Committing to Mattel’s Sustainability Mission

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 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.

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Cover: Mattel employees in Indonesia enjoy the lush gardens surrounding their dormitory complex.

Mattel strives to create a clear division between life at work and life away from work for the employees at Mattel manufacturing facilities who choose to live in dorms provided by the company. Employees find not only safe and clean living quarters, but also camaraderie, fitness facilities, social activities, volunteer and educational opportunities, libraries and outdoor gardens.

Today, thanks to the dedication of our employees worldwide, the gardens at Mattel Indonesia are not only thriving, but are symbolic of the growth and opportunity that is possible through innovation and imagination. We may not change the world, but we will change our world.
LETTER FROM THE CEO

We’ve been working diligently for many years to be the company that we want to be: financially strong, socially responsible, respectful of our planet and lifelong partners with the children who play and learn with our toys. Out of the limelight, we have demonstrated our commitment to global citizenship and have been leaders in ethical sourcing. In 1997, we created and implemented a set of guidelines, our Global Manufacturing Principles, which are some of the most detailed and comprehensive in the consumer products industry. We’ve welcomed independent, third-party auditing of our adherence to these principles and posted the results for public viewing on our corporate website (www.mattel.com), making Mattel the first, and still the only, toy company to employ such transparency. We’ve engaged with stakeholders and communicated our performance and plans for the future in varied formats and forums. Our performance has been recognized by organizations including FTSE4Good and the Dow Jones Sustainability Index.

Our commitment to leadership in all aspects of our business brought us to the decision to create this comprehensive Corporate Social Responsibility report, our first, in accordance with the Global Reporting Initiative 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 very proud of this fact.

In the process of putting this report together, we knew that we’d identify gaps in our programs. That is reason enough to go through the reporting process, in our opinion. And now, we are working on plans to address the identified gaps. We will not claim to satisfy every concern of our many stakeholders in this first report; rather, we hope that each reader will recognize that we are taking this initial step in good faith and will provide constructive feedback. I am proud of our track record and I am committed to continual improvement.

I’d also like to announce that effective immediately, the Mattel Board of Directors will provide oversight of the company’s Corporate Social Responsibility initiatives by adding Corporate Social Responsibility to the topics addressed by the existing Nominations/Corporate Governance Committee. The committee will be renamed the Governance and Social Responsibility Committee.

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.

Robert A. Eckert
Chairman of the Board and
Chief Executive Officer
OUR VISION: THE WORLD’S PREMIER TOY BRANDS – TODAY AND TOMORROW

We Value:
Our Consumers: Inspiring kids’ imaginations
Our Work: Striving for excellence and creativity in everything we do
Our Partners: Sharing success with customers, vendors, shareholders and communities
Ourselves: 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

Performance to Our Principles
Our reporting effort comprises detailed responses to the Global Reporting Initiative (GRI) guidelines. The purpose of this Corporate Social Responsibility report is to highlight the key elements of the 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 Global Reporting Initiative (www.globalreporting.org) is an independent institution with a mission 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. Mattel supports the GRI mission to bring comparability, consistency and unity to corporate reporting. We have prepared a detailed response in accordance to the GRI guidelines, which is posted on the Corporate Responsibility section of our website (www.mattel.com).

The primary goal of this reporting endeavor is to present a clear picture of Mattel’s commitment – as measured by performance – to our corporate values and principles. If you are reading this report, chances are that you are engaged in some way with our company. It is not enough for us to tell you how hard we are working or even the amount of money we are investing. We present quantitative measurements of our performance in this report where available, so that stakeholders can clearly see the results of our commitment.

We hope to help our stakeholders understand the significant or material corporate social responsibility challenges that we face and evaluate how the company is 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 manufacturing facilities, as well as our suppliers. Therefore, we have put a major emphasis on this topic in the coming pages. We also present our governance and management practices – important elements for the sustainability of a global corporation. The boundaries of our reporting go beyond Mattel 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 may cover issues of significance in the future.
Global Citizenship
At Mattel, we believe that globalization of opportunity should be accompanied by globalization of responsibility. Currently, Mattel operates in 42 countries and sells products in 150 countries. 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 people and places we touch. Global citizenship at Mattel takes many forms and is evolving into strategic integration of citizenship in our business plans and performance metrics.

Ethical Sourcing
Our business model and our commitment to ethical sourcing are equally important. Approximately 50 percent of our products, including our flagship Barbie® dolls and Hot Wheels® cars, are made in seven manufacturing facilities that we own and the two joint ventures that we operate. The other 50 percent of our products are made in facilities owned and operated by others. We have set high standards for the working conditions and programs in factories we own because we value our workforce. In fact, Mattel’s Global Manufacturing Principles (GMP) and Independent Auditing Program apply to both our owned and operated facilities and those of our suppliers. It is our expectation that these standards and programs apply to our suppliers’ operations because we believe their employees should be treated as well as our own employees. Beyond compliance, we also engage with our contract manufacturers and licensees to promote a respectful and healthy working environment, as well as the continuous training and education of employees. We work hard to set new benchmarks in our factories and to prove that it can be done. We expect and require our suppliers to follow our lead.

Developing Skills for a Lifetime
Employment at a Mattel manufacturing facility is the first job for many employees. In China, many people leave their remote towns and villages and move to China’s industrialized zones to find employment for several years in order to make a living, support their families and save for a permanent return to their homes. We believe that the experience of working in a Mattel facility should provide more than just an economic benefit. It is one of our goals to enrich employees’ lives, potentially for a lifetime, by providing training and education in what we call life skills: health and hygiene, basic finance and continuing education. Other employees have ambitions to start their own businesses or attain career advancement with Mattel. To support these aspirations, we have developed micro business units within some of our plants that are run by these industrious employees.
Developing Leaders Locally
We are most proud of our record of training and promoting local employees into staff management positions. Years ago, the normal business model for large, international companies was to have foreign managers and local workers. However well-meaning these managers may have been, we recognized that this model could create a detrimental divide between management and employee and could impede career development and relations. We have worked to overcome this through management training and educational programs for local staff. As a result, one-third of our manufacturing facility general managers have been promoted from within the country where the facility is located.

Local Community Engagement
Mattel has a long history of corporate giving to our local and global communities. We take an active role in the communities where we’re located because we know that the connections between Mattel facilities and the communities do not end at the property line. We contribute to local communities by offering programs for our employees and their families to obtain healthcare, education and personal development, as well as programs that directly impact the community around them, like building new schools or promoting literacy through mobile libraries. Our programs are often designed and operated by local employees to meet specific needs within the community and many times focus on children. These programs are discussed in this report and on our website.

Work-Life Balance
Mattel owns and operates manufacturing facilities in China, Indonesia, Malaysia, Thailand and Mexico. We offer training for life skills as well as business, and equip our workforce for advancement at Mattel or other enterprises. The salaries and benefits at our manufacturing plants meet or exceed country norms as we strive to be an industry leader. We offer comfortable living quarters for a portion of our factory workforce as many workers come from distant villages. All new employees participate in a comprehensive orientation program that covers culture, communications, health, safety and business practices. Employees who live onsite may enjoy a variety of recreational activities, cafeteria and library with personal computers and Internet access. They are able to tap into Mattel’s online learning program and expand their skills in English, computer programs, health, wellness and more.

Mattel’s newest manufacturing plant, Mattel Die Cast (MDC) in Guanyao, China is a state-of-the-art facility where best practices in health and safety and dormitory living amenities were incorporated into the design. Opened in 1999, approximately 1,500 people are employed at the plant, with about 180 to 200 management positions held by local people.

Mattel encourages its contractors to apply the same worker standards that it maintains. Vendors often visit Mattel’s manufacturing facilities to learn how programs are implemented and to see, firsthand, the benefits of progressive policies.
Who we are and what we value...
WHO WE ARE

Headquartered in El Segundo, California, Mattel is the worldwide leader in the design, manufacture and marketing of toy products. The company’s core brands include Barbie®, Hot Wheels®, Matchbox®, Fisher-Price® and American Girl®.

WHERE WE ARE

Mattel has offices and facilities in 42 countries and sells its products in more than 150 countries throughout the world.
1996 | Fisher-Price® introduces Tickle Me Elmo.

1997 | Mattel acquires Tyco Toys®.


1999 | Mattel acquires The Learning Company.

2000 | Mattel comes under new leadership and unveils a new vision with a clear focus on building brands, cutting costs and developing people. Mattel acquires The Learning Company.

2001 | Barbie® doll stars in her first movie. Cofounder and Barbie® doll creator Ruth Handler dies.

2002 | American Girl® opens second retail destination in N.Y.C.

2003 | ICCA® completes audit of Mattel suppliers in China.

2004 | 

**Mattel Global Employees**

- Global Mattel Employees: 40,000
- China Processing and Assembly Trade Agreement*:
  - Global Mattel Employees: 20,000

*A bonded manufacturing operation with the local government where Mattel supplies all raw materials for finished goods destined for export.

**2003 Finished Goods Product Country of Origin**

- China: 76%
- Mexico: 3%
- Malaysia: 8%
- Indonesia: 12%

Production in Romania and Czech Republic accounts for less than 1% of the total production.

**Mattel Net Sales ($ in millions)**

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
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<tbody>
<tr>
<td>Sales</td>
<td>$4,502.7</td>
<td>$4,565.5</td>
<td>$4,687.9</td>
<td>$4,885.3</td>
<td>$4,960.1</td>
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</table>
Yanti Susilawati is a longtime employee at Mattel Indonesia. She is also a home owner. Yanti is one of 1,300 Mattel employees who purchased homes as part of a program that Mattel created in cooperation with the local Indonesian government. Yanti’s accomplishments at Mattel Indonesia are inspiring. With three promotions in nine years, she is now a Production Section Leader.

WHAT THEY TELL US

Stakeholder Feedback
We listen. At Mattel, we know that our activities touch the lives of people all over the world in many different ways. These people are our stakeholders. They help us identify and address issues of concern to them – and therefore, to us. Our business decisions are improved by what we learn in this process.

Communicating with Our Stakeholders
Our stakeholders are a diverse group of people and organizations – ranging from our own employees and those of contractor factories in China to the parents and children who buy our products worldwide. Everyone matters. 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 through means customized to their needs, we believe that there is only one way to communicate – with integrity.

• Consumers: 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.

• Retailers: Our sales staff engages with retailers, regardless of size, and gains additional insights on our ultimate customer – the consumer. We also receive feedback from our retail customers through company-hosted and industry-hosted toy fairs.
• **Employees**: Our "What's On Your Mind" employee surveys and regularly scheduled employee meetings give employees the opportunity to express their views, and provide information at all levels across the organization. We also regularly update our intranet portal, allowing for effective, on-demand communication. For our manufacturing employees, we provide our Global Manufacturing Principles (GMP) in local languages. We require that every employee be provided with general orientation, that GMP be posted in workplaces and that a written grievance procedure also be in place and communicated.

• **Supply Chain Workers**: We include our suppliers in our GMP and independent monitoring process, which includes public reporting of our supplier manufacturing facilities.

• **Shareholders**: We provide information on strategies, policies and performance through our Annual Report, Proxy Statement, Annual Shareholders Meeting, reports filed with the U.S. Securities and Exchange Commission and other public statements including investor presentations, all of which are available at www.mattel.com.

• **Communities**: We are in touch with the needs of local communities through Mattel’s philanthropic efforts, including the Mattel Children's Foundation, and provide support through programs, philanthropy and website interaction. We also engage with local business and community leaders.

“**What's On Your Mind**?”

Mattel conducts worldwide employee surveys to receive candid feedback on our policies, management style, business practices and workforce satisfaction. Surveys were conducted in 2001 and 2003. The overall response rate was 78 percent in 2001 and 83 percent in 2003. Employees reported that Mattel has more strengths than improvement needs, and the company scored well compared to recognized high performing global organizations. Using 2001 as a baseline, the 2003 survey showed strong gains in employee attitudes toward the company's integrity and social responsibility; communication; compensation and benefits; and working relationships. The area of work-life balance, however, revealed some decline in satisfaction. Mattel will continue to explore avenues to improve this important area.
Think Globally, Act Locally

In Indonesia, Mattel helped to build a school in a community that had a desperate need. Today, the school is thriving with Mattel’s on-going assistance, and has become a very bright spot in a poor, rural community. A community’s need has been successfully filled, and many children are reaping the benefits. Mattel’s Bookmobile, a virtual library on wheels, visits the school regularly, much to the excitement of eager students who find immeasurable joy in the essential gift of literacy.

• Environment: We participate in conferences, industry working groups on specific projects such as cleaner transportation, and work with material suppliers to minimize our impacts to the environment. Mattel has been recognized for its efforts as a sustainable company by being included in the Dow Jones Sustainability Index.

Stakeholder engagement is continually evolving in response to changing global drivers and stakeholder concerns. Historically, Mattel has engaged with stakeholders and communicated performance and plans for the future in varied formats and forums. Through this report, we hope to contribute to a more comprehensive and consistent stakeholder dialogue. We agree with the position of the Global Reporting Initiative that “reports alone provide little value if they fail to inform stakeholders or support a dialogue that influences the decisions and behaviors of both the reporting organization and its stakeholders.”

“Multinational Corporations (MNCs) should take voluntary steps to ensure that the terms of international trade are not rigged unfairly to their advantage. Three conditions should be met:

1. MNCs must deal with all of their stakeholders, and not merely stockholders, in a fair and equitable manner.
2. MNCs must act as positive and proactive agents of change through the use of their enormous economic power to protect and foster basic human rights and democratic values.
3. MNCs must not consider these actions either as discretionary matters or as necessary inconveniences, such as a cost of doing business. Instead, these actions must be treated as minimum standards of behavior, compliance with which must be mandatory, transparent, and subject to external validation.”

Dr. S. Prakesh Sethi
Setting Global Standards, John Wiley & Sons, 2002
CORPORATE GOVERNANCE: UNWAVERING INTEGRITY

At Mattel, unwavering integrity defines our corporate culture on every level, guiding how we work and how we do business. Solid standards of corporate governance are important to earning and retaining trust, which is why we take corporate governance so seriously. We provide a close look at our standards—those required, as well as those we impose on ourselves—in an effort to develop best practices, and earn the trust of our stakeholders every day.

Mattel is a publicly traded company, is listed on the New York Stock Exchange and is on the Fortune 500 list of companies. Mattel’s founders built the company’s success on a philosophy of providing quality products at fair prices, and treating their customers and employees with the utmost respect. Mattel’s corporate governance philosophy can be boiled down to two simple words: unwavering integrity.

Chairman and Chief Executive Officer, Robert A. Eckert, answers to the Board of Directors, which is composed of 11 members, 10 of whom are independent directors. Mr. Eckert is the only director of Mattel who is not independent. Mattel believes its Board is able to evaluate the performance of the company and its executives without bias or personal consideration. The Board strives to ensure good corporate management and governance. The members select, monitor, evaluate and support the CEO and oversee the development and pursuit of corporate policies and strategies. The Board serves Mattel’s stockholders through a strong commitment to the effective and ethical management of Mattel in a manner which optimizes sustainable long-term profitability and is responsive to the legitimate interests of other corporate constituencies, such as employees, customers, suppliers and the communities in which Mattel operates. In 2003, the directors of Mattel had an average attendance rate of 97 percent of the meetings of the Board and its various committees.

Internally, a team consisting of 10 officers in key executive positions, led by Mr. Eckert, manages the day-to-day operations of the company. This Management Committee has the responsibility for the overall day-to-day direction and operations of Mattel, including performance, environmental leadership and safety, social responsibility, community involvement and the development of Mattel’s people worldwide.

The details of Mattel’s Corporate Governance and its Guidelines can be found at www.mattel.com in the “About Us” section.

Code of Conduct

In 2003, Mattel formally adopted and rolled out to employees a Code of Conduct that outlines the responsibilities of the company and its employees to each other, consumers, shareholders, business partners, competitors, communities and the government. The code is posted on the company’s intranet and corporate website (www.mattel.com). In addition, the Mattel EthicsLine, a 24-hour, toll-free service is available to employees worldwide if they wish to make a report.

If we uncover any issues, we commit to correct them and provide training, discipline and/or counseling if appropriate, or terminate employment to ensure that similar issues do not occur again. In addition to the Code of Conduct, Mattel is guided by its Global Manufacturing Principles, which are covered in detail in this report and can be found in the Corporate Responsibility section of www.mattel.com.
LEADERSHIP IN PRODUCT QUALITY

Our products touch the lives of millions of children every day. We care about children because we are a company for children. This deep concern for the welfare of our youngest consumers is reflected in the product decisions we make every day. Not only do we design toys to be safe, we also design toys to encourage safe play.

This commitment is evident in the product testing and reviews that are an integral part of our design, development, manufacturing and distribution processes. In an industry already governed by legislative and voluntary safety standards, Mattel is setting the pace with additional, self-imposed measures to protect the health and safety of children as they play with toys.

Our Fisher-Price division was instrumental in developing the first safety standards in the toy industry. Beginning in 1971, Fisher-Price worked with a team of experts from the American Academy of Pediatrics, the U.S. Consumer Product Safety Commission (CPSC), as well as toy industry designers and engineers, consumers, consultants and retailers, to establish the very first voluntary toy safety standards. More than 30 years later, many of the tests established by this group are still being used today.

All Mattel toys are designed to meet or exceed the safety standards established by the CPSC and its counterparts in Canada, Europe and every market where our toys are distributed and sold. In addition, whenever appropriate based on consumer feedback, competitive information, industry-generated injury data, or other sources, Mattel’s in-house experts have also developed standards that exceed those required in the various markets we serve.

Beyond safety, we create products that respect our global customer base and the diversity of cultures. We strive to ensure that our promotional activities, including advertising, packaging and promotional programs, are conducted in a manner consistent with applicable laws and our values of honesty and integrity.
Corporate Product Integrity Process

Mattel's Corporate Product Integrity (CPI) department establishes the requirements that each toy must meet and documents these requirements in a product specification for each product. These specifications are based on regulatory and voluntary standards, as well as internally developed standards that are based on years of experience in producing children's products.

Engineers from CPI are involved in the process from the product concept stage to production and beyond. CPI engineers work closely with designers, development engineers, marketing and manufacturing personnel to ensure that products comply with the strict safety and reliability requirements. Once produced, engineers analyze consumer response to the product and provide information back to designers and development engineers to improve future products. There are five stages to this process, which interlock and often overlap as ideas evolve into products.

Stage 1: Concept Review
From the start, CPI provides expert guidance to designers so that products will have a quality and safety perspective built in. Safety cannot be an afterthought in product development. The guidance provided is based on reviews of worldwide regulations, as well as information taken from our database of product histories, consumer feedback and internally developed requirements.

Stage 2: Design/Development
As a product is developed, CPI provides direction to the product development team (Marketing, Design, Engineering and Manufacturing) such that all safety and reliability concerns are addressed. CPI also oversees testing of the product. This testing includes checking prototypes for compliance to the product specification, conducting child studies to determine children's abilities to use the product and comparing product performance against competitors. During this process, the CPI department works with the entire team to identify and solve any potential problems.

Stage 3: Product Qualification
Before starting production on any product, a series of pilots are conducted where products are tested at various stages of completeness. At each stage, statistically significant sample sizes are tested against Mattel requirements and, if necessary, adjustments are made to the manufacturing process.

On any given day, employees entering into Mattel's Corporate Product Integrity department are sure to see some unusual behavior. One might observe people pulling on pieces of material, setting dolls on fire, dropping products from high above their heads or even stepping on toys barefoot. These people are some of Mattel's greatest assets. They are making sure that the products we sell are safe.
Stage 4: Production

Each Mattel manufacturing facility tests the products that they produce frequently during production. This testing ensures that products continue to meet the high standards established during design and development and verified during product qualification. In addition to the audits performed at the source, CPI headquarters randomly samples products from distribution centers and feeds test data back to quality engineers and manufacturing locations.

Stage 5: After Sales Support

After the products are in consumers’ hands, CPI has an ongoing role in promoting customer satisfaction. Each product sold contains contact information for the local Consumer Relations department. In conjunction with Consumer Relations, CPI reviews all comments concerning product quality and safety. This information is then used to enhance internal standards so that new products are continually being improved.
ETHICAL SOURCING: SETTING THE PACE

Our business model of creating products in a global supply chain is not unique. What is distinctive is our commitment to the balance of owned and subcontracted production, and our commitment to lead by example in improving working conditions in every facility that makes a Mattel product. We have set high standards for the working conditions in our own factories and have proven the viability and value of the programs. We expect and require that our suppliers follow our lead and we provide guidance to support them.

Our journey of responsible global outsourcing has been difficult and sometimes public. Like other companies in the toy industry, as well as the footwear and apparel industries, we have received media attention and criticism from non-governmental organizations (NGOs) for the working practices and conditions in our manufacturing facilities.

Since there wasn’t a proven path for us to follow, we chose to lead. Absent any industry standards in 1997, Mattel took the lead by establishing a manufacturing code of conduct (our Global Manufacturing Principles) for our production facilities and contract manufacturers. At the same time we announced the development of a global independent audit and monitoring system to verify the code. As early as 1997, we knew that a code alone was insufficient and that performance monitoring and public reporting was required. We believe more strongly now than ever before that leadership means being transparent about the challenges we face, as well as the industry overall, and this is how we are addressing those challenges at Mattel, and changing the landscape of manufacturing in the process.

Global Manufacturing Principles

Our Global Manufacturing Principles (GMP) are 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 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 suppliers’ performance to the standards.

GMP applies to all parties that manufacture, assemble or license any product or package bearing any of the Mattel logos. This includes our owned operations and contracted manufacturing. Mattel is committed to executing GMP in all areas of its business and will only continue to do business with partners who share our commitment to GMP. Mattel expects all of our business partners to enforce GMP, and we assist them in meeting GMP requirements. We are prepared to end, and have ended, partnerships with those who do not comply.
Our Commitments

Mattel and its partners will operate facilities in compliance with applicable laws and regulations. Through GMP we have developed country-specific standards that govern our operations and those of the companies that manufacture and assemble our products. In regions where standards are either non-existent or insufficient, Mattel has established its own standards that reflect its commitment to its employees and their environment. These standards are dynamic and evolving to continually improve our efforts to ensure on-going protection of employees and the environment. We will continue to refine GMP to help ensure that all employees are treated with respect and work under safe and healthy conditions that encourage dignity and pride for themselves and their workplace.

Our GMP, comprising approximately 110 specific standards, are some of the most detailed and comprehensive standards in the consumer products industry. A summary of the GMP standards and the issues addressed is given here:

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<th>GMP Highlights</th>
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<td>(Local laws must be complied with as a minimum standard)</td>
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<tr>
<td>1. <strong>Management Systems:</strong> Facilities must have systems in place to address labor, social, environmental, health, and safety issues.</td>
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<td>2. <strong>Wages and Working Hours:</strong> Employees must be paid for all hours worked. Wages for regular and overtime work must be compensated at the legally mandated rates and all overtime work must be voluntary.</td>
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<tr>
<td>3. <strong>Age Requirements:</strong> All employees must meet the minimum age for employment as specified by country and Mattel requirements.</td>
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<td>4. <strong>Forced Labor:</strong> Employees must be employed of their own free will. Forced or prison labor must not be used to manufacture, assemble, or distribute any Mattel products.</td>
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<td>5. <strong>Discrimination:</strong> The facility must have policies on hiring, promotion, employee rights, and disciplinary practices that address discrimination.</td>
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<td>6. <strong>Freedom of Expression and Association:</strong> Each employee must have the right to associate, or not to associate, with any legally sanctioned organization.</td>
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<td>7. <strong>Living Conditions:</strong> Dormitories and canteens must be safe, sanitary, and meet the basic needs of employees.</td>
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<tr>
<td>8. <strong>Workplace Safety:</strong> The facility must have programs in place to address health and safety issues that exist in the workplace.</td>
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<tr>
<td>9. <strong>Health:</strong> First aid and medical treatment must be available to all employees.</td>
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<tr>
<td>10. <strong>Emergency Planning:</strong> The facility must have programs and systems in place for dealing with emergencies such as fires, spills, and natural disasters.</td>
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<tr>
<td>11. <strong>Environmental Protection:</strong> Facilities must have environmental programs in place to minimize their impact on the environment.</td>
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MEASURING PERFORMANCE TO OUR PRINCIPLES

While the development of our code and manufacturing principles has been essential to Mattel’s success, enforcement of the code is equally important in sustaining success. We have initiated an extensive auditing process that is overseen by an independent monitoring council to inspect our company’s owned-and-operated facilities around the world, as well as a substantial portion of those of our key suppliers.

Our GMP Audit Process for Contractors

1. Submission of Management Compliance Report (MCR)
   The initial step for the auditing of new contractors is the submission of a Management Compliance Report (MCR). This document is prepared by the plant management and provides data on the plant’s compliance with GMP standards. Plant managers are encouraged to be candid about their challenges in fully complying with GMP standards. The general manager signs the MCR certifying accuracy of the data.

2. Initial Audit
   An initial audit of the MCR to the GMP is conducted by internal Mattel audit staff. Mattel’s trained and experienced auditors are conversant in local languages and applicable laws.

3. Review of Audit Findings
   Factories are graded with a multilevel internal scoring system based on the results of the GMP audit. The most serious findings and grades are Zero Tolerance Findings (Z grade) and Highly Critical Findings (H grade).

4. Corrective Action
   The audit process requires a corrective action plan from contractors to ensure that audit findings are corrected and GMP compliance is achieved and completed in a timely manner. In cases where corrective actions are not made in a timely manner, Mattel identifies alternative suppliers. Mattel is prepared to terminate any contractor where compliance is not achieved within the time-frame agreed upon.

Zero Tolerance Findings
Mattel considers child labor and forced labor to be Zero Tolerance issues. When systematic Zero Tolerance issues are discovered and not immediately and permanently corrected, Mattel will not hesitate to terminate the relationship.

Highly Critical Findings
Highly critical issues include whether employees are paid correctly for hours worked, wages are paid in legal tender and at least monthly, all deductions from gross wages are allowed under the labor law regulations, all overtime is voluntary, employees are provided with the appropriate holidays and days off, time records correctly reflect the hours worked by the employees, dormitory buildings are separated from production buildings and all emergency exit doors are kept unlocked when the building is occupied. Follow-up audits are scheduled with factories that have highly critical findings. Other findings of less relative seriousness are also tracked and improved through our corrective action plan procedure.
**Results of Internal Monitoring**

Mattel manages monitoring data and corrective action information through a factory database that includes all of the GMP audit findings. It is a centralized system that is accessed by audit teams around the world to manage corrective actions and close audit issues. Each of our nine owned or operated (Tier 1) facilities has been audited to GMP standards and the results are shown in Table 1. Seven of the nine facilities had highly critical findings. Corrective action plans were formulated, implemented and completed by the end of 2003. Mattel personnel have audited all contract manufacturers (Tier 2) and identified that 36 factories had highly critical findings. By the end of 2003, about 45 percent had successfully implemented corrective action plans for all identified issues, including highly critical findings. Mattel continues to work with our contractors to identify and correct remaining issues.

<table>
<thead>
<tr>
<th>Tier 1: Mattel-Owned Factories</th>
<th>Tier 2: Contract Manufacturers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Factories Audited</td>
<td>9</td>
</tr>
<tr>
<td>Number of Factories with Zero Tolerance Findings</td>
<td>0</td>
</tr>
<tr>
<td>Number of Factories with Highly Critical Findings</td>
<td>7</td>
</tr>
<tr>
<td>Number of Factories with Open Highly Critical Findings</td>
<td>0</td>
</tr>
<tr>
<td>77</td>
<td>36</td>
</tr>
</tbody>
</table>

**Results of Independent Monitoring**

Mattel's commitment to the public includes verification audits by an independent monitoring organization to assess the GMP performance of Mattel and its business partners. In 1998, the Mattel Independent Monitoring Council (MIMCO) was formed with experts from academia, including Dr. Prakash Sethi, City University of New York. In early 2003, the activities of MIMCO were absorbed into the International Center for Corporate Accountability (ICCA), which currently performs independent monitoring of facilities for Mattel and other companies.

The independent monitor conducts periodic evaluations of a select number of locations of its choosing to verify compliance with GMP standards. The organization is provided complete access to all information, employees and facilities in order to make an evaluation of Mattel’s performance and has the discretion to periodically issue reports to the public on our progress. In addition, Mattel publicly discloses the reports at www.mattel.com. As listed in Table 2, during the period from 1999 to 2002, independent monitors conducted 12 audits in Mattel owned facilities. Auditors identified 45 findings on conditions, which have since been corrected. In 2003, 12 independent audits were conducted in contractor factories, which represent approximately 50 percent of the total contracted production. We are currently making progress on corrective action plans with our contractors to address the 366 findings that were reported. Our schedule to achieve closure on those findings is the end of 2004. In total, the independent monitoring organization, ICCA, has audited manufacturing facilities operating over 75 percent of Mattel’s production.
Independent Audit Results (1999-2003)

<table>
<thead>
<tr>
<th>Tier 1: Mattel-Owned Factories</th>
<th>Number of Audits Performed</th>
<th>Year of Audits</th>
<th>Number of Findings</th>
<th>Labor</th>
<th>EHS</th>
<th>% Closure on Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>1999-2002</td>
<td>24</td>
<td>21</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tier 2: Contracted Manufacturers</th>
<th>Number of Audits Performed</th>
<th>Year of Audits</th>
<th>Number of Findings</th>
<th>Labor</th>
<th>EHS</th>
<th>% Closure on Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>2003</td>
<td>117</td>
<td>249</td>
<td></td>
<td></td>
<td>In Progress</td>
</tr>
</tbody>
</table>

Our Path Forward

We will continue to address the working conditions in which our products are made with an increased emphasis on suppliers. As the independent auditing continues to cover more of Mattel’s supply chain, we will provide annual updates on the Corporate Social Responsibility section of www.mattel.com. In 2004, we mapped a corrective action plan with implementation guidelines to address the issues discovered during ICCA’s supplier audits in 2003.
ENVIRONMENTAL, HEALTH AND SAFETY COMMITMENT

Mattel is committed to minimizing our impact on the environment and protecting the health and safety of our employees and the communities in which we operate. As part of this commitment, Mattel will:

• Integrate environmental, health and safety standards into our business operations in order to reduce risks, minimize impacts and work toward an incident-free workplace.
• Continuously improve our environmental, health and safety performance throughout the product life cycle in order to eliminate pollution to the environment.
• Engage in dialogue with our employees, customers and the public to address their environmental, health and safety concerns relating to our operations and products.
• Assess environmental, health and safety performance with regularly scheduled audits of our operations.

Environmental Impacts in Manufacturing
Our products are designed and manufactured with consideration given to minimizing impacts on the environment. Virtually all of our hard toy products are made by injection molding, blow molding, diecasting or rotocasting. These processes are highly resource efficient. Waste is either reused in the process, recycled or treated and discharged in compliance with local laws.

Our pollution prevention program follows the “reduce, reuse, recycle” approach of prioritizing the reduction of waste, followed by reusing waste materials in the process or recycling unavoidable waste into other products. Over the years, we have made improvements in our manufacturing processes to reduce the impact to the environment and to promote safe and healthy working conditions. Improvements we have made to date include:

• Reusing most plastic waste from the injection molding processes.
• Replacing some solvent-based paints and adhesives with water-based products that emit fewer volatile emissions.
• Replacing some hand spray painting application processes with closed-cup tampoprinting systems that reduce emissions and waste.

Global Environmental Manufacturing Metrics
Moving forward, we are developing a data collection system for the following environmental metrics from our global manufacturing plants and distribution centers: energy use, carbon dioxide emissions, material use, solid waste, hazardous waste, organic solvent use, water use and wastewater discharge. In 2003, we completed a benchmarking analysis of environmental impacts and found the following relationships between the impacts at our manufacturing operations as compared to our offices, distribution centers and retail stores:

<table>
<thead>
<tr>
<th>Environmental Impact</th>
<th>Manufacturing (% of total Mattel)</th>
<th>Office, Distribution Centers and Retail Stores (% of total Mattel)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon Dioxide Emissions</td>
<td>82%</td>
<td>18%</td>
</tr>
<tr>
<td>Energy Use</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>Hazardous Waste</td>
<td>98%</td>
<td>2%</td>
</tr>
<tr>
<td>Solid Waste</td>
<td>62%</td>
<td>38%</td>
</tr>
<tr>
<td>Solid Waste Recycling Rate</td>
<td>50% Recycling Rate*</td>
<td>69% Recycling Rate*</td>
</tr>
<tr>
<td>Water Use</td>
<td>85%</td>
<td>15%</td>
</tr>
</tbody>
</table>

*The recycling rate is the percentage of waste materials that are reused in production processes or are taken by recycling organizations. We will report environmental performance on these impacts on a total (footprint) and per unit basis in future reports.
Training

It is critical to each employee's understanding of the value and requirements of these standards. In 2003 alone, Mattel provided more than 100,000 employee training hours on these topics.

Our commitment to safety and continual improvement is evident in our Lost Day Incident Rate performance, as it has decreased 43 percent from 2000 to 2003 for Mattel's owned and operated facilities. (Lost Day Incidents are defined as any work-related injury or illness, which results in the employee missing at least one full day of work beyond the day of the incident.) Each owned facility has an incident reduction program to track incidents and an annual continuous improvement goal for reducing lost day incident rates. Training on incident reporting and investigation is provided to supervisors and employees.

### Global Manufacturing Principles: Health and Safety Standards for Mattel and Supplier Factories

<table>
<thead>
<tr>
<th>Aisles and Exits</th>
<th>Fire Prevention</th>
<th>Lock Out/Tag Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bloodborne Pathogens</td>
<td>First Aid</td>
<td>Machine Guarding and Servicing</td>
</tr>
<tr>
<td>Confined Space Entry</td>
<td>General Health and Wellness</td>
<td>New Employee Orientation</td>
</tr>
<tr>
<td>Contractor Safety</td>
<td>Hazard Communication</td>
<td>Personal Protective Equipment</td>
</tr>
<tr>
<td>Cranes and Hoists</td>
<td>Hearing Conservation</td>
<td>Powered Industrial Trucks</td>
</tr>
<tr>
<td>EHS Management Systems</td>
<td>Industrial Hygiene</td>
<td>Respiratory Protection</td>
</tr>
<tr>
<td>Electrical Safety</td>
<td>Injury Reduction</td>
<td>Ventilation</td>
</tr>
<tr>
<td>Emergency Response Plan</td>
<td>Lighting</td>
<td>Welding Safety</td>
</tr>
<tr>
<td>Eyewash and Safety Showers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Lost Day Incident Rate Calculation = Number Lost Workday Injuries/Illnesses x 200,000 / Number Employee Hours Worked*
VALUED WORKFORCE

Long-term investments in employee development lead to successful Mattel employees – no matter where they are or what they do. It is what makes the company what it is, as well as what it will be in the future. Our workforce differentiates us from our competitors. It is our people who ensure that we meet the needs and expectations of our global stakeholders and execute our corporate strategies.

In turn, our workforce strategies are designed to attract and retain the best and brightest people through innovative and competitive rewards. We provide growth opportunities and ongoing professional development based upon individual ability and company staffing requirements. We strive to treat all employees with respect and dignity, empower them to do the best job possible and foster a culture that respects work-life balance. We strive for excellence and creativity in everything we do.

We are proud of our Human Resources programs that offer a comprehensive and integrated approach to selecting employees, developing employees, maximizing and assessing their contributions to Mattel, to ensure that they share in the rewards of a successful business. Mattel’s leadership development programs support our employees in professional growth and development, as well as Mattel’s ability to promote from within the company.

The Mattel approach to employee development includes periodic worldwide employee opinion surveys, a global performance management system, a global succession management system, assessment and career planning tools and the Mattel Leadership Development Center. The Leadership Development Program offers a variety of management and leadership training programs as well as professional development training. In 2003, Mattel launched its global on-line learning initiative, offering more than 150 business and professional development courses to employees. Employees may take the courses at work with supervisor approval or at home with no approval required.

Leadership In Action:

Gloria Leticia Figueroa Smith is a Planner Buyer at the Mattel Baja Mexico facility. She joined Mattel in 1996 as an Assembly Operator on the factory floor. Having only a limited education as a child, Gloria decided to take advantage of Mattel’s employee education benefits in Mexico and make a change for the better. She completed grade school, middle school, then learned how to speak English and took a computer course. She currently is studying to complete high school. Gloria now owns her own home and car, and is proud to be a positive example to her son on the importance of education, and the gift of opportunity.

“Connie” Zhang Cuichang began working at Mattel Die-Cast China in 1999 as a Production Line Leader on the factory floor. An astute organizer and communicator, Connie has excelled at Mattel. She was promoted into a staff position because of her excellent performance, potential and willingness to take on increasing responsibility. Today, she works in Employee Relations, organizing employee activities, overseeing employee recreation facilities and coordinating community services. Connie is a shining example of success to her colleagues, and is one of many Mattel employees to be promoted into staff positions from the factory floor. Her favorite part of the job? Connie loves to organize Mattel volunteers for work in the community.
We have identified the essential characteristics, or competencies, that we believe employees must possess and demonstrate for success. Basically, we believe that how you achieve your goals is just as important as what you achieve.

These competencies are summarized by the acronym of **MAT PICS**: 

**MAT PICS** have many competencies underneath each heading and are used in recruitment, training and development, succession planning, career development, placement and other personnel actions. The competencies provide individuals with a set of personal characteristics required to be successful at Mattel. They are also used to evaluate how someone achieves his or her goals. The competencies have a direct bearing upon employee evaluations.

<table>
<thead>
<tr>
<th>M</th>
<th>Mattel and Business Expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Action Leader</td>
</tr>
<tr>
<td>T</td>
<td>Team Builder</td>
</tr>
<tr>
<td>P</td>
<td>Passion</td>
</tr>
<tr>
<td>I</td>
<td>Integrity</td>
</tr>
<tr>
<td>C</td>
<td>Courage</td>
</tr>
<tr>
<td>S</td>
<td>Smarts</td>
</tr>
</tbody>
</table>

**A Culture of Diversity is Key to Business Success**

We believe corporate responsibility is a journey and, on some issues, this phase of our journey is one in which we are focused on creating systems and processes around long-held values and commitments. Diversity is one such issue. Our workforce of approximately 25,000 employees is diverse in terms of ethnicity, race, religion and gender. We believe that having a diverse culture and meeting the expectations of a global consumer base is fundamental to our business success. A culture that values diversity enables us to connect better with our consumers and mirror the composition of the communities where we operate. In 2003, we formalized our commitment to diversity by creating Mattel’s first Diversity Office. A mission and goals for the function are being finalized, and a new affinity group for women – the first of several that are planned – was introduced in 2004.
“To make a meaningful difference, one child at a time.”

MATTEL PHILANTHROPY AND COMMUNITY INVOLVEMENT

Mattel’s commitment to social responsibility directly touches the lives of disadvantaged and underserved children worldwide – wherever Mattel employees live and work (and play!). Our philanthropic reach extends throughout the world with programs that inspire, educate and create joy for children in need.

Whether it is in granting one of the largest single donations to a children’s hospital in the U.S. or building schools in rural China, Mattel seeks to serve children and create joy through product donations, grant making and the gift of time from dedicated employee volunteers. Mattel’s dedication to international goodwill in the fight to defend and protect children worldwide is a year-round, global mission and core company value.

In 2003, Mattel contributed more than $14 million in cash, products and services to a myriad of organizations, impacting children globally.

Mattel believes that play is an essential part of childhood. Sadly, many children live in situations that do not afford much opportunity for pure, joyful play. In 2003, Mattel donated more than 1 million toys with a retail value of approximately $8 million to 3,000 children’s programs, group homes, children’s hospitals and other nonprofits that directly benefit children in need. Mattel also enriches the lives of its employees by identifying diverse volunteer opportunities and supporting their personal contributions through the matching gifts.

Through Philanthropy, We Value:

- 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
program. The ability to share our success with children and our communities is further strengthened by the incredible volunteer efforts of Mattel’s employees around the world. Because of this global presence, Mattel recognizes that the responsibility lies in each of us to make the world happier, healthier and more secure for all children.

**Mattel Children’s Foundation:**

The Mattel Children’s Foundation was established in 1978 to improve the lives of children in need so that all children have the opportunity to grow up happy, healthy and with the knowledge and skills necessary to become contributing members of a global society. It operates as a separate charitable organization incorporated as a nonprofit public benefit corporation funded exclusively through cash donations from Mattel and calculated as a percentage of Mattel’s pre-tax corporate profits. In 2003, the Mattel Children’s Foundation made grants in total of $5.8 million.

The Mattel Children’s Foundation also celebrated its 25th anniversary in 2003. This significant milestone marks a quarter century of service and inspirational partnerships that continue to make a meaningful difference in the lives of children around the world, and allows us to explore new ways to extend a generous hand to those in need.

Some of the organizations that have received funds from the Mattel Children’s Foundation include:

- Every Person Influences Children, New York
- Foundation for Excellence in Public Education, New York
- Githens Center, New Jersey
- Operation Clean Slate, California
- Orangewood Children’s Center, California
- Pediatric Therapy Network, California
- Providence House, New York
- The Children’s Hospital of Buffalo, New York
- United Arts Academy, California
- Waisman Center, Wisconsin

**The Power of People**

At Mattel, we believe that the heart of any philanthropic organization is the volunteer force. Inspiring examples of employee volunteerism can be found in the tireless efforts of our people around the world who freely share their time, talents and resources.

Since 1991, Mattel’s volunteer program has provided employees around the world with opportunities to give back to their local communities. Recognizing that the skills and talents of individuals can have a profoundly beneficial impact on communities, the Foundation organizes and implements a myriad of programs to encourage Mattel employees to engage in community service and philanthropy. Whether building a new playground in Western New York State...
or repainting the largest orphanage in the Tijuana community, Mattel volunteers embody the caring spirit that is shared by all those who make up the Mattel family.

In addition to volunteer opportunities, the Foundation promotes the spirit of giving company wide through Employee Volunteer Grants awarded to nonprofit organizations where employees contribute their time; Employee Matching Gifts through which grants are provided to qualified nonprofit organizations to match an individual employee contribution; and the Global Scholarship Program, which assists the children of both domestic and international employees with college or university education costs.

**Community Programs Around the Globe**

Mattel’s global locations support local communities and organizations in need, such as schools, hospitals and orphanages. The following are a few examples of the great work being done.

**Latin America:** In Mexico, thanks to the help of the Mattel Children’s Foundation and the local Mattel manufacturing facility, a computer learning center was constructed in 1992 at the Ixcalli School in Tijuana, Mexico. The only one of its kind, the center was designed exclusively for handicapped children. The California Children’s Hospital in Tijuana, Mexico has also enjoyed support from Mattel. Through the creation of a golf tournament, which has raised more than $5 million, the hospital has been able to transform itself from a small clinic to a large, modern facility offering comprehensive services.

**Europe:** Mattel U.K. has donated more than £100,000 to Oxford Children’s Hospital, a facility that is known for its groundbreaking research work in all areas of children’s care. Mattel employees also give personally through local fundraisers and volunteer efforts from painting patient rooms to cleaning the hallways. Mattel France donated €100,000 to the local Red Cross to support community children’s programs throughout the country. Toy donations also make up a large part of the philanthropic work of Mattel in Europe. Mattel distribution centers in Europe together shipped 10 truckloads of toys to orphaned children living in group settings in Turkey. Working with the government, Mattel was able to place the toys directly with the children most in need.

**China:** Launched in November of 2002, Mattel’s BASIC (Build A School In China) program builds and renovates schools in some of the poorest rural communities in China’s interior provinces, where children might otherwise not have access to educational opportunities. As a first step, Mattel identified the need for seven schools that will serve more than 700 children. Four schools have been completed and three are currently in the construction phase with completion estimated in early 2005, with more locations expected to be added in the future. But the assistance does not stop once the structure has been built. Mattel also helps fund books, furniture and fixtures as needed.
Indonesia: Mattel has taken strides to promote a healthy lifestyle for employees, their families, and surrounding neighborhoods. Addressing the need for improved education, Mattel Indonesia began a program to renovate local elementary schools within a three-kilometer radius of the plants. To assist local education, Mattel Indonesia's employees find time to operate a "Mattel Bookmobile," which serves as the sole public library and reaches more than 3,000 young readers at local elementary schools. Additionally, Open University, taught by Mattel professionals, enables students in the local community to earn high school and university degrees.

Community Outreach in the United States
Every year, Mattel's American Girl division donates its second and returned merchandise to the Madison Children's Museum in Madison, Wisconsin, whose volunteers refurbish the products for an Annual Benefit Sale held each July. More than $1 million is raised annually, with more than $8 million raised since 1998. American Girl also donates thousands of American Girl books to various groups each year, and makes large clothing donations to KIDS (Kids in Distressed Situations).

As a contribution to Buffalo's "Success by Six" initiatives, Fisher-Price employee volunteers have installed 16 playgrounds with handicapped-accessible features since 1994.

In Los Angeles, working with Foundation for the Junior Blind, Mattel Park was created as a multi-sensory play yard and outdoor educational center for visually impaired and blind children. Mattel supplied both funding and the volunteer design team.

Mattel Children's Hospital at UCLA:
Pediatric medical care in Southern California was forever changed in November 1998 when Mattel announced that the Mattel Children's Foundation had pledged $25 million in a multi-year commitment toward construction of a new children's hospital at UCLA. In appreciation for Mattel's commitment, UCLA declared that both the existing facility and the new facility, which began construction in 2000 and opens in 2005, would be named the Mattel Children's Hospital at UCLA. Mattel's multi-year $25 million pledge is the largest single commitment made by the Mattel Children's Foundation and one of the largest gifts ever made to a children's hospital by a corporation or corporate foundation.

The hospital is recognized worldwide as a leader in neurology, nephrology, immunology, cardiology, molecular biology and genetics, pediatric pain, and hematology/oncology. Through primary and specialized medical care, the Mattel Children's Hospital offers state-of-the-art treatment in a compassionate atmosphere, and conducts research that improves these applications and the overall understanding of pediatric diseases.

Mattel sponsors the hospital's annual fundraiser, Party on the Pier! in Santa Monica, California.
With the support of Mattel, and the many friends he has made during his long career, Joe Cristina, a Mattel executive who is battling HIV, started the Children Affected by AIDS Foundation (CAAF). Since its inception, CAAF has impacted the lives of thousands of children infected with HIV and AIDS and has distributed close to $6 million in 29 states. Mattel was instrumental in the creation of CAAF’s signature event, Dream Halloween, in 1993 and has continued to support its growth by rallying the participation of its employee base as volunteers for this event in New York, Chicago and Los Angeles.

Employees in El Segundo bring smiles to hundreds of children in need every September by donating new shoes, clothes and supplies. Through "Best Foot Forward," the children receive a new backpack full of supplies helping them make the transition back to school.

**Brand Expressions: Barbie Cares Supporting Children in the Arts**

It has been said that "Art is in the eye of the beholder," and it is with that spirit that Barbie Cares developed a unique program to benefit children through the many different interpretations of art around the world – music, dance, theater, visual arts and written language arts. Barbie Cares also wanted to honor outstanding art teachers and developed "The Barbie Cares Arts Teacher of the Year Search," in which children could nominate their teachers to be recognized. In the U.S., scholarships were awarded to low-income students to attend a leading summer arts school program; participate in long-term artist residencies and field trips to museums and performances; and attend after-school and summer programs for at-risk youth. The program has been extended internationally to Asia, Europe, Latin America, Canada, Australia and New Zealand.

To date, Mattel’s Barbie Cares program has honored 40 outstanding arts teachers, funded exemplary school-based arts programs and provided support for arts education training programs, supplies and curricula development reaching more than 6,000 educators in more than 30 countries and 400 public schools in 20 major U.S. cities. Through the efforts of Barbie Cares, more than 100,000 under-served students worldwide have directly benefited with access to high-quality programs that teach dance, music, theater and the visual arts.

**LOOKING FORWARD: OUR REPORTING ROADMAP**

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 endeavored to present a clear picture of our journey to date and the direction in which we are heading. In the future, we plan to increase our quantitative performance reporting and incorporate stakeholder feedback. We also plan to present additional independent monitoring results from our supply chain.

**Tell Mattel: What's On Your Mind?**

We welcome comments on this report. Please send your comments to csr-report@mattel.com.
Being a responsible corporate citizen permeates everything we do at Mattel. Our employees make it a reality every single day around the world, whether ensuring a product’s safety, volunteering in a community, developing a best practice or even treating colleagues with respect and dignity.

Through these efforts, and countless others, Mattel works hard to be a leader in making our communities—and the lives of children—better.

And we will continue to lead the way with the hope that others will follow.