



HASBRO RESPONSIBLE RECRUITMENT AND CONTRACT LABOR POLICY

- 1.0 PURPOSE:** Hasbro is committed to sourcing products, components, and materials (hereafter referred to as “products”) from third party vendors, subcontractors and licensees that share our values concerning human rights, ethics, and corporate social responsibility.

This document outlines the requirements for the responsible recruitment, fair treatment and accountability of direct, contract and student workers in our global supply chain, (whether the workers reside locally to the manufacturer or travel from within or outside the country of manufacture as migrant workers), involved in the production of Hasbro products, packaging, components, and raw materials.

Hasbro expects that manufacturers hire and employ workers directly whenever possible, recognizing that different forms of recruitment and labor contracting may be necessary at times and can bring new opportunities to those involved. As these workers can be particularly vulnerable to exploitation, forced labor and other human rights abuses, Hasbro is committed to the protection of these workers whether contracted directly or through third parties (including but not limited to recruitment agencies, labor brokers or educational institutions) and has developed these guidelines to clarify requirements and expectations for our manufacturers whether contracted through third-party vendors or licensees.

Hasbro’s prohibition of Forced Labor is stated clearly in the [Hasbro Global Business Ethics Principles](#) and Hasbro is an active Full member of the [Responsible Business Alliance \(RBA\)](#) and [Responsible Labor Initiative \(RLI\)](#) and is committed to upholding the [RBA Code of Conduct](#), including the “Freely Chosen Employment” principle, the violation of which negatively impacts a manufacturer’s approval for production through the Hasbro Ethical Sourcing Factory Rating System.

- 2.0 SCOPE:**

Manufacturers of all Hasbro-branded products, through third-party vendors and licensees, are subject to the requirements of this policy.

- 3.0 DEFINITIONS**

3.1. Direct Worker: Any person placed on-site of a manufacturer for work directly employed and contracted by the manufacturer. This worker may either be recruited directly by the factory or through a labor agent.

3.2 Contract Worker (also known as Dispatch worker): Any person placed on-site for work through a labor agent and without a direct labor contract with the manufacturer. These workers can be local to the manufacturing location or travel to the manufacturer as migrant internal or international workers.

3.3 Student Worker: A worker, above the age of 16 or minimum local legal age, (whichever is higher), who is enrolled in a program at an educational institution and employed by a manufacturer for a paid internship or technical traineeship. Student workers should only engage in work activities that complement the primary degree they seek.

3.4 Migrant Labor

a. International migrant worker: A person who is engaged in a remunerated activity in a country of which he/she is not a citizen, and whose employment could be temporary or provisional.

b. Internal migrant worker: A person who is engaged in a remunerated activity moving within his/her own country to pursue employment and whose employment could be temporary or provisional.

3.5 Labor Agent: Any third parties involved in the recruitment, selection, hiring, transportation, and/or in some cases management, of workers, including but not limited to labor brokers, recruitment agencies, or subagents.

3.6. Due Diligence process: An ongoing risk management process that a reasonable and prudent company needs to follow in order to identify, prevent, mitigate, and account for how it addresses its adverse human rights risks and impacts. See Annex 2 below for specific expectations related to Due Diligence.

3.7 Educational Institution: An educational institution (referred to as “school”) is an institution that offers programs of at least one academic term in length that lead to a certification, degree, or diploma in a career field.

3.8 Wage discrepancy: A scenario in which the manufacturer or labor agent does not pay the initially promised wages to the worker in full and on agreed timely manner that is consistent with the local law.

3.9 Internship: An internship is work performed by a student worker at a facility of his or her choice where the nature of work and type of facility meet the academic requirement of the educational institute.

4.0 Shadow contract: An initial contract, written or verbal, shared with the worker that is later replaced with lesser terms than originally agreed and, therefore, deceives the worker after he/she has already accepted the position and/or traveled to the manufacturing facility.

4.1 Reasonable Notice: Reasonable notice is at least one-month prior notice, or more if required by applicable laws and regulations, for a worker to voluntarily terminate the employment contract with an employer.

4.2 Night Shift: A night shift is any work occurring between 10pm-6am or the established night period defined by the manufacturer or local law, whichever is stricter.

4.3 Student Internship Agreement: A student internship agreement is a tri-party agreement between the student, manufacturer, and school.

4.0 REQUIREMENTS/GUIDELINES

Our requirements for business partners and manufacturers to protect direct, contract and/or student workers' rights and are divided into three sections: **Recruitment, Treatment and Accountability.**

4.1 RECRUITMENT: The recruitment process must be: a) guided by a Responsible Recruitment policy and process; b) paid for fully by the employer and without penalty for leaving the job; c) transparent and correct about contract conditions; and d) incorporate special protection for student workers.

4.1 (a) Responsible Recruitment policy and process: The employer may recruit workers either directly or through legal, accredited and/or licensed public or private labor agencies. Sub-agents may be used only if they are legal entities, sign a contract with the respective labor agent agreeing to adhere to compliance requirements stipulated in the [Hasbro Global Business Ethics Principles](#), restricted to recruitment only (not serving as human resources or foreman in manufacturing facilities), and labor agents are effectively and continuously monitoring their compliance.

If the manufacturer works with labor agents, sub-agents, and/or educational institutions to recruit and/or employ workers, it must have a Responsible Recruitment policy applicable to these workers, which clearly states its commitments (Annex 1); and explain its due diligence process (see Annex 2 for guidance on implementation of an effective due diligence process). The policy and due diligence process will be assessed as part of annual and follow-up Hasbro Ethical Sourcing audits (RBA or Hasbro audit) and be cited as a critical issue if not complete and comprehensive as part of the Hasbro Ethical Sourcing Factory Rating.

Workers who are hired as 'student workers' must be a student of an educational institution and the nature of job offered must have correlation with his/her academic curriculum

4.1 (b) Recruitment conditions, fees and costs: All costs in relation to recruitment are required to be paid by the employer or owner of the manufacturing facility requesting the workers. Such fees may include costs related to pre-job medical check, recruitment agency fee (if involved), airfare, visa and work-permit related fee (if international migrant worker). See Appendix 3 for more examples of unacceptable worker fees.

Student workers shall be free to discontinue an internship whether or not the term is complete, upon reasonable notice, without impact to their ability to find alternative student work opportunities and/or internships to achieve their school degree and without financial penalty such as paying back recruitment fees, educational fee, fines, or any other penalty for early termination of the internship agreement.

Similarly, international and internal migrant workers shall be free to discontinue the job if they so desire, without completing the contract tenure, with agreed notice and without financial penalty or paying back for the cost of recruitment to the employer or the recruitment agent.

Any such fees identified, by the manufacturing facility, ethical sourcing audit or otherwise, to have been paid by the worker must be repaid immediately and no later than 30 days upon discovery.

4.1 (c) Employment contracts: All migrant workers must have received, before leaving their country/region of origin and before deployment, a written employment contract in a language that they understand or, if they are illiterate, they must have received an explanation of the conditions of work and salary or have had the contract read to them directly by the labor agent. The original of the contract must be provided to the worker. The employment contract should be written such that it is legally enforceable in the receiving country while also bearing the language understood by the worker. The employer must retain copies of the original contracts signed by the workers.

Substitution of contracts in any stage of the recruitment is prohibited and wage discrepancies identified will need to be paid back to workers immediately and no later than 30 days upon discovery. No worker contracts or verbal agreements can include a stipulation that financially punishes the worker for terminating a contract before the end date. All migrant workers should have a proper visa and/or work permit, as required by law.

A student internship agreement between the sponsoring school, the student worker and the manufacturer or manufacturing facility must be in place prior to the student worker beginning work at a facility. Manufacturers shall ensure that the student worker receives and understands a copy of the student internship agreement prior to performing work at the manufacturing facility

In addition, no worker should have double contracts from the manufacturer and labor agent or other third-party and can only sign one (1) contract for employment, be managed by one (1) party and receive wage payment from one-party (manufacturer or labor agent). Manufacturers must not use shadow contracts or have any act of deception verbally or in writing to lure workers.

Manufacturers are required to arrange an initial meeting between the worker, manufacturer and labor agent (or other intermediary) prior to employment to ensure that the agent clearly communicated the actual working conditions and there is written acknowledgement of the wages and benefits agreed upon.

4.1 (d) Special Protection for Student Workers: Manufacturers shall not allow the use of student workers younger than 16 years of age, or the minimum age in the respective country, and may not use secondary vocational school students who are in their first year. If local requirements have a higher minimum age for student workers (for example: 18 years of age), the facility shall follow those guidelines. Student workers shall not work more than 8 hours per day or 40 hours per week (in other words: no overtime). In addition, student workers shall not be permitted to work a night shift. Student workers shall not be permitted to work in high risk or hazardous environments.

4.2 TREATMENT: There must be no difference in treating direct, contract or student workers, with specific reference to: a) freedom of movement; b) working conditions; c) freedom of association; and d) access to information.

4.2 (a) Freedom of movement: The following practices related to freedom of movement are prohibited: (i) confiscation, destruction or retention of identification documents (for instance passports, diplomas, national identity card, driver's license, contracts and birth certificates) and valuable possessions; (ii) withholding of deposits, wages or other compulsory saving schemes; (iii) restrict the ability of workers to leave their work place and/or place of accommodation, including travel to visit family or other reasons, during their free time, holidays and other company stipulated days off; and (iv) if dormitories are

provided, the use of dormitories must not be compulsory for workers, and the access should not be restricted at any time.

4.2 (b) Working conditions: Direct workers recruited by labor agents and contract workers must not be treated differently, including but not exclusively in regard to: (i) minimum wage; (ii) remuneration; (iii) hours of work; (iv) overtime and shifts arrangements; (v) leave entitlements; (vi) discipline measures; (vii) notice for leaving and circumstances in which workers can terminate their employment without penalty, given reasonable notice; (viii) social security (including employment injury, maternity, sickness, invalidity, portability of pensions, death, unemployment and family responsibilities according to national laws or regulations which might set specific limitations).

The manufacturer should regularly monitor and develop a system to pro-actively check regular payments of wages and benefits to contract workers to ensure they are accurate and timely. If any discrepancy is identified, the factory is responsible to pay these due wages and benefits back to the workers immediately and no later than 30 days upon discovery.

4.2 (c) Freedom of association. The employer must take a proactive approach to facilitate migrant workers' rights to freedom of association and specifically at least: (i) access to Trade Unions representatives; (ii) access to Collective Bargaining; (iii) possibility to raise complaints or issues to the Workers Committee; and (iv) possibility to access grievance mechanisms.

4.2 (d) Access to information. Access to information regarding the above requirements, as well as health and safety, rules and regulations, etc. must be guaranteed by using a language that can be understood by all workers.

4.3 ACCOUNTABILITY: Manufacturers must conduct due diligence and demonstrate accountability for the actions of any third-party, labor agent or other intermediary, as stipulated in the RBA Code of Conduct Supplier Responsibility Principle which should include: a) Responsible Recruitment Policy; b) Communication and Training; c) Documentation and records; c) Worker feedback and grievance; d) Audits and Assessments; and 3) Corrective Action Process.

4.3 (a) Manufacturer Responsible Recruitment Policy: Manufacturers must notify Hasbro Sustainability team if they work with any labor agents, educational institutions, or other third-parties intermediaries to recruit and/or employ internal or international migrant workers and draft a Responsible Recruitment Policy. This policy and due diligence process will be assessed in annual and follow-up Hasbro Ethical Sourcing audits. Hasbro reserves the right to request and review these policies and due diligence process upon request. Any manufacturer in breach of this timeline will retain a critical issue in the Hasbro Ethical Sourcing factory rating.

4.3 (b) Communication and Training: Manufacturers must clearly communicate and provide training on the above-stated principles to labor agents and/or sub-agents at least on an annual basis to ensure clear understanding and proper implementation.

4.3 (c) Documentation and Records: Manufacturers are required to retain the following documentation for review by Hasbro or representatives of Hasbro at any time: i) copy of the signed contract between the labor recruiter and employer; ii) copy of the labor agency license(s)/certification(s) to operate in the country where workers are recruited and where they are placed with the employer; iii) copy of each sub-contractor's or sub-agent's license or registration to operate in each jurisdiction from which they recruit

workers; and iv) copies of the contracts signed between the labor recruiter and its sub-contractors or sub-agents.

4.3 (d) Worker Participation and Grievance: Contract and Student workers must be immediately incorporated into an active worker participation and grievance systems which should include: i) incoming and exit interviews; ii) monthly worker satisfaction surveys through a tool such as RBA Worker Voice app; iii) on-going anonymous worker grievance program; and iv) post-employment follow-up assessment.

4.3 (e) Audits & Assessments: The Manufacturer should conduct due diligence on all labor agents, sub-agents or other permitted intermediaries, subcontractors involved in producing Hasbro components or packaging. If Hasbro approves any exceptions to the policy, the facility will be subject to a specialized annual assessment focused on compliance with this policy at the factory's expense.

4.3 (f) Corrective Action Process: Manufacturers must immediately respond to any non-compliance whether identified through worker participation, manufacturer internal due diligence, Hasbro Ethical Sourcing audits, other customer audits or otherwise. Once a violation is identified, remediation should occur immediately, and no later than 30 days after discovery, prioritizing re-payment of any worker fees or wage discrepancies.

5.0 REFERENCES

- [Hasbro Global Business Ethics Principles](#): Hasbro's ethical sourcing expectations and requirements for vendors.
- [International Labour Organizations \(ILO\) Declaration on Fundamental Principles and Rights at Work](#): Adopted in 1998, the ILO Declaration on Fundamental Principles and Rights at Work is an expression of commitment by governments, employers', and workers' organizations to uphold basic human values. The Declaration covers four fundamental principles and rights at work: freedom of association and the right to collective bargaining, elimination of all forms of forced or compulsory labor, effective abolition of child labor, and the elimination of discrimination in respect of employment and occupation.
- [Organisation for Economic Co-operation and Development \(OECD\) Guidelines for Multinational Enterprises](#): The Guidelines provide voluntary principles and standards for responsible business conduct in the area of human rights.
- [Universal Declaration of Human Rights \(UDHR\)](#): A declaration adopted by the United Nations General Assembly on December 10, 1948. The Declaration arose directly from the experience of the Second World War and represents the first global expression of rights to which all human beings are inherently entitled.
- [United Nations Guiding Principles on Business and Human Rights \(UNGPs\)](#): A global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity. On June 16, 2011, the United Nations Human Rights Council unanimously endorsed the Guiding Principles for Business and Human Rights, making the framework the first corporate human rights responsibility initiative to be endorsed by the United Nations.

- **ILO General Principles and Operational Guidelines for Fair Recruitment and Definition of Related Fees and Related Costs:** This document brings together the ILO general principles and operational guidelines for fair recruitment (“principles and guidelines”) and the definition of recruitment fees and related costs intended to inform the current and future work of the ILO and other organizations, national legislatures and the social partners on promoting and ensuring fair recruitment.
- **The Dhaka Principles for Migration with Dignity:** A set of human rights-based principles to enhance respect for the rights of migrant workers from the moment of recruitment, during employment and through to further employment or safe return to home countries. They are based on the UN Guiding Principles on Business and Human Rights and international labor and human rights standards and developed by the Institute for Human Rights and Business in consultation with a range of stakeholders.
- **International Organization for Migration (IOM) IRIS Standard:** The IRIS Standard is a key document in the IRIS compliance system used to promote ethical recruitment of migrant workers verify labor recruiters’ compliance with the **ethical recruitment principles created by IOM** and a coalition of partners from government, civil society and the private sector.

Annex 1. Recruitment policy requirements: The recruitment policy states that the employer regulations: a) prohibit forced labor and human trafficking, and all forms of exploitation, deception and coercion in the recruitment, hiring and treatment of migrant workers; b) clearly indicate that no fees are charged to workers for job placement services; (c) prohibit the confiscation or withholding of worker passports or other valuable documents; d) prohibit the collection of deposits, security payments or bonds at the time of recruitment or employment; e) prohibit contract substitution or the amendment of original contract provisions with those that are less favorable to the worker; f) ensure that no unreasonable restrictions are levied to limit workers’ freedom of movement and personal freedom in the recruitment and employment process; g) commit to inform workers, in a language that they understand, regarding their rights and responsibilities on the job as well as those of their employer contractual and other legal obligations, terms and conditions of employment as well as living conditions; h) provide for a fully transparent system of wage payment, including when labor agencies are in charge of it and i) financial or business termination consequences for labor agents or other third-parties when they fail to effectively monitor and implement the policy.

Annex 2. Due diligence process. It is recommended to use IRIS certified labor agency when available. In all cases, the employer, before entering into a contract with a labor agency, must control and keep evidence of the following: (a) the agency can be either a public entity or a private entity; (b) the agency has a policy in place that shows the commitment to work with ethical standards, address grievances and be compliant with the origin and destination country laws; (c) if it is a private entity must be a legally created company, licensed or certified by the Government; and (d) agencies should deliver, prior to departure and upon arrival, to workers orientation and training on: their rights and responsibilities on the job as well as those of their employer, terms and conditions of employment and living conditions.

General Information As a result of the due diligence, the minimum contents of the contract between the employer and the labor agency are: (a) prohibition of forced labor and human trafficking and of all forms of exploitation, deception and coercion in the recruitment, hiring and management of migrant workers; (b) services provided by the labor agency; (c) detailed list of fees and costs covered by the employer and labor agency - recruitment fees are not paid by workers; (d) sanctions for labor agency non-

compliance with contract terms relating to labor and human rights; (e) agency licensing and accreditation information; and (f) licensing, accreditation or registration information for any sub-contractor or sub-agent used by the labor agency

The employer maintains: (a) copy of the signed contract between the labor recruiter and employer; (b) copy of the labor agency license(s)/certification(s) to operate in the country where workers are recruited and where they are placed with the employer; (c) copy of each sub-contractor's or sub-agent's license or registration to operate in each jurisdiction from which they recruit workers; and (d) copies of the contracts signed between the labor recruiter and its sub-contractors and sub-agent Even in case of using an agency, the employer remains ultimately responsible for the recruitment process and must ensure that the recruitment process is at least compliant with the national laws or international standards, whatever is higher.

Annex 3. Definition of recruitment fees (as set by ILO General Principles and Operational Guidelines on Fair Recruitment and the Definition of Recruitment Fees and Related Costs). Recruitment fees are: (a) payments for recruitment services offered by labor agencies, whether public or private, in matching offers of and applications for employment; (b) payments made in the case of recruitment of workers with a view to employing them to perform work for a third party; (c) payments made in the case of direct recruitment by the employer; or (d) payments required to recover recruitment fees from workers. In the recruitment fees are also included related costs: (i) Medical Costs: payments for medical examinations, tests or vaccinations (ii) Insurance Costs: costs to insure the lives, health and safety of workers, including enrollment in migrant welfare funds (iii) Costs for skills and qualification tests: costs to verify workers' language proficiency and level of skills and qualifications, as well as for location-specific credentialing, certification or licensing (iv) Costs for training and orientation: expenses for required trainings, including on-site job orientation and predeparture or post-arrival orientation of newly recruited workers (v) Equipment Costs: costs for tools, uniforms, safety gear and other equipment needed to perform assigned work safely and effectively (vi) Travel and Lodging Costs: expenses incurred for travel, lodging and subsistence within or across national borders in the recruitment process, including for training, interviews, consular appointments, relocation, and return or repatriation (vii) Administrative costs: application and service fees that are required for the sole purpose of fulfilling the recruitment process. These could include fees for representation and services aimed at preparing, obtaining or legalizing workers' employment contracts, identity documents, passports, visas, background checks, security and exit clearances, banking services, and work and residence permits.