

The *WALT DISNEY* Company

INTERNATIONAL LABOR STANDARDS PROGRAM MANUAL

Revised January 2017

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THE INTERNATIONAL LABOR STANDARDS PROGRAM APPLIES TO THE PRODUCTION OF ALL PRODUCTS, PRODUCT COMPONENTS, AND MATERIALS IN PHYSICAL FORM

containing, incorporating, or applying any intellectual property owned or controlled by The Walt Disney Company and its affiliates (“Disney”) produced for any purpose anywhere in the world (“Disney-branded products”). This includes licensed products, promotional items, publications, print materials, giveaways, packaging, and display materials. The intellectual property of Disney includes all names, marks, logos, characters, and other proprietary designations and properties owned or controlled by Disney (including ABC, ESPN, Lucasfilm, Marvel, and Pixar).

I. INTRODUCTION

The Walt Disney Company’s International Labor Standards Program seeks to foster **safe**, **inclusive**, and **respectful** workplaces wherever Disney-branded products are produced. The International Labor Standards Program is an important component of The Walt Disney Company’s Citizenship and Responsible Supply Chain efforts. For more information on these policies and programs, go to the [Disney Citizenship](#) page on [The Walt Disney Company](#) website.

Disney’s Code of Conduct for Manufacturers (“Disney Code”) establishes Disney’s expectations for the production of Disney-branded products. As described below, the principles embodied in the Disney Code are consistent with the core conventions of the International Labour Organization. Disney’s International Labor Standards Program (“ILS Program”) requires all Licensees and Vendors to conduct preproduction ILS Audits and periodic ILS Audits and provide ILS Audit Reports on a regular basis, as described in this ILS Program Manual. This is intended to enable Disney and its Licensees and Vendors to gain greater visibility into the working conditions of Facilities in which Disney-branded products are produced and to promote continuous improvement in meeting the requirements of the Disney Code and the objectives of the ILS Program in fostering safe, inclusive, and respectful workplaces.

As a Licensee or Vendor of Disney, you are responsible for ensuring that Disney-branded products are produced in compliance with the ILS Program. This ILS Program Manual outlines requirements for Licensees and Vendors and includes reference materials to help you meet your obligations. We encourage you to carefully review this ILS Program Manual

and to ensure that you have adequate knowledge, experience, and capacity to meet the expectations of the ILS Program.

This ILS Program Manual is intended to supplement your agreement with Disney. In the event that any part of this ILS Program Manual is inconsistent with the terms of your agreement with Disney, your agreement with Disney controls. This ILS Program Manual supersedes all previous manuals, guides, and similar materials relating to the subject matter described herein. This ILS Program Manual may be revised from time to time.

Certain capitalized terms used in this ILS Program Manual are defined in the glossary (See [Appendix 1: Glossary of Terms](#) for details.) As used in this ILS Program Manual, the ‘production’ of Disney-branded products includes the manufacture, processing, finishing, assembly, labeling, printing, and packaging of Disney-branded products.



II. OVERVIEW OF GENERAL ILS PROGRAM REQUIREMENTS

As a Licensee or Vendor for Disney, you play a critical role in helping to ensure that Disney-branded products are made in safe, inclusive, and respectful workplaces. Licensees and Vendors are required to comply with the following ILS Program requirements described in detail in this ILS Program Manual:

1. SELECT COMPLIANT FACILITIES IN AND SOURCE FROM PERMITTED SOURCING COUNTRIES:

Do not produce Disney-branded products in or source components or materials from countries that are not on Disney's Permitted Sourcing Countries list.

In addition, production in and sourcing from certain Permitted Sourcing Countries is subject to conditions and restrictions that you must comply with. (See the [Sourcing Restrictions](#) section for details.)

The Disney Code of Conduct for Manufacturers ("Disney Code") requires all Facilities engaged in the production of Disney-branded products to meet and maintain, at a minimum, a requisite level of compliance with the Disney Code or another code of labor standards approved in advance by Disney (the Disney Code and any approved alternative code may be referred to together as the "Code"). This requisite level of compliance is referred to as the Minimum Compliance Standard ("MCS"). You are responsible for selecting and using only Facilities that meet and maintain, at a minimum, the MCS. (See the [Disney Code of Conduct for Manufacturers and Minimum Compliance Standard](#) section for details

2. DECLARE ALL FACILITIES AND SUBMIT REQUIRED DOCUMENTATION IN A TIMELY MANNER:

You must declare each Facility, wherever it is located, before beginning any production of Disney-branded products at the Facility by submitting to Disney a Facility and Merchandise Authorization ("FAMA") Application in a timely manner. This includes any and all subcontractor Facilities proposed for use. If the Facility is located in a Permitted Sourcing Country where ILS Audits are required, you must also submit a qualified ILS Audit Report that demonstrates that the Facility meets MCS unless a qualified ILS Audit Report is already on file with Disney. (See the [Sourcing Restrictions, Facility Declaration and Authorization](#), and [ILS Audits](#) sections for details.)

3. RECEIVE AUTHORIZATION FROM DISNEY PRIOR TO PRODUCTION:

Before you begin Disney-branded production in any Facility you propose to use, you must obtain a signed FAMA from Disney. As a Licensee or Vendor, you must also receive prior authorization for all proposed subcontractor Facilities by obtaining a signed FAMA for these Facilities. (See the [Facility Declaration and Authorization](#) section for details.)

4. MANAGE ONGOING COMPLIANCE AND PROVIDE PERIODIC ILS AUDITS IF REQUIRED:

Educate prospective and current Facilities about the Code, the MCS, and the ILS Program requirements. As a Licensee or Vendor, you must distribute the Code to each of your Facilities and ensure that your Facilities fully understand Disney’s expectations and requirements. Once Disney-branded production at a Facility is authorized, you are responsible for working with the Facility to ensure on-going compliance by the Facility with applicable ILS Program requirements, the remediation of any labor issues that may arise during production, and ensuring that your Facilities fully comply with the Code to the extent it is commercially reasonable. (See the **Disney Code of Conduct for Manufacturers and Minimum Compliance Standard** section for details.)

5. REMEDIATE COMPLIANCE VIOLATIONS AND STOP PRODUCTION IF REQUIRED:

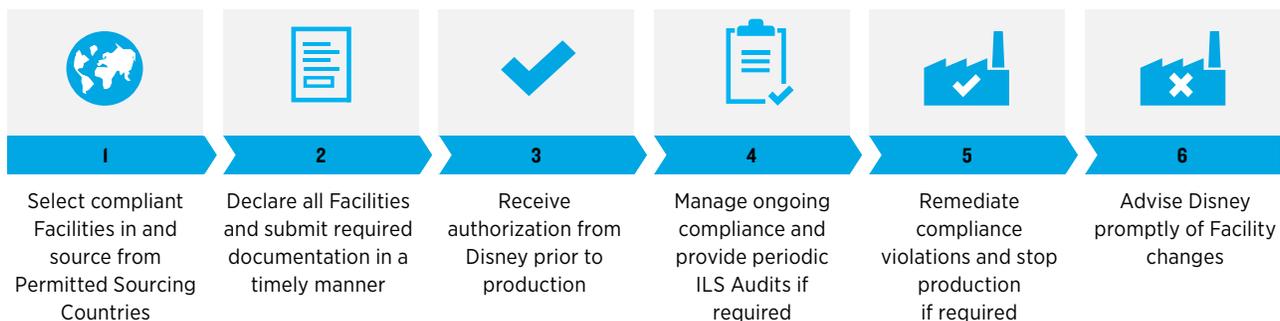
As a condition of continued use of a Facility, you, as well as other Licensees and Vendors using the Facility, must resolve MCS violations within the time periods specified by the ILS Program. You must also encourage improved working conditions and full compliance with the Code. (See the **Remediation of Noncompliance** section for details.)

If required by notice from Disney, individual Licensees and Vendors or all Licensees and Vendors using a Facility must promptly cease producing Disney-branded products and remove any and all Disney-branded products whether complete or in-process (including any molds and materials). (See the **Facility Declaration and Authorization and Facility Loss of Production Authorization** sections for details.)

6. ADVISE DISNEY PROMPTLY OF FACILITY CHANGES:

You must notify Disney promptly (but no later than 30 days) when you (1) stop using a Facility for any reason and have no reasonable intention of using the Facility within 12 months, or (2) have not used a Facility for 12 months and have not placed an order with the Facility to be fulfilled within the next 12 months. At Disney’s request, you must provide Disney with an updated list of Facilities. You are sent a monthly Licensee/Vendor Status Report that includes a list of Facilities in which you have indicated you are producing Disney-branded products and a list of expired Facilities in which you have indicated you are no longer producing such products. (See **Appendix 16: Sample Monthly Licensee/Vendor Status Report** for details.)

A SUMMARY OF GENERAL REQUIREMENTS



III. DISNEY CODE OF CONDUCT FOR MANUFACTURERS AND MINIMUM COMPLIANCE STANDARD

DISNEY CODE OF CONDUCT FOR MANUFACTURERS

First adopted in 1996, the Disney Code of Conduct for Manufacturers (“Disney Code”) sets forth Disney’s expectations for manufacturers of Disney-branded products. Disney expects all Facilities engaged in the production of Disney-branded products to comply with the Disney Code or another code of labor standards approved in advance by Disney as described in this ILS Program Manual (the Disney Code and any approved alternative code may be referred to together as the “Code”).

The principles embodied in the Disney Code are consistent with the core conventions of the **International Labour Organization** (“ILO”), as well as with various third-party initiatives and corporate codes of conduct pertaining to supply chain labor standards. The Disney Code is available in more than 50 languages at www.DisneyLaborStandards.com. (See **Appendix 3: Disney Code of Conduct for Manufacturers** for more information.)

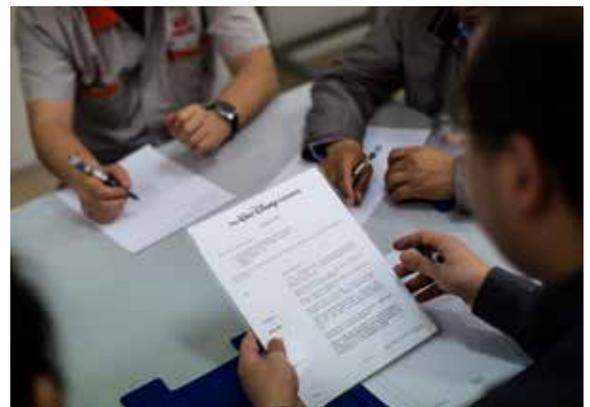
MINIMUM COMPLIANCE STANDARD

Disney requires that all Facilities engaged in the production of Disney-branded products meet and maintain, at a minimum, a requisite level of compliance with the Code referred to as the Minimum Compliance Standard (“MCS”). In order to meet the MCS, a Facility must demonstrate the absence of violations in the following Code categories which Disney considers to be the highest priority and most serious labor standard issues:

- Child Labor
- Involuntary Labor
- Coercion and Harassment
- Nondiscrimination
- Association
- Health and Safety
- Subcontracting
- Monitoring and Compliance

Remember:

All Facilities must meet and maintain, at a minimum, the Minimum Compliance Standard.



In addition, the MCS requires that each Facility you use provide access to complete and accurate information, including all physical locations within the Facility, relevant documents, and workers for private and confidential interviews.

MCS violations identified prior to the initial authorization for Disney-branded production must be resolved before, and as a condition of, initial production authorization by Disney.

As a condition of continued use of a Facility, MCS violations identified during the course of production must be remediated within the time periods and in the manner established by the ILS Program.

Disney may adjust the MCS periodically to help foster safe, inclusive, and respectful workplaces wherever Disney-branded products are manufactured and to reflect industry trends.

A Facility may be subject to immediate loss of authorization to produce Disney-branded products if:

- MCS violations identified during the course of production as a result of an ILS Audit are not remediated within the designated time periods, as evidenced by a subsequent ILS Audit.
- An ILS Audit (from any source) reveals fraud, bribery, or other improper influence. (See the **Facility Loss of Production Authorization** section for details.)

In addition, an individual Licensee or Vendor will be prohibited from using a Facility upon their failure to submit a qualified ILS Audit Report demonstrating that the Facility is in compliance with the MCS, as required by the ILS Program. (See the **Facility Declaration and Authorization** section for details.)

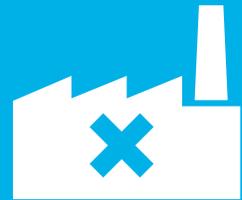
The determination of whether any ILS Audit is qualified under the ILS Program and whether a Facility demonstrates compliance with the MCS, the Code, or applicable laws is a matter within Disney's discretion. Disney will reject any ILS Audit Report if Disney reasonably believes that (1) it was obtained through or otherwise involves fraud, bribery, or other improper influence; or (2) the Facility did not provide full access and the necessary transparency for an ILS Audit.

CONTINUOUS IMPROVEMENT

Disney recognizes that even though a Facility meets the MCS, working conditions in that Facility may not be in full compliance with the Code. Therefore, you as a Licensee or Vendor are responsible for working with Facilities to encourage continuous improvement of all working conditions in any Facility producing Disney-branded products. Social compliance consultants and Social Compliance Monitoring Organizations may be able to assist you in identifying programs to meet individual Facility remediation needs. (See **Appendix 5: Social Compliance Monitoring Organizations** and **Appendix 6: Reference List of Social Compliance Consultants** section for details.)

Remember:

A Facility may be subject to immediate loss of production authorization for fraud, bribery, or other improper influence.



PURCHASING PRACTICES

Product development, contracting, and production management decisions can sometimes create challenges in meeting ILS Program objectives and requirements. You should work with Facilities to help ensure that, among other things:



Order pricing can support the payment of the legally-required wage rates and allow Facilities to maintain work environments that comply with all local labor laws and Code requirements.



Open lines of communication exist between you and the Facility management so that potential compliance issues are identified and resolved proactively and collaboratively.



Delivery dates permit Facilities to operate in compliance with limits on working hours.



Changes to purchase orders do not contribute to wage or hour violations or unauthorized subcontracting.

IV. SOURCING RESTRICTIONS

As a Licensee or Vendor, you may only produce Disney-branded products in and source from Permitted Sourcing Countries. The use of Facilities in certain Permitted Sourcing Countries is subject to additional conditions as described in this ILS Program Manual.

PERMITTED SOURCING COUNTRIES

As part of its ILS Program, Disney uses the **World Bank’s Worldwide Governance Indicators** (“WGI”) as a primary resource for evaluating a country’s risk and for establishing Disney’s policies relating to ILS Audit requirements. These indicators evaluate the degree of governance across six elements:

- **Voice and Accountability**
- **Political Stability and Absence of Violence**
- **Government Effectiveness**
- **Regulatory Quality**
- **Rule of Law**
- **Control of Corruption**

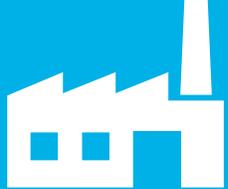
The list of Permitted Sourcing Countries includes those countries that achieve a requisite ranking under the WGI as well as those where the International Labour Organization and the International Finance Corporation operate a **Better Work** Program. Based upon their WGI rankings, Disney requires the submission of ILS Audit Reports for use of Facilities in designated Permitted Sourcing Countries.

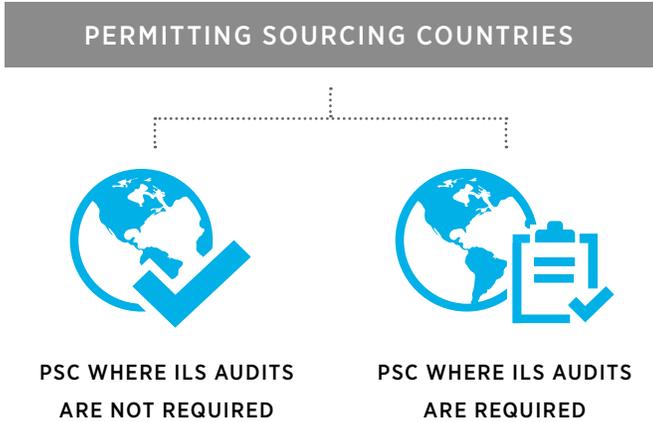
Disney currently applies this ILS Audit requirement to Facilities in any Permitted Sourcing Country with a WGI average percentile rank of less than 65% and greater than 25%. Disney also applies this ILS Audit requirement to Facilities in countries on the Permitted Sourcing Countries list as the result of a *Better Work* program.

For Facilities in Permitted Sourcing Countries where ILS Audits are required, you must provide Disney with qualified ILS Audit Reports demonstrating compliance with the MCS prior to and as a condition of the production of Disney-branded products and periodically during continued use of the Facility.

Remember:

You must declare all Facilities in all Permitted Sourcing Countries (including those Permitted Sourcing Countries where ILS Audits are not required). You may only source from Permitted Sourcing Countries.





U.S. GOVERNMENT AND DISNEY RESTRICTIONS

As a Licensee or Vendor, you may not use Facilities in or source from any country that is not a Permitted Sourcing Country. This means that you may not apply or permit the application of any Disney intellectual property to blank items produced in or sourced from, in whole or in part, any country that is not a Permitted Sourcing Country (e.g., a Disney logo may not be printed on a plain backpack made in any country that is not a Permitted Sourcing Country). You are responsible for any products, product components, and material that are produced in or sourced from, in whole or in part, any country that is not a Permitted Sourcing Country. In addition to any and all rights and remedies available to Disney, you may be required, at your sole cost and expense, not to sell or distribute such products and/or to destroy or donate such products as Disney may direct.

As a Licensee or Vendor, you may not source Disney-branded products, components, or materials from countries subject to trade restriction programs enacted by the U.S. Government, or other Laws, or from persons prohibited by the U.S. Government, or other Laws. In addition, Disney may temporarily suspend production in and sourcing from additional countries. Disney applies these trade restrictions to all of its Licensees and Vendors, regardless of whether the products are intended for a U.S. or non-U.S. market, and to all products, components, and materials of products

whether or not they bear Disney intellectual property. It is your responsibility as a Licensee or Vendor to comply with all trade restriction programs, regardless of where you are physically located or legally registered. Trade restrictions can apply to countries, products, industries, or persons. The Permitted Sourcing Country list excludes those currently subject to U.S. Government trade restriction programs.

The Permitted Sourcing Country list is subject to change. If a Permitted Sourcing Country becomes prohibited by trade restriction programs enacted by the U.S. Government, or becomes prohibited by other Laws, the country will be deemed automatically removed from the list of Permitted Sourcing Countries as of the effective date of the restriction or Law, without need of any notice from Disney. It is your responsibility to monitor any such changes. If a Permitted Sourcing Country is removed from the list of Permitted Sourcing Countries due to Disney's determination, Disney shall provide reasonable notice to you of the change. Disney may provide this notice through www.DisneyLaborStandards.com or other relevant websites.

Remember:

For more information about trade restrictions placed by the U.S. Government on countries and specially designated persons or entities, you may wish to consult with experts in the field (including legal counsel) as well as obtain information from publicly-available resources such as U.S. Government websites.



V. FACILITY DECLARATION AND AUTHORIZATION

Full and accurate visibility to all Facilities is essential to the successful operation of the ILS Program. Therefore, before beginning Disney-branded production, you must declare and receive written authorization from Disney for each Facility you intend to use in the production of Disney-branded products. You must submit a Facility and Merchandise Authorization (“FAMA”) Application to Disney for each Facility you intend to use. If your Facility is in a country where Disney requires ILS Audits, you must also conduct a qualified ILS Audit (if one is not otherwise available) and submit a qualified preproduction ILS Audit Report that demonstrates the Facility is in compliance with the MCS.

Following Disney’s review and approval of the FAMA Application and any required ILS Audit Reports, you will receive a signed FAMA. Only a signed FAMA demonstrates Disney’s authorization of the Facility. You may commence production in a Facility only after the receipt of the signed FAMA for that Facility. (See the [ILS Audits](#) section for details.) As used in this ILS Program Manual, the ‘production’ of Disney-branded products includes the manufacture, processing, finishing, assembly, labeling, printing, and packaging of Disney-branded products. You are sent monthly Licensee/Vendor Status Reports that include a list of Facilities in which you have indicated you are producing Disney-branded products and a list of Facilities in which you have indicated you are no longer producing such products. Make sure you carefully review these Monthly Status Reports for accuracy. (See [Appendix 16: Sample Licensee/Vendor Status Report](#) for details.)



Remember:

FAMA Applications must be submitted for all Facilities in all Permitted Sourcing Countries. Only a signed FAMA demonstrates Disney’s authorization of a Facility.



FACILITY DECLARATION GUIDELINES

Facilities engaged in the production of Disney-branded products and that must be declared to Disney include physical locations where:



Disney-branded components, subcomponents, and final products are produced, manufactured, assembled, printed, embroidered, engraved, etched, or subcontracted.



Disney-branded agricultural products are processed, labeled, or packaged.



Disney-branded paper products (such as advertising materials, catalogs, instruction booklets, leaflets, mailers, marketing materials, packaging materials, and posters) are produced, processed, printed, or assembled.

At this time, locations that do not need to be declared, and for which no FAMA Application is required, include:

- Locations that produce blank or generic products, components or materials that do not contain, incorporate or apply any Disney intellectual property (such as blank or generic cardboard boxes, plastic wrap or plain buttons). However, such blank products and other materials may only be produced in and sourced from Permitted Sourcing Countries and may not be sourced from Prohibited Persons. Disney encourages you to purchase all products, components, and materials only from sources that have standards comparable to the Disney Code and consistent with other Disney policies.
- Raw materials suppliers, fabric mills or processors of generic commodity items such as cotton, metal and paper that do not contain, incorporate or involve the application of any Disney intellectual property. However, raw materials should only be produced in and sourced from Permitted Sourcing Countries and may not be sourced from Prohibited Persons. Disney encourages you to purchase raw materials only from sources that have standards comparable to the Disney Code and consistent with other Disney policies.
- Advertising agencies and similar service providers, unless they are in physical locations that must be declared as described above.
- Locations that produce only a negligible number of product samples used for the purpose of testing or seeking product approval (provided that the Licensee or Vendor is responsible for ensuring that all such locations comply with the MCS).
- Locations that produce print materials making only incidental usage of Disney intellectual property where the print materials clearly indicate they are not Disney-branded and Disney intellectual property is not predominate (such as a retailer circular containing Disney products and the products of other companies).



FACILITY DECLARATION EXAMPLES

The following examples describe when FAMA Applications are required:

Example 1

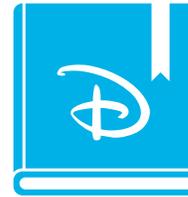
Denim shirt with Mickey embroidered patch and Mickey-shaped buttons



- You must submit a FAMA Application for the Facilities that produce the Mickey embroidered patch and Mickey-shaped buttons, as well as for the Facilities that attach the embroidered patch and buttons onto the shirt.
- You must also submit a FAMA Application for any Facilities that produce, assemble, label, and/or package materials involving Disney intellectual property.
- You do not need to submit a FAMA Application for the location where the “blank” denim shirts are produced. However, the blank denim shirts must be produced in and sourced from a Permitted Sourcing Country and consistent with other Disney policies.

Example 2

Disney Book



- You must submit a FAMA Application for the Facility that prints the book, as well as for any Facilities that provide packaging for the book involving Disney intellectual property.
- You do not need to submit a FAMA Application for the creative agency that produces the art or production film (unless the same location is also used for production of the book), or for where the “blank” paper is produced. However, the art or production film as well as the blank paper must be produced in and sourced from a Permitted Sourcing Country and consistent with other Disney policies.

FACILITY AUTHORIZATION DOCUMENTS

Facility and Merchandise Authorization (FAMA) Application

For each Facility that must be declared and authorized, Disney requires the submission of a **FAMA Application**. The FAMA Application identifies the name and location of the Facility in which you intend to engage in the production of Disney-branded products. You must submit to Disney one FAMA Application for each Facility you intend to use. This includes any subcontractor Facilities handling, processing, manufacturing, or otherwise applying Disney’s intellectual property. (See **Appendix 9: Facility and Merchandise Authorization (FAMA) Application** for more information).

Additional Documentation

For Facilities in Permitted Sourcing Countries where ILS Audits are required, you must also submit a qualified ILS Audit Report in advance of production that demonstrates that the Facility is in compliance with the MCS unless one is already on file with Disney. (See **Appendix 8: Permitted Sourcing Countries (PSC)** for more information.)

Signed FAMA

Disney will evaluate each FAMA Application based upon information provided to Disney by you (or otherwise available to Disney). If you are authorized to use a Facility for production, Disney will provide you with a signed FAMA. Do not begin production of any Disney-branded products prior to receipt of the signed FAMA from Disney. As used in this ILS Program Manual, the ‘production’ of Disney-branded products includes the manufacture, processing, finishing, assembly, labeling, printing, and packaging of Disney-branded products. If any Disney-branded products are produced in violation of this or other requirements, you may be required, at your sole cost and expense, not to sell or distribute such products and/or to destroy or donate such products as Disney may direct. A signed FAMA from Disney also serves as a customs release document. (See **Appendix 10: Sample Signed Facility and Merchandise Authorization (FAMA)** for more information.)



Remember:

Do not commence any Disney-branded production until you have a signed FAMA for the Facility.

Always check directly with Disney to confirm the compliance status of a Facility. Certain Facilities (including those Facilities subject to a Corrective Action Plan or that have lost authorization) may not be eligible for production of Disney-branded products

Inform Disney of any changes to your Facility base promptly, including Facilities you wish to add and Facilities you no longer intend to use.



CHANGES IN FACILITIES

You are responsible for ensuring that Disney has an accurate and up-to-date list of all Facilities used in the production of Disney-branded products. You must avoid both under-declaration and over-declaration of Facilities. In addition, you must advise Disney of changes in the status of Facilities previously declared and authorized for use including Facility closure and relocation.

You must notify Disney promptly (but no later than 30 days) in writing when you (1) stop using a Facility for any reason and have no reasonable intention of using the Facility within the next 12 months, or (2) have not used a Facility for 12 months and have not placed an order with the Facility to be fulfilled within the next 12 months. Upon receipt of such notice, Disney will expire your relationship with the Facility and may revoke a previously issued signed FAMA for production at the Facility. Once the Facility relationship is expired, you may no longer produce Disney-branded products at the Facility until such time as you file a new FAMA Application and receive production authorization evidenced by a new signed FAMA. You must also provide Disney with an updated list of Facilities or evidence of Facility use at any time upon request from Disney.

FAMA REVOCATION

A signed FAMA provides authorization for you, as a Licensee or Vendor, to use a specific Facility for the production of Disney-branded products in accordance with your applicable agreement and ILS Program requirements. Disney may revoke a previously-issued, signed FAMA (and your right to use the Facility for Disney-branded production) as a result of any of the following:

- You fail to submit a qualified ILS Audit Report as required by the ILS Program.
- You stop using a Facility for any reason and have no reasonable intention of using the Facility within 12 months.
- You have not used a Facility for 12 months and have not placed an order with the Facility to be fulfilled within the next 12 months.
- The Facility has shut down completely or is no longer in operation at the same Facility location that was originally declared to Disney through the FAMA Application process.
- Disney is unable to conduct an ILS Audit, including as a result of your failure to promptly confirm the current status of the Facility and/or your failure to provide accurate information regarding the Facility as requested in the Code of Conduct Assessment Notification (“COCAN”). (See the [ILS Audits](#) section for details.)

Upon the revocation of a previously-issued, signed FAMA, you will be prohibited from using the Facility for Disney-branded production until a new, properly-issued, signed FAMA is obtained in accordance with the ILS Program. (See [Appendix 17: Sample FAMA Revocation Letter](#) for more information.)

Remember:

Avoid FAMA revocation by promptly updating your Facility lists and responding to requests for information.



VI. ILS AUDITS

ILS Audits are used as a tool to identify and address labor-related issues in Facilities producing Disney-branded products. Disney requires you as a Licensee or Vendor to submit qualified ILS Audit Reports for Facilities in designated Permitted Sourcing Countries if one is not already on file. Generally, you can either obtain an existing qualified ILS Audit Report from a Facility or work with a Social Compliance Monitoring Organization to have a qualified ILS Audit conducted. Disney may also elect to conduct its own ILS Audits of any Facility, wherever it is located.

ILS AUDITS COMMISSIONED BY DISNEY

While you are required to provide ILS Audit Reports for Facilities in designated Permitted Sourcing Countries, Disney reserves the right to periodically perform ILS Audits to confirm the working conditions in any Facility producing Disney-branded products in any Permitted Sourcing Country. These ILS Audits may be conducted by Disney staff or by a third party representing Disney.

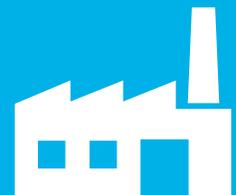
Before an ILS Audit is conducted by Disney, Disney will generally provide you with a Code of Conduct Assessment Notification (“COCAN”) as follows:

- **SCHEDULED ILS AUDITS:** The COCAN is sent to you, and the auditor contacts the Facility to confirm the contact information of the Facility and the date on which the ILS Audit will take place.
- **UNSCHEDULED ILS AUDITS:** The COCAN may or may not be sent to you. If the COCAN is sent to you, the auditor will contact the Facility to confirm the contact information of the Facility and to provide notice that an ILS Audit may be conducted in the future but will not schedule a specific date. If a COCAN is not sent to you, the auditor will not contact the Facility in advance of the ILS Audit. (See **Appendix 11: Sample Code of Conduct Assessment Notification (COCAN)** for more information.)

If you receive a COCAN, you must promptly confirm and update the contact information for the Facility and notify the Facility that full, complete, and unfettered access must be granted to Disney and its representatives.

Remember:

Disney may periodically conduct its own scheduled or unscheduled ILS Audits of Facilities regardless of any ILS Audit Reports submitted by you or a third party, such as multi-stakeholder or industry initiative program.



Disney may revoke a previously issued, signed Facility and Merchandise Authorization (“FAMA”) authorizing your use of the Facility if Disney is unable to conduct a scheduled or unscheduled ILS Audit as a result of either of the following:



Your failure to promptly confirm the current status of the Facility



Your failure to provide accurate information regarding the Facility as requested in the COCAN.

ILS AUDITS PROVIDED BY LICENSEES AND VENDORS

ILS Audit Requirements

As a Licensee or Vendor, you are required to submit a qualified ILS Audit Report for Facilities in designated Permitted Sourcing Countries (if one is not already on file) demonstrating each Facility’s compliance with the Minimum Compliance Standard (“MCS”). You must submit a qualified ILS Audit Report for each Facility you use to manufacture Disney-branded products in designated Permitted Sourcing Countries. (See the [Disney Code of Conduct for Manufacturers and Minimum Compliance Standard](#) section for details.)

In addition to ILS Audits conducted in accordance with Disney’s ILS Audit standards and conducted by a Social Compliance Monitoring Organization that is approved by Disney, Disney also accepts a variety of other qualified programs. (See the [ILS Audits Conducted by Multi-Stakeholder or Industry Initiative Programs](#) section for details.)



You will be required to submit ILS Audit Reports for Facilities in designated Permitted Sourcing Countries as follows:

- **FOR INITIAL USE OF A FACILITY:** Preproduction ILS Audit Reports demonstrating compliance with the MCS must be submitted prior to the initial authorization by Disney and the commencement of production, if one is not already on file with Disney.
- **FOR A NEWLY-ESTABLISHED FACILITY:** A Facility with less than three months of available records is not eligible for Disney-branded production. For a Facility that has been in business for more than three months but less than 12 months, a preproduction ILS Audit Report demonstrating compliance with the MCS based upon required records for all months of operation must be submitted prior to the initial authorization by Disney and the commencement of production.
- **FOR A RELOCATED FACILITY:** A relocated Facility is treated as a newly established Facility. In addition, a relocated Facility from which Disney has previously withdrawn authorization within the last five years must go through the Facility Reinstatement Process. (See the **Facility Loss of Production Authorization** section for details.)
- **FOR A BETTER WORK FACILITY:** Only *Better Work* assessments will be accepted by Disney for Facilities that participate in a *Better Work* program. No other ILS Audit Reports will be accepted in lieu of a *Better Work* assessment where available.

Because some Facilities are used by other Disney Licensees and Vendors that are also submitting ILS Audit Reports, it is important to check your monthly Licensee/Vendor Status Report to determine when ILS Audit Reports must be submitted. The due date or Facility status may change as a result of the submission of ILS Audit Reports by other Licensees and Vendors. (See **Appendix 16: Sample Monthly Licensee/Vendor Status Report** for details.)



Remember:

Preproduction ILS Audit Reports must be submitted for all newly declared Facilities, and annual ILS Audit Reports must be submitted for all existing Facilities in designated Permitted Sourcing Countries.

.....
 You may want to check with your Disney ILS Representative or the Facility to see if a qualified ILS Audit already exists before scheduling your own ILS Audit.



The following are some steps you may wish to take if you are required to submit an ILS Audit Report to Disney. Following these steps may enable you to comply with the ILS Audit requirements more efficiently:

1. Check with your Disney ILS Representative to determine if the Facility you propose to use has an ILS Audit Report demonstrating that the Facility meets the MCS already on file with Disney.
2. If Disney does not have an ILS Audit Report on file, check with the Facility to determine if they have a qualified ILS Audit Report on file from a recent qualified ILS Audit. Disney accepts a variety of qualified audit programs. (See the **ILS Audits Conducted by Multi-Stakeholder or Industry Initiative Programs** section for a representative sample of organizations that conduct ILS Audits.) If the Facility does have such a report on file, then send that report to Disney.
3. If Disney does not have an ILS Audit Report on file for the Facility and the Facility does not have a qualified ILS Audit Report available, then you must schedule a new qualified ILS Audit of the Facility. This ILS Audit must meet Disney requirements to be considered a qualified ILS Audit. (See the **Requirements for a Qualified ILS Audit and ILS Audit Report** section for details).

Remember:

Submitting available qualified audits may help minimize audit duplication, reduce costs, and redeploy resources to remediation and continuous improvement.



REQUIREMENTS FOR A QUALIFIED ILS AUDIT AND ILS AUDIT REPORT

Disney encourages you to submit **available** audit reports that meet the definition of a qualified ILS Audit Report. Submitting pre-existing qualified audits may help minimize audit duplication, reduce costs, and redeploy resources to remediation and continuous improvement.

To be “qualified,” an ILS Audit and ILS Audit Report must meet requirements in four key areas described in detail in this section:

- ✓ DATE OF THE ILS AUDIT REPORT
- ✓ TIMELY SUBMISSION OF THE ILS AUDIT REPORT
- ✓ MANNER OF CONDUCTING THE ILS AUDIT
- ✓ CONTENT AND FORMAT OF THE ILS AUDIT REPORT



THE FOLLOWING SECTION DESCRIBES IN DETAIL *THE CONDITIONS TO BE MET* IN ORDER FOR AN ILS AUDIT REPORT TO BE CONSIDERED QUALIFIED:

✓ **DATE OF THE ILS AUDIT REPORT**

The ILS Audit must have been conducted no more than six months prior to the date of its submission to Disney. The report also must be dated subsequent to any ILS Audit Reports previously provided to or obtained by Disney that identify MCS violations in the Facility.

✓ **TIMELY SUBMISSION OF THE ILS AUDIT REPORT**

The ILS Audit Report must be received by Disney on or prior to the required submission date. You should regularly review your monthly Licensee/Vendor Status Report as well as any Corrective Action Plan (“CAP”) to determine the audit due date established by Disney. See **Appendix 16: Sample Monthly Licensee/Vendor Status Report** for details.)

✓ **MANNER OF CONDUCTING THE ILS AUDIT**

ILS Audits must be conducted according to one of the following requirements:

- ILS Audits must be conducted in accordance with the standards of a multi-stakeholder or industry initiative program recognized by Disney and must be performed by an authorized Social Compliance Monitoring Organization as designated by the respective program. (See the **ILS Audits Conducted by Multi-Stakeholder or Industry Initiative Programs** section for the links to the respective program websites of authorized monitoring organizations.)

OR

- ILS Audits must be conducted in accordance with Disney’s ILS Audit standards and must be performed by a Social Compliance Monitoring Organization that is approved by Disney to conduct ILS Audits. (See **Appendix 5: Social Compliance Monitoring Organizations** for a representative sample of organizations that conduct ILS Audits.)

OR

- ILS Audits must be conducted in accordance with the standards of a well-established brand, retailer, Licensee, or Vendor program recognized by Disney and must be performed by one of the qualified Social Compliance Monitoring Organizations as noted above. This may include audits performed by the internal or dedicated audit function of the recognized brand, retailer, Licensee, or Vendor program where approved by Disney.

✓ CONTENT AND FORMAT OF THE ILS AUDIT REPORT

ILS Audit Reports must meet all the following requirements:

- The ILS Audit Report must document the working conditions of a Facility and cover all elements of the Disney Code (e.g., child labor, involuntary labor, coercion and harassment, nondiscrimination, association, health and safety, compensation, protection of the environment, compliance with other laws, subcontracting, monitoring and compliance, and publication).
- The ILS Audit Report must clearly indicate the full name, address and phone number of the Facility, including floor and building designations, street address, district, city, and country.
- The ILS Audit Report must include the date on which the ILS Audit was conducted and the name of the Social Compliance Monitoring Organization that conducted the audit.
- The ILS Audit Report must be in English and submitted electronically.

ILS Audits Conducted by Multi-Stakeholder or Industry Initiative Programs

Disney accepts a variety of qualified audit programs but prefers ILS Audits conducted by multi-stakeholder or industry initiatives such as the following:

- **Better Work program** (See **Appendix 7: Better Work Program** Participation and Instructions for more information.)
- **Business Social Compliance Initiative (BSCI)**
- **Electronic Industry Citizenship Coalition (EICC)**
- **Fair Labor Association (FLA)**
- **International Council of Toy Industries (ICTI) CARE Process Audit Program**
- **Sedex Members Ethical Trade Audit (SMETA)**
- **Social Accountability International SA8000 Standard**
- **Worldwide Responsible Accredited Production (WRAP)**

ILS Audits conducted under these initiatives must still meet *all* requirements of a qualified ILS Audit and demonstrate that the Facility meets the MCS. Disney retains the right to determine whether these ILS Audits demonstrate that a Facility meets the MCS.

Disney will not accept Facility certifications, seals of compliance, self-assessments, partial reports, preliminary reports (including Disney Corrective Action Plan Acknowledgement Reports), or ratings in lieu of a full ILS Audit of the Facility. Submission of a follow-up ILS Audit Report must be accompanied by previous ILS Audits Reports conducted within the same audit cycle.

Remember:

Audits are only part of the process; you are expected to regularly engage with Facilities to promote continuous improvement.



CORRECTIVE ACTION PLANS

After receiving and analyzing an ILS Audit Report received from you or as the result of an ILS Audit conducted by Disney, Disney may issue a Corrective Action Plan (“CAP”). The CAP will provide a summary of the violations of the Disney Code of Conduct. You are expected to review the CAP with the Facility and implement steps to promptly remedy any MCS violations identified prior to the time a follow-up ILS Audit is required. (See **Appendix 14: Sample Corrective Action Plan** for more information and the **Remediation of Noncompliance** section for details.) You should also use either the CAP or the ILS Audit Report to address all Code violations identified and to make continuous improvements in working conditions at the Facility.

WORKING WITH SOCIAL COMPLIANCE MONITORING ORGANIZATIONS AND SOCIAL COMPLIANCE CONSULTANTS

Social Compliance Monitoring Organizations may conduct ILS Audits using a program accepted by Disney and, in some cases, may also be available to support the remediation of compliance violations. (See **Appendix 5: Social Compliance Monitoring Organizations** for a representative sample of organizations that conduct ILS Audits.) Disney is not bound by any interpretation of Disney policy, any opinion as to whether a Facility is compliant with Disney standards, or any guidance on follow-up action provided by a Social Compliance Monitoring Organization or a social compliance consultant.

Before engaging a Social Compliance Monitoring Organization or a social compliance consultant, ensure that the Facility management understands the Code and that your representatives must be permitted full access to the Facility premises, relevant documents, and workers for private and confidential interviews. (See **Appendix 12: Sample ILS Audit Agenda** and **Appendix 13: Sample ILS Audit Records Checklist** for more information.)

When working with a Social Compliance Monitoring Organization, you may wish to:

- Request that a qualified ILS Audit be conducted by the Social Compliance Monitoring Organization.
- Ensure that the organization you choose can conduct the ILS Audit according to your schedule, as audits may take time to arrange based on Facility location and monitor capacity.
- Review ILS Audit results with the Social Compliance Monitoring Organization and communicate a remediation plan to the Facility.
- Send a copy of the ILS Audit Report to Disney. The Social Compliance Monitoring Organization will not send the ILS Audit Report to Disney unless specifically authorized by you to do so.

Remember:

No Social Compliance Monitoring Organization or social compliance consultant can assure you that a Facility will be authorized for Disney-branded production.



VII. REMEDIATION OF NONCOMPLIANCE

Disney requires that Facilities engaged in the production of Disney-branded products meet and maintain, at a minimum, the Minimum Compliance Standard (“MCS”). As a condition to the continued use of a Facility, you as a Licensee or Vendor are responsible for working with the Facility (and with other Licensees and Vendors using the Facility) to remediate any MCS violations identified during an ILS Audit within the time periods specified below.

When issues can be remediated, Disney encourages you to remain engaged with the Facility to improve Facility working conditions rather than terminating business with the Facility. Once a Facility meets the MCS, you are responsible for continuing to work with the Facility to address any other violations of the Code identified during an ILS Audit of the Facility and during the course of production.

OBLIGATION TO MEET THE MCS

If an ILS Audit conducted by or on behalf of Disney, or provided to Disney by you as a Licensee or Vendor, reveals that a Facility does not meet the MCS:

- You will receive a Corrective Action Plan (“CAP”) outlining violations identified in the ILS Audit Report. (See [Appendix 14: Sample Corrective Action Plan](#) for more information.)
- You will generally be given 90 days to remediate the MCS violations, conduct a new ILS Audit, and submit a new ILS Audit Report that confirms that these violations have been remediated. The subsequent ILS Audit Report must indicate that no additional MCS violations exist. Disney may specify a shorter time period for remediation in certain instances involving egregious violations.
- You are responsible for working with the Facility, Social Compliance Monitoring Organizations, social compliance consultants, and/or other Licensees and Vendors using the Facility to remediate the MCS violations and improve Facility working conditions.
- You must ensure that the Facility meets the MCS prior to the time of the required subsequent ILS Audit or the Facility will lose authorization to produce Disney-branded products.

Remember:

You will be advised of MCS violations and generally will have 90 days to correct the violations, conduct a new ILS Audit, and submit the ILS Audit Report to Disney.



MCS VIOLATION EXAMPLES

The following are some examples of MCS violations:

- **CHILD LABOR VIOLATIONS:** Any confirmed current employment of underage workers or any inappropriate remediation of child labor violations under applicable laws.
- **INVOLUNTARY LABOR VIOLATIONS:** Any confirmed current employment of forced, bonded, indentured, or prison labor; mandatory or involuntary overtime, or imposition of penalties or fines for refusing overtime; withholding of personal property (e.g., passport, identification papers) or wages; or unreasonably limiting freedom of movement during and/or after work hours.
- **COERCION AND HARASSMENT VIOLATIONS:** Any policy permitting, or the actual the use of, corporal punishment; threats of termination of employment; the imposition of penalties or retaliation as disciplinary action; or intrusive or intimidating security practices.
- **NONDISCRIMINATION VIOLATIONS:** Discriminatory hiring and employment practices (e.g., salary, benefits, advancement, discipline, termination, or retirement) on the basis of race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, political opinion, disability, pregnancy, or union membership.
- **ASSOCIATION VIOLATIONS:** Policies or practices that prevent employees from exercising their legal right to associate, organize, and bargain in a lawful and peaceful manner in accordance with applicable laws; retaliation for the exercise of any such right.
- **HEALTH AND SAFETY VIOLATIONS:** Conditions in the Facility, including dormitories, that could cause immediate severe injury or death to employees or the public, including but not limited to the following:
 - *Emergency exits are locked or obstructed.*
 - *The number of required emergency exits is insufficient.*
 - *Emergency evacuation drills are not conducted regularly.*
- **SUBCONTRACTING VIOLATIONS:** Any use of another Facility or other source for Disney-branded production without authorization from Disney.
- **MONITORING AND COMPLIANCE VIOLATIONS:** Employees influenced to provide untruthful responses to auditors; discrepancies between the actual number of employees observed at the Facility and the number of employees disclosed; failure to provide true and complete records for review; or failure to permit auditor access to required documents, private employee interviews, or health and safety inspection of the entire Facility. (See **Appendix 4: Examples of Minimum Compliance Standard (MCS) Violations** for more information.)

Remember:

Disney generally requires follow-up ILS Audits within 90 days to demonstrate that MCS violations have been remedied. Failure to remedy MCS violations can result in the immediate loss of authorization to produce Disney-branded products in a Facility. Disney expects you to address any non-MCS violations as part of your continuous improvement efforts.



EXPECTATIONS FOR CONTINUOUS IMPROVEMENT

The MCS is the minimum requirement that a Facility must meet and maintain in order to produce Disney-branded products. Once a Facility meets the MCS, you are responsible for continuing to work with the Facility to address any other violations of the Code identified during an ILS Audit of the Facility. You are also responsible for encouraging the continuous improvement of working conditions at the Facility and complying with the full Code whenever it is commercially reasonable to do so. Disney may consider the pace and consistency of continuous improvement in granting continued authorization to use a Facility or in granting initial authorization to other Licensees and Vendors to use the same Facility.

You may elect to contract with Social Compliance Monitoring Organizations and/or social compliance consultants to assist Facilities in strengthening labor practices and improving working conditions. (See [Appendix 6: Reference List of Social Compliance Consultants](#) for more information.)

VIII. FACILITY LOSS OF PRODUCTION AUTHORIZATION

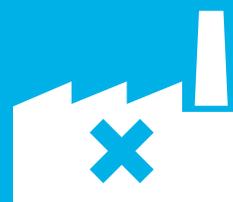
Disney is committed to working cooperatively with Licensees, Vendors, and Facilities to strengthen and improve labor practices and working conditions. However, on occasion it is necessary to withdraw authorization for production of Disney-branded products from certain Facilities. Facility Loss of Production Authorization may result when a Licensee or Vendor fails to ensure that a Facility complies with the requirements of the ILS Program.

Facility Loss of Production Authorization may result from any of the following:

- Minimum Compliance Standard (“MCS”) violations are identified that are not remediated within the allowed time period.
- Additional MCS violations are identified subsequent to an initial ILS Audit identifying any MCS violations.
- Disney reasonably believes that an ILS Audit was obtained through or otherwise involves fraud, bribery, harrassment, intimidation, or other improper influence of workers or auditors.
- Two attempts to conduct ILS Audits are made by Disney where the auditor is denied full or partial access to the Facility, its employees for private interviews, and/or its records.
- One unsuccessful attempt is made by Disney to conduct a follow-up ILS Audit subsequent to an initial ILS Audit identifying MCS violations.
- The country in which the Facility is located is no longer a Permitted Sourcing Country.
- The Facility constitutes or involves a Prohibited Person.
- The Facility does not comply or continue to comply with any conditions applicable to the Permitted Sourcing Country where the Facility is located.
- The Facility uses any intellectual property owned, co-owned, or licensed by Disney, its affiliates, or its licensors for any unauthorized purpose and does not halt such unauthorized activities as directed by Disney.

Remember:

If required by notice from Disney, individual Licensees and Vendors or all Licensees and Vendors using a Facility must promptly cease producing Disney-branded products and remove any and all Disney-branded products whether complete or in-progress (including molds and materials).



CESSATION OF DISNEY-BRANDED PRODUCTION

If Disney withdraws production authorization from a Facility:

- All Licensees and Vendors using the Facility (or who have used the Facility previously) will be sent a Facility Loss of Production Authorization Letter. (See [Appendix 15: Sample Facility Loss of Production Authorization](#) for more information.)
- All Licensees and Vendors using the Facility must promptly cease producing Disney-branded products and promptly remove any and all Disney-branded products whether complete or in process (including any molds and materials). All actions must be completed in a period not to exceed 30 days from Disney's written notice, or as otherwise may be required by Law.

FACILITY REINSTATEMENT PROCESS

If authorization to produce Disney-branded products is withdrawn from a Facility, the Facility may be considered for reinstatement after 12 months. Please contact your Disney representative to determine whether a Facility may be considered for reinstatement. Any reinstatement is at the discretion of Disney.

Remember:

If a Facility loses its authorization to produce Disney-branded products, all Licensees and Vendors are prohibited from using the Facility.



IX. DISCLOSURE OF ILS AUDITS AND FACILITIES

Disney may disclose ILS Audit Reports from ILS Audits conducted by Disney or obtained from Licensees and Vendors to third parties (including other Licensees and Vendors of Disney using the same Facility and nongovernmental organizations) (collectively “Third Parties”) but will not reference the identity of the Licensee or Vendor in such disclosure without the prior written consent of the Licensee or Vendor.

You as a Licensee or Vendor may disclose ILS Audit Reports from ILS Audits conducted by or on your behalf to Third Parties. However, you may not reference Disney or any of Disney’s intellectual properties or products without the prior written consent of Disney.

In connection with the ILS Program, Disney may disclose publicly or to Third Parties the names and addresses of any and all Facilities without the consent of Licensees and Vendors.

As part of its anti-piracy efforts, and/or to facilitate shipping, Disney may communicate with, and provide information to, customs and law enforcement officials globally and/or other Third Parties that may assist with such efforts in order to identify authorized users of intellectual properties owned or controlled by Disney, including the identification of Licensees and Vendors, the Facilities, authorized shippers, and other information found in the Facility and Merchandise Authorization (“FAMA”) Application.

Disney may disclose any and all ILS Audit Reports, FAMA Applications, and other information as Disney deems necessary to enforce its contract rights and/or protect its intellectual property rights.

X. DISNEY'S ILS ETHICS POLICY

All employees of The Walt Disney Company and its affiliated companies (collectively “Disney”) are required to comply with certain ethical and legal standards set forth in the “Ethical Conduct” section of Disney’s website. Disney’s ILS Group follows these standards in its daily operations worldwide.

In addition, Disney’s ILS Group requires that social compliance monitors and other representatives acting on Disney’s behalf (collectively “Disney agents”) adhere to the same standards. Among other things, these standards strictly prohibit the solicitation, offer, or acceptance of anything of value from any person or company that may impair or be presumed to impair the exercise by any Disney agent of independent judgment and unbiased assessment.

Furthermore, no individual or company may offer anything of value that is intended, or that may reasonably appear to be intended, to influence any Disney agent. This includes, but is not limited to:

- *Any cash, gratuity, benefit, discount, special privilege, loan, lodging, or other favor.*
- *Any meals and travel other than as reasonably necessary and incidental to a Disney agent’s work.*

Any individual or company attempting to influence a Disney agent is subject to having its contract to manufacture Disney products terminated immediately.

If you have any concerns or questions regarding the behavior of any Disney agent, or if you want to report a violation of the ethics policy, please immediately contact the Disney Hotline in your region at the number listed below:

COUNTRY	HOTLINE TELEPHONE NUMBER
ARGENTINA	0800-666-1676
AUSTRALIA	1-800-20-8921 (OPTUS); 1-800-14-0796 (TELSTRA)
AUSTRIA	AT&T: 0800-200-288; Guideline: 800-699-4870
BELGIUM	Report to local HR
BRAZIL	0800-891-4137
CANADA	1-800-699-4870
CHILE	1230-020-2093
CHINA	10-800-711-0583 (CHINA NETCOM); 10-800-110-0561 (CHINA TELECOM SOUTH); 400-888-0347
CZECH REPUBLIC	Direct Dial Guideline: 800-143-385
DENMARK	AT&T: 8001-0010; Guideline: 800-699-4870
DUBAI	AT&T: 8000-021; Guideline: 800-699-4870
FINLAND	AT&T: 0-8001-10015; Guideline: 800-699-4870
FRANCE	Direct Dial Guideline: 0800-90-6152
GERMANY	Direct Dial Guideline: 0800-180-7608
GREECE	AT&T: 00-800-1311; Guideline: 800-699-4870
HONG KONG	800-90-1454
HUNGARY	Direct Dial Guideline: 06-800-20-140
INDIA	Dial AT&T direct code: 000-117 after hearing a tone, dial: 800-699-4870
IRELAND	AT&T: 1-800-550-000; Guideline: 353-800-699-4870

COUNTRY	HOTLINE TELEPHONE NUMBER
ISRAEL	Direct Dial Guideline: 180-941-9858
ITALY	Direct Dial Guideline: 800-787634
JAPAN	00531-11-5136 (KDDI); 0066-33-830169 and 0044-22-112725 (SOFTBANK); 0034-800-900267 (NTT)
KOREA	00798-1-1-005-8393 (KOREAN TELECOM); 0308-1-10492 (DACOM); 00368-11-0099 (ONSE)
LUXEMBOURG	AT&T: 800-2-0111-352; Guideline: 800-699-4870
MEXICO	001-800-620-1445
NETHERLANDS	Guideline: 0800-4444-002
NORWAY	AT&T: 800-190-11; Guideline: 47-800-699-4870
POLAND	Direct Dial Guideline: 0-0-800-111-1986
PORTUGAL	AT&T: 800-800-128; Guideline: 800-699-4870
RUSSIA	AT&T: 363-2400 (Moscow); Guideline: 800-699-4870
SOUTH AFRICA	Direct Dial Guideline: 0800-99-9673
SPAIN	Direct Dial Guideline: 900-97-1014
SWEDEN	AT&T: 020-799-111; Guideline: 800-699-4870
SWITZERLAND	AT&T: 0-800-890011; Guideline: 800-699-4870
TURKEY	AT&T: 0811-288-0001; Guideline: 800-699-4870
UNITED KINGDOM	Direct Dial Guideline: 0808-234-6062
UNITED STATES	1-800-699-4870
VENEZUELA	Dial AT&T direct code: 0 800 552 6288 after hearing a tone, dial: 800-699-4870

The hotline may be called any time, day or night—it is available 24 hours a day, 365 days a year. Disney strictly prohibits any form of retaliation against anyone who reports any suspected wrongful conduct to the Walt Disney Company. Reports are also accepted anonymously. Disney will use reasonable efforts to maintain the confidentiality of any report, although it must retain the right to make disclosures that it deems required by law or otherwise necessary for the protection of the ILS Program or other Disney rights and interests.

APPENDIX

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APPENDIX 1

GLOSSARY OF TERMS

CODE means (i) the Code of Conduct for Manufacturers adopted by The Walt Disney Company and its Affiliates (“TWDC’s Code”), (ii) other substantially equivalent labor standards accepted from time to time by Disney as described in the ILS Program Manual, or (iii) another set of labor standards agreed to by Disney in its absolute discretion. TWDC’s Code is posted on the ILS Website.

FACILITY means any of Licensee’s or Vendor’s own or third-party manufacturers, vendors, factories, farms, suppliers, and other facilities (as well as any subcontractors) that produce, process, finish, assemble (including without limitation, the combination of one (1) or more individual products together into a separate product set, bundle or multi-pack), or package products, components of products, product packaging, advertising and/or promotional materials, or other items related thereto, in each case in physical form (i.e., not in digital form only), that contain, incorporate or apply any Disney intellectual property (i.e., any names, marks, logos, characters, artwork or other proprietary material owned or controlled by The Walt Disney Company or any of its affiliated companies), all of which are hereby referred to as “Disney-branded product”.

FAMA APPLICATION means the most current version of a Facility and Merchandise Authorization (“FAMA”) Application (found on the ILS Website) which Licensee must complete and submit to Disney for each Facility.

ILS AUDIT means a labor standards inspection and/or audit of a Facility used to assess whether the Facility complies with the ILS Minimum Compliance Standard, the Code and pertinent Laws.

ILS WEBSITE means www.disneylaborstandards.com (or any successor website).

LAW(S) means applicable laws, rules and regulations, including without limitation, local and national laws, rules and regulations, treaties, voluntary industry standards (if any), and other legal obligations pertaining to your agreement with Disney with respect to Disney-branded products and to any of your activities under your agreement with Disney with respect to Disney-branded products, including without limitation, those applicable to (i) any tax, (ii) consumer and/or product safety, (iii) data privacy and the privacy and protection of personally identifiable information, (iv) the protection of minors, employees, and the environment, (v) the United States Foreign Corrupt Practices Act of 1977 and any amendments thereto (and any local or foreign equivalent), (vi) trade restrictions (e.g., customs, export and import controls, sanctions and embargoes) including United States trade restrictions, and (vii) the manufacture, labeling, pricing, sale or distribution of Disney-branded products.

MINIMUM COMPLIANCE STANDARD means the minimally acceptable level of compliance with the Code as required by the ILS Program and as evidenced by (i) the absence of any (a) child labor, (b) involuntary labor, (c) coercion and/or harassment, (d) discrimination, (e) serious health and safety workplace violations, (f) interference with freedom of association, and (g) unauthorized subcontracting, and (ii) the provision of all information necessary to assess compliance with the Code and pertinent Laws (e.g., complete and accurate records, and access to Facility personnel and premises).

PERMITTED SOURCING COUNTRIES means those countries specified by Disney, from time to time, in or from which Licensee may manufacture or source products, components of products, product packaging, advertising and/or promotional materials (including without limitation, raw materials and blank items). Disney may establish additional requirements as a condition to conducting any of the foregoing activities in certain Permitted Sourcing Countries. The current list of Permitted Sourcing Countries is posted on the ILS Website and included in this ILS Program Manual.

PERSON means any individual or form of legal entity.

PROHIBITED PERSONS means (i) those Persons with whom a Licensee or Vendor may not conduct business by Law, and/or (ii) those additional Persons with whom a Licensee or Vendor is prohibited by Disney from engaging in any activities under their agreement to produce Disney-branded products (including without limitation, for reasons of intellectual property protection and enforcement, concerns for political or human rights, or environmental protection). If a Person becomes prohibited by Law, the prohibition shall be automatic as of the effective date of such Law without need of any notice from Disney. It is the responsibility of Licensees and Vendors to monitor any such changes. If a Person becomes prohibited due to Disney's determination, Disney shall provide reasonable notice to Licensees and Vendors of such prohibition. Disney may provide such notice through the ILS Website.

SOCIAL COMPLIANCE MONITORING ORGANIZATIONS are set forth in Appendix 5.

APPENDIX 2

FREQUENTLY ASKED QUESTIONS

1. Am I required to submit an ILS Audit Report for every Facility producing Disney-branded products? What about those Facilities being used by more than one Licensee or Vendor?

- A qualified ILS Audit Report is required only for Facilities located in Permitted Sourcing Countries designated as “Permitted with ILS Audits.” A qualified ILS Audit Report is not required for Facilities located in Permitted Sourcing Countries designated as “Permitted without ILS Audits.” In all cases, Licensees/ Vendors must declare each Facility by submitting a Facility and Merchandise Authorization (“FAMA”) application.
- Only one qualified ILS Audit Report is required for each Facility. If Disney already has a qualified ILS Audit Report on file that meets the Minimum Compliance Standard, it is not necessary to submit another report.
- A qualified ILS Audit Report submitted for a Facility will impact the audit status as reflected in the “Action Required” section of the monthly Licensee/Vendor Status Report of every Licensee and Vendor working with that Facility.

2. What is a qualified ILS Audit Report?

- An ILS Audit is a labor standards inspection and/or audit of a Facility used to assess whether the Facility complies with the MCS, the Code, and pertinent Laws. (See the **Requirements for a Qualified ILS Audit and ILS Audit Report** section of the ILS Program Manual for detailed information on qualified ILS Audits and ILS Audit Reports.)
- Disney will not accept Facility certifications, seals of compliance, self-assessments, partial reports, preliminary reports (including Disney Corrective Action Plan Acknowledgement Reports), or ratings in lieu of a full ILS Audit Report.

- Submission of a follow-up ILS Audit Report must be accompanied by previous ILS Audits Reports conducted within the same audit cycle.

3. Which audit programs are accepted by Disney?

Disney will accept (a) ILS Audits conducted in accordance with the standards of a multi-stakeholder or industry initiative program recognized by Disney and performed by an authorized Social Compliance Monitoring Organization as designated by the respective program, (b) ILS Audits conducted in accordance with Disney’s ILS Audit standards and performed by a Social Compliance Monitoring Organization that is approved by Disney, and (c) ILS Audits conducted in accordance with the standards of a well-established brand, retailer, Licensee, or Vendor program recognized by Disney and performed by one of the qualified Social Compliance Monitoring Organizations approved by Disney or by the internal or dedicated audit function of the recognized brand, retailer, Licensee, or Vendor program where approved by Disney.

4. How much time should I plan for contacting an audit firm, scheduling an ILS Audit, submitting an ILS Audit Report to Disney, and Disney evaluating the ILS Audit Report?

Contact the audit firm in advance to receive guidance on the time required to schedule an ILS Audit. Once a complete and accurate ILS Audit Report is provided to Disney, the report will be processed as quickly as possible. Licensees/Vendors should anticipate that this evaluation may take up to 28 days or more.

5. What are the consequences of a Facility failing to meet Disney’s Minimum Compliance Standard (“MCS”)?

- A newly-established Facility that does not meet the MCS cannot begin production.
- An existing Facility that does not maintain the MCS will generally have up to 90 days to demonstrate the correction of all MCS violations. Failure to take the necessary corrective action will result in the loss of authorization to produce Disney-branded merchandise in the Facility and Licensees/Vendors using the Facility will be required to promptly cease all Disney-branded production in the Facility.

6. I recently submitted an ILS Audit and the Facility demonstrated compliance with the MCS. Why is Disney scheduling a new audit with this same Facility?

- Disney generally retains the right to audit any Facility at any time anywhere in the world. Disney periodically conducts audits to confirm working conditions in Facilities producing Disney-branded products even where a qualified ILS Audit Report is already on file.
- Disney will generally provide notification to you before an ILS Audit is conducted by Disney. Any Facility being audited by Disney must provide full access to the premises, relevant documents, and workers for private interviews.

7. Is a signed FAMA provided by the Facility sufficient proof that the Facility is authorized to produce Disney-branded products?

No. Signed FAMA’s are provided to Licensees/Vendors and not Facilities. Each signed FAMA is specifically related to the FAMA Application required to be filed by the Licensee/Vendor. A Facility (even one currently being used by Licensee/Vendors) cannot be used unless a new

FAMA Application is submitted covering the specific proposed use and a signed FAMA is received before production commences.

8. Why am I not authorized to start production with a Facility that is working with other Licensees or Vendors?

Signed FAMA’s are provided to Licensees/Vendors and not Facilities. Each signed FAMA is specifically related to the FAMA Application required to be filed by the Licensee/Vendor. A Facility (even one currently being used by Licensee/Vendors) cannot be used unless a new FAMA Application is submitted covering the specific proposed use and a signed FAMA is received before production.

9. Why does my monthly Licensee/Vendor Status Report still show Facilities I no longer work with?

Inactive Facilities will remain listed as “Expired Facilities” on the monthly Licensee/Vendor Status Report for at least 12 months after the relationship has expired. Inactive Facilities are kept on your report for your reference to ensure that you are fully aware of their current status with Disney.

10. Can I obtain a list of Facilities used to produce Disney-branded products by other brands or retailers?

No. It is the responsibility of each Licensee/Vendor to properly manage their supply chain for Disney-branded products. This includes responsibility for identifying compliant Facilities and working to help ensure their continuing compliance with ILS Program requirements.

11. What do I do after I am authorized to produce Disney-branded products?

- Continue to work with the Facility to help ensure proper working conditions are maintained, resolve any issues promptly and arrange follow-up ILS Audits as required by the ILS Program.

- Disney recognizes that even though a Facility meets the MCS, working conditions in that Facility may not be in full compliance with the Code. Therefore, you as a Licensee/ Vendor are responsible for working with Facilities to encourage continuous improvement of all working conditions in any Facility producing Disney-branded products.
- Advise Disney of any changes to your Facility list.

12. What is verification and why is my Facility pending it?

- Verification is a process Disney utilizes to determine the most accurate Facility information. Disney contacts the Facility as listed on the FAMA Application in order to confirm the accuracy of Facility information, including address, phone numbers, and legal business name.
- Please ensure that your Facility contacts/ management understand that they will be contacted and that they will need to respond to Disney's verification questions in order for them to produce your Disney-branded products.
- A signed FAMA cannot be issued until after the Facility has been verified and its ILS Audit Report (where required) has been evaluated by Disney.

13. Who receives notification that a Facility is no longer eligible to produce Disney-branded products?

If a Facility becomes ineligible to produce Disney-branded products, any active Licensee or Vendor who has ever used that Facility to produce Disney-branded products (whether or not the Facility is currently producing Disney-branded products) will receive a Facility Loss of Production

Authorization Letter. This letter is sent to ensure that you are fully aware of the Facility's current status with Disney, whether you are producing in the Facility at present or have produced there in the past.

14. I conduct business with multiple Disney business units. How does this impact the FAMA process?

Each signed FAMA relates to a specific agreement or purchase order with a Disney business unit and to a specific authorized product. If you currently have agreements or purchase orders with multiple business units, you must submit separate FAMA Applications for each business unit. For example, if you currently conduct business with Disney Consumer Products and Theme Parks and Resorts, you must submit separate FAMA Applications referencing the specific agreements or purchase orders and authorized product. You will then receive separate signed FAMAs authorizing the production referenced in the related FAMA Application. Remember, a Facility cannot be used to produce Disney-branded products unless a signed FAMA referencing the related agreement or purchase order and authorized product is received prior to production. You may not use a signed FAMA related to one FAMA Application to commence production of product covered by any other FAMA Application (doing so will result in the product being unauthorized and produced in violation of ILS Program requirements).

APPENDIX 3

DISNEY CODE OF CONDUCT FOR MANUFACTURERS

At The Walt Disney Company, we are committed to:

- a standard of excellence in every aspect of our business and in every corner of the world;
- ethical and responsible conduct in all of our operations;
- respect for the rights of all individuals; and
- respect for the environment.

We expect these same commitments to be shared by all manufacturers of Disney merchandise. At a minimum, we require that all manufacturers of Disney merchandise meet the following standards:

CODE OF CONDUCT FOR MANUFACTURERS	
CHILD LABOR	<p>Manufacturers will not use child labor.</p> <p>The term “child” refers to a person younger than 15 (or 14 where local law allows) or, if higher, the local legal minimum age for employment or the age for completing compulsory education.</p> <p>Manufacturers employing young persons who do not fall within the definition of “children” will also comply with any laws and regulations applicable to such persons.</p>
INVOLUNTARY LABOR	<p>Manufacturers will not use any forced or involuntary labor, whether prison, bonded, indentured or otherwise.</p>
COERCION AND HARASSMENT	<p>Manufacturers will treat each employee with dignity and respect, and will not use corporal punishment, threats of violence or other forms of physical, sexual, psychological or verbal harassment or abuse.</p>
NONDISCRIMINATION	<p>Manufacturers will not discriminate in hiring and employment practices, including salary, benefits, advancement, discipline, termination or retirement, on the basis of race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, political opinion or disability.</p>
ASSOCIATION	<p>Manufacturers will respect the rights of employees to associate, organize and bargain collectively in a lawful and peaceful manner, without penalty or interference.</p>
HEALTH AND SAFETY	<p>Manufacturers will provide employees with a safe and healthy workplace in compliance with all applicable laws and regulations, ensuring at a minimum reasonable access to potable water and sanitary facilities; fire safety; and adequate lighting and ventilation. Manufacturers will also ensure that the same standards of health and safety are applied in any housing that they provide for employees.</p>
COMPENSATION	<p>We expect manufacturers to recognize that wages are essential to meeting employees’ basic needs. Manufacturers will, at a minimum, comply with all applicable wage and hour laws and regulations, including those relating to minimum wages, overtime, maximum hours, piece rates and other elements of compensation, and provide legally mandated benefits.</p> <p>Except in extraordinary business circumstances, manufacturers will not require employees to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by local law or, where local law does not limit the hours of work, the regular work week plus 12 hours overtime. In addition, except in extraordinary business circumstances, employees will be entitled to at least one day off in every seven-day period.</p> <p>Manufacturers will compensate employees for overtime hours at such premium rate as is legally required or, if there is no legally prescribed premium rate, at a rate at least equal to the regular hourly compensation rate.</p> <p>Where local industry standards are higher than applicable legal requirements, we expect manufacturers to meet the higher standards.</p>

CODE OF CONDUCT FOR MANUFACTURERS	
PROTECTION OF THE ENVIRONMENT	Manufacturers will comply with all applicable environmental laws and regulations.
OTHER LAWS	Manufacturers will comply with all applicable laws and regulations, including those pertaining to the manufacture, pricing, sale and distribution of merchandise. All references to “applicable laws and regulations” in this Code of Conduct include local and national codes, rules and regulations as well as applicable treaties and voluntary industry standards.
SUBCONTRACTING	Manufacturers will not use subcontractors for the manufacture of Disney merchandise or components thereof without Disney’s express written consent, and only after the subcontractor has entered into a written commitment with Disney to comply with this Code of Conduct.
MONITORING AND COMPLIANCE	<p>Manufacturers will authorize Disney and its designated agents (including third parties) to engage in monitoring activities to confirm compliance with this Code of Conduct, including unannounced on-site inspections of manufacturing facilities and employer-provided housing; reviews of books and records relating to employment matters; and private interviews with employees.</p> <p>Manufacturers will maintain on site all documentation that may be needed to demonstrate compliance with this Code of Conduct.</p>
PUBLICATION	Manufacturers will take appropriate steps to ensure that the provisions of this Code of Conduct are communicated to employees, including the prominent posting of a copy of this Code of Conduct, in the local language and in a place readily accessible to employees, at all times.

APPENDIX 4

EXAMPLES OF MINIMUM COMPLIANCE STANDARD (MCS) VIOLATIONS

Examples of Minimum Compliance Standard (“MCS”) violations include, but are not limited to:

CHILD LABOR

Any confirmed current employment of underage workers or any inappropriate remediation of child labor violations under applicable laws including, but not limited to the following examples:

- *One or more employees are younger than the legal working age.*
- *Compliance with the minimum age requirement is unable to be verified because of the lack of the required proof-of-age documents.*
- *Facility management did not ensure the safe return of previously hired underage worker(s) to his/her parents or legal guardians.*

INVOLUNTARY LABOR

Any confirmed current employment of forced, bonded, indentured, or prison labor; mandatory or involuntary overtime, or imposition of penalties or fines for refusing overtime; withholding of personal property (e.g., passport, identification papers) or wages; or unreasonably limiting freedom of movement during and/or after work hours including, but not limited to the following examples:

- *Employees are fined for refusing to work overtime.*
- *Access to the restroom is permitted only during break time.*
- *Documents, monetary deposits, or other collateral are retained as a condition of employment. Workers are subjected to the withholding of wages, identification cards, passports, or other travel documents, or other personal belongings.*

COERCION AND HARASSMENT

Any policy permitting, or the actual use of, corporal punishment; threats of termination of employment; imposing penalties or retaliation as disciplinary action; or intrusive or intimidating security practices including, but not limited to the following examples:

- *Employees selected for interviews by auditors were intimidated by management.*
- *Employees who disagreed with job arrangements were restricted from working overtime.*
- *Some employees were verbally and/or physically abused by a supervisor.*

NONDISCRIMINATION

Discriminatory hiring and employment practices (e.g., salary, benefits, advancement, discipline, termination, or retirement) on the basis of race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, political opinion, disability, pregnancy, or union membership including, but not limited to the following examples:

- *Job applicants are subject to HIV testing as part of the hiring process.*
- *Migrant employees receive lower wages for the same job held by local employees.*
- *The Facility recruits only females between the ages of 18 and 25.*

ASSOCIATION VIOLATIONS

Policies or practices that prevent employees from exercising their legal right to associate, organize, and bargain in a lawful and peaceful manner in accordance with applicable laws (or retaliation for the exercise of any such right) including, but not limited to the following examples:

- *Employees were punished for participating in union activities.*
- *Employees were dismissed for participating lawfully in a labor strike.*

HEALTH AND SAFETY

Conditions in the Facility, including dormitories, that could cause immediate severe injury or death to employees or the public including, but not limited to the following examples:

- *Emergency exits are locked or obstructed.*
- *The number of required emergency exits is insufficient.*
- *Emergency evacuation drills are not conducted regularly.*

SUBCONTRACTING

Any use of another Facility or other source for Disney-branded production without authorization from Disney.

MONITORING AND COMPLIANCE

Employees influenced to provide untruthful responses to auditors; discrepancies between the actual number of employees observed at the Facility and the number of employees disclosed; failure to provide true and complete records for review; or failure to permit auditor access to required documents, private employee interviews, or health and safety inspection of the entire Facility including, but not limited to the following examples:

- *Employees appeared to have been coached by management to provide a predetermined set of answers to auditors during private interviews.*
- *Wages and work hours could not be verified due to discrepancies between documents provided by management and information provided by employees during private interviews.*
- *Auditors attempted to conduct an audit and were denied access to required documents.*

APPENDIX 5

SOCIAL COMPLIANCE MONITORING ORGANIZATIONS

Disney prefers ILS Audits conducted in accordance with the standards of multi-stakeholder or industry initiatives. Disney encourages Licensees and Vendors to submit pre-existing audits that meet the definition of a qualified ILS Audit. The following list includes a representative sample of Social Compliance Monitoring Organizations from which Disney accepts qualified ILS Audits. These organizations also conduct ILS Audits in accordance with Disney's ILS Standards. You may contract with these organizations to conduct such ILS Audits. No Social Compliance Monitoring Organization can assure you that a Facility will be authorized for Disney-branded production.

This list of Social Compliance Monitoring Organizations is subject to change without notice.

BUREAU VERITAS CONSUMER PRODUCTS SERVICES (BVCPS) | WWW.BUREAUVERITAS.COM/CPS

- **NORTH AMERICA AND EUROPE**

Contact Person: Jason Hill
Telephone: 503 764 9190
E-mail: jason.hill-cps@us.bureauveritas.com

- **ASIA**

Contact Person: David Liu
Telephone: 8621 2416 6979
E-mail: david-j.liu@cn.bureauveritas.com

- **LATIN AMERICA**

Brazil, Argentina, Chile, Paraguay, and Uruguay:

Contact Person: Eduardo Gomes
Telephone: 55 51 8489 8289
E-mail: eduardo.gomes@br.bureauveritas.com

Mexico, Central America, and countries in South America:

Contact Person: Jason Hill
Telephone: 503 764 9190
E-mail: jason.hill-cps@us.bureauveritas.com

ELEVATE LIMITED

WWW.ELEVATELIMITED.COM

- **GLOBAL CONTACT & LATIN AMERICA**

Contact Person: Meghan Quinlan (USA) or Jennie Yau (USA)
Telephone: 415 440 4141
E-mail: mquinlan@elevatelimited.com, jyau@elevatelimited.com

• **ASIA**

India & Sri Lanka:

Contact Person: B. Ganesh (India) or Subha (India)
Telephone: 91 44 32027945
E-mail: ganeshb@elevatelimited.com, smitra@elevatelimited.com

China, Hong Kong, and Macau:

Contact Person: Raymond Huang, Rain Tong, or Sugar Tian (China)
Telephone: 86 755 8214 4529, 86 571 8770 8671, or 86 755 2219 7534 (Ext 815)
E-mail: rhuang@elevatelimited.com, rtong@elevatelimited.com, mitian@elevatelimited.com

Southeast Asia:

Contact Person: An Tran (Vietnam)
Telephone: 84 (08) 2221 6684
E-mail: atran@elevatelimited.com

• **EUROPE, MIDDLE EAST, AND AFRICA**

Contact Person: Justin Bettey (UK)
Telephone: 44 (0) 203 627 8772
E-mail: jbettey@elevatelimited.com

INSITE COMPLIANCE SERVICES

WWW.INSITECOMPLIANCE.COM

• **USA / INTERNATIONAL**

Contact Person: Jennie Schindler
Telephone: 612 886 1807
E-mail: jennie.schindler@insitecompliance.com

INTERTEK TESTING SERVICES

WWW.INTERTEK.COM

• **NORTH AMERICA**

Contact Person: Toni Bellacosa (US)
Telephone: 212 803 5315
E-mail: toni.bellacosa@intertek.com

• **ASIA**

Contact Person: Nick Ouyang (China)
Telephone: 86 755 2602 0857
E-mail: nick.cm.ouyang@intertek.com

• **EUROPE**

Contact Person: Wendy Coyle (UK)
Telephone: 44 (0) 116 296 1609
E-mail: wendy.coyle@intertek.com

• **LATIN AMERICA**

Regional:

Contact Person: Viviana Rodriguez
Telephone: (1) 514 247 4279
E-mail: viviana.rodriguez@intertek.com

Argentina:

Contact Person: Eugenia Basello
Telephone: 54 (11) 5217-9487
E-mail: eugenia.basello@intertek.com

Brazil:

Contact Person: Marcos Conde or Ana Neves
Telephone: 5511 2842 0421 or 55 11 23228012
E-mail: marcos.conde@intertek.com, ana.neves@intertek.com

Colombia:

Contact Person: Diana Triviño or Natalia Rueda
Telephone: 57 1 745 0840 Ext 0855 or Ext 0859
E-mail: diana.trivino@intertek.com, natalia.rueda@intertek.com

Guatemala

Contact Person: Claudia Lobos or Karen Linares
Telephone: 502 2201 7070 or 502 2201 7075
E-mail: claudia.lobos@intertek.com, karen.linares@intertek.com

Mexico:

Contact Person: Bernice Guerra or Ivette Perez
Telephone: 52 55 5063 7190 Ext 6205 or Ext 6209
E-mail: bernice.guerra@intertek.com, ivette.perez@intertek.co

Peru:

Contact Person: Luis Edgardo Martinez or Rafael Nuñez
Telephone: 51 998141030 or 51 998231945
E-mail: luis.edgardo.martinez@intertek.com, rafael.nunez@intertek.com

SOCIAL COMPLIANCE SERVICE ASIA LTD.

WWW.SCSAGROUP.COM

(CHINA, TAIWAN, HONG KONG, AND MACAU AUDITS ONLY)

• **ASIA / INTERNATIONAL**

Contact Person: Samuel Wong and Wendy Wu
Telephone: 852 2376 0818
E-mail: samuel.wong@scsagroup.com, wendy.wu@scsagroup.com

SOCIÉTÉ GÉNÉRALÉ DE SURVEILLANCE (SGS)

WWW.SGSGROUP.US.COM

• **ALL REGIONS**

Contact Person: Joe Romeo
Telephone: 973 575 5252, 775 276 1205 (mobile)
E-mail: joseph.romeo@sgs.com

• **LATIN AMERICA**

Argentina:

Contact Person: Dulce Romero, Mauricio Silva, or Valeria De Stefano
Telephone: 54 11 4124 2000 Ext 2153, Ext 2039, or Ext 2167
E-mail: dulce.romero2@sgs.com, mauricio.silva@sgs.com, valeria.destefano@sgs.com

Brazil:

Contact Person: Camila Lima or Alberto Vina
Telephone: 55 11 3883 8880 Ext 2136 or Ext 2180
E-mail: camila.lima@sgs.com, alberto.vina@sgs.com

Chile, Bolivia, and Paraguay:

Contact Person: Mario Roseney or Patricio Ibarra
Telephone: 56 2 2898 9649 or 56 2 2898 9654
E-mail: mario.roseney@sgs.com, patricio.ibarra@sgs.com

Colombia:

Contact Person: Juan Salazar, Andres Payan, or Jose Perez
Telephone: 57 1 606 9292 Ext 1551, Ext 1425, or Ext 1414
E-mail: juan.salazar@sgs.com, andres.payan@sgs.com, jose.perez@sgs.com

Ecuador:

Contact Person: Jorge Moncayo Leon or Denisse Estrada
Telephone: 593 4 225 2300 Ext 181 or Ext 212
E-mail: jorge.moncayo@sgs.com, denisse.estrada@sgs.com

Guatemala, El Salvador, and Honduras:

Contact Person: Vladimir Arriaza or Maria Alejandra Coronado
Telephone: 502 2327 8900 or 502 2327 8935
E-mail: vladimir.arriaza@sgs.com, maria.coronado@sgs.com

Mexico, Costa Rica, Honduras, Guatemala, and Nicaragua:

Contact Person: Javier Almazan or Flor Cabana
Telephone: 52 (55) 5395 7226 Ext 115 or Ext 116
E-mail: javier.almazan@sgs.com, flor.cabana@sgs.com

Panama, Costa Rica, Guatemala, Nicaragua, and Caribbean Islands:

Contact Person: Miriam Chang or Jose Vasquez
Telephone: 507 317 4822 or 507 317 4815
E-mail: miriam.chang@sgs.com, jose.vasquez@sgs.com

Peru:

Contact Person: Berta Helfgott, Carla de la Fuente, or Marisol Rosemberg
Telephone: 511 517 1931, 511 517 1624, or 511 517 1963
E-mail: berta.helfgott@sgs.com, carla.delafuente@sgs.com, marisol.rosemberg@sgs.com

Uruguay:

Contact Person: Natalia Marius or Natalia Di Bello
Telephone: 598 2600 3600 Ext 118 or Ext 104
E-mail: natalia.marius@sgs.com, natalia.dibello@sgs.com

UL RESPONSIBLE SOURCING

WWW.UL.COM

• **USA / INTERNATIONAL**

Contact Person: Loretta Tam or David Vargas
Telephone: 310 215 0554
E-mail: loretta.k.tam@ul.com, david.vargas@ul.com

• **ASIA**

Contact Person: Anthea Yu
Telephone: 852 29792513
E-mail: anthea.s.yu@ul.com

• **EUROPE, MIDDLE EAST, AND AFRICA**

Contact Person: Emoeke Muzs
Telephone: 44 118 927 3374
E-mail: emoeke.muzs@ul.com

• **ARGENTINA**

Contact Person: Esteban Colombo
Telephone: 54 11 4316 8245
Fax: 54 11 4316 8260
E-mail: esteban.colombo@ul.com

• **BRAZIL/SOUTH AMERICA**

Contact Person: Javiera Macaya
Telephone: 55 11 3049 8300
Fax: 55 11 3049 8252
E-mail: javiera.macaya@ul.com

• **MEXICO AND LATIN AMERICA**

Contact Person: Alejandro Lopez or David Vargas
Telephone: 52 222 231 4954
Email: alejandro.lopez@ul.com, david.vargas@ul.com

VERITE, INC.

WWW.VERITE.ORG

• **USA / INTERNATIONAL**

Contact Person: Robin Jaffin or Rebecca Garcia-Pons
Telephone: 413 253 9227
E-mail: rjaffin@verite.org, rgarciapons@verite.org

APPENDIX 6

REFERENCE LIST OF SOCIAL COMPLIANCE CONSULTANTS

In strengthening management systems, modifying labor practices, and improving working conditions, Licensees, Vendors, and Facilities may benefit from the services offered by consulting groups and others that may assist in the identification of underlying causes of compliance issues, suggest sustainable solutions, and/or help implement change. Services offered by such organizations may take a variety of forms including, but not limited to:

- *A root cause analysis*
- *An in-depth systems analysis*
- *Training programs*

The list of social compliance consultants included in this appendix may be able to provide these services. This list is neither exhaustive nor exclusive. The services offered by these organizations are not endorsed by Disney, and engaging the services of these or any other social compliance consultant cannot assure you that a Facility will be or remain authorized for Disney-branded production. Licensees, Vendors, and Facilities are not required to engage a social compliance consultant. If you, as a Licensee or Vendor, do choose to engage a social compliance consultant, you may choose from the following list, or you may choose any other organization, at your discretion. It is the responsibility of the Licensee, Vendor, and Facility to identify any appropriate work plan, to negotiate terms with any consultant, and to bear the cost of engaging any such consultant.

Licensees, Vendors, and Facilities may benefit from reviewing the Good Practices for Complying with Licensors' Social and Environmental Requirements: A Practical Guide for Licensees published by Business for Social Responsibility ("BSR") and the International Licensing Industry Merchandiser's Association ("LIMA") and supported, in part, by Disney. This guide identifies basic requirements for Licensees and Vendors in meeting Licensor expectations.

1. THE CAHN GROUP

Contact Person: Doug Cahn, Principal (info@thecahngroup.com)

Website: www.thecahngroup.com

Headquarters: North America with partners worldwide

2. ELEVATE

Contact Person: Mark Jones, VP, Marketing & Business Development (mjones@elevatelimited.com)

China Contact: John Yeh, Business Development Associate, China (jyeh@elevatelimited.com)

Website: www.elevatelimited.com

Headquarters: Hong Kong with client management offices in San Francisco, New York, London, Shenzhen, Shanghai, Guangzhou, Hangzhou, Vietnam, Bangladesh, and India

3. IMPACTT LIMITED

Contact Person: Rosey Hurst, Founder and Director (info@impacttlimited.com)

Website: www.impacttlimited.com

Headquarters: London with offices in Guangzhou and Bangladesh

4. SOCIAL ACCOUNTABILITY INTERNATIONAL

Contact Person: Christie Daly, Senior Manager, Corporate Programs (cdaly@sa-intl.org)

Website: www.sa-intl.org

Headquarters: New York, with offices or representatives in Amsterdam, Bangalore, Boston, Dubai, Geneva, Istanbul, Sao Paulo, Shenzhen; Quezon City, Philippines and San Jose, Costa Rica

5. VERITÉ

Contact Person: Robin Jaffin, Director of Supplier Programs (verite@verite.org)

Website: www.verite.org

Headquarters: New York, with offices or representatives in Amsterdam, Bangalore, Boston, Dubai, Geneva, Istanbul, Sao Paulo, Shenzhen; Quezon City, Philippines and San Jose, Costa Rica

APPENDIX 7

BETTER WORK PROGRAM PARTICIPATION INSTRUCTIONS

The Walt Disney Company supports the *Better Work* program. *Better Work* is a partnership between the International Labour Organization and the International Finance Corporation that brings together governments, employers, workers, and international buyers to improve compliance with labor standards and promote competitiveness in global supply chains. *Better Work* currently operates in Cambodia, Haiti, Indonesia, Jordan, Lesotho, Nicaragua, and Vietnam.

Disney strongly encourages participation in *Better Work*, where available. Participation in *Better Work* may lead to reduced monitoring due to wide acceptance among brands and retailers of *Better Work* assessments and more sustained compliance with labor standards as a result of *Better Work*'s training and remediation programs.

In certain Permitted Sourcing Countries, Disney may require that Facilities participate in *Better Work* as a condition of using the Facilities for Disney-branded production. In these Permitted Sourcing Countries, locations that do not participate in the *Better Work* program **cannot** be used for Disney-branded production or to source products, components, or materials for Disney-branded products. (See Appendix 8: Permitted Sourcing Countries (PSC) for more information.) This restriction currently applies to Facilities in Cambodia and Haiti in the following manner:



CAMBODIA:

Only assessments from Better Factories Cambodia will be accepted for apparel Facilities and, in some cases, footwear Facilities that are eligible for the *Better Work* program.



HAITI:

Only Facilities participating in the Better Work Haiti program will be eligible for the FAMA application and only assessments from *Better Work* Haiti will be accepted.

In addition, for Facilities that already participate in *Better Work* in other countries, Licensees and Vendors should **only** make available *Better Work* assessments for consideration by Disney. Beginning August 1, 2015, assessments of *Better Work* participating Facilities that were conducted against other audit standards **or** conducted by a non-*Better Work* assessor will not be accepted for consideration by Disney.

LICENSEE/VENDOR AND FACILITY RESPONSIBILITIES

FACILITY:

- Register with **Better Work**, where available.
- Complete the **Third Party Access Form** and submit it to the *Better Work* contact as instructed by *Better Work*. (See **Better Factories Cambodia** for additional information.)

LICENSEE/VENDOR:

- Register with **Better Work**, where available.
- Complete the **Buyer Intermediary Policy Form** and submit it to the *Better Work* contact as instructed by *Better Work*.
- Pay for Disney's access to the related *Better Work* assessments.

When submitting the above-referenced forms to *Better Work*, please copy the *Better Work* Buyer Relations Assistant at issiree@ilo.org and your ILS Representative. Disney will have access to the *Better Work* assessment only after the submission of a completed Third Party Access Form by the Facility **and** your paid subscription to provide Disney with access through the Buyer Intermediary Policy.

*For additional information about the countries in which Better Work operates, including information on participating facilities, visit the **Countries** page of the **Better Work** website.*

APPENDIX 8

PERMITTED SOURCING COUNTRIES (PSC)

As a Licensee or Vendor you may only use Facilities in, and source from, Permitted Sourcing Countries. The use of Facilities in the following countries is permitted without an ILS Audit:

PERMITTED WITHOUT ILS AUDITS			
AMERICAN SAMOA	CYPRUS	KOREA, SOUTH	SAMOA
ANDORRA	CZECH REPUBLIC	LATVIA	SAN MARINO
ANGUILLA	DENMARK	LIECHTENSTEIN	SINGAPORE
ANTIGUA AND BARBUDA	DOMINICA	LITHUANIA	SLOVAK REPUBLIC
ARUBA	ESTONIA	LUXEMBOURG	SLOVENIA
AUSTRALIA	FINLAND	MACAO	SPAIN
AUSTRIA	FRANCE	MALTA	ST. KITTS AND NEVIS
BAHAMAS	FRENCH GUIANA	MARTINIQUE	ST. LUCIA
BARBADOS	GERMANY	MAURITIUS	ST. VINCENT AND THE GRENADINES
BELGIUM	GREENLAND	MONACO	SWEDEN
BERMUDA	GUAM	NETHERLANDS	SWITZERLAND
BOTSWANA	HONG KONG	NETHERLANDS ANTILLES	TAIWAN
BRUNEI	HUNGARY	NEW ZEALAND	UNITED ARAB EMIRATES
CANADA	ICELAND	NORWAY	UNITED KINGDOM
CAPE VERDE	IRELAND	POLAND	UNITED STATES
CAYMAN ISLANDS	ISRAEL	PORTUGAL	URUGUAY
CHILE	ITALY	PUERTO RICO	VIRGIN ISLANDS (U.S.)
COSTA RICA	JAPAN	QATAR	
CROATIA	JERSEY, CHANNEL ISLANDS	RÉUNION	

The use of Facilities in the following countries is permitted with an ILS Audit:

PERMITTED WITH ILS AUDITS			
ALBANIA	GHANA	MARSHALL ISLANDS	SENEGAL
ARGENTINA	GREECE	MEXICO	SERBIA
ARMENIA	GRENADA	MICRONESIA	SEYCHELLES
AZERBAIJAN	GUATEMALA	MOLDOVA	SIERRA LEONE
BAHRAIN	GUYANA	MONGOLIA	SOLOMON ISLANDS
BELARUS	HAITI*	MONTENEGRO	SOUTH AFRICA
BELIZE	HONDURAS	MOROCCO	SRI LANKA
BENIN	INDIA	MOZAMBIQUE	SURINAME
BHUTAN	INDONESIA	NAMIBIA	SWAZILAND
BOLIVIA	JAMAICA	NAURU	TANZANIA
BOSNIA AND HERZEGOVINA	JORDAN	NEPAL	THAILAND
BRAZIL	KAZAKHSTAN	NICARAGUA	TIMOR-LESTE
BULGARIA	KENYA	NIGER	TONGA
BURKINA FASO	KIRIBATI	OMAN	TRINIDAD AND TOBAGO
CAMBODIA**	KOSOVO	PALAU	TUNISIA
CHINA	KUWAIT	PANAMA	TURKEY
COLOMBIA	LAOS	PAPUA NEW GUINEA	TUVALU
CÔTE D'IVOIRE	LEBANON	PARAGUAY	UGANDA
DOMINICAN REPUBLIC	LESOTHO	PERU	UKRAINE
ECUADOR	MACEDONIA	PHILIPPINES	VANUATU
EL SALVADOR	MADAGASCAR	ROMANIA	VIETNAM
FIJI	MALAWI	RUSSIAN FEDERATION	WEST BANK AND GAZA
GABON	MALAYSIA	RWANDA	ZAMBIA
GAMBIA	MALDIVES	SÃO TOMÉ AND PRÍNCIPE	
GEORGIA	MALI	SAUDI ARABIA	

* You may only produce in and source from Facilities in the **Better Work Haiti** program.

Only assessments/audits from **Better Factories Cambodia will be accepted for those Facilities eligible to participate in that program. For Facilities that are not eligible for **Better Factories Cambodia**, Disney may accept other assessments/audits as described in Disney's ILS Program Manual.

APPENDIX 9

FACILITY AND MERCHANDISE AUTHORIZATION (FAMA) APPLICATION

The most current version of the Facility and Merchandise Authorization (“FAMA”) Application must be completed and submitted to Disney for each Facility in which Licensees and Vendors intend to produce Disney-branded products. The most current version of the FAMA application is available for use at www.DisneyLaborStandards.com.

FACILITY AND MERCHANDISE AUTHORIZATION APPLICATION INSTRUCTIONS

Attached is a sample Facility and Merchandise Authorization (“FAMA”) Application that must be completed for each Facility (as defined below).

- Please visit www.disneylaborstandards.com to access the most current electronic version of the FAMA Application form so that you can complete a FAMA Application for each Facility.
- Once a FAMA Application is completed in English for each Facility, please send each completed application, together with any required supporting documentation, to your designated Disney Representative by email.
- Disney will review the information and determine whether each Facility will be authorized to produce Disney-branded products (as defined below).
- **DISNEY-BRANDED PRODUCTS MAY NOT BE PRODUCED OR HANDLED AT ANY FACILITY UNLESS AND UNTIL YOU RECEIVE A SIGNED FAMA FROM DISNEY FOR SUCH FACILITY.**
- You also may present the Disney-signed FAMA to Customs officials to facilitate the importation of properly authorized Disney-branded products if the Facility is outside the territory where the goods are to be sold.

Definition of “Facility”: Any of Licensee’s or Vendor’s own or third-party manufacturers, vendors, factories, farms, suppliers, and other facilities (as well as any subcontractors) that produce, process, finish, assemble (including without limitation, the combination of one (1) or more individual products together into a separate product set, bundle or multi-pack), or package products, components of products, product packaging, advertising and/or promotional materials, or other items related thereto, in each case in physical form (i.e., not in digital form only), that contain, incorporate or apply any Disney intellectual property (i.e., any names, marks, logos, characters, artwork or other proprietary material owned or controlled by The Walt Disney Company or any of its affiliated companies), all of which are hereby referred to as **“Disney-branded products”**.

Exclusions: At this time, facilities that do not need to be declared, and for which no FAMA Application is required, include (i) facilities that produce blank or generic products, components or materials that DO NOT contain, incorporate or apply any Disney intellectual property (such as blank or generic cardboard boxes, plastic wrap or plain buttons) and (ii) raw materials suppliers, fabric mills or processors of generic commodity items such as cotton, metal and paper that DO NOT contain, incorporate or involve the application of any Disney intellectual property.

Unless they are involved in the activities described in the definition of Facility above, DO NOT list agents, business offices or showrooms as a Facility.

Facilities may only be located in Permitted Sourcing Countries.

For additional clarification and other sourcing restrictions, please see the ILS Program Manual.

INCOMPLETE OR ILLEGIBLE FORMS WILL BE RETURNED TO YOU FOR RESUBMISSION.

Sample FAMA Application:

FACILITY AND MERCHANDISE AUTHORIZATION (FAMA) APPLICATION

***Required Fields**

1. COMPANY INFORMATION (LICENSEE/VENDOR)	
*Company Name:	*Company Contact Name: Given / First Name: Family / Last Name:
Company Address: *Street/number: *City: Town: *State/Province: *Country: *Postal Code:	Job Title:
	Primary E-mail:
	*Telephone number(s):
	Mobile numbers(s):
	Additional contact name, job title and telephone number:
2. FACILITY INFORMATION	
*Facility Name:	*Facility Contact Name (Facility owner or manager): Given / First Name: Family / Last Name:
*Facility ILS Number	Facility Contact job title:
Previous / Alias Names by which this Facility is known:	Facility E-mail:
Facility Address: *Street/number: *City: Town: *State/Province: *Country: *Postal Code:	*Telephone number(s):
	Mobile number(s):
	Additional contact name, job title and telephone number:
	Is this Facility owned by the Company (Licensee / Vendor)? Yes _____ No _____
	Facility Website:
Facility GPS location:	
3. AGREEMENT	
* Disney-branded product(s) to be produced or handled in this Facility (e.g. Mickey Mouse, Star Wars, Marvel, ESPN, etc.) to be used at this Facility) (Must confirm to License Agreement or MOU):	Disney Contract / Deal number(s):
*Disney Intellectual Property(ies) (e.g., property, character, brand or logo (e.g. Mickey Mouse, Star Wars, Marvel, ESPN, etc.) to be used at this Facility) [Must conform to License Agreement or MOU]:	*Territory(ies) where the Disney-branded product(s) from this Facility will be sold, distributed or given away [Must conform to License Agreement or MOU]:
Disney Business Unit:	Disney Business Unit Contact:

APPENDIX 10

SAMPLE SIGNED FACILITY AND MERCHANDISE AUTHORIZATION (FAMA)

The following is a sample of a signed Facility and Merchandise Authorization (“FAMA”) Application that indicates a Licensee or Vendor is authorized to use a Facility for the production of Disney-approved products.

FACILITY AND MERCHANDISE AUTHORIZATION

LICENSEE/VENDOR NAME: Sample Toy Company

STREET ADDRESS: One Sample Place

Burbank, California

USA

<p>1. Facility Name (Place where Disney-branded product will be produced): Fictional Factory (FAC-043941)</p> <p>1a. Facility Address: 1112 Sample Street Glendale, California USA</p> <p>1b. Telephone Number: 1 800 111 2222</p> <p>1c. Facility Contact Telephone Number: 1 111 222 3333</p> <p>1d. Contact Name, Title and E-mail: Adam Factory, Operations Manager</p>	<p>1e. List all other names by which the Facility is known:</p> <p>1f. Is the Facility owned by the Licensee or Vendor? No.</p> <p>1g. List all Disney-branded product to be produced in this Facility (as listed on the licensee agreement): Plush</p>
<p>2. Intellectual Property, Brand or Logo (e.g. Character, Name): Mickey Mouse</p>	<p>4. Provide Name and Address: Only list if the transporter of the Disney-branded product is other than Facility or Licensee/Vendor</p>
<p>3. Territory where branded products may be sold or given away: USA</p>	<p>Additional Information:</p>

Once signed on behalf of Disney Consumer Products, Inc. and/or its affiliates and/or its authorized sub licenseors (“Disney”) this document may be present to the Customs authority at the port of export from the country specified above where the manufacturing facility is located and at the port of entry in the country specified as the territory where the Merchandise may be sold to confirm Disney’s authorization of shipments of the Merchandise identified above. This Authorization shall expire on the first to occur of the following: (1) the passage of 3 years from the date set forth below, (2) the expiration or termination of the applicable agreement between Licensee/Vendor and Disney, or, (3) the termination of the Authorization by Disney.

International Labor Standards Digitally signed by Disney Representative
Disney Representative DN: cn=Disney Representative, o, ou, email=disneyrepresentative@example.com, c=US
 Dater: 2015.03.06 15:26:19 - 08'00'

Disney Representative Date: 2015/Mar/05

500 South Buena Vista Street / Burbank, California 91521 / (818)560-1000 © Disney

APPENDIX 11

SAMPLE CODE OF CONDUCT ASSESSMENT NOTIFICATION (COCAN)

The Code of Conduct Assessment Notification (“COCAN”) is written notice to Licensees and Vendors that a Facility they are using is being scheduled for an upcoming ILS Audit. As a Licensee or Vendor, if you receive notice for a Facility, then you must:

- *Confirm and update the contact information for the Facility.*
- *Notify the Facility that full, complete, and unfettered access must be granted to ILS Auditors.*

Disney International Labor Standards Group

CODE OF CONDUCT ASSESSMENT NOTIFICATION

500 South Buena Vista Street

Burbank, California 91521-9588 USA

Notice of assessment of manufacturing Facility producing Disney articles

Disney Worldwide Services, Inc. has selected the following Facility for a Disney Code of Conduct for Manufacturers compliance assessment by our authorized monitoring organization [Monitoring Organization Name], in approximately 90 days.

Facility to be assessed: [Facility Name]

Facility ID: [Facility Identification Number]

Location: [Facility Address]

Our records indicate that this is a Facility currently engaged in the manufacture of Disney-branded products pursuant to your license agreement with Disney.

As you are aware, your license agreement with Disney requires that our auditors be provided entrance into the Facility at the time of assessment. A denial of access to the Facility would result in a breach of your license agreement and could result in the termination of the Facility's authorization to manufacture Disney-branded products.

Please notify your Facility immediately of this pending assessment.

Please contact us promptly and in any event within 15 days, at [e-mail address] and reference the Facility ID [Facility Identification Number] if:

1. The manufacturing Facility information is incorrect. If this is the case, please provide the correct Facility information.
2. The manufacturing Facility has relocated. If this is the case, please provide the new address and contact details.
3. You are no longer using the manufacturing Facility. In this case, please provide the name, address, phone, contact of the manufacturing Facility you are using.

Thank you.

APPENDIX 12

SAMPLE ILS AUDIT AGENDA

This sample of an ILS Audit agenda is intended to assist Licensees, Vendors, and Facility management with preparing for an ILS Audit. ILS Audits take at least a full working day, or more, depending on the size of the Facility. Therefore, the expected completion times listed on this sample may vary. Facility personnel involved in the ILS Audit are expected to be available during the audit.

I. OPENING MEETING

(20 minutes)

Discuss the ILS Audit process with the key management necessary for completion of the ILS Audit.

II. HEALTH AND SAFETY WALKTHROUGH

(1-2 hours depending on the size of the Facility)

Take a tour of the entire production Facility, including all production areas, warehouses, chemical storage areas, canteens, and dormitories (as applicable).

III. EMPLOYEE INTERVIEWS

(1-2 hours depending on the size of the Facility)

Employees from various workstations will be selected during the walkthrough of the Facility and the document review process. Interviews will be conducted in a private setting.

IV. DOCUMENT REVIEW

(2-3 hours)

See the [Appendix 13 Sample ILS Audit Records Checklist](#) for a list of records and documents to be reviewed.

V. CLOSING MEETING

(20 minutes)

Auditors will meet with Facility management to review the audit process and next steps. Management is invited to ask questions and provide feedback.

APPENDIX 13

SAMPLE ILS AUDIT RECORDS CHECKLIST

This sample of an ILS Audit Records Checklist is intended to assist Licensees, Vendors, and Facility management with assembling the original records and documents (as applicable for the region/country) required for an ILS Audit. These records and documents must be made available during the ILS Audit.

- Disney's Code of Conduct for Manufacturers
- Business/industry license, registration, permit, and/or certificate
- Workplace rules or bylaws
- Government required postings
- List of all workers indicating full name, date of employment, date of birth, and position held in the Facility
- Personnel files (including employment contracts)
- Work attendance records :
 - Scope (12 most recent months; or at least 12 most recent months if Comprehensive/Flexible Working Hours System is applicable; or the number of months that the business has been in operation if the business has been in operation for less than 12 months)
 - *Timecards or timesheets*
 - *Leave records*
- Payroll records:
 - *Scope (apply same as work attendance records)*
 - *Detailed payroll registers*
 - *Piece rate records and production records*
 - *Cancelled checks/monthly statements and records for cash payments*
 - *Electronic fund transfer records*
- Payment verification documents (as applicable per country) for workers' social benefits provided by government or bank:
 - *Canceled deposit checks or other form of payment verification*
 - *Statements*
- Fire drill records, emergency evacuation plan, fire inspection reports, and fire prevention certificates
- Health and safety documents and training records
- Employee annual medical examination results
- Equipment and machinery operation certificate, license, and permit
- Machine maintenance and inspection records
- Material Safety Data Sheet of chemicals used
- Environmental records (as applicable per country) and a list of chemicals utilized by Facility
- Other documents (if applicable) pertaining to...
 - *Dormitories*
 - *Rent/lease contracts*
 - *Daycare/nursery*
 - *Security agency*
 - *Kitchen/catering services*
 - *Labor Union/Collective Bargaining Agreement (CBA)*
 - *Subcontractors*

1. What is the age of the youngest worker?
2. What work experience programs are available for school-age children?
3. What are the restrictions for workers under 18?
4. What procedures are in place to verify the age of the workers?
5. How are workers recruited (e.g., newspaper ad, agent, contract)?
6. What are the Facility's policies and practices related to recruitment and hiring, in particular for migrant workers?
7. Which labor recruiters are used in recruiting migrant workers (if applicable)?
8. What is the amount of recruitment fees charged to migrant workers, and how are the recruitment fees paid (if applicable)?
9. What procedures are in place to ensure/monitor that all workers are working voluntarily?
10. What properties of workers are detained during the course of employment and by whom?
11. What are the Facility's policies and practices for hiring workers who are prisoners, have been assigned by the military, or any other branch of government?
12. When are workers free to leave?
13. What are the guards' basic duties (if applicable)?
14. How are workers disciplined for misconduct or poor performance?
15. What are employment restrictions (by age, race, ethnic group, religion, gender, sexual orientation, political affiliation, and/or national origin, if applicable)?
16. What unions exist?
17. How are union activities (e.g., elections, meetings) undertaken?
18. What is the lowest wage paid for trained (e.g., production) employees? For untrained employees?
19. How are workers paid (e.g., cash, check, auto pay, other)?
20. How is the pay rate calculated (e.g., per hour, piece rate, per day, other)?
21. How is work attendance documented, and by whom?
22. How often are workers paid (e.g., weekly, monthly, other)?
23. What charges are deducted from workers' pay, and how is this documented?
24. What are the Facility's policies and practices for lending money to workers?

25. What allowances and benefits are provided to workers (e.g., housing, meals, transportation, and other allowances; health care; child care; sick leave; bereavement leave; emergency leave; pregnancy and menstrual leave; vacation; religious and holiday leave; and contributions for social security, life, health, worker's compensation, and other insurance coverage)?
26. What benefits and/or allowances are included in calculating workers' minimum wage?
27. What incentive plans are offered (e.g., bonus)?
28. How are workers paid for training (if applicable)?
29. How are workers paid for overtime?
30. What is the maximum number of consecutive days worked?
31. What are the operational hours?
32. How many work shifts are run?
33. How many hours are there per work shift?
34. How are overtime wages calculated (e.g., weekdays, 1.5x; holidays 2x, etc.)?
35. What is the average number of overtime hours worked per worker each week?
36. What is the maximum number of work hours per day at regular pay?
37. What is the maximum number of hours employees are asked to work in a given week?
38. When are the daily meal breaks for workers?
39. What other breaks are provided to the workers, and what is the duration of each break?
40. When will workers take work home, and what kind of work?
41. How are wages for home work determined (if applicable)?
42. What first aid supplies are available?
43. How many medically trained personnel are on site?
44. What safety education/training programs are offered (e.g., first aid, etc.)?
45. What fire-fighting (e.g. fire extinguishers and/or sprinkler) systems are available?
46. How many fire escapes are available for buildings more than one story high?
47. What personal protective equipment is available for workers, and for what cost?
48. What restriction is placed on workers' access to drinkable water?
49. How many functional toilets does this Facility have (male/female)?
50. What ventilation and lighting system is available?

- 51. When are supervisors on the floor for each work shift, and how many supervisors are there per work shift?
- 52. What are the Facility's policies and practices for workers' association?
- 53. What residential facilities are provided to workers, and where are the provided residential facilities?
- 54. What are the Facility's policies and practices in regards to the environment (e.g., waste management, air purification, and hazardous material disposal)?
- 55. What production is outsourced, and to whom (e.g., individuals, families, or collective work groups)?
- 56. What articles/components are produced by these workers?
- 57. How are these workers paid?

The following questions pertain to dormitories:

- 58. How many dormitory buildings are there? How many workers reside in these dormitories?
- 59. What is the average number of workers in a sleeping room?
- 60. What is the approximate space (e. g., in square meters) per worker in a sleeping room?
- 61. How are sleeping quarters segregated?
- 62. What is provided to workers in their sleeping room, and what is the size for each sleeping space?
- 63. How are the room doors in the dorms locked (e. g., from the inside or outside)?
- 64. What are the languages of evacuation or emergency directions posted in sleeping quarters?
- 65. What fire-fighting equipment is available in each sleeping quarters?
- 66. How often are fire drills conducted?
- 67. How many fire escapes are available for buildings more than one-story high?
- 68. Where are combustible materials stored (in the dormitories or buildings connected to the dormitories)?
- 69. How many toilets and shower facilities are available for workers (male/female)?
- 70. When is hot water available at the showering facility?
- 71. What cooking or laundry facilities are provided?
- 72. How much are workers charged for sleeping quarters, meals, transportation, or other items, and how are these charges paid?
- 73. How is dormitory access controlled?
- 74. What curfews on placed workers?
- 75. What restrictions are placed on workers in and out of the dormitories?

APPENDIX 14

SAMPLE CORRECTIVE ACTION PLAN

The following is a sample of a Corrective Action Plan (“CAP”) that is sent to Licensees and Vendors as a result of an ILS Audit conducted by Disney. The CAP and accompanying e-mail serve as written notice to Licensees and Vendors that a Facility has not met Disney’s Minimum Compliance Standard (“MCS”) under the Disney Code of Conduct for Manufacturers.

[Date]

This letter is being provided to all Disney licensees and vendors currently authorized to produce Disney-branded products in this facility. As a courtesy, this letter is also being provided to licensees and vendors that have applied for authorization to produce in this facility.

On [date audit received], Disney received an audit of [Facility Name (ILS#)], located in [City], [Country]. **Results of this audit indicate that this facility does not meet Disney’s Minimum Compliance Standard (MCS) under the Code of Conduct for Manufacturers.**

MCS VIOLATIONS – MUST BE ADDRESSED IMMEDIATELY

The MCS violations identified below must be corrected immediately. Failure to take the necessary corrective action will result in the loss of authorization to produce Disney-branded merchandise at this facility.

1. Health and Safety/ Fire and Emergency Safety

Emergency exits are locked or obstructed.

2. Involuntary Labor

Facility management retains employees’ identification documents.

NON-MCS VIOLATIONS – SHOULD BE ADDRESSED PROMPTLY

The following is a list of all non-MCS violations of the Disney Code of Conduct. All non-MCS code violations should be corrected promptly as part of our continuing effort to improve working conditions.

1. Compensation

Employees are not properly compensated for overtime.

2. Health and Safety/ Hazardous Material

Safety warning signs are not posted as required where hazardous materials are handled.

As the licensee/vendor, it is your responsibility to ensure that all MCS violations are remediated immediately as a condition of continued use of this facility. All other violations should be addressed promptly.

Failure to remedy MCS violations in accordance with this letter will result in the loss of authorization to produce Disney-branded merchandise at this facility. In such case, ALL licensees and vendors will be required to cease Disney-branded production at this facility promptly and remove all inventories from this facility (not to exceed 30 days following notification by Disney or otherwise required by law).

An audit dated after [date audit conducted] demonstrating MCS compliance must be submitted to Disney within 90 days from the date of this letter.

- If an audit is not submitted as required, all licensees and vendors will no longer be authorized to produce Disney-branded products in this facility until an audit meeting MCS is provided.
- If the subsequent audit submitted fails to meet MCS, the facility will be ineligible for Disney-branded production for a minimum of 12 months following its loss of production authorization from Disney.

You may wish to coordinate any necessary auditing activities through the Facility.

As a reminder, you must obtain authorization from Disney before commencing Disney-branded production in this Facility, as evidenced by receipt of a signed FAMA form from Disney.

APPENDIX 15

SAMPLE FACILITY LOSS OF PRODUCTION AUTHORIZATION

The following is a sample of a Facility Loss of Production Authorization (“FLOPA”) that is sent to Licensees and Vendors as a result of a second ILS Audit that fails to meet the Minimum Compliance Standard (“MCS”). The FLOPA and its accompanying e-mail serve as written notice to Licensees and Vendors that the production authorization for a Facility has been revoked.

[Date]

This letter is being provided to all Disney licensees and vendors currently authorized to produce Disney-branded products in this facility. As a courtesy, this letter is also being provided to licensees and vendors that have applied for authorization to produce in this facility.

On [Date Audit Received], Disney received a second audit of [Facility Name and ILS#], located in [City], [Country], indicating that this Facility still does not meet Disney’s Minimum Compliance Standard (“MCS”) under the Disney Code of Conduct for Manufacturers.

In accordance with prior notice and Disney’s ILS Program, production authorization for this Facility has been revoked. All Licensees and Vendors using the Facility must promptly cease producing Disney-branded products and promptly remove any and all Disney-branded products whether complete or in process (including any molds and materials), not to exceed 30 days from Disney’s written notice, or as otherwise may be required by Law. This Facility will be ineligible for Disney-branded production for 12 months following the date of this notice.

The following is a summary of all violations of the Disney Code of Conduct for Manufacturers, prioritized by severity, for your reference.

MCS VIOLATIONS

1. Monitoring and Compliance

Compliance with wage requirements and overtime hour limitations cannot be verified due to discrepancies between the documents provided by the facility management for review and/or the information provided by employees during interviews.

NON-MCS VIOLATIONS

1. Health and Safety/Sanitation

Poor housekeeping practice in the production areas.

2. Other Laws

Employment contracts have not been established with all employee as required.

If you have already notified us that you are no longer using this Facility, this letter will serve as your notice that the Facility can no longer be used to produce Disney-branded products.

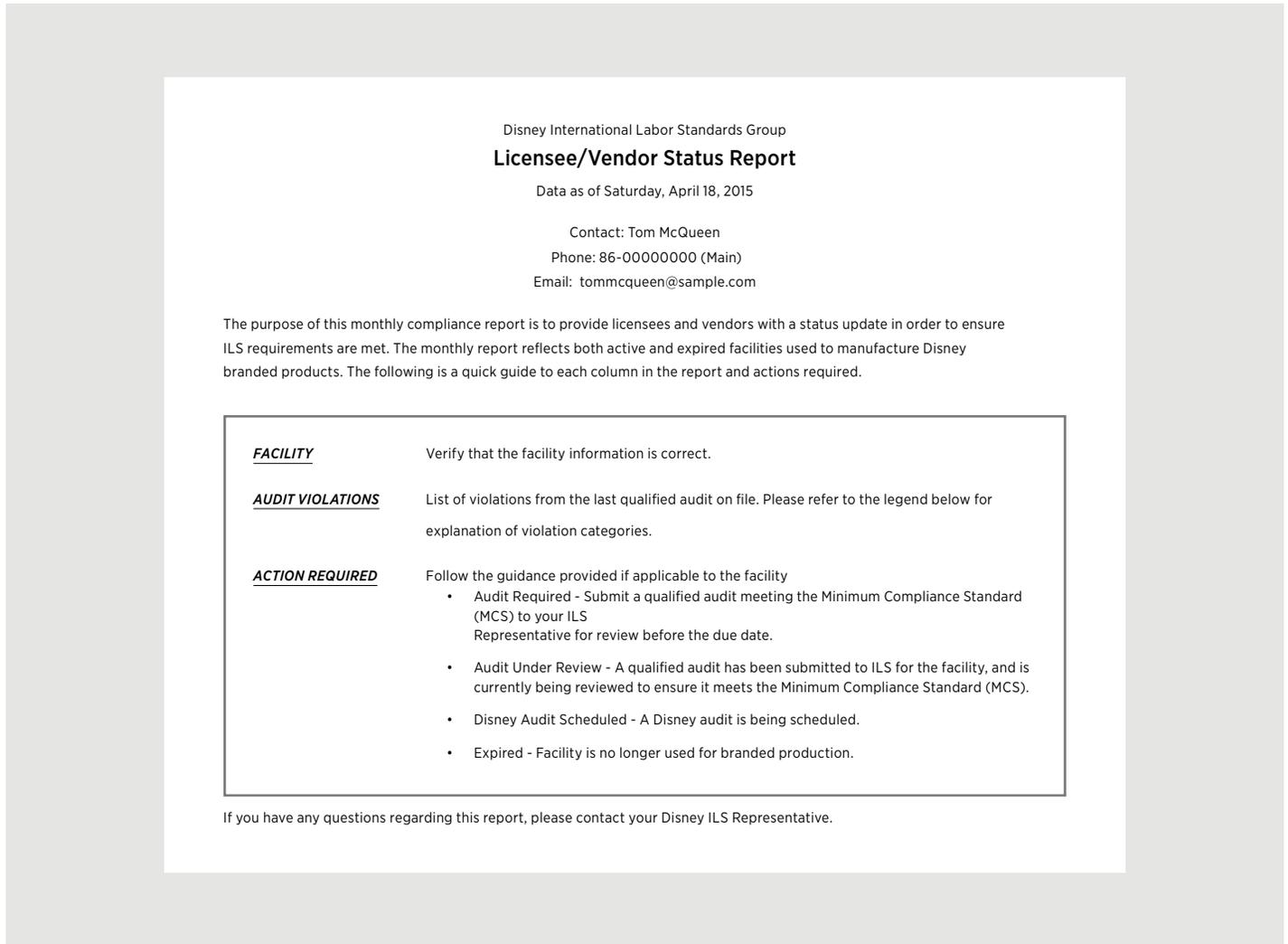
APPENDIX 16

SAMPLE MONTHLY LICENSEE/ VENDOR STATUS REPORT

The following is a sample monthly Licensee/Vendor Status Report. The purpose of this report is to provide Licensees and Vendors with a Facility status update in order to ensure ILS requirements are met. The report is made up of four sections:

- 1. Cover page:** A quick guide to understand the content of the report and actions required
- 2. Active Facilities:** List of Facilities in which the Licensee/Vendor is currently authorized to produce Disney-branded products with signed FAMA
- 3. In-progress Facilities:** List of Facilities for which authorization to produce Disney-branded products is being processed
- 4. Expired Facilities:** List of Facilities in which Licensee/Vendor is no longer authorized to produce Disney-branded products

Sample cover page:



Sample active facilities:

Disney International Labor Standards Group
Licensee/Vendor Status Report

Data as of Saturday, April 18, 2015

Contact: Tom McQueen
 Phone: 86-00000000 (Main)
 Email: tommcqueen@sample.com

Tom's Fashions (COM-000001)

1 Sample Place
 City, Province
 China

Asia-Pacific (APAC) / Licensing / -- / PRC / --

Contact: Tom McQueen Phone: 86-00000000 (Main)

Email: Tommcqueen@sample.com
 ILS Program: Enhanced
Keystone ID: KEY-000001

Declared Facilities - Active (1 Total)

Facility ILS ID	Facility Name	Facility Meets Minimum Compliance Standards	Last Qualified Audit* Date	Last Qualified Audit* Violations	Action Required
FAC-01111	Tom's Fashions 1 Industrial Road Lucky Village City, Province China Phone 86-00000000 (Main)	YES	05 March 2015	AR AS CP OL HS PE	Audit Required by 2016-Mar-05

AD Access Denied
 CP Compensation
 ND Non-Discrimination
 SC Subcontracting

AR Age Requirement
 HS Health and Safety
 OL Other Laws

AS Association
 IL Involuntary Labor
 PE Protection of Environment

CH Coercion and Harassment
 MC Monitoring and Compliance
 PU Publication

*Qualified Audit as defined in the ILS Program Manual.

APPENDIX 17

SAMPLE FAMA REVOCATION LETTER

The following is a sample of a FAMA Revocation Letter that is sent to Licensees and Vendors as a result of failing to provide a qualified ILS Audit within the required time frame, the Facility shutting down or no longer in operation, and/or Disney is unable to conduct an ILS audit due to inaccurate information regarding the Facility.

Disney requires that all Facilities engaged in the manufacture of Disney-branded products achieve and maintain, at a minimum, a requisite level of compliance with the Code of Conduct for Manufacturers. You are required to submit ILS Audits by the dates specified in your Monthly Status Reports demonstrating that the designated Facilities meet this Minimum Compliance Standard. ILS Audits are an essential tool in determining whether ILS Program requirements are met and helping to foster safe, inclusive and respectful workplaces wherever Disney-branded products are made.

BECAUSE AN ILS AUDIT HAS NOT BEEN PROPERLY SUPPLIED TO US FOR THE FACILITIES LISTED BELOW, ALL CURRENT FACILITY AND MERCHANDISE AUTHORIZATIONS (FAMAs) FOR THESE FACILITIES ARE REVOKED EFFECTIVE IMMEDIATELY AND YOU ARE NO LONGER AUTHORIZED TO PRODUCE DISNEY-BRANDED PRODUCTS IN THE FOLLOWING FACILITIES:

Facility Name (FAC-XXXXX)

Promptly cease Disney branded production in these Facilities and confirm in writing to your Disney ILS representative, within 30 days from the date of this communication, that you are no longer producing Disney-branded products in the above-referenced Facilities.

We remind you that under the ILS Program you must submit a FAMA Application and receive a signed **FAMA PRIOR TO COMMENCING DISNEY-BRANDED PRODUCTION IN ANY FACILITY**. You must also provide any other documentation as specified in the ILS Program Manual and your Monthly Status Reports.

Please contact your Disney ILS representative if you have questions or need additional information.

Thank you.

