



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

Mattel Response
Plant 18 ICCA Formal Audit Report
October 2006

The plan outlined in this letter is in response to the vendor audit results for Plant 18 released by the International Center for Corporate Accountability (ICCA) in October 2006.

While Mattel is disappointed in Plant 18's performance, we are steadfast in our commitment to improve the working conditions for the facility's employees. Mattel has been diligently working with Plant 18 for the last several years to improve the compliance issues outlined in the ICCA report. While this work has not accomplished the desired results, we are confident that recent changes in Plant 18's management personnel will help facilitate a new culture of change. This facility provides valuable employment to many people in the Dongguan area and we very much hope that this new management team will succeed in improving those areas identified by the report that demand attention.

In consideration of the seriousness of these issues, Mattel has taken the following steps with the management of Plant 18.

- Mattel will not provide any new business until such time as management can adequately address the compliance issues that have been outlined in the ICCA report.
- Plant management must develop and implement a management system and a corrective action plan to address all issues discovered during the ICCA audit. The plan must also address staff accountabilities and timelines for implementation.
- The plant will be subject to monthly follow-up audits by Mattel until all actions have been implemented.
- The plant must sustain a satisfactory level of compliance for at least six months before any new business will be awarded.

Additionally, the International Council of Toy Industries (ICTI) CARE process has placed this factory on probation for similar non-compliance issues with the ICTI code of business practice. Mattel, along side ICTI, has been working with plant management to try to ensure that the facility meets the standards that we and ICTI expect of factories that are producing toys.

We are optimistic that this process will yield demonstrably satisfactory progress over the next 6+ months. At that time, we would like to invite ICCA to undertake a follow-up audit of the facility at a time of its own choosing.

Committed to transparency, Mattel publicly discloses independent monitoring reports - both successes and challenges. Mattel was one of the first companies in the consumer products industry, and remains the only company in the toy industry, to independently monitor working conditions and publicly disclose the results. Questions about Mattel's policies and Code of Conduct can be directed to csr-report@mattel.com.