



MATTEL, INC.
333 CONTINENTAL BOULEVARD EL SEGUNDO, CALIFORNIA 90245
PH: (310) 252-2000 FAX: (310) 252-2180

Mattel's Response to the International Center for Corporate Accountability's 2008 Audit Report for Mattel's Plants in SE Asia

This plan responds to four audit reports for Mattel's plants in SE Asia prepared by the Sethi International Center for Corporate Accountability (SICCA) in 2008.

PT Mattel Indonesia (PTMI)
April 21-22, 2008

Mattel Development and Tooling (MDT)
April 23, 2008

Mattel Malaysia Sdn. Bhd.(MMSB)
April 23-24, 2008

Mattel Bangkok Ltd. (MBK)
April 24-25, 2008

Mattel appreciates SICCA's independent audits including field visits and employee interviews. Mattel is pleased with the overall SICCA findings that Mattel's plants in SE Asia have implemented GMP and continue to promote continuous improvement. Each plant has reviewed the SICCA recommendations and have already begun to implement corrective action plans to address site specific findings. The plants are also encouraged to share best practices that are developed as a result. Mattel's Corporate Responsibility organization is working with Worldwide Operations to ensure clear direction and consistency in the implementation of our Global Manufacturing Principles (GMP). The Corporate Responsibility Audit and Policy department will monitor progress of the corrective action plans and communicate with leadership until all items are closed. The Global Sustainability department will provide technical support to each plant and develop tools and training programs to address common challenges and share best practices. Major findings and recommendation are noted below along with Mattel's response.

- 1. PTMI Dormitory Policy** - Mattel is in the process of eliminating the requirement for certain workers to reside in the plant operated dormitories. The dorms were originally constructed at PTMI because the local community did not offer housing that met Mattel's standards for safety, security or hygiene. We recognize that the community has developed and there are more available rental opportunities. As a result, we have implemented a series of steps to transition to a policy of all workers having the choice to live in the dorms or make their own arrangements for housing and transportation to work. For the past several years, married permanent workers have been permitted to make their own arrangements. In April 2008, we continued the transition process and provided permanent workers with one year of service the choice to either reside in the dorm or live in the local community. This has been communicated to workers and some have chosen to move into the local area while others have decided to remain in the dorms. By December 31, 2008 all PTMI employees will have the option to elect to live in the dorms or in the local community. In addition the dormitory rooms are also being reconfigured to reduce the number of residents per room to 16 while maintaining the GMP personal space standards. The new design for the dorm room has been created and target for completion of the configuration project is also December 31, 2008.
- 2. Use of the Automatic Time Keeping System** - SICCA's has expressed concern about several plants not fully utilizing the features of the employee attendance swipe card system. While SICCA has not identified any concerns among workers or evidence of payroll or record keeping issues, Mattel acknowledges that adopting a requirement that all our plants with an automatic swipe card system have workers record time by both swiping in and out at the end of their shift will create additional transparency. A procedure requiring all employees to swipe out will be implemented by March 31, 2009.

3. **MMSB Recruiting Agency Fees** – In response to SICCA’s finding about the use of recruiting agencies to hire foreign workers, Mattel agrees that the recruiting services fee paid to the Malaysian agent for assistance with completing the worker immigration process is Mattel’s responsibility. Henceforth, this will be eliminated from payroll deductions.
4. **Pre-Employment Medical Screening** – Mattel takes very seriously SICCA’s finding that some of the female workers at MBK reported that their pre-employment medical screening included a pregnancy test. Mattel’s Corporate Responsibility organization has investigated this report and verified that the plant does not conduct such a test. In addition, Mattel is investigating whether a certain employment agency used by the plant may not have operated in conformity with this requirement. Mattel has also communicated that this practice is inconsistent with our GMP.
5. **Voluntary Overtime** – In response to SICCA’s finding that some workers felt pressured to accept overtime hours, Mattel’s Corporate Responsibility organization is working with Human Resources to ensure that all plants develop corrective action plans to ensure supervisors and workers clearly understand that overtime is voluntary. Each plant will communicate progress to improve communication through training, employee handbooks and other means to address this issue.