



# Moonbug Supplier Operating Principles

## INTRODUCTION

Moonbug Entertainment Limited and its affiliates (together, “**Moonbug**”, “**we**”, “**our**” or “**us**”) are committed to responsible business conduct and respect for human rights.

Moonbug licenses its intellectual property rights to independent third parties that design, manufacture and distribute innovative consumer products incorporating our brands, names, marks, logos and characters for the enjoyment of consumers around the world. As a licensor of intellectual properties, Moonbug neither owns nor controls the independent businesses and facilities engaged in the manufacture of these branded consumer products. However, Moonbug expects these independent businesses to share our values and treat people with dignity and respect throughout their operations.

Moonbug has adopted these Supplier Operating Principles to clearly communicate our expectations and provide guidance to those engaged in the production of Moonbug-branded consumer products. These Principles draw upon, and are intended to be consistent with, generally accepted standards and relevant conventions and provisions of the International Labour Organization, the United Nations Guiding Principles on Business and Human Rights and the Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises. These Principles are intended to apply to all licensees, manufacturers, authorized subcontractors and materials suppliers engaged in the production of Moonbug-branded consumer products.

These Supplier Operating Principles are intended to establish Moonbug’s minimum expectations. It is the responsibility of all covered Suppliers to ensure that these Principles are adhered to in their respective operations and facilities and throughout the supply chain for Moonbug-branded consumer products including authorised subcontractors, raw materials suppliers and other suppliers they engage directly or indirectly. Suppliers are also expected to be able to demonstrate that our expectations are being met and be transparent when issues arise. Suppliers are encouraged to know their supply chains, to assess and understand the risks of their operations, to mitigate these risks, to clearly communicate the expectations set forth in these Principles, to resolve matters of non-compliance responsibly and to strive to make continuous improvements in working conditions and workers’ lives.

Moonbug is committed to exerting our influence on the independent businesses involved in the production of Moonbug-branded consumer products. Through this effort, we hope to drive positive impact for our licensees, their supply chain partners and the communities in which they and we do business. We recognise that we cannot be successful in this effort without the participation and co-operation of our licensees and their supply chain partners. We encourage them to incorporate the values reflected in these Principles in their own operations and require them to faithfully adhere to these Principles in practice. To help achieve our objectives, Moonbug includes these Principles in our licensing arrangements and applies these Principles to all supply chain partners engaged in the production of Moonbug-branded consumer products.



Moonbug believes that the primary focus of our collective efforts should be on the implementation of these Principles and the positive impact they can have on working conditions. Moonbug believes these Principles may be met through participation in and adherence to the requirements of existing programmes of many recognised industry groups and human rights organisations offering either facility certifications or monitoring programmes that include remediation and performance improvement assistance and oversight. Moonbug encourages Suppliers to actively participate in such programmes to achieve the objectives of these Principles more effectively and efficiently.

Moonbug expects consistent adherence to these Principles. When issues do arise, Moonbug expects those involved to promptly and responsibly work to resolve those issues in a manner consistent with these Principles. Moonbug supports continuous improvement and collaborative resolution of issues and views termination of business relationships as the least favoured option. However, Moonbug is committed to taking appropriate action, up to and including termination of business relationships, if issues cannot be resolved in a timely manner or if those responsible refuse to do so.



## 1. COMPLIANCE WITH LAWS

In addition to these Principles, Suppliers must comply with all applicable laws and regulations regarding labour practices and workplace operations including applicable hiring, compensation, working hours, environmental and workplace safety laws and regulations. If there is any conflict between the requirements of any applicable law and these Principles, Suppliers must adhere to the more restrictive requirements.

## 2. FUNDAMENTAL LABOUR STANDARDS

**No involuntary labour.** Suppliers are prohibited from using involuntary, forced or trafficked labour of any kind including any coerced, bonded, indentured, exploited or involuntary prison labor.

Suppliers must adopt responsible recruiting practices including prohibitions against requiring workers to pay recruitment fees, make financial guarantees or assume similar obligations to employers, labour brokers or recruitment agencies as part of the recruitment process or as a condition of employment. Suppliers must not transport, harbour, recruit, transfer or receive persons by means of force, coercion, abduction or fraud for labour or services.

Suppliers must provide workers with written and understandable information, in a language the worker speaks and can understand, about the terms and conditions of their employment before employment begins (and, if applicable, before the worker departs from their home country) including information on wages, hours, holidays and benefits. All labour contracts must fully comply with legal requirements and be free of any form of coercion such as the imposition of fines or the loss of residency papers when freely leaving employment.

Suppliers must not unreasonably impede the freedom of movement of workers in their facilities or place unreasonable restrictions on the ability of workers to enter or exit facilities. Workers must be free to terminate their employment without penalty upon reasonable notice. Suppliers must not require workers to surrender original identification documents or travel documents or other items necessary for free movement.

**No underage labour.** Suppliers are prohibited from using underage workers. Workers must meet the minimum working age established by local law and may not be under the age of 15 even if local law allows. Suppliers must comply with the requirements of local law and the guidance of the International Labour Organization regarding the type of work, working hours and working conditions for any allowable workers under the age of 18. If underage workers are discovered working for the Supplier, the Supplier must implement a remediation plan consistent with the guidance provided by the International Labour Organization on dismissal of child workers or similar approach.

**Working hours and overtime.** Suppliers must ensure that working hours do not exceed the *lesser* of the maximum allowed by local law and 60 hours per week, including allowable overtime, except in extraordinary situations. All overtime work must be voluntary and paid at a premium. Workers must be allowed at least one full-day of non-work during each seven-day period.



**Wages and benefits.** Suppliers must compensate workers at a level that meets or exceeds the requirements of local law, including laws related to minimum wages, overtime compensation, allowances and benefits. Suppliers must pay wages regularly and on time and are prohibited from making any unauthorised or illegal deductions. Any permitted deductions must be recorded and clearly communicated to the worker.

**No discrimination.** Suppliers are prohibited from engaging in, condoning or permitting any form of discrimination in the hiring, payment, job assignment, treatment, promotion or termination of workers including on the basis of race, colour, sex, age, pregnancy status, gender identity, marital status, religion, disability, sexual orientation, social origin, national origin or any other characteristics protected by applicable anti-discrimination or equality laws and regulations or unrelated to an individual's ability to perform the work required.

**Humane treatment; No harassment.** Suppliers are prohibited from engaging in, condoning or permitting any form of harsh, degrading or inhumane treatment including any actual or threatened physical, verbal, mental or sexual abuse, harassment, victimisation or intimidation against or among workers either in the workplace or in any residential and common facilities provided.

**Freedom of association.** Suppliers must respect the rights of workers to freely associate and to join, form or assist trade unions and enter collective bargaining arrangements in accordance with law. Suppliers must not discriminate against or penalise workers for their membership in, or activities related to, trade unions or collective bargaining arrangements.

### 3. WORKPLACE HEALTH AND SAFETY

**Working facilities.** Suppliers must provide safe, clean and healthy working facilities with ready access to potable water, adequate medical resources, unobstructed fire exits, safety equipment, clean restrooms and sanitary facilities for the preparation and storage of food. Suppliers must adopt and implement appropriate procedures and safeguards for the safety and security of workers including proper inspections, ongoing maintenance and appropriate safety measures including measures associated with the prevention of chemical, electrical, fire and vehicle hazards. Suppliers must provide effective personal protective equipment as needed.

**Housing.** Suppliers that provide worker dormitories, either directly or through third party providers, must ensure they are safe, clean and healthy. At a minimum, these facilities must have reasonable personal space, appropriate emergency exits, sufficient hot water for bathing and proper lighting, heating and ventilation. Suppliers must not unreasonably restrict entry and exit to dormitory facilities.

**Training and communications.** Suppliers must provide adequate and regular training on health and safety matters to both workers and supervisory staff and clearly post such information in an area easily accessible by workers.



#### 4. ENVIRONMENTAL COMPLIANCE

**Permits.** Suppliers must obtain and keep current all legally required environmental permits, approvals and registrations necessary for the operation of their facilities.

**Sustainability.** Suppliers must comply with applicable legal requirements and regulations and are expected to adopt and implement environmentally conscious practices including measuring, tracking and mitigating operational and production impacts to air, water and other environmental systems. Management of wastewater streams, the handling and disposal of hazardous waste, the level of air emissions and energy efficiency must all comply with applicable legal requirements and regulations.

#### 5. TRANSPARENCY AND ETHICAL BUSINESS PRACTICES

**Ethical business practices.** Suppliers are prohibited from engaging in bribery or other unethical or corrupt business practices. Suppliers must maintain complete and accurate records regarding all matters covered by these Principles and must be truthful and transparent in their disclosures and reporting. Suppliers must fully cooperate with audits of and other inquiries into their facilities and business records reasonably requested to demonstrate adherence to these Principles.

**Unauthorised Subcontracting.** Suppliers are prohibited from engaging in any unauthorised subcontracting or any other effort to avoid or evade the application of these Principles to facilities and operations engaged in the manufacture of branded products.

**Regular monitoring.** Suppliers must regularly monitor adherence with these Principles either directly or through recognised third-party service providers or membership organisations.

**Grievance procedures.** Suppliers must adopt a grievance mechanism for workers to identify and share workplace issues with management. The grievance procedure should allow for anonymous submissions, should provide for timely resolution by appropriate levels of management, should include a commitment to provide clear feedback to workers regarding their concerns and should prohibit any form of punishment, penalty or retribution for the submission of complaints.