Bribery.</p>	<p>According to Mattel's Code of Conduct and its policy prohibiting bribery, Mattel follows the laws of the U.S. and other countries on bribery and improper payments to government officials. Bribery of public officials is absolutely prohibited. Mattel does not offer directly or indirectly anything of value to government authorities, including political parties or candidates, to obtain an improper advantage, or to retain or obtain business. No gifts, contributions or entertainment are to be offered which might create an appearance of impropriety. Our policy against bribery requires we immediately report to the Mattel Law Department any suspected violation of these requirements. Because Mattel's business partners (vendors, suppliers, licensees, joint venture partners, etc.) may also be required to comply with these laws, we exercise due diligence in selecting our business partners and avoid relationships with parties with a history of corrupt practices. Because of the complexity of the laws, and the severity of the consequences for violations of the anti-corruption laws, the Mattel Law Department is consulted for advice on dealings with government officials.</p>
<p><u>Political Contributions</u></p> <p>SO3: Description of policy, procedures/management systems, and compliance mechanisms for managing political lobbying and contributions.</p>	<p>According to Mattel's policy on political contributions and lobbying, Mattel's funds and resources, including personnel, facilities and inventory, should not be used directly or indirectly to make a political contribution to any elected official, political candidate or party or for campaigning, fundraising or any other political activity, without required approval.</p> <p>Political activities by corporations, including lobbying, are subject to detailed restrictions under U.S. law and the laws of many countries in which Mattel does business. In order to avoid any inadvertent violation of the laws, which control these activities, all political and lobbying activities should be discussed and coordinated with the Government Affairs Department and the Mattel Law Department. Information about the Mattel Political Action Committee is available at www.fec.gov.</p> <p>Voluntary personal contributions to candidates, parties and civic organizations are encouraged and are consistent with Mattel's commitment to citizenship and community involvement. Mattel's individual employees' involvement must be totally voluntary and must be on their own time and at their own expense.</p>
<p><u>Competition and Pricing</u></p>	
<p>Additional</p> <p>SO6. Court decisions regarding cases pertaining to anti-trust and monopoly regulations.</p>	<p>None to report for 2003.</p>
<p>Additional</p> <p>SO7. Description of policy, procedures/management systems, and compliance mechanisms for preventing anti-competitive behavior.</p>	<p>Mattel's Code of Conduct and its written procedures on antitrust and competition law compliance require all Mattel employees to comply strictly with the antitrust laws of all countries in which Mattel does business. Mattel has launched detailed training programs in Europe and the U.S. for sales, marketing, finance and licensing personnel. Additional programs in these and other countries are planned. Violations of such laws and Mattel procedures can result in disciplinary measures, including termination. Mattel's Law Department conducts random audits of competition law compliance from time to time.</p>

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Question	Mattel Response
<p><u>Product Responsibility</u></p>	
<p><u>Customer Health and Safety</u></p> <p>PR1: Description of policy for preserving customer health and safety during use of products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures/programs to address this issue including monitoring systems and results of monitoring.</p> <p>Explain rationale for any use of multiple standards in marketing and sales of products.</p>	<p>We are very serious about safety and quality and are very concerned about how consumers use our products. “Unwavering integrity” supports the company wide vision of having “The World’s Premier Toy Brands – Today and Tomorrow.”</p> <p>All of Mattel products are designed and manufactured to meet or exceed all applicable safety standards from around the world. Consumers can call us toll-free or can contact us through any of our international subsidiaries where that particular product is sold. These contacts are made available on product packaging. In addition, consumers can contact us via the worldwide web through numerous Mattel brand websites in numerous languages.</p> <p>It is not very often that we receive safety reports regarding our products since much of the work and care is done upfront during the design and manufacturing stages. When we do receive safety reports, we have a company wide system for handling them. We regularly review safety issues reported from around the world and thoroughly investigate and close individual cases and/or look for trends.</p> <p>Mattel applies internal operating procedures designed to meet or exceed compliance with regulations and laws enforced by the U.S. Consumer Product Safety Commission (CPSC) and similar consumer safety agencies in other countries. Mattel continues to enhance its safety requirement standards, which are based on a combination of U.S. law, international law, U.S. voluntary requirements and international voluntary requirements. Other factors influencing Mattel's standards include: safety bulletins, consumer complaints, established good safety habits, good engineering judgment and connotative safety (depicting safe actions in product use and advertising). Mattel has detailed procedures to manage potential product safety hazards in the rare event that a product modification, withdrawal or public recall is necessary to protect our consumers.</p> <p>Where applicable, safety issues and resolutions are fed back into future designs and manufacturing cycles by being written into requirements that products must follow. Quality and Safety Operating Procedures, Product Feature Requirements, and product specifications can help prevent future safety concerns from happening again. These internal safety procedures and documents number in the hundreds.</p>
<p><u>Product and services</u></p> <p>PR2: Description of policy, procedures/management systems, and compliance mechanisms related to product information and labeling.</p>	<p>Mattel has corporate product safety and quality operating procedures, which provide instructions and information concerning global product information and labeling requirements for all products. Mattel's Law Department also has detailed procedures for reviewing all product packaging for legal markings and required labeling.</p>

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Question	Mattel Response
<p><u>Advertising</u></p> <p><i>Additional</i></p> <p>PR9: Description of policies, procedures/management systems, and compliance mechanisms for adherence to standards and voluntary codes related to advertising.</p> <p>Identify geographic areas covered by policy.</p>	<p>Mattel endeavors to conduct its global advertising and promotions in accordance with the standards set forth in its Code of Conduct. Specifically, Mattel's brand and product promotion activities, including advertising, packaging, point of purchase displays, promotional programs and sweepstakes, are to be conducted in a manner that is consistent with applicable laws, in accordance with high standards of commercial fairness, and in a manner that is neither misleading nor deceptive.</p> <p><u>Procedures:</u></p> <p>All of Mattel's U.S. television advertising is reviewed by an experienced team of legal professionals to ensure compliance with the Code of Conduct, with U.S. laws and with the guidelines of the television networks and the advertising industry's self-regulatory organizations.</p> <p>The advertisements are reviewed at each stage of commercial development: storyboard, rough-cut and final. The legal review team's primary objectives are to ensure that: the products being advertised are accurately portrayed and shown in safe environments; that any and all claims made can be substantiated; and the advertisements are appropriate for the target audience.</p> <p><u>Regulatory Inquiries and Network Clearances:</u></p> <p>In the event an inquiry is received from the U.S. Children's Advertising Review Unit (CARU), the advertising industry's self-regulatory group of which Mattel is a sponsoring member, Mattel's Law Department will respond on behalf of Mattel to demonstrate how the questioned commercial complies with CARU's voluntary guidelines and to reach a positive resolution of the matter as appropriate.</p> <p>In addition, all Mattel domestic network television advertising is prescreened and approved by the television network's standards and practices departments. The Mattel Law Department works closely with the network clearance editors to ensure highly effective and competitive ads that are also consistent with the networks' requirements.</p> <p><u>International:</u></p> <p>Mattel works closely with its advertising agency on a worldwide basis and with local counsel and similar local self-regulatory bodies to ensure that its international advertising is in compliance with local laws and applicable guidelines.</p>
<p><u>Respect for Privacy</u></p> <p>PR3: Description of policy, procedures/management systems, and compliance mechanisms for customer privacy.</p> <p>Identify geographic areas covered by policy.</p>	<p>In accordance with Mattel's Code of Conduct and its various online website privacy policies, we respect the confidentiality of consumer information consistent with all applicable privacy and data protection laws and regulations worldwide. We do not share (except with service providers subject to confidentiality obligations), sell or trade any private or sensitive personal information obtained online from children without the prior consent of the parent or unless compelled by legal process. Mattel aims to fully comply with the U.S. Children's Online Privacy Protection Act (COPPA) and similar laws and voluntary self-regulatory codes (such as the ICC-Codes) in other countries where we market to children on-line.</p>