



Spin Master Code of Conduct for Suppliers and Manufacturers

Introduction/Notice/Remediation

Standards/Compliance and Disclosure/Verification

- I. **Introduction:** Spin Master is committed to conducting its business affairs in a manner consistent with the highest standards of ethics and regard for human rights and expects its suppliers and manufacturers to conduct their business in a manner consistent with, and follow workplace standards that adhere to, this Code of Conduct (the “Code”). The Code is subject to amendment to reflect any subsequently developed standards either by Spin Master or a governmental, human rights or non-governmental organization whose code Spin Master chooses to adopt.
- II. **Notice:** This Code shall apply to all suppliers and manufacturers of Spin Master. This shall include each contractor, subcontractor, supplier, or manufacturer that is engaged in a manufacturing process that results in a finished product for the consumer. “Manufacturing process” shall include assembly and packaging. As a condition of being permitted to produce products for Spin Master, each supplier and manufacturer must comply with this Code and ensure that its contractors comply with this Code. All suppliers and manufacturers are required to adhere to this Code within six months of notification of the Code and as required in the Master Purchasing Agreement or other applicable supplier or manufacturer agreements.
- III. **ESCP or Approved Equivalent:** The Supplier is expected to have ESCP (Ethical Supply Chain Program) certification, or an approved equivalent, and is expected to provide immediate proof of same including certificate number, date obtained and date of expiration. In exceptional circumstances where the Supplier has not yet received ESCP certification, Spin Master insists that proof of ESCP certification is provided within three months of signed master purchasing annual agreement. Accordingly, respective Suppliers are required to provide a detailed plan of action to Spin Master identifying all ESCP deficiencies along with a corrective action plan demonstrating their commitment to achieve ESCP certification.
- IV. **Remediation:** If Spin Master determines that any supplier or manufacturer has failed to remedy a violation of this Code, Spin Master will consult with the supplier or manufacturer to examine the issues and determine the appropriate measures to be taken. The remedy will, at a minimum, include requiring the supplier or manufacturer to take all steps necessary to correct such violations including, without limitation, paying all applicable back wages found due to workers who manufactured the product, and reinstating any worker whose employment has been terminated in violation of this Code of Conduct. If consultation and agreed upon measures fail to adequately resolve the violations within a specified time period, Spin Master and the supplier or manufacturer will implement a corrective action plan on terms acceptable to Spin Master. Spin Master reserves the right to terminate its relationship with any supplier or manufacturer which continues to conduct its business in violation of the corrective action plan, in accordance with the terms set forth in the supplier or manufacturer agreement.
- V. **Standards:** Company suppliers and manufacturers must operate workplaces that adhere to the following minimum standards and practices:



A. Legal Compliance: Company suppliers and manufacturers must comply, at a minimum, with all applicable legal requirements of the country in which products are manufactured. Where this Code and the applicable laws of the country of manufacture conflict or differ, the higher standard shall prevail. Such compliance shall include compliance with all applicable environmental laws.

B. Ethical Principles: suppliers and manufacturers shall commit to conduct their business according to a set of ethical standards that include, but are not limited to, honesty, integrity, trustworthiness, and respect for the unique intrinsic value of each human being.

C. Employment Standards: Spin Master will do business only with suppliers and manufacturers whose workers are present to work voluntarily, are not at undue risk of physical harm, are fairly compensated, and are not exploited in any way. In addition, the following specific guidelines must be followed:

1. Wages and Benefits: suppliers and manufacturers must provide wages and benefits that comply with all applicable laws and regulations and which match or exceed the local prevailing wages and benefits in the relevant industry or which constitute a “living wage,” whichever provides greater wages and benefits.

2. Working Hours: Except in extraordinary circumstances, employees shall (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime per week, or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture; and (ii) be entitled to at least one day off in every 7-day period.

3. Overtime Compensation: In addition to their compensation for regular hours of work, employees shall be compensated for overtime hours at such a premium rate as is legally required in that country, but not less than at a rate equal to their regular hourly compensation rate.

4. Child Labor: No person shall be employed at an age younger than 15 (or 14 where, consistent with International Labor Organization practices for developing countries, the law of the country of manufacture allows such exception). Where the age for completing compulsory education is higher than the standard for the minimum age of employment stated above, the higher age for completing compulsory education shall apply to this section. suppliers and manufacturers agree to work with governmental, human rights, and non-governmental organizations, as determined by Spin Master and supplier or manufacturer, to minimize the negative impact on any child released from employment as a result of the enforcement of this Code.

5. Forced Bonded or Compulsory Labor including forms of Modern Slavery and Human Trafficking: There shall not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor, excessive and involuntary overtime, sexual exploitation, or withholding personal identity papers.

6. Health and Safety: suppliers and manufacturers must provide workers with a safe and healthy work environment and must, at a minimum, comply with local and national health and safety laws. If residential facilities are provided to workers, they must be safe and healthy facilities.



7. Nondiscrimination: suppliers and manufacturers shall employ individuals solely on the basis of their ability to perform the job. Suppliers and manufacturers may not discriminate against employees in subsequent personnel decisions. The pregnancy of an employee shall not be used as a basis for disciplinary treatment or termination of employment. Suppliers and manufacturers shall use their best efforts to reinstate workers who have taken maternity leave to the same or similar position at the same rate of pay and benefits. No employee or prospective employee shall be subjected to involuntary use of contraceptives or pregnancy testing.

8. Harassment or Abuse: Every employee shall be treated with dignity and respect. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse. Suppliers and manufacturers will not use or tolerate any form of corporal punishment.

9. Freedom of Association: Suppliers and manufacturers shall recognize and respect the right of employees to freedom of association and collective bargaining with bargaining representatives of their own choice. No employee shall be subject to harassment, intimidation or retaliation as a result of his or her efforts to freely associate or bargain collectively.

VI. Compliance: Prior to the date of an annual renewal of a Master Purchasing Agreement or other applicable agreement with a supplier or manufacturer, the supplier or manufacturer shall be required to provide the following to Spin Master, as set forth in the supplier or manufacturer agreement:

A. The name, owners and/or officers; and addresses, phone numbers, and email addresses of all the suppliers and manufacturers' manufacturing plants that are involved in the manufacturing process of product for Spin Master;

B. Written assurances that it and its contractors adhere to this Code (except that in the initial phase-in period, supplier or manufacturer must provide such written assurances within six months of receipt of this Code); and

C. A summary of the steps taken, and/or difficulties encountered, during the preceding year in implementing and enforcing this Code at each site.

VII. Disclosure:

A. The name, owners, and/or officers, addresses, and steps performed in the manufacturing process, of all the suppliers and manufacturers' manufacturing plants that are involved in the manufacturing process of product for Spin Master shall be made public information.

B. The supplier or manufacturer shall be required to report immediately to Spin Master any changes in its business operations that materially affect the application of this Code, such as the selection of a new factory. This information will also be made publicly available.



VIII. Verification: It shall be the responsibility of each Company supplier or manufacturer to ensure its compliance with this Code, and to verify that its contractors are in compliance with this Code. Clearly defined methods of internal monitoring, training and independent external monitoring have not yet been determined by Spin Master and supplier or manufacturer. Spin Master and its suppliers and manufacturers shall undertake efforts to determine and clearly define the obligations associated with the development of adequate training and monitoring methods, including establishment of a reasonable time frame within which compliance measures, including internal monitoring and independent external monitoring will begin. Such methods once reduced to writing shall perform an integral part of this Code.