

Mattel Global Auditing System (MGAS)

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The World's Premier Toy Brands-



Today & Tomorrow

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Discussion Points

• About Mattel

- Evolution of Our Audits
- Evolution of Our Systems
- Mattel Global Auditing System
- Other Tools

About Mattel

- Headquartered in El Segundo, California
- Approximately 25,000 employees in 36 countries
- 2003 revenues: \$4.8 billion
- Worldwide
 leader in the
 design,
 manufacture and
 marketing of
 toys and family
 products

ATTE



Mattel's Products



Fisher/Price











Where our products are made

- 1. Owned and Operated Facilities (50%)
 - China (3)

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- Indonesia (2)
- Malaysia (1)
- Thailand (1)
- Mexico (2)
- 2. Vendor Locations (50%)
 - China
 - Eastern Europe



First we did EHS Audits .

Prior to 1999, our main auditing responsibility was **Environmental Health and Safety** (EHS) at **our** manufacturing and distribution locations.

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... and then ...



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- We were given responsibility for Mattel's GMP program.
- Scope broadened to EHS and Corporate Social Responsibility (CSR)
- Expanded our focus to Vendor and Licensee facilities

GMP stands for Global Manufacturing Principles

. . and now we do GMP audits.

- We have fully integrated the two areas (EHS + CSR)
 - Combined standards
 - Combined audits

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- Became a hybrid department
- Categorized facilities by Tiers
 - Tier I owned and operated facilities
 - Tier II vendor facilities
 - Tier III licensee facilities
- Created a Checklist and Audit Approach for Each Tier

Audits by Tier

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Tier I	Corporate and Consultants
Owned & operated	(internal and external auditors)
Tier II	Sourcing Groups
Vendor facilities	(internal and external auditors)
Tier III	Managed by Corporate, but use Auditing Firms
Licensee facilities	(external auditors)

As a result ...

- We dealt with new challenges
 - Became main source for facility information
 - Responsibility for more facilities meant more audits, but less influence and less technical expertise per facility
 - Had to become familiar with labor regulations
 - More interaction with other departments and external groups
 - More high profile
- Identified a need for a system that would help us manage large amounts of information and the complexity of our program.



- Word and Excel
- In-house Access Program ("Audit Tracking System")
 - Improved tracking and sharing of data between groups
 - Created a more standard report format and way to track audits
 - Required installation on each computer
 - Not fully implemented across all groups

Mattel Global Auditing System (MGAS)

- Mattel Global Auditing System
 - Web-based
 - Accessible by Mattel employees worldwide
 - Accessible by external users worldwide
 - Auditors
 - Vendors
 - Licensees

"One Stop Shopping"

- Centralized data storage
- Facility, Vendor, and Licensee information
- Standardized workflows for scheduling, conducting, reporting on and tracking the audits
- Audit tools (checklists, past audit reports, etc.)
- Checklist management
- Reference information (EHS guide, forms, etc.)
- Reporting functionality

MGAS Modules

- Home Page
- Profile Management
- Checklist

- Audit Scheduling
- Audit Process
- Reporting
- File Library
- Event Calendar

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Sign in to begin using MGAS	What is MGAS?	
Username: Password:	The Mattel Global Auditing System (MGAS) is a secure, web-based portal tool that provides real-time access to information relating to Mattel's Global Manufacturing Principles (GMP) audits. The tool is used to manage the entire life-cycle of each facility audit, and provides each user with their own customized set of information. To begin using this application, sign in by entering your Username and Password in the area to the left. If you do not have an account, and you believe that you should, please <u>contact us</u> .	
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China	Facility 2	Submit Corrective Action Plan Vendor Y (INITIAL AUDIT)		Due: 27Apr2004	63	<u>Complete</u> <u>Task</u>			
China	Facility 3	Submit Corrective Action Plan Licensee Z (INITIAL AUDIT)		Due: 27Apr2004	63	<u>Complete</u> <u>Task</u>			
China	Facility 4	Submit Corrective Action Plan Vendor X (INITIAL AUDIT)		Due: 27Apr2004	63	<u>Complete</u> <u>Task</u>			
China	Facility 5	Submit Corrective Action Plan (INITIAL AUDIT)		Due: 27Apr2004	63	<u>Complete</u> <u>Task</u>			
China	Facility 6	Assign a Lead Auditor to Audit (REAUDIT 1)		Submitted: 15Apr2004		<u>Complete</u> <u>Task</u>			
China	Facility 7	Submit Corrective Action Plan (REAUDIT 1)	Licensee x	Due: 29Apr2004	61	<u>Complete</u> <u>Task</u>			
China	Facility 8	QA Review and Clarification of Corrective Action Plan (INITIAL AUDIT)	Global Sustainability / Licensee K	Submitted: 16Apr2004		<u>Complete</u> <u>Task</u>			

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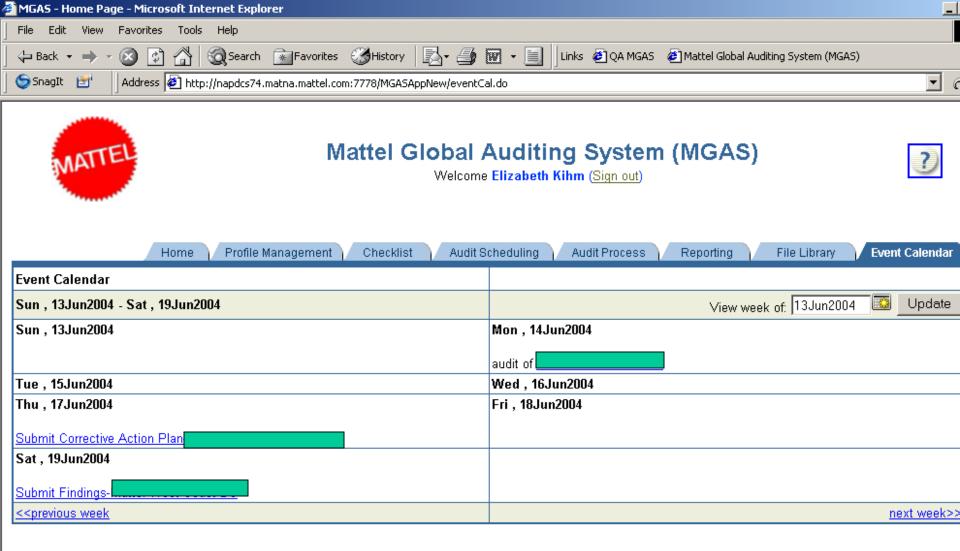
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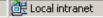
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Partner MCR.doc	MCR	MCR Package for Licensee	No	234KB	01Mar2004	mccorklk	edit
Partner MCR.doc	MCR	MCR Package for Vendor	No	234KB	01Mar2004	mccorklk	edit
Partner Facility Declaration Letter.doc	Facility Declaration Letter (FDL)	GMP Package for Licensee	No	181KB	01Mar2004	mccorklk	<u>edit</u>
GMP-01 CR Policy.doc	GMP Policy	GMP Package for Licensee	No	41KB	01Mar2004	mccorklk	<u>edit</u>
GMP-01 CR Policy.doc	GMP Policy	GMP Package for Vendor	No	41KB	01Mar2004	mccorklk	<u>edit</u>
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MGAS – general comments

- Evaluated other systems prior to starting
- Developed by an external firm
- Took approximately 1-1/2 years to develop
- Major success factor Collaborative effort through every step of the process
- Getting on-going support from our internal IT
- Will be integrated with our global licensing system

Other Tools

- Information is monitored regularly.
 - Regulatory update services
 - Audit Protocols
 - Newsletters
 - Websites

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- Information is shared regularly with the team around the world.
 - Department Newsletter / article sharing
 - Summits (share best practices, learnings)
 - Conference calls
 - Training
 - Tracked measures



