



MATTEL

# Packaging Approach and Performance

2021



## Why it Matters

Improving the sustainability of our packaging is a key priority for Mattel. This priority is in line with our ESG goals, supports communities where we live, work and play, and helps protect the planet for future generations.

We recognize that the linear economic model, where our society takes, makes, and disposes of materials, can create waste that impacts the environment and our communities. That is why we believe that principles of circularity are critical for the future.

One of our biggest areas of opportunity is packaging. We also know that when packaging and plastic waste are not recovered or recycled correctly, it can create litter and pollution, and have a negative impact on our planet.

There are systemic challenges that limit society's current ability to achieve a circular economy, but many companies, like Mattel and organizations like the Ellen MacArthur Foundation, of which we are a member, are working to advance circularity around the world. As a purpose-driven toy company, we believe that Mattel has a role to play in addressing materials waste, and we hope that our scale, platforms, and expertise will help influence packaging and waste systems.



## Forest Stewardship

Society and global economies depend on forests for a variety of commodities. While deforestation rates have decreased each year since seeing their peak in 2016, forest ecosystems are still threatened, and commodity-driven deforestation is found to be the number one culprit, contributing to 27% of all forest loss<sup>1</sup>. According to the World Resources Institute, most of global forests have been either cleared, degraded or fragmented, leaving only about 15% intact<sup>2</sup>.

Recognizing the critical role that forests play to life on earth, in 2011, Mattel partnered with the Rainforest Alliance initially to help develop and implement Sustainable Sourcing Principles (SSP) for wood fiber-based sourcing, which has provided the foundation of our sourcing approach for the last decade.

## Our Packaging Approach

Across our global organization we are working to implement and advance solutions that minimize waste and keep valuable materials in play.

To achieve this, we are increasingly designing to reduce waste and advance the recovery and reuse of materials throughout our value chain, prioritizing areas where we can have the greatest impact, such as packaging. Our enhanced efforts are concentrated in four principles of circularity.

### Principles of Circularity



## Our Goals

When it comes to our packaging, we look at all aspects of our footprint and consider a wide range of initiatives to reduce the materials we use in packaging, transition to more sustainable materials, and help our consumers properly recycle.



Achieve 100% recycled, recyclable, or bio-based plastic materials in our products and packaging by 2030.



Achieve and maintain 95% recycled or Forest Stewardship Council (FSC)-certified content in the paper and wood fiber used in our products and packaging.

## Tackling Plastic Pollution

While our goals include plastic and paper-based packaging materials, our plastics approach specifically addresses how we are working to prevent plastic waste from ending up in nature.

We aim to continue to reduce the amount of virgin plastics we use in packaging and replace it with recycled content. We know that when plastic is not recycled or recovered properly, it creates plastic pollution, which is harmful to the environment, and we aim to play our part in addressing this issue.



**To improve recovery and reduce the amount of plastic packaging waste in the environment, we are working to:**

- Reduce plastic in single-use packaging, except where needed to preserve functionality, protect the product from tampering, ensure product safety, or maintain durability.
- Prioritize innovation of new packaging materials and the redesign of plastic packaging to be more recyclable.
- Streamline material types and design packaging so that it is easier for consumers to recycle.
- Increase the amount of recycled plastic content used in blister packs and window cartons.
- Work in multi-stakeholder collaborations with other companies and nonprofit organizations that support the development and expansion of recycling programs for plastics.
- Partner with community-based initiatives, such as consumer communication campaigns and cleanup days.



## Meeting Consumer Expectations

We regularly conduct research and develop new packaging materials aimed to fit our consumers needs for product protection, communications, aesthetics, and sustainability. We plan to further explore new innovative materials that are better for people and the environment.

Based on consumer insights, packaging size can often be correlated with price/value and can play an important role in the wow factor, especially when the toy is being offered as a gift. Although a key objective is always to surprise and delight the consumer, we also recognize that as more consumers shop online, there is a decreased need to use plastic windows and blister packs to display the physical product. We also understand that size matters, both in transportation costs and environmental impacts, and larger packaging requires more space and creates a greater environmental footprint.

We rely heavily on consumer insights and shopper research, including preferences related to sustainable packaging, to guide our design choices and continue to re-test and learn as consumer attitudes and preferences shift with the times.



Matchbox Tesla Roadster, its first die-cast vehicle made from 99% recycled materials and certified CarbonNeutral®. The packaging is plastic-free and made of FSC-certified material and the inner tray is made of 70% bio-based materials derived from potato.



## Our Progress

Over the past decade, Mattel has taken actions that have led to meaningful materials reduction in packaging and increased its sourcing of packaging materials that are better for the environment.

In 2011, we embarked on a long-standing partnership with the Rainforest Alliance, an international nonprofit organization that uses social and market forces to protect nature and improve the lives of farmers and forest communities. They engaged with our paperboard suppliers and provided valuable training to help these suppliers achieve and maintain FSC certification. In addition, The Rainforest Alliance annually audits Mattel's paper packaging and wood fiber use by source, volume, and type.

In recent years, we have introduced the Mattel Packaging Toolkit as a resource for our packaging engineering and design teams to use as guiding principles for circular design. The Toolkit includes recommendations to reduce or right-size packaging, implement closed-box designs, and more. We have also engaged global design firm IDEO to lead circular economy and design training

"The Rainforest Alliance has been proudly collaborating with Mattel on their Responsible Wood/Fiber Procurement Program since 2011. Through our partnership, the company has developed and subsequently improved its sustainable sourcing principles and goals, driven forward responsible sourcing practices of sustainably produced forest materials, and has ever since demonstrated steady progress towards the achievement of its set principles and goals."

**Christopher N.H. Schwarz, Manager, Corporate Advisory, Rainforest Alliance**

with our Global Brand, Design and Development, and Global Supply Chain teams, so that relevant functions in our organization better understand circular design principles.

We are specifically targeting blister packs and windowed cartons for reduction by minimizing the size of plastic windows in boxes, where possible, or eliminating them entirely. In 2020, the vast majority of our blister packs and window cartons contained 25% recycled PET

(polyethylene terephthalate) plastic and we are working diligently to increase that to 30% in 2022.

The master cartons in which our packaged products are delivered to our retail partners have also been enhanced with a view to reducing our environmental footprint. We have changed the design of our master cartons from double-wall to single-wall corrugates, which are sourced from more than 90% recycled fiber.



## Our Progress



**Barbie Loves the Ocean**, is the first fashion doll line made from 90% plastic sourced within 50km of waterways in areas lacking formal waste collection systems, not including doll head, shoes, tablet and beach lantern accessory, in 100% plastic free packaging, made from recycled FSC-certified material.



**UNO Nothin' But Paper!**, a 100% recyclable edition of the card game, in which the cellophane wrapping around the deck was replaced with FSC-certified paper.



**Matchbox Action Driver Fuels Station** playset, removed the plastic window, featuring the vehicle, from the packaging.



**Disney Pixar Cars Die-Cast Vehicles**, eliminated inner blister, reducing the amount of plastic used.

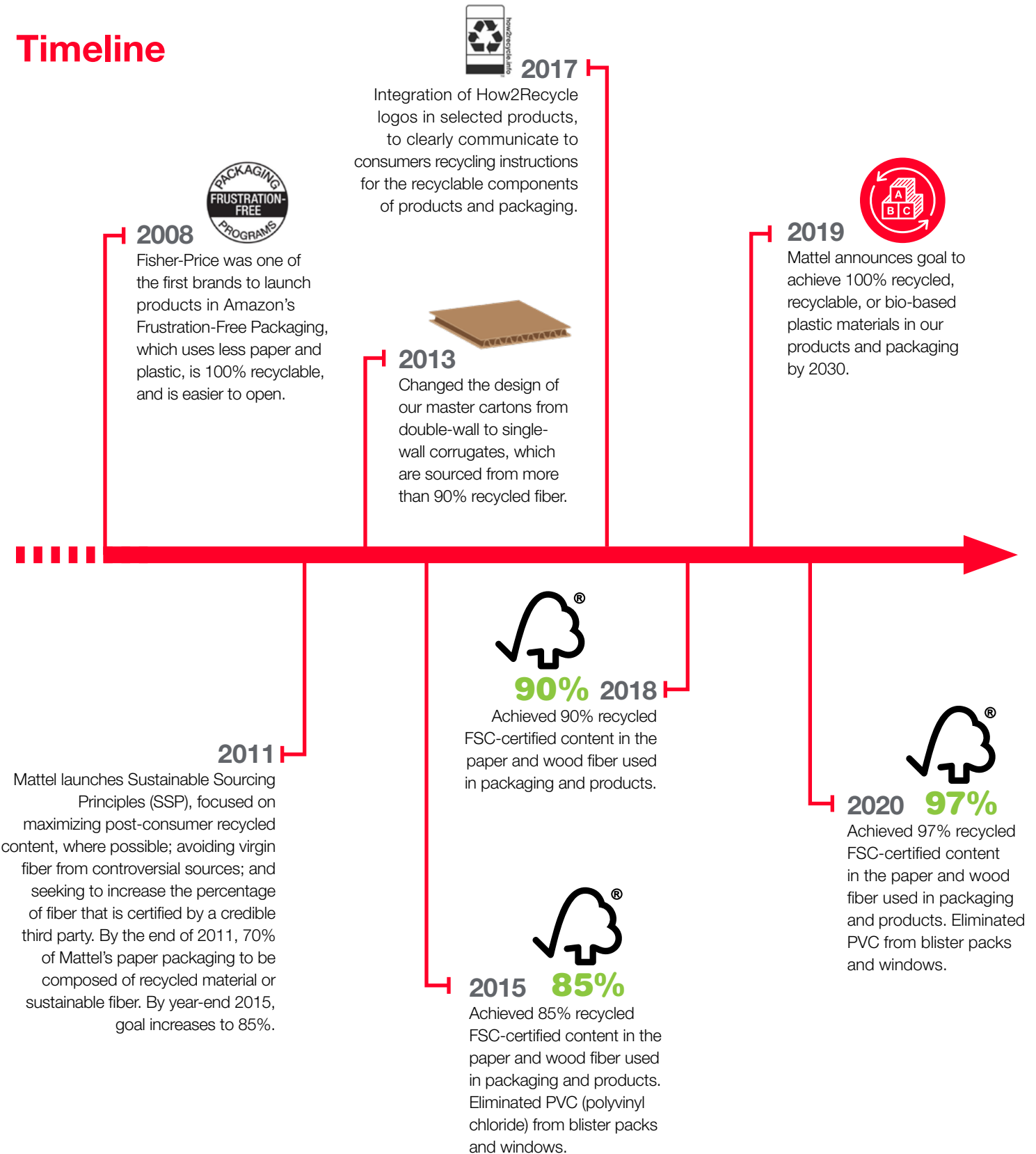


**Expanded the use of the How2Recycle** label, a standardized labeling system in the United States and Canada, on our packaging.



**American Girl Licorice Twist** plush cat, extended the play of the packaging by crafting the box into a cute cat house.

## Timeline





## Our Performance

In 2021 we completed a packaging baseline assessment, with 2019 as the baseline year. Our ambition was to quantify the packaging materials used by type, format, brand, and category, and use those important data points to inform our packaging strategy and reduction approach going forward. We intend to periodically report our progress toward our 2030 packaging goals.

### Mattel Packaging Materials Composition

Packaging Materials (in % of Metric Tons)	2019	
	% of Total Volume of Materials for Packaging	% of Volume That Is Sustainable <sup>1</sup>
<b>Total Packaging Materials by Type</b>	<b>100%</b>	<b>95.4%</b>
Paper	84.5%	47% recycled 48% FSC-certified
Plastic	15.5%	35% recycled <sup>2</sup> 99.5% recyclable 0% bio-based

1. For the purposes of this table, "sustainable" means: (a) for paper: recycled or FSC-certified content (virgin content only; content that bears the FSC controlled wood certification has been excluded due to associated high risk of deforestation); and (b) for plastic: recycled, recyclable, or bio-based content, where "recycled" content includes both pre-and post-consumer recycled content and where "recyclable" is based on a "recycle ready" definition.

2. For the purposes of this calculation, recycled plastic includes plastic packaging materials containing 25% or more recycled materials.

### Sustainable Wood Fibers in Products and Packaging

Sustainable Wood Fiber <sup>1</sup> (GRI 301-1, GRI 301-2)	2018	2019	2020
<b>Total Consumption of Timber-Based Materials - Wood Raw Material Equivalent (in % of WRME)<sup>2</sup></b>	<b>405,425</b>	<b>419,530</b>	<b>439,165</b>
<b>From Sustainable Origin</b>	<b>93%</b>	<b>94%</b>	<b>97%</b>
FSC-certified Original Content	45%	48%	45%
100% Recycled Content	48%	45%	52%
<b>Other Certified Origin</b>	<b>2%</b>	<b>0%</b>	<b>1.7%</b>
PEFC (Programme for the Endorsement of Forest Certification) Certified	1%	0%	0.03%
FSC Controlled Wood Certified	1%	0%	1.7%
<b>Not Sustainable or No Certification</b>	<b>5%</b>	<b>5%</b>	<b>0.8%</b>

1. For the purposes of this table, "sustainable" means recycled or FSC-certified content (virgin content only; content that bears the FSC controlled wood certification has been reported under other certified origin due to associated high risk of deforestation). Due to rounding, percentages may not sum.

2. Total consumption of timber-based materials (in WRME) was estimated based on Mattel internal procurement data, which was provided to a third-party sustainability service software provider for aggregation and reporting; data for 2018, 2019 and 2020 has been validated by the Rainforest Alliance.





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