ANNUAL REVIEW
A brief update on our activities and finances
2015
The ICTI CARE Program is the global responsible sourcing program of choice for the toy industry

In addition to conducting audits that assess compliance to the ICTI CARE standard and granting certification when standards are met, ICTI CARE provides capacity building and training programs for factories, as well as peer-to-peer learning. Our specialist teams work to address issues such as wages & benefits, unsafe working conditions, forced labour, and uncover hidden factories or unauthorised subcontracting.

Globally, over 1,500 toy brands and retailers use ICTI CARE’s industry specific responsible sourcing program to manage risks and improve standards. Over 1,100 toy factories are ICTI CARE Certified, supporting more than 600,000 workers globally.
2015 marked twenty years since the creation of the Code of Business Practices by the International Council of Toy Industries in 1995. This code represented the first unified code of conduct for toy factories and was a major development in standards convergence and the start of the efforts to reduce audit duplication in the industry. This Code of Business Practices went on to form the foundation of what we now call the ICTI CARE Process which is now implemented and developed by the ICTI CARE Foundation.

As well as marking a milestone in our history, 2015 also sparked a period of change at ICTI CARE. We proudly welcomed our new CEO and President, Carmel Giblin. Carmel has over 20 years’ experience, specialising in ethical sourcing and responsible supply chain management and brings with her a bold and ambitious vision for the future of ICTI CARE.

These bold plans for development were kick started with the introduction new and improved resources for workers, factories, brands, and retailers including the expansion of our Worker Helpline, the introduction of the ICPS platform, and the new Committed Brands PLUS program for brands & retailers.

The development and launch of our sophisticated online data sharing platform, ICPS, marked a new era for factories, brands and retailers. Through ICPS greater transparency than ever before is possible to users. ICPS allows factories to share their audit data with all of their customers instantly and effortlessly and allows buyers to monitor and manage all their suppliers in one place, with real time updates and alerts.

From changes in governance to geographic expansion, 2015 has marked the start of a new era for all our stakeholders here at ICTI CARE. We continue to build on the progress made since the Code of Business Practices was established twenty years ago but we are mindful that more can always be done. This has led us to undertake a comprehensive review of the ICTI CARE Program to identify ways in which it can be enhanced to continue to improve the lives of workers in the global toy supply chain.

The coming years are full of opportunity and potential for ICTI CARE and all of our stakeholders. We look forward to sharing with you the results of our ambitious plans, our achievements and the continuing development of the ICTI CARE Program in future reports. In the meantime we hope you enjoy reading of our development in 2015 in this Annual Review.

Welcome to the 2015 Review of Activities

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ICTI CARE Program at a glance

1,042 SITES CERTIFIED

601,096 WORKERS SUPPORTED

12 COUNTRIES

143 AUDITORS

7 AUDIT FIRMS

TOP 3 CATEGORIES OF TOY MANUFACTURERS IN THE ICTI CARE PROGRAM:

1. plastic toys
2. plush and soft toys
3. electronic toys

NUMBER OF FACTORIES PER EACH COUNTRY/REGION COVERED IN ICTI CARE PROGRAM:

<table>
<thead>
<tr>
<th>Country</th>
<th>Factories</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>1,178</td>
</tr>
<tr>
<td>Vietnam</td>
<td>32</td>
</tr>
<tr>
<td>Indonesia</td>
<td>19</td>
</tr>
<tr>
<td>Thailand</td>
<td>12</td>
</tr>
<tr>
<td>India</td>
<td>8</td>
</tr>
<tr>
<td>Malaysia</td>
<td>7</td>
</tr>
<tr>
<td>Taiwan</td>
<td>7</td>
</tr>
<tr>
<td>Singapore</td>
<td>3</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>3</td>
</tr>
<tr>
<td>Korea</td>
<td>2</td>
</tr>
<tr>
<td>Tunisia</td>
<td>2</td>
</tr>
<tr>
<td>Japan</td>
<td>1</td>
</tr>
</tbody>
</table>

www.icti-care.org
Highlights from key areas of activity

1 audits & monitoring

The ICTI CARE Program helps to reduce the number, and cost, of multiple audits by multiple customers in each factory by providing one standard audit program. Our program is widely accepted by brands and retailers globally.

<table>
<thead>
<tr>
<th>KEY PROGRAM METRICS</th>
<th>1,042 seal certified factories</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>220 factories terminated, 207 in probation</td>
</tr>
<tr>
<td></td>
<td>290 new factory registrations, 668 renewals</td>
</tr>
<tr>
<td></td>
<td>933 seals approved</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AUDIT CAPACITY</th>
<th>2,761 audits performed by accredited audit firms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,210 days allocated to social audits</td>
</tr>
<tr>
<td></td>
<td>2,660 audits conducted in China, 115 conducted overseas</td>
</tr>
<tr>
<td></td>
<td>113 Quality Control audits completed</td>
</tr>
<tr>
<td></td>
<td>22 additional auditors accredited globally</td>
</tr>
</tbody>
</table>

2 stakeholder engagement

The ICTI CARE Program increases collaboration amongst stakeholders to promote and implement socially responsible supply chain practices throughout the global toy industry.

<table>
<thead>
<tr>
<th>NATIONAL TOY ASSOCIATIONS</th>
<th>29 National and Regional Toy Associations support the ICTI CARE Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMITTED BRANDS</td>
<td>1,537 corporations committed to order from ICTI CARE Certified suppliers</td>
</tr>
</tbody>
</table>
Introducing **Committed Brands PLUS**

ICTI CARE launched a new level of commitment for toy brands and retailers towards the end of 2015.

We recognise that it is vital that both buyers and suppliers are mutually committed to responsible sourcing. This new program from ICTI CARE enables buyers to demonstrate their commitment.

Committed Brands PLUS provides toy brands and retailers with a powerful online platform and new tools designed to meet the specific needs of the toy industry.

The program will be launched fully in 2016 but started with a soft launch in Q4 of 2015. At the end of the year we have three toy brands signed up: TOP-TOY A/S, Mattel, Inc., and Hasbro, Inc.

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### worker helpline

The ICTI CARE Program works to ensure the well-being of workers in the toy supply chain. One way we achieve this is through the provision of a safe and secure channel for workers in China to receive advice and support.

1,263 individuals called the worker helpline

201,010 free CARE cards were distributed to 995 factories through Initial Certification Audit and Initial Annual Audit process. This is an increase of 75% from 2014.

#### caller gender

- **32%** Female
- **68%** Male

#### caller location

- **GUANGDONG**
- **JIANGSU**
- **ZHEJIANG**
- **FUJIAN**
Top 5 reasons why workers used the helpline

<table>
<thead>
<tr>
<th>category of enquiry</th>
<th>number in 2015</th>
<th>percentage in 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 dismissal / termination</td>
<td>176</td>
<td>10.37%</td>
</tr>
<tr>
<td>2 delayed payment</td>
<td>175</td>
<td>10.31%</td>
</tr>
<tr>
<td>3 resignation</td>
<td>150</td>
<td>8.83%</td>
</tr>
<tr>
<td>4 wage calculation</td>
<td>135</td>
<td>7.95%</td>
</tr>
<tr>
<td>5 holiday / leave application and arrangement</td>
<td>128</td>
<td>7.54%</td>
</tr>
</tbody>
</table>

How workers accessed the helpline

Funding for the helpline

The ICTI CARE Worker Helpline generously received financial support from The Walt Disney Company’s International Labor Standards’ Supply Chain Investment Program. This grant enabled us to increase awareness and use of the ICTI CARE Worker Helpline to further benefit the many hundreds of thousands of toy factory workers in China for whom the helpline is a vital resource and safety valve.
ICTI CARE seeks to raise standards and build capacity in a variety of ways including training events, seminars, and the sharing of best practice.

In 2015, over 1,000 people participated in ICTI CARE training and capacity building events. The majority of the events are targeted at factory employees but we also operate buyer and auditor training sessions.

- **28 sessions held**
- **6 training work-streams**
- **6 cities globally**
- **1,019 attendees**

**Programs tailored to Indian factories**

New pilot programs developed for India to meet the needs of factories in the country. These new programs were specifically tailored to cover different aspects of ethical compliance.

**E-training pilot**

We piloted the use of webinars to provide free online training across geographic barriers.

The use of webinar technology proved a successful means of providing training and we will be using this platform to offer more overseas training for other countries in the ICTI CARE Program next year.
2015 Financial Highlights, all figures displayed are in US Dollars.

**INCOME**

- Total: $3,257,000
- $3,037,000 audit operations
- $220,000 partner support programs
- $271,000 increase in reserve 8% of income

**EXPENSES**

- Total: $2,986,000
- $1,382,000 audit operations
- $539,000 capacity building
- $445,000 communications and stakeholder
- $410,000 oversight & policy
- $210,000 quality assurance
## Governance Board

### CO-CHAIRS

- **Alan Hassenfeld**  
  Chairman of the Executive Committee of the Board of Directors of Hasbro, Inc.

- **Maria Livanos-Cattaui**  
  Former Secretary General of International Chamber of Commerce

### MEMBERS

- **Synésio Batista da Costa**  
  President and CEO, Associação Brasileira Dos Fabricantes De Brinquedos (ABRINQ)

- **Roland Earl**  
  President, British Toy and Hobby Association; and President, International Council of Toy Industries

- **Peter Eio**  
  Former President of LEGO in the Americas and former Chairman of the Toy Industry Association

- **Gary Hutchens**  
  Former CEO, Dorcey Irwin Pacific and former President, Australia Toy Association

- **George Irwin**  
  Chairman and CEO, IToys Inc.

- **Alan Munn**  
  Former President and CEO, Tomy Europe

- **Jane Nelson**  
  Senior Fellow and Director, Corporate Social Responsibility Initiative, Kennedy School of Government, Harvard University

- **William Reese**  
  President and CEO, International Youth Foundation

- **Shi Xiaoguang**  
  Independent, Non-Executive Director of Goodbaby International Holding Ltd. (China)

- **Pår Stenbäck**  
  Former Minister of Foreign Affairs of Finland

- **Kenneth Ting Woo-Shou**  
  Chairman, Kader Industrial Company Limited

- **Auret Van Heerden**  
  CEO, Academy for Sustainable Business, former head of the Fair Labor Association

- **T.S. Wong**  
  Chairman of Jetta Company Ltd., Honorary President of Hong Kong Toys Council