



2010 Corporate Social Responsibility Report



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CSR AT HASBRO

Playing right: For us, acting responsibly makes good business sense. It ignites our creativity, connects us to our customers and drives our growth and success.



Our Approach

As a world class, branded play company our primary purpose is simple: to bring play to life for children and families around the world through our beloved brands. Our responsibilities, though, extend much further than the design studio or factory gate.

Hasbro's deep commitment to corporate social responsibility (CSR) reflects our desire to play a part in building a safe and sustainable world for future generations. We embrace the responsibilities and opportunities that come with entertaining millions of children and families and employing thousands of people. The shared value and appreciation of CSR among our teams and our customers drives our efforts in the field.

Our innovative approach to product design and brand creation begins and ends with safety. Hasbro's product safety measures have been widely recognized within our industry [and beyond](#) as best practice.

On important environmental issues like shrinking our carbon footprint, using fewer materials in our packaging, and reducing waste, we push ourselves not only to improve our own performance, but also to raise the bar for others, including our suppliers.

In supporting our employees and partnering with suppliers to deliver quality products to our customers, we hold ourselves to high standards of ethics and integrity. Collaboration and inclusivity are central to how we work. We believe the best solutions are those that draw on diverse ideas and perspectives.

We aim to enrich the lives and communities we touch. Hasbro has a long philanthropic history of helping children learn, grow and thrive. Every year, we support charitable programs through grants, donations and service. These help children and their families receive much-needed healthcare, education and other vital services.



CSR STRATEGY

Priorities

We focus our corporate social responsibility (CSR) initiatives on three key areas: product safety, manufacturing ethics, and environmental sustainability. These are core commitments that we think about and renew every day in the choices we make.

Our CSR priorities were reaffirmed in 2010, and ratified by our Board of Directors, following an industry benchmarking and internal inventory assessment.



PRODUCT SAFETY

Product safety is the cornerstone of Hasbro's business. We recognize that children are both our most valuable and our most vulnerable consumers. We take this responsibility very seriously, and safety underpins every step in our products' evolution - from concept to design and through manufacturing. Hasbro is a recognized leader in product safety, viewed not only as an industry expert but also as a constructive and collaborative company by global regulators and lawmakers.



MANUFACTURING ETHICS/HUMAN RIGHTS

We have a deep-rooted commitment to treating our employees humanely and with dignity and respect. We promote the same virtues for factory personnel at our third party and licensee manufacturing vendors. The Hasbro Code of Conduct, Hasbro Global Business Ethics Principles and International Council of Toy Industries (ICTI) Code of Business Practices guide our ethical processes in both our owned and non-owned manufacturing facilities.



ENVIRONMENTAL SUSTAINABILITY

We recognize the impact our business has on the environment, and we understand that, as a global company, we have a part to play in protecting our planet's natural resources. We are committed to shrinking the global environmental footprint of every aspect of our business, from operations to product development. For example we aim to reduce greenhouse gas (GHG) emissions (Scope 1 and 2) in Hasbro-owned facilities by 10% from 2008 levels by 2012.

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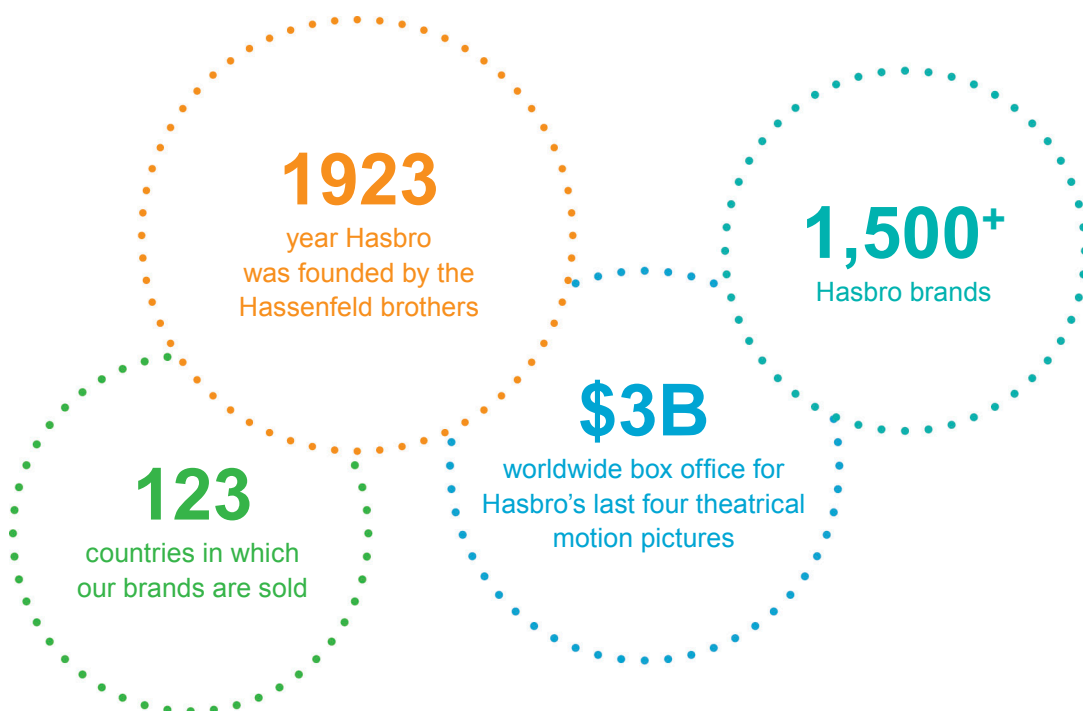
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“Hasbro is an innovative toy supplier who has always demonstrated a deep commitment to product quality and safety, as well as an awareness of the growing importance of sustainability in our world. While sustainability opportunities will certainly continue to evolve for our suppliers, Hasbro is well poised to meet those challenges.”

Laura Phillips, Senior Vice President of Toys and Seasonal Merchandising, Walmart



CEO Letter



In every society and culture, people demonstrate a fundamental need to play. While we play for fun and at times, play to win, how we play is equally as important. That's why at Hasbro, when it comes to conducting our business, we play by the rules and continuously strive to do the right thing.

Fulfilling our commitment to protect the environment, make safe products, and produce ethical content is our corporate responsibility, and it starts with me and includes our approximately 6,000 Hasbro employees around the world. All of us are dedicated to entertaining children and families within a framework of being a highly principled, trustworthy and transparent company.

At Hasbro, we care about corporate social responsibility for three primary reasons:

- Our consumers are children and their caregivers, which brings great responsibility to those of us entrusted with creating memorable experiences.
- CSR reflects and carries forward the deep-rooted, long-standing values of Hasbro, and the shared values of our employees and consumers.
- Acting responsibly makes good business sense because it enables Hasbro and our broad portfolio of new and iconic brands to serve as a trusted mark.

These are transformative and exciting times for Hasbro. We have become a branded play company by extending our reach well beyond our traditional toys and games as we create a wide-range of immersive entertainment experiences across multiple platforms, including television, motion pictures, video games and global licensing.

Our ability to inspire and cultivate play is of great importance, particularly in these difficult economic times. To succeed, we must be as determined in our creation and promotion of play as we are in living our values and sharing the social value we create.

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I believe it will be the companies who recognize, systematically address and sustain strong CSR principles, and view such practices as a strategic imperative, that will enjoy the greatest success today and well into the future.

This is why we are:

- Working to reduce our greenhouse gas (GHG) emissions by 10 percent from 2008 levels by 2012
- Setting a goal to eliminate PVC from our packaging, beginning in 2013, for all new core toys and games
- Increasing transparency in our supply chain by sharing a list of our core third party vendors and factories.

I take great pride in personally leading the Company’s CSR Committee, and I will continue to ensure that all of us at Hasbro maintain our high ethical standards, meet social compliance expectations, and fulfill our environmental commitments through business decisions that are good for our children, our employees, our shareholders, our reputation, and the environment.

I look forward to your feedback on this report.

Brian Goldner
President and Chief Executive Officer

Company Profile

Hasbro (NASDAQ: [HAS](#)) is a branded play company providing children and families around the world with a wide-range of immersive entertainment offerings based on the Company's world class brand portfolio. Headquartered in Pawtucket, Rhode Island, in the United States, the company was founded in 1923 by brothers Henry and Helal Hassenfeld who began by selling textile remnants and then manufacturing pencil boxes and school supplies.

Today, as a consumer-focused global company, Hasbro applies its strategic brand blueprint across its portfolio. From toys and games, to television programming, motion pictures, video games and a comprehensive licensing program, Hasbro strives to delight its customers through leveraging well-known and beloved brands. We have over 1,500 brands, including TRANSFORMERS, LITTLEST PET SHOP, NERF, PLAYSKOOL, MY LITTLE PONY, G.I. JOE, MAGIC: THE GATHERING and MONOPOLY. More than 500,000 retail stores carry our products, and we produce roughly 2,000 new products per year.

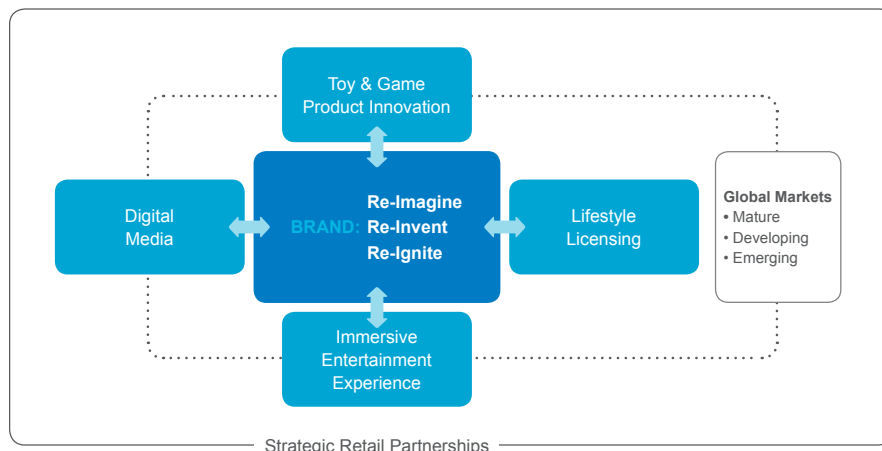
“Fulfilling our commitment to protect the environment, make safe products, and produce ethical content is our corporate responsibility, and it starts with me and includes our approximately 6,000 Hasbro employees around the world. All of us are dedicated to entertaining children and families within a framework of being a highly principled, trustworthy and transparent company.”

Brian Goldner, Chief Executive Officer, Hasbro, Inc.

HASBRO'S BLUEPRINT FOR GROWTH

Since 2001 we have focused on re-imagining, re-inventing, and re-igniting our world-class portfolio of brands in four primary areas – toys and gaming innovation, digital gaming, entertainment, and lifestyle licensing. We aim to deliver immersive brand experiences that children and families around the world can enjoy anytime and anywhere, in a variety of forms and formats. Our strategic initiatives involve out-licensing a wide range of Hasbro's deep and coveted brand portfolio for use in connection with digital gaming, consumer promotions, and for the sale of non-competing toys and games and non-toy products, including apparel, school supplies and publishing.

Hasbro's Strategic Brand Blueprint



In the entertainment market, we activate our brands through television and motion pictures, such as the TRANSFORMERS franchise. In our television programming, we are dedicated to producing high-quality children's and family entertainment and educational programming.

Hasbro Studios, our wholly-owned production studio, generates television programming primarily based on our brands and distributed in the United States via THE HUB (Hasbro's joint venture with Discovery Communications, Inc.). This programming is also distributed to international television networks.

Most of Hasbro's toy products are manufactured by third-party vendors and under license. We own two facilities located in Massachusetts, U.S. and Waterford, Ireland, which manufacture most of our game products. We employ approximately 6,000 people worldwide, with approximately 3,100 located in the United States.

In 2010 our net revenues were over \$4 billion and our net earnings were approximately \$400 million.

For more information, please read our [2010 Annual Report](#).

Economic Impacts

For detailed information on financial statements and the economic impacts of our company, please see our [10-K report](#).

Stakeholder Engagement

Hasbro's strong culture of compliance, honesty and transparency is the foundation for our corporate social responsibility (CSR) efforts and stakeholder engagement strategy.

Stakeholder views are important to us and influence our business decisions. We engage regularly with a wide range of internal and external stakeholders, listening to their suggestions, and using their feedback to improve our business. Collaboration helps us to frame our CSR agenda effectively and appropriately and advance our work in the field.

HASBRO'S KEY STAKEHOLDERS

STAKEHOLDER	COMMUNICATION CHANNEL	EXAMPLES
Investors and Analysts	Our Investor Relations department regularly informs and updates our investors and analysts on Hasbro's financial and operational performance. We have an open line of communication between investors, analysts, the Investor Relations department and our senior management team.	We engage with our investors and analysts through means including press releases, SEC filings, conference calls, meetings, and our Investor Relations website.
Regulators and Policymakers	Our Government Affairs group interacts with regulators and policymakers around the globe, through company outreach or industry association activities, including public policy forums.	Governance and Ethics , Our Products , Content
Nongovernmental Organizations (NGOs)	We collaborate with NGOs on issues of mutual importance including product safety, manufacturing ethics, and the environment.	Media Smart , World Resources Institute
Retailers	We value the input of our retailers and hold regular meetings with key customers. Our Sales and Marketing teams and senior executives serve as points of contact.	Product Safety , Manufacturing Ethics
Employees	CSR is important to Hasbro employees, particularly new recruits who look to the company for CSR leadership and innovation. Our Human Resources department interacts with employees through employee orientation, Green Teams, and other internal communication channels.	Employees , Environmental Sustainability
Supply Chain	We communicate regularly with our third party and licensed manufacturing vendors around the world and their workers.	Manufacturing Ethics
Consumers	We measure consumer satisfaction based on comments submitted by consumers via email, phone, online chat, social media and written correspondence. Our Consumer Affairs, Marketing teams, and regional offices maintain this dialogue.	Consumers

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CSR AT HASBRO

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GOVERNANCE AND ETHICS

Playing by the rules: We take an ethical approach to our business, seeking always to do the right thing by our investors, stakeholders, employees and customers.



Our Approach

For many decades, an ethical outlook and commitment to good governance has supported Hasbro's growth and evolution into the trusted and successful global branded play company it is today. Taking a principled approach is good for business, igniting our creativity and connecting us to our customers and employees.

Fostering an ethical culture is a core company value that requires daily effort. We work to embed this culture in our offices and facilities around the world through a comprehensive code of conduct and a rigorous ethics and compliance program. We also strive to comply with the highest legal and ethical standards.

Our Chief Executive Officer (CEO) and Board of Directors set the tone from the top for good [corporate governance practices](#) and upholding our [ethical culture](#) in support of creating long-term shareholder value.

While we are proud of this history, we are now seeking to more actively engage the outside world in our corporate responsibility efforts. In 2010, we took a close look at how we could better report on and engage with external stakeholders on corporate social responsibility (CSR) and sustainability issues. One outcome was the establishment of a formal CSR practice directed by the CEO and headed by the Vice President of Corporate Responsibility and Government Affairs. Another was the decision to publish this comprehensive online report.

Read more about our stakeholder engagement efforts [here](#).



Corporate Governance

Oversight of Hasbro's day-to-day operations lies with the executive team, headed by the Chief Executive Officer (CEO). Our Board of Directors, elected annually by shareholders, appoints and oversees Hasbro's executive management and the conduct of our business. The Board is the ultimate decision-making body, except for matters reserved directly to our shareholders. Our CEO is a member, his dual role fostering strong communication between the Board and executive team.

We believe Hasbro was the first public company in the toy industry to elevate oversight of corporate social responsibility (CSR) to Board committee level. The Nominating, Governance, and Social Responsibility Committee deals with issues ranging from environmental sustainability and manufacturing ethics to diversity, philanthropy, and our obligations to our neighbors in communities around the world. Read more about the governance of CSR [here](#).

Four other committees also assist the Board in its oversight of the business: Audit, Compensation, Executive, and Finance. Charters for all five committees can be read [here](#).

The Board is guided by Hasbro's Corporate Governance Principles. These give guidance in the following areas: Selection and Compensation of the Board; Board Leadership; Operation of the Board; Requirements of Board Service; Committee Matters; and Board Compensation. Read the principles in full [here](#).

Our Board members, as well as all Hasbro employees and officers, are subject to the Hasbro Code of Conduct. This dates back to 1991 and is the cornerstone of our ethics policy, regulating many areas of our business and setting out ethical conduct and legal compliance requirements. Read more [here](#).

In line with our [Standards for Director Independence](#), 11 of our 13 Board members are independent. A list of Board members and their principal occupations is available [here](#).

You can find more corporate governance information on our [Investor Relations pages](#). Stakeholders, including employees, are encouraged to provide feedback to the Board by writing to c/o Presiding Director, Hasbro, Inc., P.O. Box 495, Pawtucket, Rhode Island 02860.

EXECUTIVE COMPENSATION

Two overarching principles form the basis for our executive compensation and retention program.

First, pay for performance is critical. We believe a large majority of an executive's overall compensation should be at risk and based upon company performance. The executive team's primary responsibility is to drive financial and business performance and create value for shareholders and other stakeholders. If Hasbro fails to achieve business and financial goals, the value of our total executive compensation package is significantly reduced. We implement this principle by using variable compensation elements, such as cash management incentive plan awards and equity awards. For example, under the 2010 cash management incentive plan, target payouts were lower than they otherwise would have been due to company's achievement of only 92 percent of its target corporate performance.

Second, we primarily reward overall performance by Hasbro, or its major business units, and to a lesser extent reward individual executive performance. Our leadership believes this approach fosters teamwork and maximizes Hasbro's overall performance. We put this principle into practice by heavily weighting the two most significant variable components of our executive compensation program - management incentive plan awards and equity awards - to achieving our corporate goals and good performance.

Hasbro's Compensation Committee oversees this process. It structures compensation in ways that appropriately reward excellent past performance and maximize future performance without encouraging excessive risk taking or other executive behavior not in Hasbro's best interests.

Read more in our [2010 proxy statement](#).

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GOVERNANCE AND ETHICS

CSR Governance

In 2010, Hasbro established a formal corporate social responsibility (CSR) practice led by the Vice President of Corporate Responsibility and Government Affairs. This team leads and integrates strategic CSR initiatives across our global company and supports operational units responsible for achieving related goals.

In addition, three high level groups organize and oversee our CSR efforts:

GOVERNANCE,
NOMINATING AND
SOCIAL
RESPONSIBILITY
COMMITTEE OF BOARD
OF DIRECTORS

In 2002, Hasbro's leadership demonstrated its commitment to corporate responsibility by elevating CSR issues to the Board committee-level. We believe we were the first public company in the toy industry to do so. The Committee is briefed by senior management on CSR initiatives and progress as necessary throughout the year, and the Board is briefed annually.

CSR COMMITTEE

Our Chief Executive Officer (CEO) chairs an executive committee that sets strategic direction for CSR policies and initiatives, and ensures their integration throughout the entire corporation. Our Chief Development Officer, a CSR Committee member, oversees climate change issues related to Hasbro owned and third party factories.

CSR WORKING GROUP

The CSR Working Group, led by the Vice President of Corporate Responsibility and Government Affairs, is responsible for the timely and effective implementation of CSR strategies and decisions. A sub-group to the CSR Committee, its members represent key corporate functions as well as the functional leaders for the three core CSR priority areas.

Ethics

An ethical approach to doing business is embedded into our culture, values and day-to-day work environment. Our formal ethics program began in 1991, when we introduced a comprehensive Code of Conduct with mandatory training for employees.

In 1994, our Chief Legal Officer (CLO) also assumed the position of Chief Ethics Officer. Responsible for the management of all ethics issues, the CLO regularly briefs the company leadership on internal compliance and trends related to our global business.

We provide extensive training to management and employees on legal and ethical matters relevant to the day-to-day work environment across our global offices. These include, for example, fair treatment in the workplace, ethical business practices, competition laws, and potential conflict of interest. We train management and employees on the Foreign Corrupt Practices Act, antitrust laws, anti-bribery laws and IP protection, tailoring our approach to account for cultural differences in our facilities around the world.

Our chief executive officer (CEO) is a highly engaged and visible advocate of compliance, providing regular updates to our global workforce. In 2010, he highlighted the importance of an ethical culture in a video emailed to all employees, and linked to their ethics training. He also writes a regular “Compliance Corner” column in the company newsletter.

“In support of our commitment to fostering an ethical culture, we check the ethics hotline and mailboxes daily, and we respond to all ethics inquiries from employees.”

Barbara Finigan, Chief Legal Officer

HELPLINE

Understanding that ethics issues can be sensitive, Hasbro operates a global ethics helpline and two confidential mailboxes (administered by the head of the Audit Committee and Chief Legal Officer). Employees can use these to report ethics concerns anonymously and without fear of retaliation. The CLO’s office checks the ethics hotline and mailboxes daily and responds to all ethics inquiries.

Managers are required to report any ethical issues that arise, and investigations and disciplinary action follow if necessary. Noncompliance with our Code of Conduct may result in disciplinary measures, with termination of employment the ultimate sanction.

CODE OF CONDUCT

Hasbro first adopted a Code of Conduct in 1991 and our ethics and compliance program was updated in 2006.

The Code, available [here](#), applies to all employees worldwide as well as our Board of Directors. Its purpose is to:

- Ensure we do business ethically and legally
- Provide employees with appropriate understanding of our policies and the ability to raise concerns
- Enable ethical issues to be reported and acted upon without retaliation.

All employees and officers receive training on the Code of Conduct when they first join Hasbro and take periodic refresher courses. As of December 31, 2010, 100 percent of eligible employees had completed the classroom training, which was based on real life situations experienced under our Code.

PUBLIC POLICY

The toy industry is subject to regulation at national and local levels worldwide. Changes in the laws governing our industry can have an impact on our business.

Hasbro welcomes and takes active part in public policy debates surrounding our industry, particularly those centered on product safety, environmental restrictions for operations and manufacturing, and marketing to children. We realize the importance and shared benefit of dedicating time and effort in engaging with governments. In 2008, after a series of toy recalls triggered a global regulatory review of the industry, we established a formal Government Affairs practice. Although Hasbro products were unaffected, we recognized the need to advocate and educate on issues important to our company and stakeholder groups.

Hasbro executives also serve on the boards of the major toy associations around the world, recognizing the importance of an industry voice working with stakeholders on public policy issues. In the United States, our Chief Executive Officer (CEO) is a member of the Business Roundtable, a Washington D.C.-based association of CEOs who believe business should play an active and effective role in the formation of public policy.

In 2010, Hasbro engaged in the debate surrounding recent and upcoming changes in global toy safety laws and regulations. Learn more about these changes in the [Product Safety](#) section of this report.

Hasbro does not have an in-house lobbyist. We use outside firms to advocate on our behalf and we collaborate on industry association efforts globally. The regulatory issues most critical to our business are product quality and safety, environmental restrictions, chemicals use and chemical disclosure, and marketing to children.

We do not have a political action committee (PAC), nor do we make corporate political donations. Our executives are free to make personal political donations and to donate to the Toy Industry Association Political Action Committee (PAC).

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Safe Play

OUR PRODUCTS

We play safe: All our products are designed for safety, manufactured with the safety of workers in mind, and rigorously tested to ensure safe play for children every day.



Our Approach

Our innovative, high quality products are at the heart of Hasbro's success. We have a responsibility to provide safety as well as enjoyment to the millions of children and families around the world who use our products. This responsibility is growing as we expand our business beyond traditional toys and games, and across multiple platforms, including television, motion pictures, video games and licensing.

Our three CSR priorities - **product safety**, **manufacturing ethics**, and **environmental sustainability** - directly relate to our products and how they are made.

Product Safety: We recognize the trust that parents and caregivers place in us when children experience our brands, and we honor that confidence by creating quality, safe products. Quality and safety are fully integrated into Hasbro products from design through sale, via our five-step quality assurance process. We have a strong record on product safety, on which we continually look to build.

Manufacturing Ethics: We work diligently to ensure that our owned and operated factories, third party factories, and licensee factories pursue fair and safe labor conditions. We have rigorous programs in place to comply with all human rights laws and regulations in countries where we operate, and we expect the same of our suppliers.

Environmental Sustainability: We are aware of the impacts our **products and packaging** have on the environment throughout their life cycle, from design and development to use and disposal. We work hard, and creatively, to minimize impacts wherever possible.



Product Safety



Overview

We have a deep and long-standing commitment to product safety. Our products meet or exceed applicable U.S. and international safety regulations. We set rigorous standards that apply to our products and robust processes that apply to our own factories and to our third party factories globally. To ensure compliance, we require tests and quality control checks at many stages of the manufacturing process, including by independent third party laboratories.

At Hasbro, safety and quality are closely aligned. We incorporate safety into product design, reinforced by a strict testing protocol. “Total Quality”, our quality assurance and safety mantra, is built into our products, from design to engineering through manufacturing and incorporating feedback from consumers and retailers. Our sterling quality assurance process results in [strong safety outcomes](#).

“GE Appliances & Lighting met with Hasbro at the suggestion of our U.S. regulator when we set out to benchmark best practices in product safety. Hasbro’s openness in sharing its programs and experiences helped to inform GE’s perspective on evolving product safety issues.”

Michael A. Del Negro, Senior Counsel, Product Safety & Regulatory Compliance
GE, Appliances & Lighting

Quality Assurance Testing

Every Hasbro brand product must meet not only applicable national and international standards, but also our internal stringent safety and quality control standards, which often exceed legal requirements.

Hasbro's Quality Assurance (QA) program is built on 160 proprietary Safety and Reliability Standards (SRS) and a master test plan covering all aspects of toy and game product testing requirements.

To maintain the integrity and consistency of our safety systems, a global technical committee of senior quality assurance managers reviews and develops new and existing product safety standards. The committee also oversees the audit process used to evaluate our day to day systems, including those in our product development and testing laboratory in Shenzhen, China.

To embed a product safety culture in our workforce, we also hold regular QA training and auditing education programs for employees working in appropriate areas.

Depending on the product complexity Hasbro also conducts frequent pre-market consumer testing with our own employees or with local daycare centers.

Safety First and Last: Hasbro's Safety and Reliability Standards (SRS)

These core requirements allow our many designers, engineers and quality assurance personnel working around the world to understand Hasbro's safety and quality system. Hasbro's standards are based on a combination of U.S., European, and international safety standards, developed by the Consumer Product Safety Commission (CPSC) and American Society for Testing and Materials (ASTM) (in the U.S.), the European Committee for Standardization (CEN) in Europe and the International Standards Organization (ISO) in the rest of the world. Our SRS are designed not only to provide blanket safety and quality assurance, but also to meet manufacturing variations while the product is in production and meet global requirements.

The SRS are central to Hasbro's Quality Assurance policies and procedures. These are organized and modeled on ISO 9001 requirements, but tailored to meet our specific needs as a manufacturer of toys and games.



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HASBRO'S "TOTAL QUALITY" PROCESS

Our five-step quality assurance process integrates our SRS and is based on comprehensive and stringent reviews at every stage of development, during production and after sale. The end result is quality and safety embedded into each and every Hasbro product.



“Quality and safety are a Hasbro hallmark. “Total Quality”, our quality assurance and safety mantra, is built into our products, from design to engineering through manufacturing and incorporating feedback from consumers and retailers.”

Arthur Kazianis, Senior Vice President, Global Quality Assurance

Product Concept Review

Our QA process starts when toy and game concepts are still on the drawing board. Once concepts are approved for development, our specialist engineers issue a “Test Plan” with safety and reliability specifications. This specifies design and manufacturing criteria the product must meet, including labeling and warning requirements for packaging and instructions.

Design and Development

Products are designed and samples created according to the Test Plan. Designers, engineers, and quality personnel relay these product-specific regulations to our manufacturing vendors.

Production

Samples are evaluated throughout production by our Quality Assurance Department to ensure compliance with the product's safety and reliability requirements.

Post-production, both factory and Hasbro QA personnel conduct regular sample audits of finished toys and games throughout each shift. We also employ independent outside labs accredited by the Consumer Product Safety Commission (CPSC) to test our product. No product manufactured by Hasbro is shipped without the final approval of our Quality Assurance Department.

Market Monitoring

Once a product is on store shelves, we routinely conduct field service audits and hands-on inspections at retailers' customer return centers. These audits provide a valuable link to consumer feedback, which our safety experts carefully review. We respond promptly and appropriately to any new information on product quality or safety, including feedback from our consumers.

Continuous Improvement

Complacency is not an option when it comes to product safety, and we continuously look to improve our internal quality assurance and safety processes.

We also help develop regulatory and voluntary standards and educational efforts for our industry. Hasbro senior managers serve on committees organized by the [American Society for Testing and Materials \(ASTM\)](#) and [American National Standards Institute \(ANSI\)](#). We also chair subcommittees on product safety for the European Committee for Standardization (CEN) and the International Organization for Standardization (ISO).

Age Grading Guidelines

Hasbro designs toys and games for children of all ages, but not all Hasbro products are appropriate for all children. To guide parents, caregivers and teachers, we assign age grades to our products using the CPSC guidelines, often supplemented with historical information and market data. We also, from time to time, observe children in our FunLabs where children play with our products in a test environment. Read more [here](#).

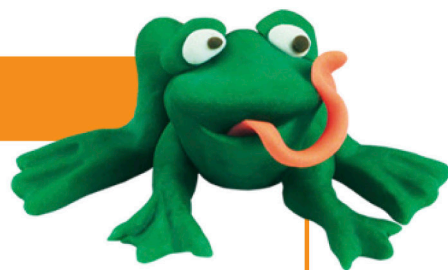


Material Content

Hasbro takes great care in selecting materials to be used in our products in order to ensure that they withstand reasonable use and abuse during play and provide an enjoyable play experience. We use a variety of materials, including polyvinyl chloride (PVC) and these materials are compliant with all applicable global laws and regulations. While we continue to investigate and assess alternate materials, our challenge remains identifying cost effective alternates that not only meet our stringent quality and safety standards, but also provide an equal play experience and value for the consumer.

Read more about our initiatives addressing environmental concerns around material content selection in the [Products and the Environment](#) section of this report.

Play safe, PLAY-DOH



A favorite for generations, PLAY-DOH Modeling Compound has always been non-toxic and non-irritating. It's made primarily from three basic everyday cooking ingredients - water, salt and flour. In fact, PLAY-DOH Modeling Compound's makeup is so reliably safe that the product is not even required by the Occupational Safety and Health Administration's (OSHA) hazard communication standard to have a Material Safety Data Sheet. As toys go, it'd be hard to find one that's more sustainable.

LEAD AND HEAVY METALS

Hasbro has long recognized the need to control heavy metals, including lead, that are harmful to people and the environment. For this reason, Hasbro is proud that for years we set internal standards that remain significantly below all global regulations. In addition, we have always had stringent testing and inspection processes, as follows:

- Comprehensive raw material control from suppliers to third party factories
- Comprehensive lead paint testing - before paint is applied, during production and before our toys leave the factory
- Frequent, unannounced safety and quality control checks by Hasbro employees and independent auditors at factories, throughout the manufacturing process
- Independent, third-party testing of products imported from China.

Additionally, Hasbro utilizes random product testing, unannounced inspections, and spot checks to ensure products meet our stringent standards on lead paint before shipment to retailers. Read a case study example [here](#).

BROMINATED FLAME RETARDANTS

Brominated flame retardants are commonly used in textiles, including for example children's sleepwear, to reduce flammability of the product. Some flame retardant chemicals, brominated ones in particular, are considered toxic. Hasbro does not use brominated flame retardants in its products.

BPA

Some stakeholders have raised concerns regarding use of Bisphenol-A (BPA), a material found in polycarbonate plastic. While BPA is an important ingredient in strengthening plastic products, we acknowledge stakeholder concerns and are taking steps to reduce its use.

PHthalATES

Phthalates are chemicals used to soften plastics. All Hasbro's products comply with applicable phthalates global laws and regulations, including the European Union Phthalates Directive and the U.S. Consumer Product Safety Improvement Act of 2008 (CPSIA).

Recalls

Hasbro has a strong product safety record, and recalls are rare. Children's safety, however, is our top priority, and we take prompt and precautionary action if we determine that corrective action is necessary for one of our products. When a safety concern is raised, senior quality assurance and legal representatives immediately investigate the situation. If consumer safety is at risk, Hasbro has a comprehensive, ready-to-go system in place to advise consumers, retailers, and applicable authorities across the globe, including the CPSC.

RECENT RECALL AND REGULATION CHALLENGES

We are proud that none of our toys or games has been recalled in the past three years. During this time, there have been three voluntary recalls by our licensees, none of which involved serious risk of injury.

Hasbro products were also unaffected by the massive toy industry recalls in 2007 due to lead paint and faulty magnet design. We attribute this to two key factors: our product safety commitment and our close working relations with, and oversight of, our Chinese vendors and their factories. The U.S. Congress recognized Hasbro as a toy safety leader in 2007, inviting us to testify on the topic. We also shared our rigorous supply chain management systems and innovative product design with global regulators, including the CPSC and the European Commission.

The 2007 recall crisis triggered legislative and regulatory action across the globe. The U.S. Congress passed the Consumer Product Safety Improvement Act of 2008 (CPSIA), and the CPSC implemented new regulations on lead in children's products. The European Union revised its Toy Safety Directive, and countries including Canada and Australia updated their national toy safety laws.

This global proliferation of toy safety laws and regulations has had an unfortunate side effect: a lack of harmonization among standards addressing lead, phthalates and chemicals. Our products are compliant with all applicable global regulatory standards. Hasbro advocates, however, for aligned global safety standards, which we believe will benefit the industry, regulators and consumers.

OUR PRODUCTS

Manufacturing Ethics

Overview

We strive to conduct business throughout our supply chain in accordance with the highest ethical standards. As a values-based company with a strong family heritage, we value the safety, wellness and dignity of every worker. We work closely with our third party factories and licensee factories to ensure that all Hasbro products are manufactured in safe and healthy environments that respect workers' rights. We require factories to be monitored to verify compliance in areas such as proper wage payments, health and safety, and the absence of child or forced labor.

Hasbro teams in China, Hong Kong, the U.K., and the U.S. work directly on our global manufacturing ethics program, led by the Senior Vice President of Quality Assurance, a key member of our Corporate Social Responsibility (CSR) Committee.

Ethical Manufacturing: a 20-Year History

Hasbro has a long and proud history of improving working conditions at factories making our products. Over the past 20 years, we have formalized our approach, first with company-wide initiatives, then by helping pioneer industry standards.

FIRE SAFETY MANUAL

In the early 1990's, we developed an industry-first fire safety manual aimed at increasing worker protection at our owned factories in the U.S. and Ireland, and our third party factories primarily in Asia. Our Industrial Fire Protection and Emergency Preparedness Guide became the standard in the toy industry for Far East factories.

HASBRO'S GLOBAL BUSINESS ETHICS PRINCIPLES

In 1993, we again took an industry leadership position, implementing the comprehensive [Hasbro Global Business Ethics Principles \(HGBEP\)](#) before manufacturing ethics principles were a common practice for business. These Principles, still in operation today, require all factories manufacturing Hasbro products to meet applicable laws and standards for workplace issues such as forced labor, child labor, working hours and compensation, health and safety, abuse and discrimination and freedom of association.

Adherence to these principles is mandatory for our owned and operated factories, toy and game third party factories and any factories producing Hasbro licensed products. We [monitor compliance](#) by working with independent monitoring organizations, conducting oversight audits, and reviewing audits submitted by our licensing partners. We also recognize that monitoring is only one step in achieving compliance and we work on improvement programs in factories where non-compliance is identified.

ICTI CARE

[Hasbro's HGBEP and our Code of Conduct](#) form the ethical standards to guide our behavior. However, in applying them, we also recognize the need for an industry-wide approach. Given that Hasbro owns and operates only two factories out of more than 100 factories making our products, it became important to us to develop a common standard for the

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industry, rather than create confusion with separate and inconsistent codes of conduct. In 1995, Hasbro partnered with other companies to develop a single, unified code of business practices through the International Council of Toy Industries (ICTI).

Through this effort we also became a founding member of ICTI's Caring, Aware, Responsible, and Ethical (CARE) process. This shared endeavor works to improve conditions for toy factory workers worldwide through stakeholder engagement, monitoring, education, and training.

ICTI CARE conducts audits on factories seeking its Seal of Approval, focusing primarily on China, Hong Kong and Macau where approximately 80% of the world's toys are manufactured. In countries where ICTI CARE operates (including China where a majority of our products are made) Hasbro requires all our third party factories to achieve the ICTI Seal of Compliance. This verifies that workplace conditions meet ICTI standards, which in turn are consistent with International Labor Organization (ILO) conventions.

From its founding, we have played an active role in ICTI CARE's development into a program with 780 member companies in 31 countries, working with more than 2,400 factories, representing around 1.7 million workers. For example, Hasbro representatives have held leadership positions with ICTI CARE's Foundation Governance Board and Technical Advisory Committee, helping to drive both organizational and factory improvements.

For additional information see the [ICTI CARE website](#).

MOVING FORWARD

While our Hasbro Global Business Ethics Principles and the ICTI CARE Seal of Approval provide a strong framework for ensuring safe and humane working conditions in factories, challenges remain. In particular, ensuring that working hours standards are met is a difficult task, given the seasonality of production in the toys and games industry. Additionally, we face challenges with third party factories being fully transparent with their hours and wage records.

We address these issues in a number of ways.

- For example, we work independently with suppliers to better plan for staffing and production needs during high production periods while maintaining safe and humane working conditions. We maintain communication with factory management through one-on-one meetings and newsletters.
- We also actively promote [ICTI's Continuous Improvement Process \(CIP\)](#) on Wages and Working Hours and direct workers to the ICTI CARE confidential hotline where they can submit grievances. To date, more than 1,000 workers have taken advantage of the hotline.

Click [here](#) to learn more about our auditing and remediation processes.

GLOBAL SOCIAL COMPLIANCE PROGRAMME

In addition to working within the toy industry, we are looking to other industry and social compliance initiatives to identify best practice approaches for tackling tough social compliance issues. For example, in 2008 we joined the [Global Social Compliance Programme \(GSCP\)](#). This partnership of multinational retailers and brands pursues continuous improvement in working and environmental conditions across global supply chains, taking an approach based on consensus and best practice.

FUTURE GOALS IN MANUFACTURING ETHICS

We are in the process of defining the future state of ethical manufacturing for Hasbro. We are analyzing the successes of our program (including areas with room for improvement), evaluating external best practices, and conducting interviews with thought leaders in ethical manufacturing to help guide us in defining a clear strategy for improving workplace conditions. We aim to report on our performance and continued progress in our next full CSR report.

We will work with third party factories not achieving Seal Class A or B to improve their performance, and will follow up on grievances to factory management made to the ICTI CARE hotline.

We will continue to explore initiatives outside the toy industry for best practice approaches.

About Our Supply Chain

An increasingly global company, Hasbro has three tiers of manufacturing facilities around the world:

HASBRO OWNED AND OPERATED FACTORIES

We own and operate two factories - one in East Longmeadow, Massachusetts in the U.S. and another in Waterford, Ireland. These factories mainly produce our board games and puzzles.

Both sites have dedicated human resources teams and health and safety experts whose job is to implement Hasbro's [Code of Conduct](#) and [Global Business Ethics Principles](#). We regularly monitor compliance with these standards.

Both the management teams and workforces at our sites are trained in our ethics principles and safety standards. We also offer secure channels for workers to report instances of non-compliance through our ethics hotline and human resources teams.

THIRD PARTY VENDORS AND FACTORIES

We have close partnerships with our third party vendors and factories and regularly communicate with them about ethical manufacturing issues. In total, 115 third party factories are involved in the manufacture of Hasbro finished products around the world. The majority of our products are made in 46 factories located in China.

To help maintain safe and fair working conditions, we require all factories to adhere to Hasbro's Business Ethics Principles, and, in locations where the [ICTI CARE program](#) operates, to meet requirements of the ICTI CARE program.

LICENSEE FACTORIES

The majority of licensed items bearing a Hasbro brand are not toys. They include apparel, footwear, home goods, health and beauty products, food, publishing and more. Licensee factories are located in 74 countries around the world. We do not select, or place orders with, these factories, nor do we have a direct business relationship with them. Regardless, we require that our licensees in [medium or high risk locations](#) participate in pre-production audits and subsequent annual audits to verify that their operations satisfy our Global Business Ethics Principles.

We utilize our [Licensing Approval System](#) to evaluate compliance and improvement in working conditions at licensee factories. Additionally, we encourage licensees to participate in monitoring and improvement programs for working conditions in their industry.

Approach

AN INTEGRATED STRATEGY

Our strategy in manufacturing ethics is comprehensive and dynamic. We have developed a system that takes the best of industry standards and incorporates our own verification measures to ensure ethical practices throughout our supply chain.

At a minimum, we require all factories be in compliance with local laws. However, in many cases, complying with [Hasbro's Global Business Ethics Principles](#) and the [International Council of Toy Industries \(ICTI\) Code of Business Practices](#) require sites to go beyond legal requirements.

ICTI CARE AUDITS

The ICTI CARE process is composed of an auditing system whereby approved factories gain the ICTI Seal of Compliance. It seeks to provide “fair, thorough, and consistent” monitoring through the use of highly trained and qualified auditors.

Every current third party factory located in an area where the ICTI CARE program operates is required to maintain a Seal of Compliance from the program.

If auditing of a factory reveals significant areas of non-compliance, the factory is required to fix the problem area(s) and is put on probation for one year. During the probationary period, the factory will undergo regular unannounced audits to ensure improvements have been made and sustained.

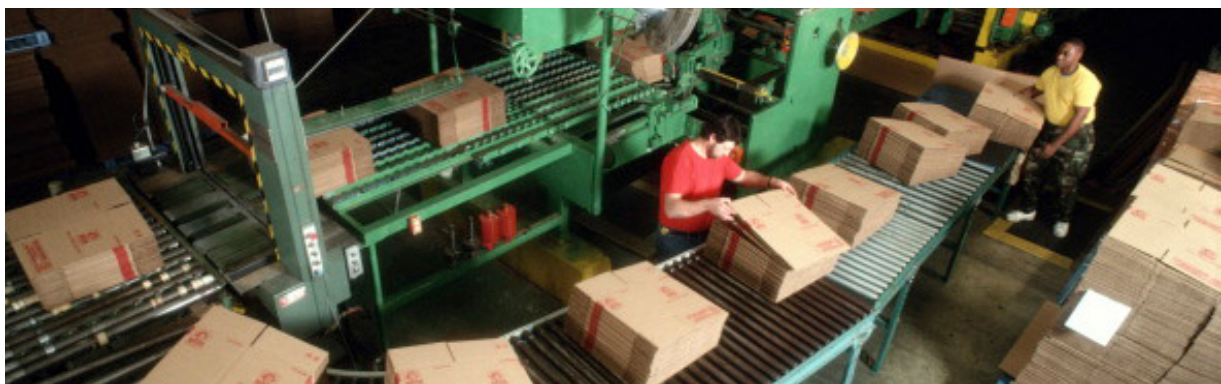
For more information, visit the ICTI CARE [website](#).

ICTI CARE audits assess a factory's standing in the following areas:

- Working hours
- Wages and compensation
- Child labor
- Forced labor and Prison labor
- Disciplinary practices
- Discrimination
- Employee representation
- Facilities
- Fire prevention
- Environmental Health and Safety
- Employee welfare (dormitories, cafeteria services, medical).

We also actively promote ICTI's Continuous Improvement Process (CIP) on Wages and Working Hours, a program aimed at improving factory compliance with wage and working hour requirements. Working hours are a difficult issue to address and this process is an important part of the ICTI CARE seal evaluation program.

Hasbro reports the status of its third party factories in the ICTI tiered seal program. See our performance in this area [here](#).



Collaborating For Decades: A Third-Party Vendor Perspective

"We are a family owned business that has been working with Hasbro for three generations. Starting with small orders, we worked to build our reputation for being reliable and innovative, winning more business from Hasbro U.S. and building a close partnership. Today, our three factories in Guangdong, China, make action figures, PLAY-DOH and other games, and employ 5,150 people.

Working with Hasbro is in some ways challenging because we must meet their stringent quality requirements, which exceed national standards. However, this helps us strive for further excellence.

We collaborate to resolve any problems. For example, Hasbro provides assistance to balance the peak and low seasons by placing advanced production orders. This eases the problems of labor shortages that can overload workers in peak season."

L.T. Lam, Chairman and Founder
Forward Winsome Industries Ltd.

VERIFICATION AND REMEDIATION

Oversight Factory Audits

Our oversight audit processes ensure the robustness of our third party factory compliance programs and serve as an additional check to verify the audit process conducted by ICTI CARE. In 2010, we conducted additional, oversight audits (above and beyond the ICTI CARE audits) on more than 30% of our third party factories.

We require third party factories making Hasbro products be inspected regularly, without prior notice to factory management. Experienced local Hasbro staff conducts unannounced oversight audits as needed.

Audit areas include but are not limited to manufacturing areas, back-office operations areas and dormitories. The process involves:

- **Initial Management Interview**
Hasbro staff meets with factory management to facilitate an understanding of the requirements. We hear from each factory about its approach, challenges, and best practices in manufacturing ethics and safety.
- **Physical Inspection**
We conduct walk-throughs in all areas of the factory grounds, including production facilities and dormitories (if applicable). Walk-throughs allow Hasbro auditors to check for numerous health and safety requirements and assess the overall factory work environment.

- **Record Review**

Factory records are reviewed to assess the level of compliance. For example, auditors may ask to see time cards, payroll records, factory policies, worker orientation materials, personnel files, worker contracts, accident records, fire drill log records, and production/shipment records. Factories are required to keep all records on site and available for review.

- **Confidential Employee Interviews**

Auditors select workers and supervisors for confidential interviews without factory management present. Information gathered is reported in a way that ensures participants' confidentiality. Retaliation against workers for sharing information with auditors is a serious violation of Hasbro's code and cause for termination of the business relationship.

- **Management Review Meetings**

Our representatives hold confidential meetings with factory senior management and/or factory owners to address concerns and to seek commitment to improved performance. Upon audit completion, we meet with factory management to review audit findings, address areas of non-compliance, and set up a Corrective Action Plan (CAP) if necessary.

CORRECTIVE ACTION PLAN (CAP)

When areas of non-compliance are identified in a factory, a Corrective Action Plan (CAP) is required. Commonly found problems include inconsistent records, working hour violations and health and safety violations. The severity of non-compliance determines whether or not the factory is allowed to continue to receive orders from Hasbro and/or ship product.

A CAP typically includes the following procedures:

- Description of the audit noncompliance violation
- Action plans to address the violation and prevent future occurrences
- Person accountable for action plan and anticipated completion dates
- Documentation needed to support the corrective action

A follow-up audit will then be conducted to ensure the CAP has been implemented.

We recognize that factories are not perfect workplaces. Hasbro firmly believes in working with factories to ultimately raise standards and improve conditions for all. If, however, a factory is unwilling or unable to remediate instances of non-compliance and cannot meet our standards, we will terminate production.

Licensee Factories

We partner with licensees to create apparel, footwear, home goods, health and beauty products, food, and publishing that bear a Hasbro brand. We require licensee factories to meet Hasbro's Global Business Ethics Principles, or an equally robust code of conduct, submit pre-production audits for factory in medium and high risk locations, and for select licensee factories to participate in oversight audits.

COUNTRY RISK ASSESSMENT

We use an independent research firm to periodically conduct a formal risk assessment for human rights issues in our supply chain. This surveys corruption perceptions, economic freedom, labor rights and political freedom in countries where our licensee factories operate and ranks countries based on these risks. The assessment results guide our approach to factory monitoring and training in ethical manufacturing.

The most recent risk assessment was conducted in 2010. Areas of our Hasbro Global Business Ethics Principles, including child labor and forced or compulsory labor, were reviewed.

We require factories in countries or regions considered higher risk for non-compliance to conduct more frequent monitoring, including unannounced audits.

LICENSING APPROVAL SYSTEM

Our Licensing Approval System (LAS) is a proprietary, standardized, online tool to evaluate and process approvals for licensed products and factories. It incorporates both Quality Assurance testing and Manufacturing Ethics guidelines into our product approval process. We have used this system since 2003 to process product concepts from licensees and since 2006 to monitor social compliance of licensee factories.

When a licensee signs an agreement with Hasbro, they receive information on our ethical manufacturing policies and procedures. We also hold in person one-on-one trainings, webinars, and phone conferences, as well as group training sessions, as needed. In addition to Hasbro's efforts, we encourage licensees to participate in industry-wide licensing training initiatives and have partnered with organizations such as Business for Social Responsibility (BSR) to provide such support to licensees.

Industry Collaboration

Today's supply chains are global and complex. It is our priority to collaborate with industry partners, peers and organizations to seek ways to improve ethical manufacturing programs around the world.

BSR LICENSING WORKING GROUP

As part of our membership in BSR, we work to unite licensors and licensees in developing tools and resources to help the industry uphold social and environmental standards and address causes of non-compliance. In 2010, we sponsored training programs for licensees on managing social and environmental compliance in the supply chain and for licensors on internal alignment to address causes of non-compliance. Learn more on BSR's [website](#).

SPLICE

Hasbro has been actively involved in the Society of Product Licensors Committed to Excellence (SPLiCE), since 2004. We play a lead role on the society's Social Accountability Committee whose work in 2010 focused on sharing best practices in contractual language for licensee selection and on-boarding.

Learn more about SPLiCE on the group's [website](#).

Content and Responsibility

Overview

Our reputation, and the value of the Hasbro brand, is rooted in a relationship of trust with consumers, built over decades. As we have moved into new business areas, including television programming, motion pictures, and online games, our responsibility to inspire trust and confidence has expanded to include content. Trust and responsibility also extends to marketing and advertising. Over the years, we have paid close attention to marketing sensitively and responsibly, especially to children, and, as we evolve into a branded play company, this remains a priority.

Whether relating to toys and games, television programming, or online and digital media, we comply with all applicable laws and regulations in our practices of advertising and marketing to children.

TELEVISION PROGRAMMING

In 2009, we established Hasbro Studios to produce high quality, socially responsible animated and live action entertainment content. Based on our popular toys and games our television shows seek not only to entertain children and their families but also to honor the values embodied by our brands. For example, THE ADVENTURES OF CHUCK AND FRIENDS focuses on the importance of teamwork, character-building, and problem-solving, in an entertaining format which appeals to preschoolers. FAMILY GAME NIGHT provides an opportunity for families to spend fun, quality time together at home.

Knowing that our programs are watched by families around the world with children of all ages, we also work hard to marry innovation with content appropriate for everyone. Our producers also strictly adhere to the value of fairness when making our game shows.

ONLINE AND DIGITAL MEDIA

Our digital and online content also focuses on entertainment for families and kids of all ages. We work with licensees and the [Entertainment Rating Software Board \(ESRB\)](#) to ensure that the content of Hasbro-branded video games is suitable for an audience ranging from young children to adults. Our digital media quality assurance team also reviews video game content to ensure it meets our standards.

We also apply rigorous standards to our websites. To help ensure their content is child-appropriate, we voluntarily certify our sites as “COPPA-compliant” through [TRUSTe](#), an independent nonprofit. Online content that relates to programming on [The Hub](#) complies with the Children’s Television Act (CTA).

TOYS AND GAMES

The development and content of our toys and games are driven by the longstanding family-friendly values on which our company is built. When we advertise and market individual toys and games to children, we seek to convey an accurate understanding of fun and play related to its use.

We use internal Advertising Guidelines, which are more detailed and often stricter than external guidelines, to ensure we advertise our products both accurately and in compliance with all regulatory and legal requirements.

GOVERNMENT COMPLIANCE (U.S.)

Hasbro complies with advertising regulations set by a range of U.S. entities and laws.

The U.S. Federal Trade Commission (FTC) and the Federal Communications Commission (FCC) oversee advertising and set and enforce legislation.

Self regulatory bodies involved in advertising review are the Better Business Bureau, which spearheads the children's food and beverage advertising initiative, and the Children's Advertising Review Unit (CARU), which sets guidelines specific to advertising for children. The National Advertising Review Council sets policies for CARU. We are a member of CARU and support its work through membership fees.

Privacy and Rights Online

GOALS AND CHALLENGES

We work hard to manage and adapt to the evolving relationship between online games and advertising and closely monitor the specific applicability of advertising guidelines to our online games. The Children's Online Privacy Protection Act (COPPA) and, in some cases, the Children's Television Act govern our online, child-directed advertising in the U.S. The U.S. Federal Trade Commission (FTC) is expected to make revisions to COPPA in late 2011. Any changes in how companies are allowed to collect and use information may require changes in our marketing practices.

In addition, the trend toward global marketing and promotions raises a number of privacy and data security challenges, especially with respect to the transfer of personal information across country borders.

These are important, fast-moving issues, and we are striving for a more unified, company-wide approach to privacy, which we regard as a key emerging area for corporate social responsibility.

CONSUMERS

Our objective is to comply with all legal and regulatory requirements related to data collection and use when gathering information from consumers both on and offline. We will only collect information to the extent deemed reasonably necessary to fulfill consumer's requests and our legitimate business objectives, and we try to provide clear notice to users about how we intend to use the details they provide.

The online Privacy Policies for [Hasbro.com](#) and [Hubworld.com](#) govern our privacy practices with respect to the Hasbro.com, HasbroToyShop.com and Hubworld.com websites.

Our online privacy policy details the type of information Hasbro collects online and how it is gathered, used and shared. The policy has been reviewed and approved by TRUSTe, a private organization authorized by the FTC to verify websites for COPPA compliance.

CHILDREN

When engaging with children online, we focus on brand awareness and entertainment rather than marketing and commercial solicitations, and strictly limit the amount of information we collect.

Most of our online games and interactions do not require personal information, but instead usernames and passwords. Where we do collect personal information from children, we comply with COPPA through an age screen, parental consent or parental submission of information, as appropriate.

When engaging online with children under 13, we not only comply with both COPPA and CARU but have also taken the extra step of having our websites certified for COPPA compliance by TRUSTe. As part of our ongoing best practice certification and compliance requirements, TRUSTe reviews and approves any material change to our websites.

Supporting Media Smart Kids

Since its inception in 2002, Hasbro has supported Media Smart, a U.K.-based non-profit media literacy organization for school children aged 6-11 years old.

Through educational materials, Media Smart's program is teaching children and young people to think critically about advertising and media content. Supported by the UK and EU governments, this is the only program in Europe that brings together the resources of industry and expertise of leading academics.



Consumer Engagement

Hasbro consumers are vitally important to us. Our product safety, manufacturing ethics and environmental sustainability initiatives help us build the trust and confidence of our consumers, and create more enjoyable, entertaining and memorable experiences with Hasbro products.

Consumer Affairs and regional offices around the world serve as the first port of call for consumers, responding to inquiries and providing information on Hasbro products. Consumer Affairs records and tracks information from consumers on potential issues of concern, passing this feedback to appropriate divisions for analysis and handling.

Our safety procedures and protocols, developed jointly by the Consumer Affairs, Quality Assurance and Legal teams, guide resolution for safety concerns raised by consumers. Trained specialists support consumer inquiries regarding product safety. Customer complaints alleging harm or injury are dealt with by our Quality Assurance and Product Safety teams.

CONSUMER FEEDBACK

We measure consumer satisfaction based on comments we receive via email, phone, online chat, social media and written correspondence. Information on top consumer trends and brand issues is shared internally in monthly consumer feedback reports and year-end reports.

Beyond direct communication, we also engage consumers through a wide range of global activities, including:

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ONLINE CONSUMER COMMUNITIES

Hasbro uses global online communities to gain feedback on a variety of issues important to families, moms and children. Insights gained help to inspire and guide the direction of products across our strategic blueprint in toy, gaming, entertainment, licensing and digital expressions. Our online communities include:

- Hasbro Kid and Family Hot Spot: a community of multinational children aged six to 14 and their families.
- Play Panel: a group of child development and preschool education experts from around the world who help inform our product development thinking. Our Playskool team meets with the panel at least twice a year to discuss product, play, and parenting topics.
- Mom-to-Mom Community: an online global research community of mothers.

FUNLABS

For over twenty years, our on-site play testing FunLab location at our corporate headquarters has allowed us to observe, play and interact with thousands of kids every year. In 2011 we added a new on-site FunLab at our Stockley Park U.K. office. Direct interaction with children and caregivers in our FunLabs helps inform our product development and inspire our designers.

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Sustainability at Play

ENVIRONMENTAL SUSTAINABILITY

Forever at play: By shrinking our environmental footprint we will help ensure opportunities for future generations to play.



Our Approach

As a global company, which produces millions of products every year, we have a significant impact on the environment. We are committed to shrinking our corporate environmental footprint, even as we grow our business. This is quite a challenge, one we are tackling by rethinking everything we do, from **product design and packaging** to the way we run our **operations**. As well as focusing on efficiency, we are pursuing innovative ways to reduce our environmental impact.

We have been formally reporting the environmental performance of our U.S. operations since 2002, when we committed to reduce our greenhouse gas (GHG) emissions through the U.S. Environmental Protection Agency's Climate Leaders program (now ceased).

In 2008, we established the first set of environmental goals for our global operations, including owned and leased facilities. In 2010, we met and exceeded our goal to reduce Scope 1 and 2 emissions by 10% from 2008 - two years ahead of schedule. While we are proud of this accomplishment, we are conscious of expected business growth. We will strive to maintain and build upon this success over the next two years.

HASBRO ENVIRONMENTAL GOALS

Our global environmental sustainability goals are supported by site-specific goals at our two owned and operated manufacturing facilities in the U.S. and Ireland.

Operations¹

- Reduce Scope 1 and Scope 2 GHG emissions by 10% by 2012
- Reduce non-recycled non-hazardous waste by 15% by 2012²
- Achieve 90% non-hazardous waste recycling by 2012²
- Reduce water use by 15% by 2012

Products

- Eliminate PVC from packaging beginning in 2013, for all new core toy and game products³
- Derive 90% of our paper and board packaging from recycled material or sources that practice sustainable forest management by 2015

For information regarding the environmental impacts of our supply chain (Scope 3) visit the [Operations and the Environment](#) section.

1. All goals against a 2008 baseline and includes all owned and leased facilities operated by Hasbro.

2. Goal previously referred to as "solid waste."

3. Goal established in 2011.



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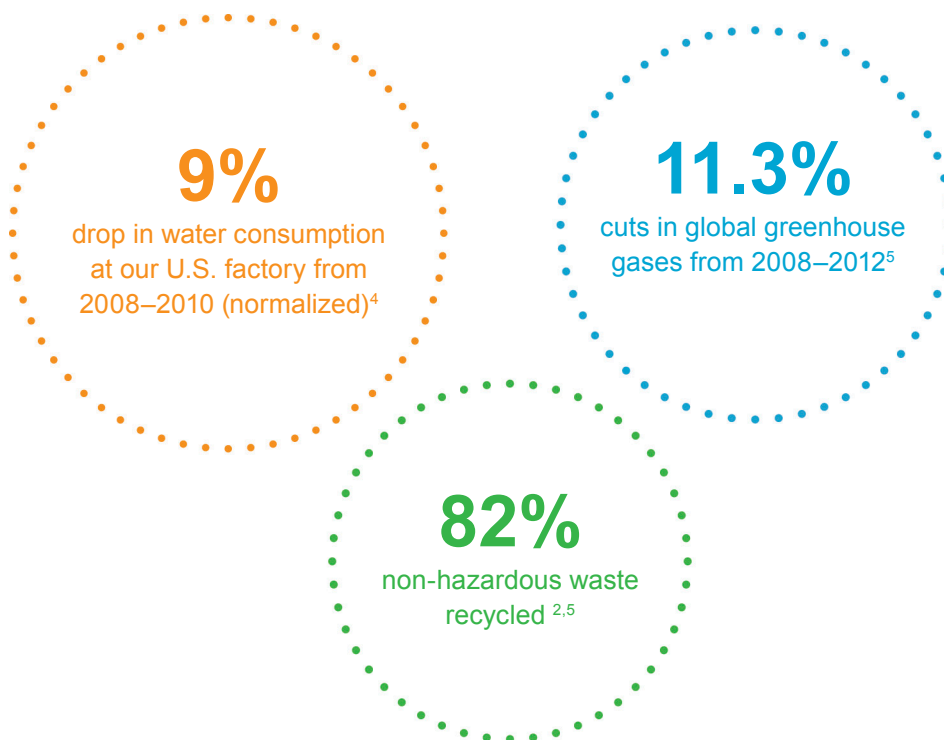
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4. Data was normalized to average headcount.

5. Data represents all Hasbro owned and operated facilities.

Operations and the Environment

Overview

SUSTAINABILITY AT HASBRO OWNED AND LEASED PROPERTIES

Hasbro owns and operates two factories - one in Massachusetts, U.S. and another in Waterford, Ireland - where we make board games and puzzles. Sites referred to in this section include over 50 owned and leased properties we operate unless otherwise stated.

We seek to minimize the environmental impact of our facilities and operations and continuously look for opportunities to improve performance. We take a systematic and comprehensive approach that includes the following:

- Identify and manage environmental risks
- Comply with all applicable laws and regulations
- Audit for performance against regulatory and company requirements
- Improve the efficiency of our use of energy, water and materials
- Minimize water discharges, greenhouse gas and other air emissions, and waste disposal
- Increase recycling and reuse waste to minimize landfill disposal
- Establish environmental performance indicators, goals, and minimum standards that apply to all offices, manufacturing plants, and distribution centers
- Institute environmentally responsible purchasing practices
- Provide employee education and awareness programs.

Hasbro has a robust series of policies and standards that set minimum criteria for all operations, and each site is responsible for putting them into practice. Both our factories have implemented the internationally recognized Environmental Management Systems (EMS) standard ISO 14001, which requires independent certification.

SUSTAINABILITY SUPPORT FOR THIRD PARTY FACTORIES AND LICENSEE FACTORIES

We seek to conduct business with factories that share our commitment to reducing the impact of operations on the environment. Third party factories must comply with all applicable laws relating to the environment, including disposal of toxic materials in a controlled and safe manner. We monitor and address environmental issues and instances of non-compliance in our supply chain through regular audits and onsite assessments. Many of the processes we use to ensure ethical compliance in manufacturing vendors incorporate environmental checks.

In addition, in 2010, we organized webinars for Hasbro licensees and licensors, exploring how to manage social and environmental compliance in the supply chain. This initiative was part of our work with the [Licensing Working Group \(LWG\)](#) in collaboration with the [International Licensing Industry Merchandisers' Association \(LIMA\)](#) and [BSR](#).

Energy

Reducing energy use across our business is an environmental priority. Our energy policy requires owned and operated facilities (offices, distribution centers and factories) to document site-specific energy and natural resource conservation practices and communicate them to employees. Sites conduct a formal annual review of their energy use, which includes identifying energy-saving opportunities.

Climate change mitigation is a pressing global issue, and we aim to reduce our corporate carbon footprint by improving energy efficiency and reducing greenhouse gas (GHG) emissions at our sites. We encourage employees to help us meet our targets by being mindful of operating machinery and managing buildings more efficiently.

In 2010, we met and exceeded our goal to reduce Scope 1 and 2 emissions by 10% from 2008 - two years ahead of schedule. While we are proud of this accomplishment, we are conscious of expected business growth. We will strive to maintain and build upon this success over the next two years.

EFFICIENCY

Energy conservation committees at each Hasbro-owned factory oversee annual energy reduction projects. These include: lighting upgrades including installation of LED lights, installing occupancy sensors, converting boilers to natural gas, installing roof insulation, replacing door and window seals, ensuring equipment is shut off when unused, and using optimal temperature settings for heating and cooling. We have also invested in energy-saving manufacturing equipment, such as all-electric injection molding machines that are 70 percent more energy efficient than hydraulic machines.

Investments in infrastructure improvements have also paid environmental dividends across our owned and operated facilities. These include new air compressors, HVAC and chiller equipment (which reduced associated energy demand by 60 percent), and machinery in factories and lighting occupancy sensors in offices and warehouses.

Every two years, our factories undergo an energy assessment by a certified consultant or a qualified site employee. Assessments are conducted every three years at our R&D or warehouse facilities, and every four years at our offices.

We are also committed to sourcing renewable energy, such as wind and solar power, when and where it is cost effective. Currently, green energy markets in the areas where we own and operate factories and offices are not sufficiently developed to supply competitively priced electricity.

Wizards Work Magic to Green Our IT

Hasbro's Renton, Washington subsidiary, Wizards of the Coast, is leading the way to make our IT systems more energy efficient. Their IT team recently tested an automatic power management system called EZ GPO on 379 desktop computers, laptops and monitors. This free software download from the US Environmental Protection Agency enables idle computer systems to be put into power saving mode.

We measured the energy usage of the 379 systems before and after installation of EZ GPO. The pilot results demonstrated annualized savings of 23 percent on electricity costs for the devices tested. EZ GPO has been in use in Hasbro's UK offices since 2005 with similar results.

We're excited about the potential savings from the software, and we plan to use EZ GPO or a similar power management system globally.

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GHG MEASURING AND SCOPE

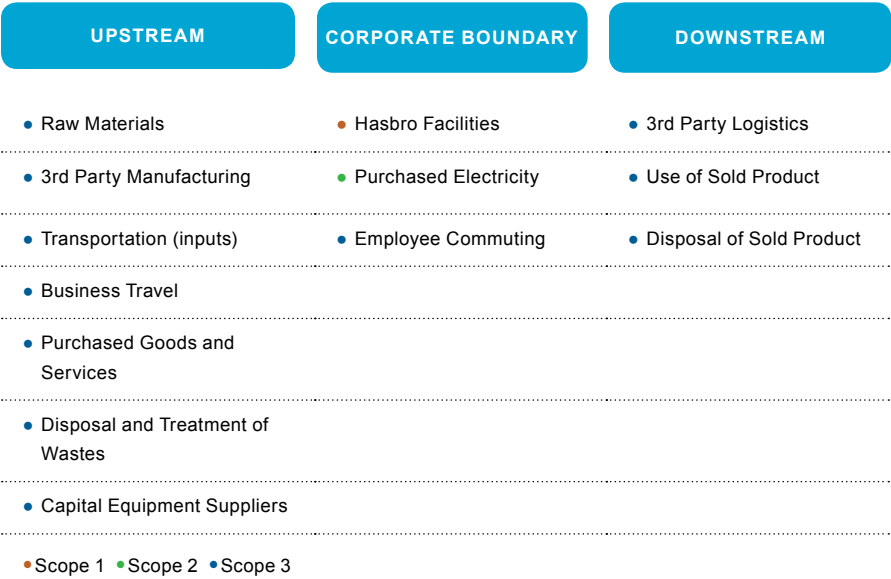
We measure our GHG emissions using the [Greenhouse Gas Protocol](#), a corporate accounting and reporting standard. This external set of guidelines provides benchmark standards and direction for companies worldwide in preparing a comprehensive and robust GHG emissions inventory.

From 2002 through 2007, we reported GHG emissions for our U.S.-based owned and leased facilities through the U.S. EPA Climate Leaders program. In 2008, we expanded our reporting to include all owned and leased facilities worldwide. When the Climate Leaders program ended in 2010, we began reporting to the Carbon Disclosure Project (CDP). See Hasbro’s 2010 CDP response [here](#).

In 2010, we reduced our GHG emissions by 11.3 percent from our 2008 levels. See our detailed performance [here](#).

We are in the process of developing systems to collect Scope 3 (supply chain) emissions data and therefore cannot report on this area for 2010. In assessing our global supply chain emissions (see Hasbro Value Chain diagram below), we have identified the Scope 3 sources that we expect to report on in the future. These are data from manufacturing vendors, transportation (logistics) and business travel. So far, we have collected 2010 data from 64 vendor factories.

Environmental Value Chain Framework



Hasbro Green Teams Make Sustainability Everyone’s Business

We rely on our employees’ support and enthusiasm to implement our environmental agenda. To foster such spirit, Hasbro’s Green Teams - groups of employee volunteers interested in environmental sustainability - host fun and engaging staff events across various locations that bring employees together around sustainability issues.

One innovative event at our corporate headquarters in Rhode Island is Project Upcycle, a prime example of Hasbro’s creative culture. Employees compete for prizes by converting used items or waste materials into designs, housewares and wearable art. Winners are chosen by a panel of local designers and leaders and recognized in our employee communications.

In 2011, the Green Team at our corporate headquarters also co-led Bring Your Child to Work Day, which fell on Earth Day. Chief Executive Officer (CEO) Brian Goldner spoke about the importance of sustainability to the well-being of future generations and gave examples of the way Hasbro is reimagining its business, products and packaging with an environmental focus.

The Green Team also hosts semi-annual Green Days, featuring a vendor fair where local companies showcase green products and services for employees. A yearly “Showcase in the Workplace” to encourage green design displays employees’ arts, crafts, collections and hobbies for sale to colleagues in preparation for the holiday season. Table fees and raffle proceeds are donated to Hasbro Children’s Hospital.

Waste

Eradicating waste makes good business sense, enabling us to save resources and money. We recycle more than 80 percent of the non-hazardous waste produced at our owned and operated facilities and are working to reduce the consumer waste created by our packaging. Read more about our packaging initiatives in [Products and the Environment](#).

We are currently sending zero waste to landfill from our U.S. manufacturing processes. Waste reduction is a key performance indicator and is measured, communicated and acted on weekly. We have programs in place in three key areas: reduction (eliminate or minimize waste), segregation (maximize segregation of waste), and recycling. Waste that cannot be recycled at our U.S. factory is converted into bio-fuel pellets.

Future Fuels

Our U.S. factory has partnered with International Paper Products (IPP) in an innovative waste recycling program. IPP makes a renewable fuel product called Enviro-Fuelcubes, a biomass fuel used in commercial power plants. The company uses waste our factory generates to make the Enviro-Fuelcubes, which reduce dependence on fossil fuels, and burn more cleanly than coal, oil, or wood.

Our waste policy requires each Hasbro owned and operated facility to document its non-hazardous waste management practices and procedures, and to communicate them to employees. In addition, facilities must evaluate all non-hazardous waste streams, identifying and documenting all recyclable or reusable materials such as computers and electronic equipment, batteries, fluorescent bulbs, paper and newspaper, cardboard, scrap metal, glass and plastics.

Sites must maintain an up-to-date written recycling plan that includes materials to be recycled or reused onsite, a list of vendors that will be used to recycle materials, and methods of collection, storage, and shipment of material. Every year, sites are required to document the amount of non-hazardous waste sent off-site for disposal or recycling, and reused onsite. We work with our suppliers to ensure they minimize the packaging used for the materials and components they send to us.

In 2010, we recycled more than 9,500 tons of waste within Hasbro owned and operated facilities worldwide. Approximately 736,000 pounds of plastics were sent to a third party plastics recycler from our U.S. factory’s molding operation. In another

efficiency initiative, waste injection molding runners are automatically reground and reused at our factories' molding machines. We continue to look for new opportunities to further reduce unnecessary waste and scrap.

These efforts are producing significant results. In 2010, we reduced non-recycled non-hazardous waste by 9.6 percent from 2008 levels. See our detailed performance [here](#).

Waste Wise Since 1994



Our many waste reduction efforts include partnership with government. Through the U.S. EPA Waste Wise program, we track non-hazardous waste and recycling efforts for all our U.S. facilities and document how much waste has been recycled, avoiding landfill. Each category of waste is identified, providing a full picture of our waste and recycling streams and helping us prioritize reduction activities.

Water

While Hasbro is not a heavy user of water, water conservation is an important part of our approach to environmental sustainability. As with energy use, each Hasbro owned and operated facility is responsible for implementing formal procedures to minimize water consumption. For example, we have invested in water-saving equipment, such as low-flow sinks and toilets at our owned and operated factory in East Longmeadow, Massachusetts, and monitor water usage closely.

We have set a target to reduce our water use by 15 percent by 2012, from 2008 levels and are well on the way to meet this goal.

Reflecting our conservation commitment and culture, water consumption at our U.S. factory decreased by 2.2 million gallons from 2008 to 2010, a 9 percent reduction on a normalized basis.¹ See our detailed performance [here](#).

Earth Day, Every Day

On Earth Day 2011, Hasbro launched a new “Earth Day, Every Day” campaign at our corporate headquarters in Rhode Island. The campaign is aimed at stepping up employee engagement in our sustainability programs so that we can shrink our company’s environmental footprint.

With a focus on the impact of our daily operations, we developed quarterly themes — such as recycling, responsible paper use and using fewer water bottles. We first focused on our corporate goal of reducing Hasbro’s greenhouse gas emissions 10 percent from 2008 levels by 2012. Employees were encouraged to conserve energy at their workstations and given tools and tips for practicing sustainability in the workplace, such as information on carpooling. The response was enthusiastic — 92 percent of employees polled pledged to power down their workstation daily or most days.

As we educate employees on sustainability issues, we hope to create both a sustained reduction in Hasbro’s environmental impact and a more engaged and empowered workforce.

¹. Data was normalized to average headcount.

Logistics

TRANSPORTATION MODE

Our products can travel many thousands of miles from the production line to the retail store. We work closely with our contract carriers and manufacturers to minimize emissions from product distribution. Our shipping methods include truck, railroad, barge, and ocean vessel.

For international shipments from China, we strive to use rail and barge transport, and to ship through the seaport closest to the factory. This results in fewer trucks on the roads, shorter distance for product transportation and ultimately, fewer emissions. In 2010:

- 80 percent of Hasbro product was moved through the seaport closest to the factory
- 21 percent of our product leaving China was moved via rail
- 3 percent of product was moved via barge.

CONTAINER EFFICIENCY

We work to minimize the number of containers shipped by maximizing use of space inside each unit. In 2010 our container utilization rate exceeded 90 percent. We are continuously working to improve this rate, for example by using loading software and requiring prior approvals for “light loading.”

At the ports of Los Angeles and Long Beach in California, Hasbro moves over 95 percent of its containers during off-peak hours as a part of Southern California’s PierPASS program, designed to address marine terminal issues such as congestion, security and air quality. Similarly, our distribution centers are staffed 24 hours per day, facilitating off-peak delivery. Off-peak delivery takes trucks off the road during heavy traffic periods, reducing fuel consumption and emissions. Our goal is to achieve and maintain 98 percent off-peak moves in Long Beach, California, in 2011 and beyond.

CARRIER EFFICIENCY

In the U.S., we encourage our carriers to participate in the SmartWay program, a voluntary partnership between the Environmental Protection Agency and the freight industry that works to reduce GHG emissions associated with shipping. In 2010, approximately 95 percent of Hasbro product domestic shipments were moved throughout the U.S. via SmartWay carriers.

Our U.S. Regional Distribution Strategy positions our products closer to retailer locations, reducing the number of shipments made and the distance product travels. We are developing similar distribution network strategies to be implemented in Eastern Europe and Russia in 2012.



Pioneering Rail Container Transport in China

Railway is the most reliable, efficient and cost effective means for inland road transportation. But rail service for moving containers was not an option in China before 2007, making truck transport Hasbro's only option to get products to the port.

In recent years, increased export volume and worsening road congestion in Southern China spurred collaboration between the Chinese government and large manufacturers to search for alternatives.

In 2006, Ping Yan Railway, a railway that connects manufacturing areas to the import-export gateway of Yantian International Container Terminals, approached Hasbro to become the first shipper to use rail service to transport containers from factories to port.

April 18, 2007 marked the start of the first container railway service in Southern China. The first train delivered 40 containers of Hasbro's most popular products, including PLAY-DOH and MR. POTATO HEAD brand toys. The upgrade to rail transportation positively impacts our Scope 3 (supply chain) GHG emissions. An average shipment from our manufacturing vendor factories in Guangzhou to the Yantian port uses 93 percent less fuel than truck transportation.

“Several years ago when Hasbro started using our rail service, costs were higher than trucking, and the market knew few benefits of rail. Thanks to Hasbro's support and cooperation, we have been able to grow our rail service, offering more regularly scheduled routes and a greener mode of transportation. As time goes by, more and more customers are accepting rail and regard it as the best choice for inland China transportation in terms of cost and fixed-schedule, and environmental stewardship.”

Wilson Huang, Senior Sales & Promotion Officer at Yantian International Container Terminals

Products and the Environment

Overview

Our commitment to environmental sustainability includes our products and packaging.

We are working hard to reduce packaging and to maximize the use of recycled materials for our packaging. Where we have to use virgin materials, we strive to find sources that are certified as sustainable.

We are also in the process of conducting preliminary life cycle analyses on some of our product brands. These will take into consideration both the physical products and the environmental impacts of their packaging.

While we strive to use the most environmentally responsible manufacturing materials available, we must always balance this approach with our unwavering commitment to product safety and our stringent quality assurance standards. Read more on materials used in our products and their environmental effects [here](#).

“We are fully committed to sustainable packaging and that’s why we are actively pursuing our goal to eliminate PVC from all Hasbro core toy and game packaging beginning in 2013. It’s a complex undertaking, but our world-class product and packaging designers and engineers are up for the challenge.”

Duncan Billing, Chief Global Development Officer

Sustainable Packaging

Our Sustainable Packaging Guidelines (SPG) steer our designers and engineers to come up with the most environmentally responsible packaging possible. Its scope is comprehensive and includes: how to decrease product to packaging ratio; how to select materials; how to create reusable packaging; and sustainability documentation.

We have also designed and implemented an internal checklist, which our designers use to compare packaging systems. Environmental factors considered include the number of packaging layers, greenhouse (GHG) emissions associated with the packaging, and the type and weight of material used.

We have already made significant progress in reducing packaging related waste, including:

- Reducing the amount of adhesive taping on master cartons (used to ship our product)
- Reducing the size of master shipping cartons
- Specifying, where feasible, single-wall master carton construction, instead of double-walls
- Reducing the use of secondary tissue paper material
- Reducing window packaging (PVC) by changing to open and/or “try me” construction

- Increasing the percentage of recycled material and post-consumer waste in action figure cards
- Specifying 100 percent recycled material in medium-grade paper
- Specifying a minimum 98 percent post-consumer recycled content in Kraft grade paper.

While sourcing suitable packaging materials at the right price can present a challenge, we are seeking creative ways to further reduce the environmental impacts of our product packaging.

For example, we are aiming to enhance the overall recyclability of Hasbro's packaging systems by researching opportunities for using recycling compatible adhesives.

In Australia, Hasbro is a signatory to the Australia Packaging Covenant (APC), a voluntary government and industry initiative working to reduce the environmental effects of packaging. Since 2008, we have pledged to publicly report against eight key performance indicators. These include how we are implementing sustainable guidelines for packaging design and procurement and our efforts to improve onsite recovery and recycling systems for used packaging.

MINIMIZING PACKAGING

In seeking to cut the amount of material used in our packaging, we have learned that small steps can make a big difference.

One example is the use of acetate covered wire ties, traditionally used to secure our toys. In 2009, we used approximately 34,000 miles of wire ties – more than enough to wrap around the circumference of the Earth. In 2010, we met our goal to eliminate the use of wire ties in packaging, replacing them with more environmentally sustainable ties made from paper rattan or bamboo mix.

We have also eliminated the plastic bags in which game instructions were wrapped, removing 800,000 pounds of material worldwide from our waste stream.

PLAY-DOH Can-do

Among our efforts to reinvent existing packaging designs and reduce waste on a large scale is an overhaul of the PLAY-DOH can design. Introduced globally in 2011, the new improved cans feature three sustainability innovations:

- **Paperless labels** – By printing directly on the can, we anticipate saving enough paper to keep over 1,800 trees standing.
- **Tapered cans** – A tapered edge allows consumers to more easily store and reuse the cans, while reducing plastic yield.
- **Recycling education** – To encourage consumer recycling we added the #5 recycle symbol to the cans and #4 to the lids. While not a new packaging design, our goal is to influence end of life behavior among consumers.

We also offer suggestions on ways to reuse PLAY-DOH cans [here](#).

In 2010 we manufactured more 284 million cans of PLAY-DOH. With figures like that, small changes can have a big impact.



Increasing Recycled Content

Another priority is increasing recycled content in the paper and cardboard used in Hasbro packaging and products. To this end, we are creating a benchmark of recycled content material and identifying sources that practice sustainable forest management. We have set a goal for 2011 to derive at least 75 percent of our paper and board packaging from recycled material or sources that practice sustainable forest management. By 2015, our goal is to raise this benchmark to 90 percent.

In support of these goals, we work closely, not only with our suppliers, but also with independent third parties who are experts in this area.

Sustainable Sourcing

PAPER

Hasbro purchases paper from suppliers who practice sustainable forestry. Both of our owned and operated factories have achieved certification from recognized certifying bodies like the Forest Stewardship Council (FSC).

In 2010 we pledged to source at least 75 percent of paper packaging from recycled material or sources that practice sustainable forest management. By 2015, we aim to reach 90 percent usage of these materials and sources for all paperboard packaging and in-box content.

We also work with independent third parties to verify data from our suppliers to confirm our paper and pulp is sourced from sustainably managed forests. To gain a better understanding of sourcing paper products, we seek guidance from organizations such as the nonprofit World Resources Institute and Integrated Paper Services (IPS), a paper and pulp testing laboratory.

We communicate frequently with suppliers on our sustainable procurement efforts. In October 2010, we informed vendors of our intent to survey our entire supply chain to learn what sustainability certifications our suppliers have in place. In March 2011, we informed our vendors that external consultants would be auditing their printers and paper mills as part of this process.

During 2011 we completed third party audits on all paper mills and printers we use in China, using the services of independent laboratories. We also plan to conduct random third party testing through an independent laboratory to test our paperboard packaging for its fiber content.

NEW PAPER SOURCING POLICY

In November 2011, we released our first paper sourcing policy. The policy outlines our approach and our expectations of suppliers on sustainable paper sourcing.

Read more about our new paper policy [here](#).

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We have communicated our new paper policy to our suppliers, informing them of our expectations and goals, and we have embedded the policy into our company-wide quality assurance policies and procedures. We will continue to monitor and report on our progress.

Material Content

The materials used in every Hasbro product and each product's packaging must be durable for use by our consumers and minimize impacts on the environment. We continually evaluate our materials to ensure we are meeting the highest standards possible. For example, in our U.S. factory, we now use [vegetable-based printing inks and aqueous coatings](#) in our printing processes for game and puzzle components, boxes and instructions.

PVC PHASE OUT

We understand that there are environmental concerns regarding the production, use and disposal of PVC. While PVC is recyclable in principle, its durability means that it is used in long-lasting products like water pipes and decking which are rarely recycled in practice. As a result, appropriate collection networks and processing facilities are not abundant, making PVC challenging and expensive to recycle.

We are working to eliminate PVC from our packaging beginning in 2013, for all new core toy and game products. This covers packaging for Hasbro products produced in our owned and operated manufacturing facilities and by third party factories. No new packaging for brand products manufactured in 2013 will use PVC. Prior to 2013, we will continue to phase out PVC from packaging wherever feasible, as with our subsidiary, Wizards of the Coast.

Currently, we have two forms of product packaging that use PVC:

- Blister packaging, which features a cavity or pocket where the product sits; and
- Window box packaging.

After preliminary testing to ensure comparable clarity and adhesion, we have identified two substitute materials for PVC in packaging:

- PET, a more environmentally-friendly and easily recyclable substance used to make disposable beverage bottles; and
- RPET, or partially recycled PET.

Not only are PET and RPET more easily recycled than PVC, they release no toxins when incinerated (the most common form of disposal).

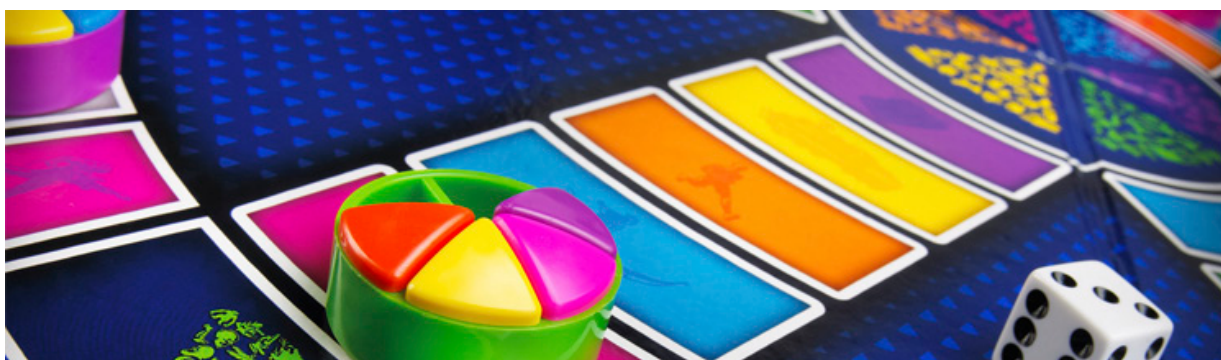
While we are confident that PET and RPET are both good substitutes for PVC in packaging, there are challenges associated with using these materials. In particular, RPET is not readily available in China where most of our manufacturing takes place. To drive the switch to PET and RPET toward cost neutrality, we will therefore look to decrease the size of window box and blister packaging to offset the costs of sourcing these PVC substitutes.

Wizards make PVC Disappear

Wizards of the Coast, a Hasbro subsidiary, began to rapidly phase out PVC packaging from the entire product lines in 2009, substituting easier-to-recycle PET or RPET (partially recycled PET) plastics. In just two years, Wizards of the Coast has phased out PVC from most packaging.

In 2010 Wizards of the Coast moved from PVC to PET for all blister packaging, and in 2011 moved from PET to RPET on over 70 percent of Wizards' product.

Building on Wizards' swift and significant success toward eliminating PVC from most packaging, we will continue to adopt PET and RPET more broadly in pursuit of our goal to eliminate PVC from packaging in all Hasbro core toys and games beginning in 2013.



Boardgame Printing Goes Green

Our owned and operated U.S. factory which makes many of our Hasbro board games and puzzles, has received green certification for its printing processes by the nonprofit Sustainable Green Printing Partnership (SGP). Certification requires compliance with rigorous sustainability standards in three areas: production input materials; environmental, health and safety impacts of the manufacturing process; and the daily functions of the factory and its supporting activities.

Not only did Hasbro meet or exceed all of SGP's criteria, but we have incorporated its standards into the site's daily printing operations and our internal audit process.

We are proud of this validation of our efforts to integrate the most effective sustainability practices into our manufacturing process.

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Product Life Cycle

As a company built on innovation, we are committed to deploying innovative approaches to improve the sustainability of our consumer products. To drive this process, we are in the early stages of undertaking a Life Cycle Management approach to prioritize, manage, and improve the performance of products or processes. This takes into consideration all stages of the product life cycle – from acquisition of raw materials through manufacture and distribution to end of product life.

We are beginning to gather information, engage with external Life Cycle Management experts, and explore strategic collaborations across industries in an effort to develop a formal process on life cycle management.

We are also evaluating the use of Life Cycle Assessment (LCA) software to aid in the process. Outcomes from Life Cycle Reviews can bring to light opportunities to reduce energy, greenhouse gas and other air emissions, water use, use of chemicals of concern, and waste generation.

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OUR EMPLOYEES

Playing together: Our employees make Hasbro what we are today. We work as one diverse team, based on shared respect, values, learning and creativity.



OUR EMPLOYEES

Our Approach

Successful businesses nurture, develop and reward their employees, and Hasbro is no exception. As a global company, we look to attract talented people who are innovative, creative, intellectually curious and who possess a global mindset. We champion collaboration and welcome people from diverse backgrounds. The different perspectives they bring make Hasbro thrive.

We treat employees with dignity and respect, and we expect the same of our vendors. To promote career satisfaction, we provide ample opportunity for learning and development. We compensate and reward our employees fairly and competitively, invest in their well-being and health, and maintain the highest safety standards in all of our offices worldwide.

TOP 100 U.S. WORKPLACE

In 2011, Hasbro was showcased in Fortune magazine's list of the 100 Best Companies to Work For in the United States, at number 59. The awards are based on indicators such as health care provision, work-life balance, and professional training and development opportunities.

Our employees in the U.S. and around the globe tell us there are three key aspects to Hasbro's approach that especially motivate and engage them:

- Fostering a culture of contributing to the community
- Considering environmental sustainability in our business
- Investing in career growth opportunities for our employees.



5,800
global employees

4,865
employees who
took part in wellness
programs globally

3,088
U.S. employees



Diversity and Inclusion

Overview

Employment at Hasbro is open to all qualified applicants. Diverse backgrounds and perspectives nurture the creativity and innovation on which our global brand relies. We celebrate the individual qualities our employees bring including age, race, gender, physical ability, sexual orientation, religion, education, national origin, and life experience.

We are an equal opportunity employer and comply with the laws and regulations governing non-discrimination in employment practices in every jurisdiction where we do business. Hasbro is also a government contractor and maintains an affirmative action program to recruit and advance qualified minorities, women, persons with disabilities, and covered veterans.

ATTRACTING DIVERSE TALENT

Attracting top talent from diverse backgrounds requires planning and effort.

In the U.S., we focus our recruiting efforts for entry-level employees at several colleges. In each case, we work with local community action groups and the U.S. Chamber of Commerce and host regular career fairs. We also engage informally with national minority-specific groups.

We offer year-round internship opportunities and post open positions on diversity-focused websites. These give undergraduate and graduate (MBA) students valuable work experience while allowing us to identify talented individuals for future full-time employment.

We also support diversity sponsorship opportunities. For example, Hasbro participates in the Rhode Island Year-Up Program which offers two six-month paid apprenticeships for urban youth.

Reflecting our increasingly global operations and outlook, we are also developing relationships with universities in Russia, Turkey, and Singapore.

EMPLOYEE EVENTS

Fostering a family culture and shared values across our diverse workforce takes effort. We put a lot of thought and time into employee events that contribute to a culture of inclusion while celebrating diversity. Our 2011 and 2010 events for U.S. and global employees included the following:

- Hasbro's annual Innovation Awards (The Innys), a company-wide event bringing together employees from around the world to celebrate big ideas and innovations they helped create across our business. See [case study](#).
- Hasbro Cultural Immersion Day at our U.S. headquarters, which in 2011 played host to the entire Hasbro Russia team, who gained a crash course in Hasbro's corporate culture.
- The Martin Luther King, Jr. Scholarship Breakfast with the Rhode Island Minister's Alliance, a celebration of local scholars of color.
- The Heritage Ball with the Rhode Island Black Heritage Society and Black and White Ball with the Urban League.

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Flexible Working

As a company with deep-rooted values, we understand how much time with family matters to many of our employees. In response, we offer:

- A variety of flexible work arrangements, subject to managers' discretion
- Competitive paid time off policies including, in the U.S., the week off between Christmas and New Year
- A shorter work day on Fridays in many U.S. locations, also piloted across Asia Pacific in 2011
- In the U.S., paid parental leave program, introduced in 2010 to support new mothers and fathers needing time off to care for a newborn or adopted child
- In all European locations, maternity leave, paternity leave, and parental leave.

In 2011, we also improved our vacation schedule to be more market competitive. U.S. employees now enjoy up to three weeks vacation in the year of hire (previously not available until the fifth year). Our European employees receive at least four weeks vacation per year, with most countries offering between 22 and 28 days.

Training and Development

Overview

Our success depends on a motivated and high-performing workforce, and we offer employees personal and professional growth opportunities at every level. Hasbro's strategic brand blueprint is the roadmap we use for developing global talent.

All employees are required to learn company policies and procedures through our Hasbro [Code of Conduct](#) training program.

“As part of Hasbro’s multi-year sponsorship of the MIT Media Lab, Hasbro worldwide employees have unlimited access to graduate students, faculty and over 130 research projects in the media arts and sciences. This kind of access, combined with the opportunity to network around the globe, is an invaluable resource for the employees of Hasbro.

We share similar values on innovation, the importance of playfulness in creation, and the power of collaboration. This open approach to innovation is a hotbed of inspiration for the diverse population of creative thinkers at Hasbro, from storytelling and design, to business and marketing.”

Nicholas Negroponte, co-founder MIT Media Lab

MANAGING OUR TALENT

To ensure our business flourishes, we need people with the right skills today and for the future. We carefully manage talent across our company by recruiting, developing and promoting people in line with our business goals. At least once a year we assess individual potential, identifying employees for future positions. We consider each person's career goals against emerging opportunities, and nominate individuals to participate in core development programs.

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INSPIRING EMPLOYEE PERFORMANCE

We regularly set objectives for individuals and teams and provide on-the-job coaching to help them succeed. At least once a year, we evaluate all employees formally against their objectives and provide feedback on performance. All new recruits receive a two-hour teaching program on our performance management systems and processes.

To encourage individual success and reward hard work and innovation, we include a pay for performance element in each employee's total rewards package. This includes merit based pay increases and variable bonus programs based upon company, region or business and individual performance.

THE CHALLENGE OF MOBILITY AND RETENTION

One of the challenges we face as a growing and increasingly global business is having the right people in the right place at the right time. Job needs and career opportunities may exist at one location but not at another. To address this, we are using the company's [Strategic Brand Blueprint](#) to rotate high potential leaders through key positions across the globe. For example, U.S.-based toy designers have relocated to Hong Kong to develop new skills. We have also relocated employees from emerging or developing markets to the U.S., providing experience of a more mature market.

We have begun to use global teams or project-based assignments as an alternative to moving talent across the world. We find this creates global experiences for employees without uprooting families.

Whatever the challenge, our aim is to fill the company's needs while providing appropriate career growth opportunities, in order to retain the best people.

Teaching Through Hasbro University

Creativity requires nourishment. As an innovation-led company, employee development is critical to our success. To help employees discover and develop their talents, Hasbro University provides a dedicated staff of learning and development professionals to design and conduct a wide variety of training. Options include classroom and online courses, coaching opportunities, cross-functional training, executive MBA scholarships, tuition reimbursement, management and leadership development, and assessment tools to help develop employees, managers and teams.

Our online training tool is especially popular, providing over 6,000 business courses, accessible anytime from home or at work with no cost to employees. These are regularly updated in multiple languages so that employees around the globe have up-to-date information on best practices and industry standards. Examples of 2010 courses included an Asia Training Day for employees in Malaysia, Singapore, Hong Kong and China, and management training courses throughout Europe (including Russia, Spain, France and the UK), and in Thailand, Australia and Mexico. We also offer:

- **Experiencing Hasbro** - a two-day program targeting high potential individuals early in their careers. Key managers share experiences of how their teams delivered a Hasbro product, building insight and knowledge of how our business works.
- **Leadership 360** - a comprehensive personal development learning tool that guides employees through receiving, interpreting, and acting on, performance feedback. Additional coaching helps individuals identify skills critical to their future success.

Developing Managers

From our Chief Executive Officer (CEO) down, we foster a responsible, inclusive and ethical approach to management. Managers take part in tailored programs (complemented by online courses) to advance the skills and behaviors we expect of them, such as:

- **Essentials of Managing People** - a program of interactive activities and simulated work scenarios designed to equip managers with the tools, techniques and mindset necessary to lead high-performing teams.
- **Situational Leadership II** - a program to help managers effectively communicate with their teams in order to increase team competence and retain talent.

“Hasbro’s present and future success depends on the quality of its leadership. We invest a lot of time and effort in developing our leadership talent for mission critical positions that will ensure Hasbro’s continued success.”

Dolph Johnson, Chief Human Resources Officer

Hasbro’s Future Leaders

Strong leadership is paramount to the future success of our business. To prepare our most talented people to lead tomorrow’s company, we offer two programs in which senior management act as both teachers and mentors.

Hasbro Global Leadership Program – this one-week intensive course guides nominated employees through Hasbro’s strategic thinking. It focuses on building our global organization, networking and personal leadership skills. Since early 2000, over 275 Hasbro leaders have completed this program at Dartmouth College’s Tuck Business School in Hanover, New Hampshire.

High Performance Leadership – a real-world course that allows us to observe high-potential leaders and map their future career moves. Participants travel to a challenging commercial market, where they immerse themselves in the local environment and then come up with a brand strategy for Hasbro to implement. Coaches assess their leadership behaviors and provide support and feedback. Back at their usual workplace, participants pursue their business plan, contending with different time zones, cultures and the demands of their regular jobs in order to deliver a final project to the CEO and management team. Since 2007, 170 leaders have been through this program working in Bulgaria, Romania, Russia, Turkey, Germany, Amsterdam, China, and Dubai.

Health and Safety

Overview

Hasbro is committed to providing a safe, healthy and productive work environment. As a values-based company, safety is integral to our culture, and we deeply value the well-being of every employee.

Our key safety message to employees is that no job is so important that we cannot take the time to complete it safely. Hasbro's strong workplace safety record reflects this approach. Every accident should be preventable, and our ultimate goal is zero injuries in the workplace.

MAINTAINING SAFETY AT THE WORKSITE

We work with our third party factories to ensure that all Hasbro products are manufactured in safe and healthy work environments that [respect workers' rights](#).

Mandatory safety standards are in place at all our facilities and operations, implemented with management leadership and employee involvement at each location. These standards are based on best practices and stringent global regulatory requirements. They include health and safety work practices, employee education and training, appropriate communication, incident reporting and investigation, and safety inspections. Each facility must also meet specific country or local requirements. To ensure compliance we conduct regular audits at our owned and operated facilities around the world. Our manufacturing facilities are audited on rotation, every two years, our distribution centers every three years, and our offices every five years. In 2010, we audited three facilities in France, the Czech Republic and Romania.

TRAINING

The safety hazards Hasbro employees may encounter vary by facility, type of operation and individual job tasks. Hazards may be posed by machinery, material handling, operating industrial vehicles, working with chemicals and tools, or office work. We seek to eliminate risks wherever possible through sound design as well as safeguards, warning devices, personal protective equipment, administrative controls, and rigorous procedures and training. Every employee must complete the minimum standard of health and safety training appropriate to their job. For example:

- Managers, supervisors and team leaders must complete incident investigation training
- Employees who work with, or who may be exposed to, live electrical circuitry must complete specific training every two years
- Employees who handle hazardous waste must complete annual training.



Safety Stars

Our owned and operated factory in East Longmeadow (ELM), Massachusetts, was the proud winner of the U.S. Voluntary Protection Program Participants' Association's 2011 VPPPA Outreach Award. The award recognizes member sites that have shared safe practices or developed new techniques to create a safer, healthier work environment.

REDUCING ERGONOMIC INJURY

Any ergonomic injuries to employees, such as sprains and repetitive stress, are taken very seriously. Each office facility is required to document site-specific ergonomics practices and procedures and communicate them to employees. Each new process introduced into the work environment is assessed to identify potential hazards and conditions that might lead to an increase in musculoskeletal injuries.

We also instruct and encourage employees to report any symptoms immediately so that steps can be taken to mitigate any risk of a more serious injury. We provide ergonomics training such as proper lifting techniques to employees whose job involves risk factors (repetitive motion, excessive force, awkward body postures or positions, vibration, etc.).

Investing in the Health of Our People

We invest in the well-being of our people because it's the right thing to do, and because it contributes to an engaged and productive workforce. We provide a wide range of well-ness programs focused on fitness, nutrition, disease prevention and lifestyle advice, and encourage our employees to stay active and healthy.

For example, in the U.S. we offer:

- Free lunchtime wellness workshops covering topics such as nutrition, cancer detection and prevention and caregivers and Alzheimer's disease. Professional medical experts speak on childhood related issues including diabetes, asthma, allergies, and sleeping patterns.
- Fitness centers at the Renton, Washington and Rhode Island facilities offer after hours classes including a fitness boot camp, dance aerobics, yoga and pilates.
- Weight Watchers at Work, which employees can pay for through payroll deduction and our free program Shape Up, a fun, team-based exercise and healthy eating competition.
- Quit for Life, our company-paid smoking cessation program, which includes online coaching, telephone counseling, coaches and nicotine replacement therapy.
- Onsite Medical Clinics at our East Longmeadow (ELM) and Rhode Island locations offering services such as blood pressure, glucose and cholesterol monitoring, over-the-counter medications, annual flu vaccinations, vision testing, and first aid.
- Access for employees and their families to Fidelity Health Management, an online center for health information, tools and resources, including a health coach feature at no cost to employees.

In the U.K., we offer an Employee Assistance Program (EAP), sponsored gym membership and private medical insurance.

Engaging Our Employees

Overview

As a company in a highly competitive and rapidly-changing industry, we need to share information and foster understanding with employees, quickly and effectively.

Teamwork is what makes us tick. We strive to have a truly 'open door' culture at Hasbro, where people feel confident to talk freely with their managers and colleagues as well as having more formal channels of communication. Managers schedule regular one-on-ones as well as departmental team meetings. Many senior managers bring their larger teams together quarterly to share developments in the wider business and discuss the department's achievements and next steps.

COMMUNICATION FROM SENIOR LEADERSHIP

One-way communication is failed communication. We actively seek feedback, for example by encouraging employees at our State of the Company quarterly earnings address to ask questions of senior leadership on the state of the company and industry. Following these meetings, we convene smaller groups to further explore our performance. In addition, our monthly "Lunches with Leadership" allows employees to join the senior most executives for lunch to discuss all aspects of our business including questions around strategy, challenges, or thoughts around personal career growth.

In 2010, reflecting our increasingly globalized operations, all employees worldwide assembled for a meeting with senior leadership to review Hasbro's future goals and business plan.

Our senior executives also regularly join town hall meetings held at Hasbro offices around the globe. In 2011, executives discussed business initiatives firsthand with employees in Brazil, China, Columbia, Italy, Mexico, Russia and Singapore.

Senior managers from Europe also update employee representatives from Hasbro's major European locations on business developments through the Hasbro European Employees Forum (HEEF), an annual event. Similar events have been held in Asia Pacific and Latin America. Employees who handle hazardous waste must complete annual training.

Maintaining Good Labor Relations

Production workers at our two owned and operated factories, in the U.S. and Ireland, are represented by unions/works councils with whom we maintain strong, collaborative labor-management relations.

In the U.S., we improved the cost competitiveness of our East Longmeadow (ELM) site by working with the union to update certain work practices. The result was a more flexible and versatile workforce that deployed employees' skills more effectively and productively. For the longer term, we have attained certification from international and governmental organizations after identifying the best-in-class certifications available for safety, quality, and environmental management in order to differentiate our U.S. factory from competing facilities.

COMPANY ANNOUNCEMENTS

We announce key company activity to employees through our Corporate Communications team, which actively seeks employee feedback on how news is received via the communications team mailbox.

In September 2010, our Human Resources team launched an online tool for U.S. employees to view their total rewards (compensation, bonus, benefits and current retirement benefit projections) at the click of a mouse. The site was exceptionally well-received, with over 68,500 visits by 2,200 unique users in its first year. We are exploring whether a global program is possible.

Satisfaction Surveys

In 2010, we participated in Fortune magazine's Great Places to Work Survey and were ranked 59th out of the top 100 U.S. companies. Our employee response rate was around 43 percent.

The results suggested that employees were generally very positive about Hasbro and viewed it as a 'great place to work.' This attitude was driven mainly by:

- Support for Hasbro's vision and strategy for the company
- Pride in our mission, philanthropy, environmental concern and ethics
- Confidence in the executive leadership
- Passion for their work
- Camaraderie and care for colleagues
- Benefits and perks.

Digging more deeply, in 2010, managers at our owned and operated U.S. factory undertook an employee satisfaction survey, followed by focus groups designed to gain greater insight into the data. While engagement levels were consistent with national survey rates, the site has set a 2011 target of reaching an Employee Satisfaction Index (ESI) of 46 percent - double the 2010 result.

Our owned and operated Ireland factory conducts bi-annual plant-wide employee surveys. Following the most recent survey, the site will be introducing a formal ESI goal.

FOCUS GROUPS

Focus groups are an important tool for us to learn what concerns and motivates our employees, especially with regard to changes in their working conditions or benefits. For example, before making major changes to U.S. benefits programs, we held nine focus groups with nearly 100 participants. These provided significant data to make educated decisions about changes to Hasbro's U.S. retirement and medical benefits in 2010, as well as offering valuable insight into employee morale.

Rewarding Our Employees

We seek to bring smiles to the faces of not only our consumers but also our employees. Throughout the year, we celebrate both individual and company success through events and awards. For example, in 2010 we recognized:

- Over a hundred employees in the U.S. and many across Europe through our “on the spot” award program for exceeding expectations
- 418 U.S. employees for reaching a milestone anniversary in years of service with Hasbro
- 129 employees at our factories for excelling in addressing environmental and quality issues
- 91 employees for suggesting improvements that led to greater efficiencies and effectiveness in work centers.

We also offer several annual family programs at our corporate headquarters throughout the year, examples being Kids Carnival, Santa Breakfast, and Bring Your Child to Work day.



Hollywood at Hasbro

And the winner is...

All year round our employees dedicate their energy to creating the best toys, games and entertainment products. They also devise innovative ideas to improve our teams, work processes and customer relationships. To celebrate their effort and success, we host our very own Inny Awards (short for innovation).

Senior management selects nominees for the 19 award categories – ranging from Advances in Technology and Product Design to the Environment, Our Culture and Process Improvement. Over 1,500 employees from around the world gather for the ceremony in Rhode Island, hoping to collect a coveted Inny trophy. In 2010, we added environmental sustainability as an award category and in 2011 included a wider range of corporate social responsibility (CSR) topics.

In 2011, the winning team in the CSR/Environment category identified a more eco-friendly type of rattan, replacing regular paper with a mixture of bamboo pulp with wood-free pulp.

This year, along with their trophies, winners received a monetary award to donate to one of our philanthropic partners. In total, we donated \$110,000 to charities chosen by Inny winners, as well as an additional \$10,000 to our [Hasbro Global Hero's](#) preferred charity.

Assisting Employees Leaving Hasbro

In the unfortunate event that we have to lay-off employees, we do our best to provide transitional support. In some cases, a severance period, with benefits, is provided, based on factors including job level, length of service, reason for severance and regional and local laws. During this period we also provide health and life insurance benefits as if the person was still employed. For health benefits, Hasbro begins the COBRA period after severance ends, providing former employees with longer coverage than required by law. Outplacement assistance is also provided to employees who sign a severance agreement with the company.

Caring and Compassion in Times of Change

While businesses must evolve to survive, change in the structure of our business can be challenging for our employees. We make every effort to support them during these times.

To create our Gaming Center of Excellence in 2011, 75 employees from our Games division in East Longmeadow, MA relocated to Rhode Island. Understanding this was a major disruption for those affected, Hasbro corporate staff stepped up, helping their new colleagues transition successfully in their personal and professional lives.

Welcomed at a special event by the CEO and members of the Senior Management team, relocated employees met with local vendors to learn about resources including daycares, gyms, cultural centers, chambers of commerce, restaurants, hospitals and banks. We also assigned mentors to help relocating employees and their families integrate into their new hometowns and work locations.

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COMMUNITY

Child's play: Giving back to the community and bringing the sparkle of hope, the joy of play and the power of service into the lives of children in need around the world.



Our Approach

Hasbro has a long and proud tradition of giving back to communities. Through philanthropic programs we work to bring 'the sparkle of Hope, the joy of Play and the Power of service' into the lives of sick, disadvantaged and disempowered children around the world.

We do this by:

- Partnering with nonprofits around the world
- Providing financial and product donations
- Encouraging employee volunteering

For more information see our [2010 Philanthropy Report](#).



\$23.7M

total philanthropic support
(financial contributions
and product donations)¹

10,529

hours spent volunteering
by employees

112

temporary homes built
in Haiti with
Hasbro support to shelter
homeless children

\$5M

commitment by Hasbro
Children's Fund to launch a
global youth service
movement, GenerationOn

1.6

million needy children
benefiting from our toys
and games donations

1. The value given to 2010 total philanthropic support represents both product and cash donations. Total product data represents the total estimated retail value of all toys and games donated in 2010. Total cash donations represent the combined total of company sponsorships and cash grants made in 2010. The company's grant making is done through the Hasbro Children Fund, including all matching gift grants.



Philanthropy

Overview

We work to improve the lives of children in need around the world through our grant-making arm, the Hasbro Children's Fund, and through product donations and [employee volunteerism](#). Our philanthropic support is also directed to local causes. We work hard to be good neighbors in the 40 communities where we have operating facilities.

Overall, our philanthropic contributions are focused on three core principles:

- Providing hope to children who need it most
- Enabling play for children who otherwise would not experience that joy
- Supporting the empowerment of youth through service

Strategic partnerships with nonprofits help us implement these principles. We seek to make the greatest impact through our financial support, product donations and employee volunteerism.



Team Hasbro volunteers and their families assembled hygiene kits for homeless veterans as part of the National Day of Service & Remembrance project on the 10th anniversary of 9/11.

Strategic Partnerships

Hasbro partners with a wide range of dedicated organizations that work to support children in countries around the world. We identify our nonprofit partners through a rigorous process designed to ensure long-lasting strategic relationships that maximize benefits for children. One recent example is our decision in 2010 to make a multi-year \$5 million commitment to generationOn, a global youth service movement (see [case study](#)). In Rhode Island, we have a deep partnership with Hasbro Children's Hospital, the pediatric division of Rhode Island Hospital (see [case study](#)) - a relationship that began with the concept of building a children's hospital and continues today with multiple levels of program support. We currently have similar strategic partnerships with

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nine organizations, including SOS Children's Villages, World Vision, the Association of Hole in the Wall Camps, Give Kids the World, Teammates for Kids and the Tragedy Assistance Program for Survivors (TAPS). Another is our inspiring 20-year partnership with Operation Smile.

“We are proud of our tradition of giving back to the communities in which we work, and improving the lives of disadvantaged children around the world.”

Karen Davis, Vice President, Community Relations

OPERATION SMILE

In Brazil, almost 6,000 children are born with cleft palates each year and many parents can't afford corrective surgery. Hasbro sponsored a medical mission to Rio de Janeiro in August 2011 where Operation Smile doctors provided over 100 young patients with free surgery for cleft lips and cleft palates. Patients also received comprehensive medical evaluations, including consultations with a pediatrician, dentist, speech therapist and child life specialist. After each surgery, Hasbro donated toys and games to the children in the post-operative ward - a joyful reminder of the day they received their new smile.

Over the past 20 years, Hasbro and Operation Smile have partnered to help thousands of children suffering from cleft palates in countries around the world. In 2012 we will sponsor a similar mission in China.



Thauany Victoria, 4 years old, enjoyed new toys donated by Hasbro at Operation Smile's medical mission in Rio de Janeiro, Brazil.

“We’re incredibly grateful for Hasbro’s longtime support of Operation Smile and our mission to heal children’s smiles across the globe. Our patients and their families in Brazil are incredibly warm and vibrant, and yet the laughter and smiles of these children were hidden behind their clefts. Today, their futures are full of hope and opportunity, and they will always remember that Hasbro helped make that happen.”

Dr. Bill Magge, Co-Founder and Executive Chairman, Operation Smile

To find out more about our strategic partnerships see our [2010 Philanthropy Report](#).



Children Change the World Through GenerationOn

Children around the world constantly surprise and impress us. We believe - because we’ve seen it time and again - that kids of all ages can make a difference through volunteering and service. To help them fulfill this potential, in 2010 the Hasbro Children’s Fund committed \$5 million over five years to launch a global youth service movement.

The purpose of generationOn, the new youth service division of the Points of Light Institute, is to inspire, equip and mobilize youth to change the world and themselves through service. The goal is to reach more than two million young people, aged three to 18, as well as parents, educators and non-profits who work with them. GenerationOn provides access to a centralized resource to help youth become leaders and problem solvers, successful students and active community members.

In 2011, we honored six young people from across the U.S. who exemplified this spirit at generationOn’s Art of Giving Benefit in New York City. These inspiring youth, who ranged in age from seven to 17, were named as Hasbro Community Action Heroes.

The youngest winner, seven-year-old Riley Hebbard from Mechanicsburg, Pennsylvania, set up her own nonprofit after seeing a news report about children stranded in a Darfur refugee camp. In just two years, Riley’s Toys Foundation has established ten donation centers and shipped more than 18,000 toys to children in Africa.



Charity Begins at Home

Hasbro's global headquarters is in Rhode Island, U.S., and we help sick children from across our home state by providing long-term support to Hasbro Children's Hospital, the pediatric division of Rhode Island Hospital in Providence. For example, we help fund Child Life services, the Hasbro Pediatric Imaging Center, and the Family Advocacy Center at the hospital. We also purchased a pediatric ambulance that is designed and dedicated to transporting youth in the region to receive the emergency care they need.

Recognizing that young patients' surroundings make a big difference, we also provide support for the hospital's Get Well Network. This provides interactive bedside monitors that allow patients and their families to access educational and entertainment programming as well as hospital and Internet services. For the fifth year in 2011, we also brought clowns to the hospital twice a week under the Big Apple Circus Clown Care program ([see video](#)). Underscoring our long-term commitment to the hospital, we also support its annual fundraising gala by providing one of our brands as a theme for this event. Past galas have been themed after G.I. JOE and THE GAME OF LIFE.

"Our partnership with Hasbro, Inc. is part of the fabric of Hasbro Children's Hospital. Their vision, expertise, generosity and ongoing support mean everything to the patients and families we serve here."

Timothy J. Babineau, MD, President and Chief Executive Officer, Rhode Island Hospital and The Miriam Hospital

Product Donations

The Gift of Play, our global product donation program, brought joy to more than 1.6 million children worldwide in 2010.

Toys and games valued at nearly \$15 million were distributed to many deserving causes. For example, we support hospitals and shelters that provide around-the-clock care for sick or at-risk children, and nonprofits that distribute toys for disadvantaged children to unwrap on their holiday morning. We also donate toys and games to summer camps serving sick or needy children.

DISASTER RELIEF EFFORTS

When a natural disaster strikes the impacts can be long-lasting for everyone, especially children. One of the most devastating and distressing events in 2010 was the earthquake that struck Haiti, in which one million people lost their homes, impacting more than 320,000 children. Through World Vision, we provided toys and games for specially allocated “child-friendly spaces” to help comfort the homeless.

Together with our employees, we also donated over \$75,000 to the relief efforts of the Red Cross, Partners in Health, UNICEF, the World Food Program, and Doctors without Borders.

And we matched every dollar donated in PLAYATHON for Haiti fundraisers, a nationwide fundraising initiative we created with generationOn, which were hosted by children across the U.S. In total, more than \$115,000 was raised to build 112 temporary pop-up houses through SOS Children's Villages. We were inspired by the dedication of these American children who made a difference for 1,120 children in Haiti.



Funds generated by the Playathon for Haiti initiative helped SOS Children's Villages in Haiti to provide safe temporary homes to dozens of children who had lost their biological families.

BRINGING THE JOY OF PLAY TO MILITARY FAMILIES

Hasbro has a long and proud history of supporting those who serve in the U.S. Armed Forces and their families. We provide grants and donations of toys and games, working closely with partners including:

- Tragedy Assistance Program for Survivors (TAPS), sponsoring a camp that supports 500 children whose family members have died in service to their country.
- Fisher House Foundation, which provides temporary homes for families of soldiers receiving medical care at major military hospitals.

Read more about how we show appreciation to military families in our [2010 Philanthropy Report](#).



A TAPS mentor plays a fun game of CANDYLAND with a camper at the TAPS National Good Grief Camp, which is held each year for children grieving the loss of a loved one in the military.

Employee Volunteering

We encourage everyone who works for us to give their time, energy and talents to the local community through 'Team Hasbro', our volunteer program. Every year, more than three in 10 employees take part. We allow employees to spend four hours of paid time off each month volunteering with child-focused organizations (subject to their manager's approval). We also offer specialized Team Hasbro volunteer opportunities throughout the year for individuals, families and departments.

In the U.S., through partnerships with the United Way and local volunteer centers, we provide employees with up-to-date volunteer opportunities in their communities. They simply type in the relevant zip code and a list of opportunities appears.

VOLUNTEERING HIGHLIGHTS

National Day of Service and Remembrance 9/11

In honor of the 10th anniversary of 9/11, we hosted special service projects for employees and their families at our offices nationwide. Over 500 employees participated in projects that benefitted nonprofit organizations dedicated to serving those in the U.S. Armed Forces, including the [Fisher House Foundation](#), [TAPS](#) and [Operation Gratitude](#). Together with our families, we created care packages for the children of deployed service members, wrote notes of encouragement to those in the Armed Forces, and helped homeless and sick veterans in our communities. We hope we made a small difference to the lives of more than 10,000 men, women and children as a result of these volunteer efforts.

Birthday Wishes

Over 170 employees from our operations in Rhode Island and East Longmeadow, Massachusetts volunteer with Birthday Wishes, an organization that helps homeless children mark their birthday. Together, we planned and hosted birthday parties for more than 150 children in 2010, helping them celebrate their special day.



A young girl celebrated at a Birthday Wishes party in a Rhode Island homeless shelter.

Adoption Rhode Island Annual Holiday Party

In support of Adoption Rhode Island, a nonprofit organization dedicated to finding families for children in state care, each year we transform our Newport Avenue location into a party venue where over 250 kids, hoping to find forever families, celebrate Christmas. For many, it is a chance to see their siblings who may be living in different places, and several children have been matched with families at this party. More than 70 employees volunteer to make this a special night, wrapping gifts, hosting games, and dressing up as Hasbro characters.



Team Hasbro volunteers dressed as characters such as Marvel's WOLVERINE to help Adoption Rhode Island throw a special holiday party for orphaned children. Activities included photos with characters, NERF games and cookie decorating, among others.

Racing Dragons

Employees in the Hasbro Far East office participate as a team each year in the annual Dragon Boat Championships, racing against other fundraising teams on the high seas in this exciting competition. Dragon Boat Racing is one of the core fundraising programs in the Hasbro Far East office and has raised thousands of dollars (USD) to support local charities.



Toy Libraries

Hasbro de Mexico and the United Way in Mexico joined in an effort to create a toy library for 120 underprivileged children. Employees at our Hasbro de Mexico office volunteered together to help develop and design the library, which will help children develop motor, social and emotional skills through play.



Fran Conroy, Hasbro Hero

"It's amazing how the kids really take ownership and do so with a passion. Adults may be diligent in the early going, but kids? They never turn off."

So says father of two Fran Conroy, a machine setter in Hasbro's manufacturing facility in Waterford, Ireland, and winner of the coveted title of 2011 Hasbro Global Hero. His tireless and creative commitment to helping children through volunteerism made Fran stand out from the crowd.

Not only did he clock an impressive 1,000 hours of volunteering in one year, but he also created two new popular initiatives, engaging children to make a difference through acts of kindness in their communities.

As part of his prize, Hasbro made a \$10,000 philanthropic grant in Fran's name. He chose to help Operation Smile, a charity that transforms the lives of children who suffer from facial deformities. His donation will fund reconstructive surgery for 20 children.

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Economics



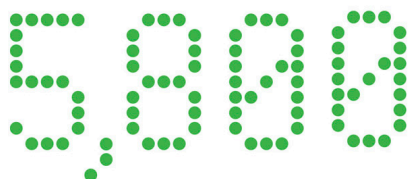
Net Revenues
billion



Net Earnings
million



Charitable Giving¹ (financial contributions and product donations)
million



Total Number of Employees

1. The value given to 2010 total philanthropic support represents both product and cash donations. Total product data represents the total estimated retail value of all toys and games donated in 2010. Total cash donations represent the combined total of company sponsorships and cash grants made in 2010. The company's grant making is done through the Hasbro Children Fund, including all matching gift grants.

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Products

PRODUCT SAFETY



Hasbro had no product violations in 2010

MANUFACTURING ETHICS

Third Party Factories Audit Overview (toy and game)

All of our third party factories, located where the ICTI CARE program operates, are required to maintain a Seal of Compliance from the ICTI CARE program. The following chart provides a breakdown of the seal levels for the 46 factories in China that account for approximately 80% of Hasbro's toy and game production in the Far East.



NUMBER OF FACTORIES	SEAL CLASS AND DEFINITION
 44.2% of Sourcing	Class A Seal: The first and highest attainable seal level. Class A Seal is awarded to a factory that has been audited, with no critical defects found and has committed to transparency. Factories are found to have workers laboring no more than 66 hours per week.
 4.2% of Sourcing	Class B Seal: The second level seal. Class B Seal is awarded to a factory that has been audited with no critical defects found and has committed to transparency. Factories are found to have workers laboring 72 hours per week or less, but more than 66 hours per week. This level may be achieved at an initial audit or as part of a Continuous Improvement Process (CIP) through which the factory aims to reduce working hours.

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24.9% of Sourcing

Conditional Seal: The third level Seal. Conditional Seal indicates that a factory has been audited with no critical defects found and has committed to transparency. The factory is found to have workers laboring more than 72 hours per week and is working through a Continuous Improvement Plan (CIP) to reduce working hours.



6.4% of Sourcing

Probation: Factories found to have major areas of non-compliance identified are put on probation and a corrective action plan is established. Factories on probation are monitored on a quarterly basis to ensure corrections are fully implemented.

If a factory is on probation, Hasbro receives commitment to improvement from the factory and actively works with the factory to ensure all areas of non-compliance are corrected.

Total Factories



79.7% of Sourcing

For a complete list of Hasbro owned and operated factories and Hasbro's third party vendors and factories, click [here](#).

Environment

ENERGY AND GREENHOUSE GAS EMISSIONS

Greenhouse Gas Emissions² metric tons CO₂e

Each dot represents approximately
570 metric tons CO₂e



	2008	2009	2010
Indirect			
Asia Pacific	3,007	3,605	2,487
Europe	4,727	4,063	4,312
Latin America	751	1,139	497
US/Canada	17,653	16,178	16,343
Total Indirect	26,138	24,985	23,639
Direct			
Asia Pacific	82	69	217
Europe	3,350	3,046	2,251
Latin America	181	135	660
US/Canada	4,628	4,212	3,713
Total Direct	8,241	7,462	6,841
Total Emissions	34,379	32,447	30,480

Total Energy Consumption gigajoules

Each dot represents approximately
5,200 gigajoules



	2008	2009	2010
Electricity	215,388	225,227	193,706
Fuel	92,491	89,194	67,313
Total	307,879	314,421	261,019

CO₂ Emissions metric tons CO₂

Each dot represents approximately
570 metric tons CO₂



	2008	2009	2010
Indirect			
Asia Pacific	2,990	3,581	2,423
Europe	4,705	4,041	4,259
Latin America	749	1,135	607
US/Canada	17,523	16,060	16,223
Total Indirect	25,967	24,817	23,512
Direct			
Asia Pacific	71	64	207
Europe	3,289	2,983	2,201
Latin America	178	132	651
US/Canada	4,592	4,178	3,677
Total Direct	8,130	7,357	6,736
Total Emissions	34,097	32,174	30,248

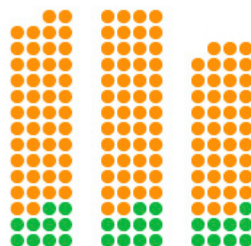
2. Direct emissions (Scope 1) include sources of stationary combustion, mobile combustion and refrigerants. Indirect emissions (Scope 2) include consumption of purchased electricity.

WASTE³

Total Non-Hazardous Waste⁴

U.S. (short) tons

Each dot represents approximately
230 U.S. (short) tons



	2008	2009	2010
Recycling	11,000	11,363	9,591
Disposal	2,256	2,296	2,040
Total	13,256	13,659	11,631
Recycled	83%	83.2%	82.5%

Total Hazardous Waste

U.S. (short) tons

Each dot represents approximately
1.75 U.S. (short) tons



	2008	2009	2010
Total	105	69	76

WATER³

Water Consumption

U.S. million gallons

Each dot represents approximately
330,000 U.S. gallons



	2008	2009	2010
Facilities	11.11	11.04	11.74
Factories	8.74	6.60	6.70
Total	19.85	17.64	18.44

3. Data is not available for a small percentage of operated leased facilities, where segregation of Hasbro waste and water was not present.

4. Previously referred to as solid waste.

Note: All environmental charts include data for owned and leased facilities operated by Hasbro and reflect absolute data which has not been normalized. All charts are proportional representations of data included in tables below.

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DEVELOPMENT AND TRAINING



Average amount of hours of training per employee per year

WELLNESS

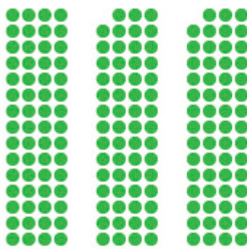


Approximate number of employees participating in our wellness programs globally in 2010

DIVERSITY AND INCLUSION

Global Employee Diversity⁵

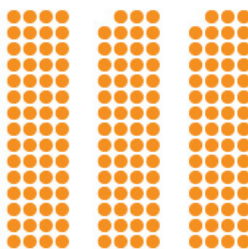
Each dot represents approximately 95 people



	2008	2009	2010
Total	5,733	5,610	5,640
Women	51%	51%	51%
Women in Management	31%	31%	30%

U.S. Employee Diversity

Each dot represents approximately 50 people



	2008	2009	2010
Total	3,164	3,098	3,088
Women	51%	51%	50%
Women in Management	33%	32%	31%
Ethnic Minorities	14%	14%	14%
Ethnic Minorities in Management	4%	4%	5%

U.S. Ethnic Minorities by Category in 2010

American Indian/Alaskan	3
Asian or Pacific Islander	133
Black/Not Hispanic origin	109
Hispanic	177
Native Hawaiian	2
Other/Unknown	1
White/Not Hispanic origin	2,660
Unidentified	3

5. Figures do not include employees in Brazil, Colombia, Greece, Japan, Korea, Peru, Romania or Russia.

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HEALTH AND SAFETY⁶

Incidence Rates	2008	2009	2010
Recordable Injuries and Illnesses	2.15	1.98	1.51
Lost Time Injuries and Illnesses	0.70	0.78	0.47
Lost Work Days	10.46	19.04	13.58

6. Work-related incidence rates per 200,000 hours worked in a full year.
Note: All charts are proportional representations of data included in tables below.

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Total Financial Support
(including grant making and company sponsorship)
million



Total Product Donation Value (fair market value)
million



Employee Fundraising Dollar Amount (U.S. payroll giving)



Total Number of Employee Volunteer Hours