

Hasbro Global Modern Slavery Statement - Fiscal Year 2020

Hasbro is proud of the steps we have taken to combat modern slavery and human trafficking described in this statement and the supporting documents. We are committed to continually improving our practices to eradicate slavery or human trafficking in our supply chain or our business and that preventative and remedial efforts continue to be relevant, timely and effective. Hasbro, Inc. takes its obligations under the California Transparency in Supply Chain 2010, UK Modern Slavery Act 2015 and the Australian Modern Slavery Act 2019 very seriously and has a robust process to comply with its obligations. This report outlines our policies and actions we have taken during this period to assess and address potential risks associated with modern slavery and forced labor in our supply/value chain as of the end of our 2020 fiscal year on December 27, 2020.

1. Organizational Structure and Supply Chain:

Hasbro, Inc. (NASDAQ: HAS) is a global play and entertainment company committed to *Creating the World's Best Play and Entertainment Experiences*. From toys, games and consumer products to television, movies, digital gaming, live action, music, and virtual reality experiences, Hasbro connects to global audiences by bringing to life great innovations, stories and brands across established and inventive platforms. Hasbro's iconic brands include NERF, MAGIC: THE GATHERING, MY LITTLE PONY, TRANSFORMERS, PLAY-DOH, MONOPOLY, BABY ALIVE, POWER RANGERS, PEPPA PIG and PJ MASKS, as well as premier partner brands. Through its entertainment studio, eOne, Hasbro is building its brands globally through great storytelling and content for all screens. Hasbro is committed to making the world a better place for ALL children, fans and families through corporate social responsibility and philanthropy. Hasbro ranked among the 2020 100 Best Corporate Citizens by 3BL Media, has been named one of the World's Most Ethical Companies® by Ethisphere Institute for the past ten years, and one of America's Most JUST Companies by Forbes and JUST Capital for the past four years.

Founded in 1923, Hasbro employs more than 6,800 employees, operates in 35 countries and contributes to sales in 120-plus countries. Our commitment to CSR reflects our desire to build a safer, more sustainable and inclusive company and world for all. We believe that through our deep commitment to Corporate Social Responsibility, we are bringing meaning and purpose to play.

Our global supply chain includes approximately 85 finished good third-party manufacturing facilities in 13 countries including the People's Republic of China, India, Vietnam, Mexico and the United States. We also rely on subcontractors, molders and raw material suppliers to produce inputs for our products. For more information on our supply chain, please view our [Third-Party Factory List 2019](#), publicly available and updated annually since 2011.

As part of that deep commitment, Hasbro continuously monitors and addresses labor and human rights issues, both with its direct workforce and within its supply chain. We internally review our supply chain to evaluate modern slavery risks, conduct ongoing in-depth supplier assessments for new and existing factories and implement thorough due diligence measures to address new global risks, such as institutional forced labor supported by governments or other actors. These cover all aspects of the supply chain including health and safety, forced labor, child labor and other legal requirements and industry expectations.

2. Our Policies on Slavery and Human Trafficking:

We are keenly aware of the risks of modern slavery and forced labor in the global supply chain and have well-defined policies and due diligence processes to identify and remediate any instances of non-compliance, as well as a dedicated global Ethical Sourcing team. In keeping with our commitment to act with integrity, many of our existing policies help to ensure that there is no slavery or human trafficking in any part of our business or our supply chains and set clear expectations for our suppliers.

Our relevant policies include:

- [Hasbro Human Rights Policy](#)
- [Hasbro Global Business Ethics Principles](#)
- [Responsible Business Alliance \(RBA\) Code of Conduct](#)
- [Responsible Labor Initiative \(RLI\) Commitment on Forced Labor](#)
- [Hasbro Guide to Ethical Sourcing for Licensees](#)
- [Hasbro Conflict Minerals Policy](#)

Hasbro's commitment to addressing the risks of forced labor in our supply chain is grounded in our [Human Rights Policy](#). The Policy details our commitment to upholding our values and respecting human rights in our operations and business relationships, including the supply chain. We require our third-party vendors and licensees to provide fair and safe working conditions for all workers and treat their employees with dignity and respect.

[Hasbro's Global Business Ethics Principles \(HGBEP\)](#) and the [Responsible Business Alliance \(RBA\) Code of Conduct](#), guide our human rights and ethical sourcing practices within our global supply chain. The HGBEP standard has been approved by Hasbro senior management and the Board of Directors, is updated regularly (most recent update is April 2019) and is communicated to the company's suppliers prior to starting any sourcing relationship as well as continually through our audit and remediation process. Hasbro Global Business Ethics Principles are mandatory for all facilities involved in the manufacturing of our products and stipulates very clearly:

“Forced Labor - The use of forced, bonded, prison, indentured or compulsory labor in the production or manufacture of Hasbro products is prohibited. This includes modern forms of slavery, human trafficking, compulsory overtime or withholding personal papers, work permits, personal identification, or compensation. It is prohibited for factories to allow or require workers to pay employer or labor agent recruitment or other fees to obtain their employment. Workers shall not be subject to unreasonable restrictions of movement.”

The Hasbro Global Business Ethics Principles incorporates the Responsible Business Alliance (RBA) Code of Conduct by reference; and in the event of a conflict, the stricter standard applies. The RBA Code provides that, “[f]orced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery or trafficking of persons is not permitted.” In addition to the leading RBA Forced Labor standards, the RBA Code specifies that factories adhere to “Supplier Responsibility”, which includes “a process to communicate Code requirements to suppliers and to monitor supplier compliance to the Code.”

As part of the RBA, Hasbro also is committed to the [Responsible Labor Initiative \(RLI\) Commitment on Forced Labor](#) re-iterating the requirement of ensuring voluntary work, treatment of workers must be free from discrimination and harsh or inhumane treatment, no worker fee policy and reimbursement to workers who have already paid fees, no holding of workers' passports, etc.

The [Hasbro Ethical Sourcing Guide for Licensees](#) stipulates the requirements for licensee partners to effectively manage their supply chain compliance, including to prevent Forced Labor, submit third-party audits for Hasbro Ethical Sourcing approval and responsibly remediate any identified issues. Factories located in low-risk countries are required to submit a self-assessment questionnaire in order to identify foreign and/or contract labor, which would lead to further due diligence. In addition, licensees are required to complete a Forced Labor Due Diligence report ensuring that they are addressing all potential forced labor risk. The Hasbro Ethical Sourcing Guide for Licensees is referenced in all licensee agreements.

The [Hasbro Conflict Minerals Policy](#) includes our requirement that all third-party vendors who produce Hasbro products which contain conflict minerals (tin, tantalum, tungsten and gold) complete an annual survey and only use Responsible Mineral Initiative (RMI) or London Bullion Market Association (LBMA) certified smelters.

3. Risk Assessment and Due Diligence:

The risk of slavery and human trafficking within our own organization is substantially mitigated as a result of our strict policies and procedures which integrate human rights and ethical sourcing into factory selection and ongoing business operations. We consider that the greatest risk of slavery and human trafficking is in our supply chain as we do not manufacture in owned facilities. However, we also evaluate human rights risk outside of the supply chain, including key areas such as Logistics, Digital Gaming and Entertainment and Film

As part of our initiative to identify and mitigate risk, we undertake due diligence and reviews which include:

- **Identify evolving region-specific risks:** Annual supply chain risk assessments and review of sourcing country human rights and labor trends, including the use of labor agents to contract workers help us identify regional risks and vulnerable groups. Due to allegations regarding the use of government-backed forced labor globally, we evaluate potential risk in our supply chain by confirming the origin and/or ethnicity of workers with audit firms who had most recently visited our factories, incorporated this specific issue into our regular and oversight audit process, reviewed our subcontractor locations, including component and material suppliers, to ensure no connection with reported allegations of forced labor. In addition, we required all (100%) licensee partners to conduct and report on specified due diligence measures with respect to the same issue.
- **Factory selection:** All (100%) proposed factories and subcontractors are required to complete an initial Hasbro Ethical Sourcing self-assessment (RBA Self-Assessment Questionnaire), which includes questions regarding the use of labor agents, undergo an RBA Validated Assessment Program (VAP) audit and receive an acceptable audit score and rating, immediately remediate any identified Hasbro-defined Zero Tolerance and Critical issues as well as pass a legal background check, prior to receiving Hasbro orders for production. The formalized performance

assessment uses a color ratings system – green (factory is excellent), yellow (factory is fair: some remediation required) and red (factory is poor: significant remediation required), (see page 22 of the [2019-2020 Corporate Social Responsibility Update](#) and chart below for more information).

Hasbro Ethical Sourcing Factory Rating System		
Sample Factory	Ethical Sourcing Score/Rating (0 – 100%)	Factory Approval Status
Factory “X”	90%	Preferred for business (audited every 12 months)
Factory “Y”	80% - 1 Critical Issue*	Conditional Approval (re-audited in 6-9 months)
Factory “Z”	65% - 2 Critical Issues	No orders allowed without immediate remediation (re-audited in 1-3 months)

* A Critical Issue is one which represents a significant negative impact to individual worker rights and/or life safety, as set forth in the [Hasbro Ethical Sourcing Guide for Licensees](#).

- **Zero Tolerance and Critical issues:** Forced Labor, including all of its manifestations, is clearly defined in Hasbro’s Zero Tolerance and Critical issues, which require immediate remediation prior to initial Hasbro production. For example, Hasbro rejected a packaging subcontractor located in Malaysia for fees assigned to workers, holding of passports and other related violations, and this subcontractor was not allowed to work with nor produce for Hasbro.
- **Licensee factory due diligence:** Licensees are subject to the same standards with regards to their respective supply chains; focusing on high and medium risk countries. In addition, factories in low-risk countries are required to submit a self-assessment questionnaire to help us determine whether the facility is at-risk for forced labor and a Hasbro Ethical sourcing audit will be required to further investigate and determine compliance as well as approval for Hasbro production. 100% of our 2,000 plus licensees are also required to attend webinars, conduct due diligence and report any risk of sourcing product (whole or in-part) utilizing forced labor.
- **Industry collaboration:** We work with industry organizations, stakeholder groups, and other brands to evaluate and address human rights and labor risks including modern slavery, human trafficking and forced labor. For example, these processes helped us to identify contract labor as a group particularly vulnerable to forced labor practices. Our RBA and RLI membership allowed us to take advantage of tools to identify and address risk as well as share best practices with other members.

4. Audits, Ongoing Verification and Evaluation:

Our Global Business Ethics Principles applies to all vendor and licensee partners that make products or Licensed Articles. Before beginning a relationship with Hasbro, vendors must agree to our HGBEP

requirements, as a condition of their legal contract with Hasbro Inc. and sign the HGBEP and the Hasbro Forced Labor Policy.

To ensure that our factories uphold our HGBEP requirements, Hasbro requires unannounced audits with third-party auditors, as well as a subsequent follow-up and verification visits. We assess all finished goods and subcontractor factories as well as conduct additional annual risk-based oversight audits at least 10% of high-risk factories annually. Hasbro also retains the unilateral right to terminate its relationship with a vendor, supplier or licensee facility in violation of the Global Business Ethics Principles.

In addition, we incorporated molding facilities as in-scope last year and will broaden our assessment further to include other subcontractors, such as component manufacturers and material suppliers, over the next three years.

Our approach to managing supply chain risk is to establish and maintain long-term partners that share our values. We believe that ongoing engagement best positions us to understand issues on the ground, build strong relationships with factories, enhance transparency and collaborate to proactively address issues. We evaluate the effectiveness of our work through:

- **Compliance monitoring:** We conduct unannounced RBA VAP factory audits on 100% of our factories at least on an annual basis, as well as Hasbro oversight audits on at least 10% of all factories tracking all related audit findings and resolutions and engaging with factories to complete comprehensive corrective action plans to address all findings. Supplier actions have included termination of fees, such as health checks and PPE, paying back workers for fees collected and translating worker contracts into the worker's native language.
- **Factory engagement on comprehensive corrective action plans** on all identified issues including forced labor, starting with root cause analysis, required of all (100%) of our supply chain.
- **Supplier Responsibility:** Hasbro requires that all suppliers communicate the RBA Code of Conduct to their suppliers/subcontractors and monitor supplier compliance.
- **24/7 Free-of-Charge Worker Hotline:** Hasbro set-up a hotline for workers globally and translated into the language of the workers in each sourcing country, such as Mandarin and Spanish, to lodge grievances related to the HGBEP and required factories to post the hotline information in areas easily visible to the workers, such as canteens, dormitories and bathrooms. This hotline can be used 24/7 and is free of charge for all workers. As noted in our HGBEP, retaliation against workers of any kind is strictly prohibited.
- **Target setting:** We set goals for factory ethical sourcing comprehensive performance based on the 90 RBA audit indicators and severity of findings. Factory performance is reviewed with suppliers regularly as part of the overall business evaluation process and tied both to follow-up audits and business consequences/incentives.
- **Assessment of feedback:** We listen to feedback from our stakeholders and supply chain partners and continually evaluate and improve our approach to addressing supply chain issues.

Our diligence has demonstrated a positive impact on workers throughout the supply chain including having ensured the repayment of more than US \$60,000 in fees to 800 workers in recent years. Given that Hasbro's direct supply chain is mainly in China, India and Vietnam, (countries which generally have lower incidences of foreign migrant labor), and through our rigorous annual and follow-up audits which

confirm only 1 factory with foreign migrant labor, we view the amount of fees identified as reasonable, as we continue to assess and engage our evolving supply chain.

5. Training and Awareness:

We ensure that factories are made aware and properly trained on the HGBEP by regularly engaging and educating our vendors, auditors and internal teams on supply chain issues, including those related to modern slavery, human trafficking and forced labor. We do this by:

- **Internal training for our senior leaders** in sourcing, quality, and procurement departments, including regular Ethical Sourcing Council meetings in Asia in order to increase understanding of the HGBEP and RBA Code, red flag early detection of forced labor, as well as program updates.
- **Regular in-person vendor training** and engagement sessions for finished goods and high-volume subcontractors in China, India and Vietnam.
- **E-learning requirement** that 100% of finished good factories and high-volume subcontractors are required to complete the Hasbro Ethical Sourcing Academy, a 30-hour comprehensive on-line course on ethical sourcing which includes a test after each course to measure and ensure comprehension with 100% correct answers.
- **Annual expectations letter** to direct suppliers, including updates on strengthened Forced Labor Code language and the prohibition to use North Korean labor.

In addition, we actively engage with industry organizations (RBA, RLI), regional meetings (U.S. government panel on CAATSA, Mekong Club), expert consultants (e.g. Verité and Elevate), and other brands to stay abreast of the latest developments, issues and regulations and collaborate where possible. The Senior Director of Global Ethical Sourcing participates on the RBA VAP Advisory Council.

6. COVID-19 Pandemic Actions

Throughout this pandemic, we have sought to live our values and our purpose in real time, working tirelessly to support our people, adapt and reimagine our businesses and supply chains, and engage our communities and governments to help make a difference for all. With regard to our supply chain, we supported major suppliers in safe re-openings, provided training to factories on Covid Safety, ensured that factories followed local laws of paying Covid-lockdown and sick-leave wages properly, and produced a Covid-safety best practices webinar for other suppliers locally and globally to benefit. We also converted several of our partner manufacturers to PPE operations—producing 50,000 face shields/week for donation to frontline healthcare workers in the U.S. and Europe. For more information, please see pages 15 – 17 in the [2019-2020 Corporate Social Responsibility Update](#) report.

7. Governance and Internal Accountability

Responsibility for the implementation of this policy rests with our CSR team led by the Chief Purpose Officer and the Senior Director of Global Ethical Sourcing and Human Rights. Oversight for these policies reside with the Nominating, Governance and Social Responsibility Committee of the Hasbro, Inc. Board of Directors, as well as with Hasbro's executive Corporate Social Responsibility Committee. In addition, the Corporate Social Responsibility practice regularly reviews and updates the policy in close collaboration with the functional teams; and the Nominating, Governance & Social Responsibility Committee of the Board has approved this statement on May 20, 2021.

Eradicating human trafficking requires strong action and collaboration from governments, business, international organizations, and civil society. Hasbro is committed to regularly reviewing and continuously improving our approach to human rights, including human trafficking and modern slavery, and strengthening our approach as needed, to align with emerging laws and regulations.

Brian Goldner

Chairman and Chief Executive Officer (CEO)
Hasbro, Inc.