

marketing tools, such as the Hot Wheels website. This website contains a lengthy online privacy policy, part of which reads as follows:

Mattel, Inc. and its family of companies ("Mattel") are committed to protecting your online privacy when visiting a website operated by us. We do not collect and keep any personal information online from you unless you volunteer it and you are 13 or older. We also do not collect and keep personal information online from children under the age of 13 without consent of a parent or legal guardian, except in limited circumstances authorized by law and described in this policy.

By assuring parents that their children's privacy will be respected, Mattel demonstrates that it takes its responsibility of marketing to children seriously.

Expectations of Mattel's Business Partners

Mattel also makes a serious commitment to business ethics in its dealings with other industries. In late 1997, the company completed its first full ethics audit of each of its manufacturing sites as well as the facilities of its primary contractors. The audit revealed that the company was not using any child labor or forced labor, a problem plaguing other overseas manufacturers. However, several contractors were found to be in violation of Mattel's safety and human rights standards and were asked to change their operations or risk losing Mattel's business. The company now conducts an independent monitoring council audit in manufacturing facilities every three years.

In an effort to continue its strong record on human rights and related ethical standards, Mattel instituted a code of conduct entitled Global Manufacturing Principles in 1997. One of these principles requires all Mattel-owned and contracted manufacturing facilities to favor business partners committed to ethical standards comparable with those of Mattel. Other principles relate to safety, wages, and adherence to local laws. Mattel's audits and subsequent code of conduct were designed as preventative, not punitive, measures. The company is dedicated to creating and encouraging responsible business practices throughout the world.

Mattel also claims to be committed to its workforce. As one company consultant noted, "Mattel is committed to improving the skill level of workers ... [so that they] will experience increased opportunities and productivity." This statement reflects Mattel's concern for relationships between and with employees and business partners. The company's code is a signal to potential partners, customers, and other stakeholders that Mattel has made a commitment to fostering and upholding ethical values.

Legal and Ethical Business Practices

quality, protecting the environment, customs, evaluation and monitoring, and compliance.

Mattel's business partners must have high standards for product safety and quality, adhering to practices that meet Mattel's safety and quality standards. As noted earlier in the case, safety standards have been seriously violated in the past. Also, because of the global nature of Mattel's business and its history of leadership in this area, the company insists that business partners strictly adhere to local and international customs laws. Partners must comply with all import and export regulations. To assist in compliance with standards, Mattel insists that all manufacturing facilities provide the following:

- Full access for onsite inspections by Mattel or parties designated by Mattel
- Full access to those records that will enable Mattel to determine compliance with its principles
- An annual statement of compliance with Mattel's Global Manufacturing Principles, signed by an officer of the manufacturer or manufacturing facility

With the creation of the Mattel Independent Monitoring Council (MIMCO), Mattel became the first global consumer products company to apply such a system to facilities and core contractors worldwide. The company seeks to maintain an independent monitoring system that provides checks and balances to help ensure that standards are met.

If certain aspects of Mattel's manufacturing principles are not met, Mattel will try to work with contractors to help them fix their problems. New partners will not be hired unless they meet Mattel's standards. If corrective action is advised but not taken, Mattel will terminate its relationship with the partner in question. Overall, Mattel is committed to both business success and ethical standards, and it recognizes that it is part of a continuous improvement process.

Mattel Children's Foundation

Through the Mattel Children's Foundation, the company promotes philanthropy and community involvement among its employees and makes charitable investments to better the lives of children in need. Funding priorities have included building a new Mattel Children's Hospital at the University of California, Los Angeles (UCLA), sustaining the Mattel Family Learning Program, and promoting giving among Mattel employees.

In November 1998, Mattel donated a multiyear, \$25 million gift to the UCLA Children's Hospital. The gift was meant to support the existing hospital and provide for a new state-of-the-art facility. In honor of Mattel's donation, the hospital was