



The *WALT DISNEY* Company

INTERNATIONAL LABOR STANDARDS PROGRAM MANUAL

Revised January 2024

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

containing, incorporating, or applying any intellectual property owned or controlled by The Walt Disney Company or its affiliates (“Disney”) produced for any purpose anywhere in the world (“Disney-branded products”). This includes licensed products, promotional items, publications, print materials, giveaways, and packaging. 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, National Geographic, and Pixar).

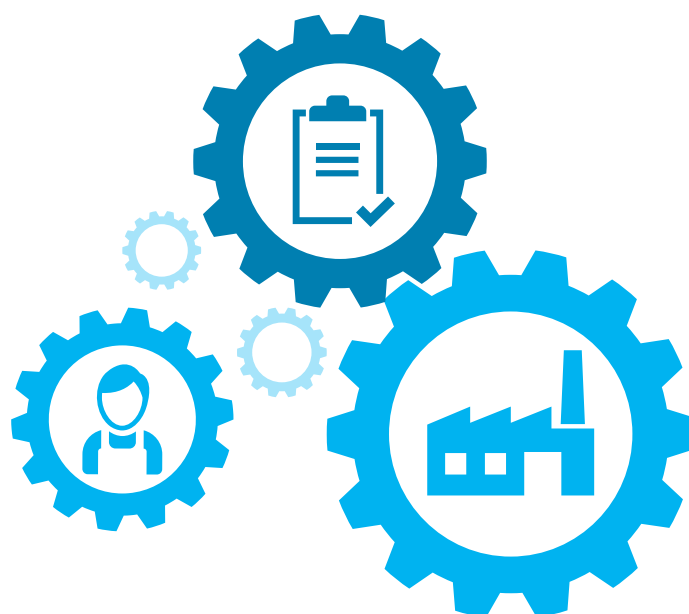
I. INTRODUCTION

The Walt Disney Company's International Labor Standards Program ("ILS Program") seeks to foster **safe**, **inclusive**, and **respectful** workplaces wherever Disney-branded products and their Raw Materials and Components are produced. The International Labor Standards Program is an important part of The Walt Disney Company's Corporate Social Responsibility and Responsible Supply Chain efforts. For more information on these policies and programs, go to the Operating Responsibly section on [The Walt Disney Company](#) website.

As a Licensee or Vendor of Disney, you are responsible for ensuring that Disney-branded products are produced in compliance with the provisions of the Disney Code and the ILS Program. This ILS Program Manual outlines requirements 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 takes precedence. This ILS Program Manual supersedes all previous manuals and similar materials relating to the ILS Program. 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.

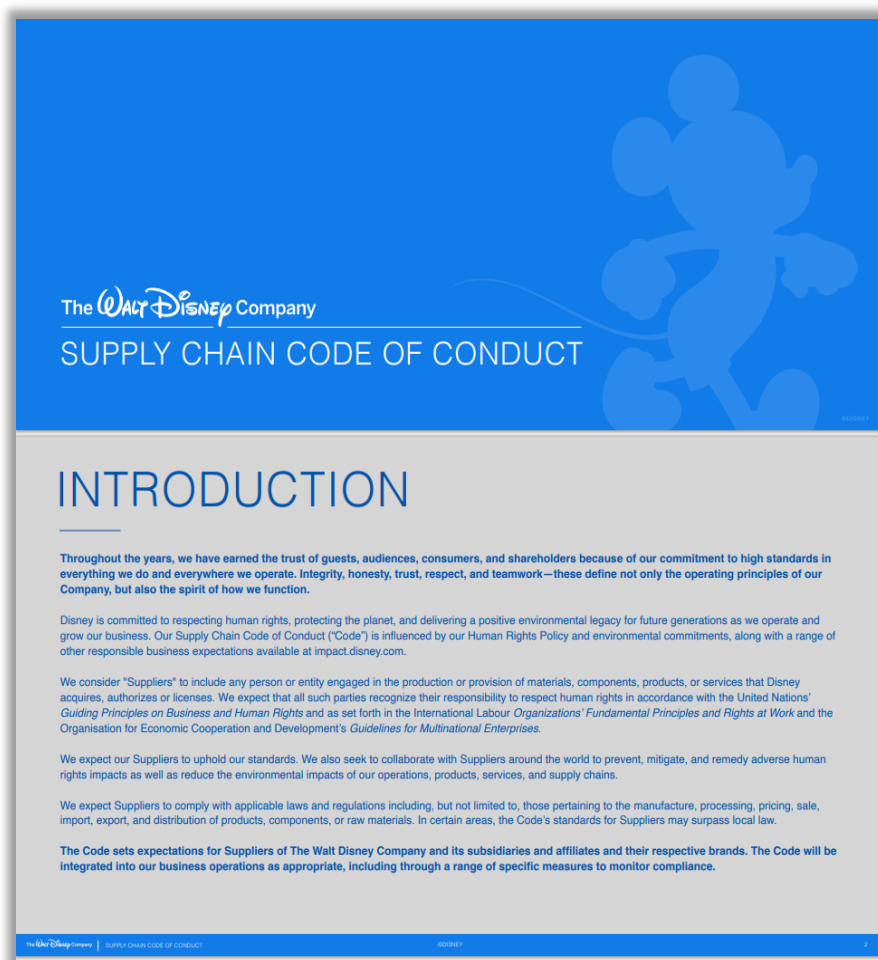


II. THE WALT DISNEY COMPANY'S SUPPLY CHAIN CODE OF CONDUCT

THE WALT DISNEY COMPANY'S SUPPLY CHAIN CODE OF CONDUCT

Adopted in 1996 and updated in 2022, the Disney Code sets forth Disney's expectations for any person or entity engaged in the production or provision of Raw Materials, Components, products, or services that Disney acquires, authorizes or licenses. All such parties are expected to recognize their responsibility to respect human rights in accordance with the United Nations' Guiding Principles on Business and Human Rights and as set forth in the International Labour Organizations' Fundamental Principles and Rights at Work and the Organisation for Economic Cooperation and Development's Guidelines for Multinational Enterprises. Licensees and Vendors must comply with the Disney Code.

Facilities will take appropriate steps to ensure that the provisions of the Disney Code are communicated to employees, including the prominent posting of a copy of the Code, in the local language and in a place readily accessible to employees, at all times.



The Disney Code is available in multiple languages at the following link <https://impact.disney.com/operating-responsibly/supply-chain>.

III. SOURCING RESTRICTIONS

Licensees and Vendors may only source Disney-branded products and their Blank Items, Raw Materials and Components from Permitted Sourcing Countries.

PERMITTED SOURCING COUNTRIES (PSC)

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 permitted production and 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 PSC includes countries that achieve a requisite ranking under the WGI as well as certain countries where the International Labour Organization and the International Finance Corporation operate a Better Work Program or where there are certain other conditions acceptable to Disney with respect to use of a Facility in a country.

For Facilities in PSC where ILS Audits are required, you must provide Disney with qualified ILS Audit Reports demonstrating compliance with the MCS prior to production of Disney-branded products, and periodically during continued use of such Facilities.

As a Licensee or Vendor, you may not use Facilities in or source Blank Items, Raw Materials or Components from any country that is not on the PSC list. For example, a Disney logo may not be printed on a plain backpack made in any country that is not a PSC. If any products,

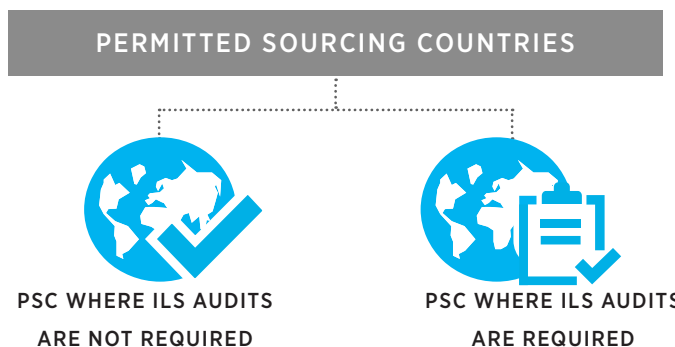
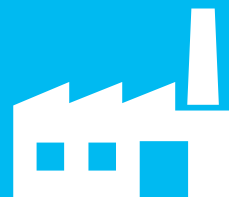
Blank Items, Components, or Raw Materials are produced in or sourced from, in whole or in part, a country that is not a PSC, then in addition to any and all rights and remedies available to Disney, you may be required, at your sole cost and expense, not to sell or distribute such products and/or to destroy or donate such products as Disney may direct.

WGI rankings of PSC also determine Disney's requirements related to the submission of ILS Audit Reports for Facilities. See Section IV.3 on ILS Audits for details. The PSC list is subject to change. If a PSC is removed from the PSC list due to Disney's determination, Disney shall provide reasonable notice of the change.

The latest PSC list is available at this [link](#).

Remember:

You may only source Disney-branded items, Components, Raw Materials and Blank Items from PSC (including PSC where ILS Audits are not required).



GOVERNMENT-IMPOSED RESTRICTIONS

Various governments, including the U.S., the U.K., the EU (and Member States), impose various trade-related requirements, restrictions and sanctions that may limit the countries, as well as items, that you may procure, or may require additional data for items procured from certain countries.

As a Licensee or Vendor, you may not source Disney-branded products, Blank Items, Components, or Raw Materials subject to such restrictions.

These trade restrictions and sanctions apply to all 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 Raw Materials whether or not they bear Disney intellectual property. This reflects Disney's assessment of the current risks and business opportunities to our Company as a whole based on recent developments, our reputation, and our obligations as a corporate citizen. It is your responsibility as a Licensee or Vendor to comply with all trade restriction and sanction programs, regardless of where you, as a Licensee or Vendor are physically located or legally registered.

Trade-related requirements, restrictions and sanctions can apply to countries, products, industries, or individuals. Licensees and Vendors should be prepared to provide Disney with sourcing-related information for their production inputs (e.g., for supply chain traceability purposes). In addition, Disney may require Licensees and Vendors to temporarily suspend production in, and sourcing from, countries beyond those subject to trade-related restrictions and sanctions for various business reasons.

If a country on the PSC list becomes prohibited by trade-related restrictions or sanctions programs enacted by the U.S., the U.K., the EU, or by other Laws, the country will be deemed automatically removed from the PSC list 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.

Some conflicts of laws between the U.S., the U.K., the EU, and other countries may be resolved by reviewing the Permitted Sourcing Countries list.

Remember:

For more information about trade restrictions placed on countries, items 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 government websites.



IV. OVERVIEW OF GENERAL ILS PROGRAM REQUIREMENTS

Disney's International Labor Standards Program requires Licensees and Vendors to conduct ILS Audits and provide ILS Audit Reports on a regular basis, as described in this ILS Program Manual. This practice 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.

As a Licensee or Vendor of 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 ILS Program requirements described in detail in this ILS Program Manual, including:

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

Do not produce Disney-branded products in, or source Components or Raw Materials from, countries that are not on the PSC list. In addition, production in and sourcing from certain PSC is subject to conditions and restrictions that you must comply with. See the **Sourcing Restrictions** section for details. The 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. 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 Minimum Compliance Standard** section for details.

2. DECLARE ALL FACILITIES AND SUBMIT REQUIRED DOCUMENTATION:

You must declare to Disney ILS 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 subcontracted Facilities. 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 the MCS unless a qualified ILS Audit Report for the Facility 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 or subcontracted Facility, you must obtain a FAMA from Disney. 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 Disney Code, the MCS, and the ILS Program requirements. As a Licensee or Vendor, you must ensure that the Facilities you use 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 ongoing compliance by the Facility with applicable ILS Program requirements, the remediation of any labor issues that may arise, and taking commercially reasonable efforts to ensure that the Facilities you use fully comply with the Disney Code. See [The Walt Disney Company Supply Chain Code of Conduct](#) and the [Minimum Compliance Standard](#) sections for details.

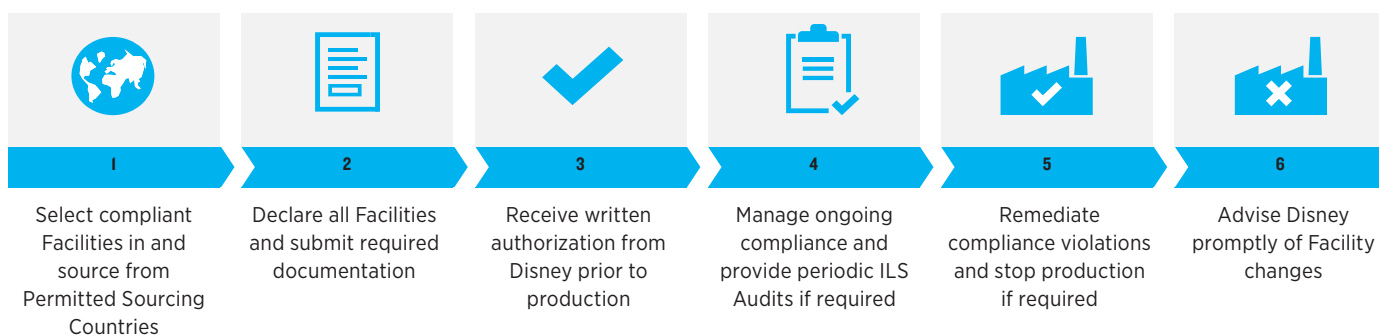
5. REMEDIATE COMPLIANCE VIOLATIONS AND STOP PRODUCTION IF REQUIRED:

As a condition of continued use of a Facility, 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 Disney Code. See the [Remediation of Noncompliance](#) section for details.

If required by notice from Disney, all Licensees and Vendors using a Facility must promptly cease producing Disney-branded products at the Facility and remove 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) after 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. At Disney's request, you must confirm to Disney that the list of currently authorized Facilities you are using is up to date. A list of Facilities, in which you have indicated you are producing Disney-branded products and a list of recently expired Facilities in which you have indicated you are no longer producing such products is made available to you via the Monthly Status Report.

SUMMARY OF GENERAL REQUIREMENTS

IV.1 THE MINIMUM COMPLIANCE STANDARD

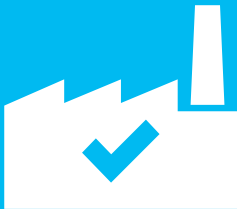
Disney requires that all Facilities engaged in the production of Disney-branded products meet and maintain, at a minimum, the MCS. In order to meet the MCS, a Facility must demonstrate the absence of MCS violations, which Disney considers to be the highest priority and most serious labor standards issues.

To comply with the MCS, each Facility you use must provide unrestricted access to complete and accurate information, including all physical locations within the Facility, relevant documents, on-site and/or off-site employer-provided housing, as well as the opportunity for private and confidential interviews with workers.

Remember:

All Facilities must meet and maintain the Minimum Compliance Standard.

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



MCS violations identified prior to the initial authorization for Disney-branded production must be resolved before any initial production authorization is provided by Disney. As a condition of continued permission to use a Facility, MCS violations identified 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 and emerging regulatory requirements.

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

- MCS violations identified as a result of an ILS Audit are not remediated within the required 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, a Licensee or Vendor will be prohibited from using a Facility unless a qualified ILS Audit Report is submitted 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 an ILS Audit is qualified under the ILS Program and whether a Facility demonstrates compliance with the MCS, the Disney Code, or applicable laws is a matter within Disney's discretion. Disney will reject an ILS Audit Report if Disney reasonably believes that it was fraudulently obtained.

CONTINUOUS IMPROVEMENT

Even where a Facility meets the MCS, working conditions in that Facility may not be in full compliance with the Disney Code. Licensees and Vendors are responsible for working with Facilities to encourage continuous improvement of all working conditions in any Facility producing Disney-branded products. Social compliance consultants (for which a list is available upon request) and **Social Compliance Monitoring Organizations** may be able to assist you in identifying programs to meet individual Facility remediation needs.

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 Disney Code requirements.



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



There are open lines of communication between a Licensee or Vendor and the Facility management so that potential compliance issues are identified and resolved proactively and collaboratively.



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

IV.2 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 to, and receive written authorization from, Disney for each Facility you intend to use in the production of Disney-branded products. You must submit a FAMA Application to Disney for each Facility you intend to use. If the 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 for Disney's review a qualified 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, Disney will issue a FAMA. Only a FAMA issued by Disney demonstrates Disney's authorization for you to use a particular Facility for Disney-branded production. You may not commence Disney-branded production in a Facility before you receive a FAMA for that Facility from Disney. A FAMA is only valid for the Licensee or Vendor it is issued to. 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 will be provided with Monthly Status Reports that include a list of Facilities that you have indicated you are using to produce Disney-branded products, a list of expired Facilities that you had previously used for which the FAMA has now been revoked, as well as a list of expired Facilities for which you have indicated that you are no longer producing such products. Be sure to carefully review these Monthly Status Reports for accuracy and for Facility status changes and requirements.



Remember:

FAMA Applications must be submitted for all Facilities involved in the production of Disney-branded products, regardless of what PSC the Facility is located in. A FAMA demonstrates Disney's authorization for you to utilize a particular Facility for Disney-branded production. You should not begin production, however, until you have obtained all other required approvals pursuant to your agreement with Disney.



FACILITY DECLARATION GUIDELINES

Facilities engaged in the production of Disney-branded products must be declared to Disney, including physical locations where:



Disney-branded Components, subcomponents, elements (such as instruction booklets, packaging materials and labels or hangtags) and final products are produced, processed, printed, manufactured, assembled, embroidered, engraved, etched, applied, or subcontracted.



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



At this time, locations for which no FAMA Application is required, include:

- Locations that produce Blank Items or Components 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 Items and other materials may only be produced in and sourced from Permitted Sourcing Countries and may not be sourced from Prohibited Persons. You should only purchase all such products and Components from sources that have standards consistent with the Disney Code and other Disney policies.
- Raw Materials suppliers, fabric mills or processors of generic commodity items such as cotton, metal and cellulose pulp that do not contain, incorporate or involve the application of any Disney intellectual property. For more information on the process for Raw Materials please see [Section V Suppliers of Blank Items and Raw Materials](#).
- Advertising agencies and similar service providers, unless they are in physical locations producing physical products 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 quality approval (provided that the Licensee or Vendor is responsible for ensuring that all such locations are in a PSC).
- Locations that produce POS/Advertising (as defined in [Appendix 1: Glossary of Terms](#)).
- Locations that produce items that only incidentally use Disney Intellectual property where Disney intellectual property is not predominant (such as packaging for a smart television depicting the Disney logo and logos of other companies in order to indicate that Disney digital content, in addition to other content, is viewable by the user of the smart television).

FACILITY DECLARATION EXAMPLES

The following are examples of 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, buttons and/or labels or hangtags 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 PSC 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 PSC and consistent with other Disney policies.

FACILITY AUTHORIZATION DOCUMENTS

FAMA Applications

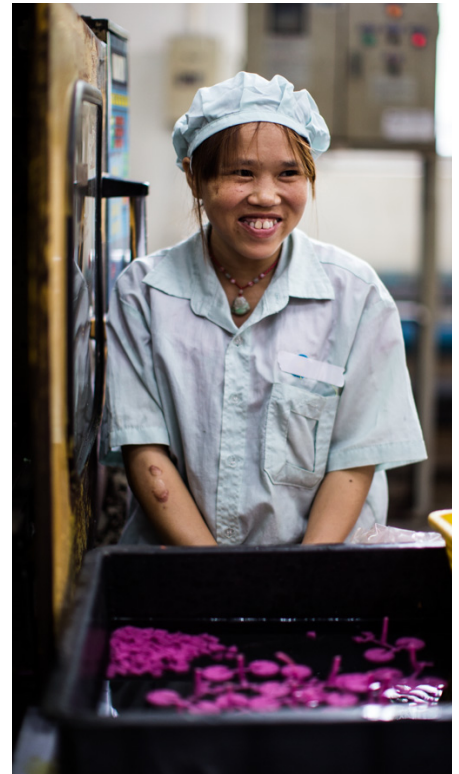
For each Facility that must be declared and authorized, Disney requires the submission of a FAMA Application. You must submit to Disney one FAMA Application for each Facility you intend to use for Disney-branded production, indicating the name and location of the Facility. This includes any subcontracted Facility handling, processing, manufacturing, or otherwise applying Disney's intellectual property.

Additional Documentation

For Facilities in Permitted Sourcing Countries where ILS Audits are required, you must also submit a qualified ILS Audit Report before production (unless one is already on file with Disney) that demonstrates that the Facility is in compliance with the MCS.

Disney-issued FAMA

Disney will evaluate each FAMA Application based upon information that you provide to Disney (or as is otherwise available to Disney). If you are authorized to use a Facility for production, Disney will notify you that your request has been approved and then issue a FAMA. Generally FAMAs are issued for a one year period. Do not begin production of any Disney-branded products prior to receipt of the applicable FAMA from Disney. 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 FAMA from Disney also serves as a customs release document. See [**Appendix 5 for the Sample FAMA**](#).



Remember:

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

Always verify with Disney the compliance status of a Facility. Certain Facilities (including 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 the Facilities you use 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 you use 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 your use of Facilities previously declared and authorized, including updates regarding Facility contact information, closure and/or relocation.

You must notify Disney in writing or in a system that Disney designates within 30 days if you have no reasonable intention of using the Facility within the next 12 months or have not used a Facility for 12 months. Upon receipt of such notice, Disney will revoke a previously issued FAMA for production at the Facility. Once the FAMA is revoked, you may no longer produce Disney-branded products at the Facility until you submit a new FAMA Application and receive a new FAMA for the Facility.

You must also provide Disney with an updated list of Facilities or evidence of Facility use at any time upon request from Disney.

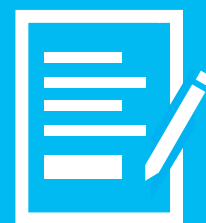
FAMA REVOCATION

A FAMA provides authorization for a Licensee or Vendor, to use a specific Facility for the production of Disney-branded products in accordance with the applicable agreement and ILS Program requirements. Disney may revoke a previously issued 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.
- The Facility has shut down completely or is no longer in operation at the location that was indicated on the FAMA for the Facility.
- You or the Facility confirms that the Facility has not had Disney-branded production for the past 12 months, does not have current Disney-branded production and/or you have no intention of producing Disney-branded products in the Facility in the next 12 months.
- 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.

Remember:

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



Upon the revocation of a FAMA, you are prohibited from using the Facility for Disney-branded production until a new FAMA is issued in accordance with the ILS Program. See [**Appendix 12: Sample FAMA Revocation Notifications**](#) for more information.

In situations where Disney or its representatives are unable to schedule an audit of the Facility, an "Unable to Schedule ILS Audit" notification will be sent to you. See [**Appendix 13: Sample FAMA Revocation Unable to Schedule \(UTS\)**](#) for more information. Upon receipt of this notification, you must provide updated information to Disney within the required timeframe. If you do not provide information that is sufficient to allow Disney or its representatives to successfully contact the Facility and schedule an audit, Disney may revoke the FAMA for the Facility.

IV.3 ILS AUDITS

ILS Audits are a tool that is used to identify and address labor-related issues.

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

Generally, you can either obtain an existing qualified ILS Audit Report from a Facility or work with an approved Social Compliance Monitoring Organization to have a qualified ILS Audit conducted. Disney may also elect to have ILS Audits conducted at any Facility, wherever it is located.

ILS AUDITS COMMISSIONED BY DISNEY

Disney reserves the right to periodically have ILS Audits conducted to confirm the working conditions in any Facility. These ILS Audits may be conducted by Disney employees or by a third party designated by Disney and may be via questionnaires, surveys, and other means, which do not necessarily involve onsite or physical verifications/assessments.

Before an ILS Audit is conducted or commissioned by Disney, Disney may provide a Code of Conduct Assessment Notification (COCAN) as follows:

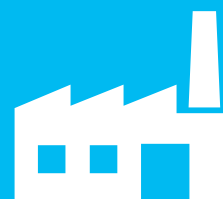
- **SCHEDULED ILS AUDITS:** The COCAN will be sent to you, and the auditor will contact the Facility to confirm the Facility information and the date on which the ILS Audit will take place.
- **UNSCHEDULED ILS AUDITS:** The COCAN may or may not be sent to you. If the COCAN is sent to you, the auditor 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 may or may not contact the Facility in advance of the ILS Audit but, in any event, will not schedule a specific date. See **Appendix 6: Sample Code of Conduct Assessment Notification (COCAN)** for more information.

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

Disney reserves the right to invoice you for the cost of ILS Audits in accordance with the terms of your Agreement with Disney.

Remember:

Disney may periodically conduct or commission scheduled or unscheduled ILS Audits of Facilities regardless of any ILS Audit Reports submitted by you or a third party.



Disney may revoke a FAMA for a Facility if Disney or a third party designated by Disney is unable to conduct an 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

Licensees and Vendors are required to submit qualified ILS Audit Reports for Facilities in designated PSC that they use to produce Disney-branded products (if one is not already on file with Disney) demonstrating the Facilities' compliance with the MCS. See the **Minimum Compliance Standard** section for details.

In addition to ILS Audits conducted in accordance with Disney's ILS Audit standards and those conducted by Social Compliance Monitoring Organizations that are 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 PSC as follows:

- **FOR THE INITIAL USE OF A FACILITY:** An ILS Audit Report demonstrating a Facility's 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 newly-established Facility is one that has not moved from a previous location and has been in operation for less than 12 months. A newly-established Facility with less than three months of available records is not eligible for Disney-branded production. For a newly-established Facility that has been in business for more than three months but less than 12 months, an ILS Audit Report demonstrating the Facility's 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 one that has physically relocated but maintains the same business license and required government certifications, licenses and permits. An ILS Audit Report demonstrating the Facility's compliance with the MCS based upon required records (i.e. a combination of records from the old and new locations) must be submitted prior to the initial authorization by Disney and the commencement of production. In addition, a relocated Facility for which Disney has previously withdrawn authorization within the past five years must go through the Facility reinstatement process. See the **Facility Loss of Production Authorization** section for details.
- **FOR A BETTER WORK FACILITY:** For Facilities in Better Work countries, additional requirements may apply, please see the section on **The Better Work Program** for more details.

Because some Facilities are used by other Disney Licensees and Vendors that also submit ILS Audit Reports, it is important to check the Monthly Status Report to determine whether ILS Audit Reports must be submitted. The audit due date or Facility status may change as a result of the submission of ILS Audit Reports by other Licensees and Vendors.



Remember:

Qualified ILS Audits must be provided to Disney prior to production for newly declared Facilities and on an annual basis (or as otherwise specified by Disney), for all existing authorized Facilities in designated PSC.

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

You are required to submit qualified ILS Audits by specified due dates. Audits that are not submitted by those dates may result in FAMA revocation for a Facility.



The following are some steps you may take to comply with the ILS Audit requirements more efficiently:

1. Check with Disney to determine whether the Facility you would like to use has a qualified ILS Audit Report already on file with Disney demonstrating that the Facility meets the MCS.
2. If Disney does not have a qualified ILS Audit Report on file, check with the Facility to determine whether they have a qualified ILS Audit Report available. Disney accepts a variety of 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 available, then you should submit that report to Disney.
3. If Disney does not have a qualified 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 ILS Audit of the Facility. This ILS Audit must meet Disney requirements to be considered a qualified ILS Audit. It is the Licensee's or Vendor's responsibility to submit the ILS Audit Report to Disney. See the **Requirements for a Qualified ILS Audit and ILS Audit Report section** for details.



REQUIREMENTS FOR A QUALIFIED ILS AUDIT AND ILS AUDIT REPORT

Disney encourages you to submit any available audit reports that are qualified ILS Audit Reports. Submitting pre-existing qualified audit reports 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 the requirements in the key areas described in detail in this section:

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

Remember:

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



THE FOLLOWING SECTION DESCRIBES IN DETAIL THE CONDITIONS THAT NEED 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 the submission of the report to Disney. The report must also be dated subsequent to any ILS Audit Reports on file with Disney.

✓ MANNER OF CONDUCTING THE ILS AUDIT

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

- Audits conducted in accordance with the standards of a multi-stakeholder or industry initiative program recognized by Disney: Must be performed by an authorized Social Compliance Monitoring Organization as designated by the respective program, subject to any limitations indicated at the following website: **Social Compliance Monitoring Organizations Authorized to Conduct Disney Style Audits.**

OR

- Audits conducted in accordance with Disney's ILS Audit standards: Must be performed by a Social Compliance Monitoring Organization that is approved by Disney to conduct ILS Audits (see the organizations listed at the following website: **Social Compliance Monitoring Organizations Authorized to Conduct Disney Style Audits.**)

OR

- Audits conducted in accordance with a well-established brand, retailer, Licensee, or Vendor program approved in writing by Disney. 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 of the following requirements:

The ILS Audit Report must document the working conditions of a Facility and cover the following elements of the Disney Code: human rights, child labor, forced labor, harassment and abuse, discrimination, freedom of association and collective bargaining, health and safety, wages and benefits, working hours, worker communications and engagement, environment and supply chain management.

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, if any, that conducted the audit.

The ILS Audit Report must be in English and submitted electronically as directed by Disney.

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

ILS Audits Conducted by Multi-Stakeholder or Industry Initiative Programs

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

- **Amfori formerly Business Social Compliance Initiative (BSCI)**
- **Better Work Program:** See **Appendix 4: The Better Work Program** for more information.
- **Fair Labor Association (FLA)**.
- **The Fashion Jewelry and Accessories Trade Association (FJATA)**.
- **ICTI Ethical Supply Chain Program** formerly the ICTI Ethical Toy Program.
- **Responsible Business Alliance (RBA)**—formerly the Electronic Industry Citizenship Coalition (EICC).
- **Sedex Members Ethical Trade Audit (SMETA)** (See the **Updates and Notifications section on impact.disney.com** for additional information related to Disney's acceptance of ILS Audits conducted under the Sedex Members Ethical Trade Audit (SMETA) multi-stakeholder initiative).
- **Social Accountability International SA8000 Standard**.
- **Worldwide Responsible Accredited Production (WRAP)**.

Remember:

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



ILS Audits conducted under these initiatives must still meet all of the requirements for qualified ILS Audits.

Disney will not accept in lieu of a complete ILS Audit Report: seals of compliance, Facility certifications, self-assessments or self audits, virtual audits, partial reports, ratings or preliminary reports including Disney Corrective Action Plan Acknowledgement Reports. See **Appendix 9: Sample Corrective Action Plan Acknowledgement Report (CAPAR)**.

AUDIT REVIEW RESULT FORMERLY REFERRED TO AS CORRECTIVE ACTION PLAN OR CAP

After reviewing an ILS Audit Report, Disney may issue an Audit Review Result. The Audit Review Result will provide a summary of the violations of the ILS Program. You are expected to review the Audit Review Result 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 10: Sample Audit Review Result** for more information and the **Remediation of Noncompliance** section for details. You should also use either the Audit Review Result or the ILS Audit Report to address all ILS Program violations identified, and make continuous improvements in working conditions.

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. A list of current Social Compliance Monitoring Organizations is available at the following website: **Social Compliance Monitoring Organizations Authorized to Conduct Disney Style Audits**. Disney is not bound by any interpretation of a Disney policy, any opinion as to whether a Facility is compliant with Disney standards, or any guidance on follow-up action that may be 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 Facility management understands the Disney Code and that the auditors are provided with accurate, complete and unrestricted access to the Facility premises, employer-provided housing and relevant documents as well as the opportunity for private and confidential interviews with workers. See **Appendix 7: Sample ILS Audit Agenda** and, **Appendix 8: Sample ILS Audit Records Checklist** for more information.

Remember:

No Social Compliance Monitoring Organization or social compliance consultant can assure you whether an ILS Audit may be qualified by Disney or that a Facility will be authorized for Disney-branded production.



When working with a Social Compliance Monitoring Organization, you may want 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.
- Review ILS Audit results with the Social Compliance Monitoring Organization and communicate a remediation plan to the Facility.
- Provide a copy of the ILS Audit Report to Disney. Disney may also request the ILS Audit Report from the Social Compliance Monitoring Organization.

IV.4 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. As a condition to the continued use of a Facility, Licensees and Vendors are responsible for working with the Facility (and with other Licensees and Vendors using the Facility) to remediate within the time periods specified below any MCS violations identified during an ILS Audit.

Where 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 ensure the Facility remains compliant with the MCS and that any other violations of the ILS Program identified during an ILS Audit of the Facility or otherwise are addressed promptly.

OBLIGATION TO MEET THE MCS

If an ILS Audit report for a Facility that you use for Disney-branded production indicates that the Facility does not meet the MCS:

- Disney will issue an Audit Review Result outlining violations identified in the ILS Audit Report. See [Appendix 10: Sample Audit Review Result](#) for more information. This should be shared with Facility management for reference.
- You are responsible for working with the Facility to remediate the MCS violations and improve Facility working conditions.
- You will generally be given 120 days to work with the Facility to remediate the MCS violations and provide a new qualified ILS Audit Report indicating that the MCS violations have been remediated and that no additional MCS violations exist. Disney may specify a shorter period for remediation in certain instances involving egregious violations.
- You must ensure that the Facility meets the MCS prior to the next ILS Audit Report due date or the Facility will lose authorization to produce Disney-branded products.

MCS VIOLATION EXAMPLES

For examples of MCS Violations, please see [Appendix 3: Examples of MCS Violations](#).

EXPECTATIONS FOR CONTINUOUS IMPROVEMENT

The MCS is the minimum level of compliance with the Disney Code that a Facility must meet and maintain in order to be authorized to produce Disney-branded products. You are also responsible for encouraging the continuous improvement of working conditions at the Facility and for taking commercially reasonable efforts to ensure the Facility's full compliance with the Disney Code. 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. If you would like more information about social compliance consultants, please reach out to your Disney ILS representative.

Remember:

You will be advised of MCS violations and generally will have 120 days to correct the violations, conduct a new ILS Audit, and submit the ILS Audit Report to Disney. In the case where Disney commissions the ILS Audit, Disney will schedule the follow-up audit.



IV.5 FACILITY LOSS OF PRODUCTION AUTHORIZATION

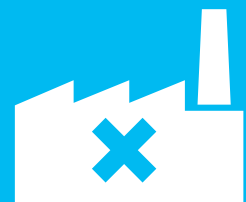
Disney is committed to working cooperatively with Licensees, Vendors, and Facilities to strengthen and improve labor practices and working conditions. However, on occasion it is necessary to withdraw authorization for production of Disney-branded products for certain Facilities. A Facility Loss of Production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

A FLOPA may result from any of the following:

- MCS violations are identified and are not remediated within the specified time period.
- Additional MCS violations are identified after an initial ILS Audit identifying any MCS violation.
- Disney reasonably believes that an ILS Audit was obtained through or otherwise involves fraud, bribery, harassment, intimidation, or other improper influence of workers or auditors.
- Two attempts to conduct ILS Audits are made by Disney, or by a third-party representing Disney, where the auditor is denied full or partial access to the Facility and/or employer-provided housing, and/or Facility records or is not provided the opportunity to interview employees privately.
- One unsuccessful attempt is made by Disney, or by a third-party representing Disney, to conduct a follow-up ILS Audit subsequent to an initial ILS Audit identifying MCS violations.
- The Facility does not comply or continue to comply with any additional conditions applicable to the PSC 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.

Remember:

If required by notice from Disney, 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) within 30 days from Disney's written notice or as otherwise may be required by law.



CESSATION OF DISNEY-BRANDED PRODUCTION

If Disney withdraws production authorization from a Facility:

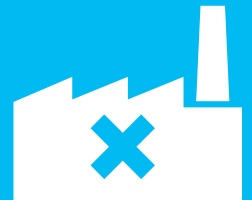
- All Licensees and Vendors who are authorized to use the Facility, or who have previously been authorized to use the Facility, will be issued a FLOPA Notification (see **Appendix 11: Sample Facility Loss of Production Authorization (FLOPA) Notification** for more information).
- All Licensees and Vendors 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 and as may be directed by Disney.

FACILITY REINSTATEMENT PROCESS

If authorization to produce Disney-branded products is withdrawn from a Facility, the Facility may be considered for reinstatement, typically after 12 months. Please contact your Disney ILS 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.



IV.6 DISCLOSURE OF ILS AUDIT REPORTS AND FACILITIES

Disney may disclose any ILS Audit Report to third parties, including other Licensees and Vendors of Disney using the same Facility, Social Compliance Monitoring Organizations representing Disney 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 property owned or controlled by Disney, including the identification of Licensees and Vendors and the Facilities.

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

V. SUPPLIERS OF BLANK ITEMS AND RAW MATERIALS

In addition to managing ongoing compliance in Facilities engaged in the production of Disney-branded products, Disney also expects Licensees and Vendors to identify and manage the risk of non-compliance with the Disney Code where no Disney-branded production is present, throughout their supply chains. This includes all Blank Items, Components and Raw Materials at each stage of the production process from the origin of Raw Materials to final product transformation.

Licensees and Vendors should:

- Identify and document the Blank Items, Raw Materials and Components used in production, the supply chain entities involved in each stage of the production process, and the chain of custody.
- Ensure Disney's expectations are communicated to all supply chain entities.
- Ensure supply chain entities are continually monitoring and addressing workplace conditions.



Licensees and Vendors must document these efforts and make such information available to Disney upon request. When requested by Disney, Licensees and Vendors will require the entities in their supply chains to, permit Disney and its designated agents (including third parties) to engage in monitoring activities to confirm compliance with the Disney Code, including unannounced on-site inspections of supply chain locations, other workplaces, and employer-provided housing; reviews of attendance, payroll, and other records relating to the Disney Code; and communications with workers, where permitted by applicable law.

VI. DISNEY'S ETHICS POLICY

Disney is committed to conducting business in accordance with high standards of business ethics and complying with applicable laws, rules, and regulations.

Our Standards of Business Conduct apply to all employees and provide resources and tools to promote ethical conduct and compliance with the law. Our Board of Directors is also held accountable to these principles, as well as our Code of Business Conduct and Ethics for Directors. We regularly engage our leaders and employees on these Standards through training and other forms of communication, and employees can confidentially report ethical concerns to our internal alert hotline.

In addition, Disney requires that social compliance monitors and others that Disney commissions (collectively "Disney representatives") 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 representative 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 representative. 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 representative's work.*

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

If you have any concerns or questions regarding the behavior of any Disney representative, or if you want to report a violation of the ethics policy, please immediately contact the Disney Hotline at this [link](#).

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APPENDIX 1

GLOSSARY OF TERMS

BLANK ITEMS means blank or generic products or 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).

CODE means (i) The Walt Disney Company Supply Chain Code of Conduct (or any successor code, “Disney Code”), or (ii) another set of labor standards agreed to by Disney in its absolute discretion. The Disney Code is posted on the Disney Website.

COMPONENTS means any elements that comprise products, such as fabric, buttons, zippers, packing materials, electronic parts, etc.

DISNEY-BRANDED PRODUCTS means products, Components and materials in physical form containing, incorporating or applying any intellectual property owned or controlled by The Walt Disney Company or its affiliates.

DISNEY WEBSITE means www.impact.disney.com (or any successor 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, product packaging, promotional premiums, 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).

FAMA APPLICATION means the Facility and Merchandise Authorization Application which Licensees and Vendors must complete and provide to Disney for each Facility that they propose to use.

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 Disney Code and Laws.

LAW(S) means applicable laws, rules and regulations, including without limitation, local and national laws, rules and regulations, treaties, 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 OR “MCS” means the minimally acceptable level of compliance with the Disney Code as required by the ILS Program.

MONTHLY STATUS REPORT means information made available by Disney to each Licensee and Vendor (whether sent to the Licensee or Vendor by Disney or through a system designated by Disney) that lists their associated Facilities and the status of the Facilities in the ILS Program, including the following information/indications: Authorized Facilities, Pending Authorization, No Facilities Declared, Expired Facilities.

PERMITTED SOURCING COUNTRIES OR “PSC” means those countries specified by Disney in or from which Licensees and Vendors may manufacture or source products, Components, product packaging, and promotional premiums (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 Disney Website.

PERSON means any individual or form of legal entity.

POS/ADVERTISING means printed materials that are intended for advertising or point of sale marketing only including, but not limited to, banners, signs, standees, and displays, flyers, circulars, billboards, wraps, price signs, shelving units, stoppers, roll-stands, hoardings and catalogues. POS/Advertising does not include physical premiums, promotional giveaways provided to consumers or advertising on traditional consumer goods.

PROHIBITED PERSONS means those Persons with whom a Licensee or Vendor may not conduct business by Law. 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.

RAW MATERIALS means generic commodity items such as cotton, metal and cellulose pulp that do not contain, incorporate or involve the application of any Disney intellectual property.

SOCIAL COMPLIANCE MONITORING ORGANIZATIONS means third-party service providers as approved by Disney to perform ILS Audits as posted at the following website: **Social Compliance Monitoring Organizations Authorized to Conduct Disney Style Audits.**

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 to be submitted by Licensees and Vendors only for Facilities located in PSC designated as “Permitted with ILS Audits.” A qualified ILS Audit Report is not required to be submitted by Licensees and Vendors for Facilities located in PSC designated as “Permitted without ILS Audits.” In all cases, Licensees/Vendors must declare each Facility by submitting a FAMA Application.

Only one qualified ILS Audit Report is required for each Facility for the time period designated by Disney. If Disney already has a qualified ILS Audit Report on file that meets the Minimum Compliance Standard for such time period, it is not necessary to submit another report.

A qualified ILS Audit Report submitted for a Facility will impact the next audit due date as reflected in the “Action Required” section of the Monthly Status Report available to every Licensee and Vendor working with that Facility.

2. What is a qualified ILS Audit Report?

Please refer to 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 or self-audits, virtual audits, partial reports, preliminary reports including Disney corrective action plan acknowledgement reports (CAPAR), or ratings in lieu of an ILS Audit Report.

Submission of a follow-up or partial scope ILS Audit Report must be accompanied by all previous ILS Audits Reports conducted within the same audit cycle unless Disney already has the previous audits on file.

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 subject to any limitations as specified at the following website: **Social Compliance Monitoring Organizations Authorized to Conduct Disney Style Audits**, (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, or (c) where approved by Disney, 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. If you have questions about audit qualification, please contact your Disney ILS representative.

4. How much time should I plan for Disney to evaluate an ILS Audit Report?

Once you submit a qualified ILS Audit Report to Disney for review, the report will be processed as quickly as possible. Licensees and Vendors should anticipate that this evaluation take up to 30 days from when Disney receives the qualified ILS Audit Report, unless additional clarification is needed.

5. How long does it take to schedule and complete an ILS Audit?

The amount of time to plan an audit may vary greatly. It is important for Licensees and Vendors to consider that there are many factors that may impact scheduling of an ILS Audit, including audit firm capacity or local holidays. Licensees and Vendors should keep this in mind when considering commissioning a qualified ILS Audit based on the next ILS Audit Report due date listed on their Monthly Status Report.

6. What are the consequences of a Facility failing to meet MCS?

A newly declared Facility that does not meet the MCS will not be authorized by Disney and cannot begin production.

If a Facility for which you have a FAMA does not maintain the MCS, you will generally have 120 days to demonstrate the correction of all MCS violations through submission of a qualified ILS Audit Report to Disney. Failure to take the necessary corrective action may result in the loss of authorization to produce Disney-branded products in the Facility and if so, Licensees/Vendors using the Facility will be required to promptly cease all such production in the Facility. Failure to submit a qualified ILS Audit Report within the required timeframe may result in a FAMA revocation.

7. 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.

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

No. FAMAs are issued to Licensees and Vendors, not to Facilities. A FAMA authorizes production in a given Facility only for the stated Licensee or Vendor. You may not start production of Disney-branded products in a Facility (even one currently being used by other Licensees or Vendors) until Disney has provided you with a FAMA for the Facility.

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

Authorization to use a Facility is specific to a Licensee or Vendor, not to the Facility. There may be pending items for the Facility that prevent new FAMAs from being issued (e.g., the Facility does not currently have a qualified ILS Audit Report on file). In these cases, you can check with your Disney ILS representative for further details.

10. Why does my Monthly Status Report still show Facilities I no longer work with?

Inactive Facilities will remain listed as “Expired Facilities” on the “Expired” tab of the Monthly Status Report for some time after the relationship has expired. These Facilities are kept on the report for your reference and to ensure that you are fully aware that you are not authorized to utilize them for Disney-branded production until you receive a new FAMA for the Facility.

11. 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.

12. What do I do after I am authorized to produce Disney-branded products at a Facility?

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 Disney Code. Therefore, Licensees/Vendors 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 including updates to Facility address or contact information.

13. What does it mean for a Facility to be pending verification?

Verification is a process Disney may utilize to determine the most accurate Facility information. Disney may contact the Facility 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 may be contacted and that they will need to respond to Disney’s verification questions before producing Disney-branded products.

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

If a Facility loses authorization to produce Disney-branded products, all active Licensees and Vendors who have used that Facility for Disney-branded production will receive a Facility Loss of Production Authorization (FLOPA) Notification. This notification is sent to ensure that you are fully aware of the Facility's loss of authorization, whether you are currently producing in the Facility or not.

15. If I have multiple agreements with Disney, do I need to submit separate FAMA Applications for a Facility that I intend to use in connection with production under more than one agreement?

You should submit one FAMA Application for each Facility that you intend to use and indicate all of the Agreement(s) you intend to produce Disney-branded Products under.

16. If I have agreements with Disney Business Units in multiple geographic markets and want to use the same Facility for production under each agreement, can I submit one FAMA Application to cover all of these geographic markets?

Yes, on the FAMA Application, please indicate all of the agreements you intend to produce Disney-branded Products under.

For example, if you are working with Disneyland Paris and have a license agreement for Canada, you may submit one FAMA application for the Facility, listing each applicable agreement for which you need the FAMA.

17. What is the duration of a FAMA?

A FAMA is generally valid for 1 year from the date it is issued unless the FAMA is revoked by Disney (see the **section on FAMA revocation** for more information) or upon the expiration of your agreement with Disney.

Please note that this date is different from the next audit due date (if applicable). Always confirm the next audit due date for a specific Facility by referring to your Monthly Status Report.

APPENDIX 3

EXAMPLES OF MCS VIOLATIONS

Examples of MCS violations include, but are not limited to:

FORCED LABOR

Any policies or practices 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 at any time including, but not limited to the following examples:

- *Workers are penalized for refusing to work overtime.*
- *Employee access to/from the dormitories is restricted.*
- *Recruitment fees and expenses were not reimbursed to workers.*

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 workers 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.*

HEALTH AND SAFETY

Conditions in the Facility, and/or employer-provided housing, that could cause immediate severe injury or death to employees or the public including, but not limited to the following examples:

- *Locked or obstructed emergency exit(s).*
- *Insufficient number of required emergency exits per legal or Code requirement.*
- *Failure to conduct emergency evacuation drills regularly for the entire facility.*

SUPPLY CHAIN MANAGEMENT

Any use of another Facility or other source for Disney-branded production without authorization from Disney; workers are influenced to provide untruthful responses; discrepancies between the actual number of employees observed at the facility and the number of employees disclosed to auditors; failure to provide accurate and complete records for review; or failure to permit auditor access to required documents, private worker interviews, or health and safety inspections of the entire Facility including, but not limited to the following examples:

- *The required attendance records and/or payroll ledgers are not provided or deemed insufficient for the auditor to assess compliance with local wage and hour laws or the Disney Code requirements.*
- *Wages and work hours could not be verified due to discrepancies between documents provided by management and information provided by employees during private interviews.*
- *Production processes are subcontracted to another facility or another source without Disney's written consent.*

Additional guidance around Disney benchmarks is available on our website at this [link](#) in the form of Supplemental Guides. Disney also provides training opportunities to Licensees and Vendors. For more information, please reach out to your Disney ILS representative.

APPENDIX 4

THE BETTER WORK PROGRAM

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 the following PSC: Bangladesh, Cambodia, Egypt, Ethiopia, Haiti, Indonesia, Jordan, Nicaragua, Pakistan, Uzbekistan and Vietnam. This list is subject to change.

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 PSC, Disney may require that Facilities engaged in Disney-branded production participate in Better Work. Requirements vary by country, please consult our **Country Specific Submission Requirements Supplement** to view all Better Work requirements by country as well as responsibilities for Licensees, Vendors and Facilities.

APPENDIX 5

SAMPLE FAMA

The following is a sample FAMA that indicates a Licensee or Vendor is authorized to use a Facility for the production of Disney-branded products.

FACILITY AND MERCHANDISE AUTHORIZATION

LICENSEE/VENDOR NAME:

ACME Company (COM-000000)

STREET ADDRESS:

1 Street of Streets,
Burbank CA 90210, USA

FACILITY NAME:

ACME Manufacturing (FAC-000000)

FACILITY ALIAS NAME(S):

ACME Inc.

FACILITY ADDRESS:

1 Street of Streets
Burbank CA 90210, USA

This Facility and Merchandise Authorization (1) confirms that the above-named Licensee/Vendor is authorized to manufacture and/or distribute products bearing intellectual property owned or controlled by The Walt Disney Company and/or its affiliate(s) ("Disney") (which may include, without limitation, Marvel, Pixar and/or Star Wars-branded products) (collectively, the "Disney-Branded Products"), all in accordance with and subject to Licensee/Vendor's written agreement(s) with Disney and (2) may be presented by Licensee/Vendor to customs authorities to confirm Disney's authorization to import/export Disney-Branded Products.

This Facility and Merchandise Authorization shall expire on the first to occur of the following: (1) the revocation of the Authorization by Disney, (2) the expiration or termination of the applicable agreement between Licensee/Vendor and Disney, or, (3) the passage of 1 year from the issuance date set forth below.

Notice to Licensee/Vendor: Disney hereby reserves all of its rights and remedies arising from any unauthorized use of this Facility and Merchandise Authorization. This Facility and Merchandise Authorization is valid for this Licensee/Vendor only and is nontransferable to other Licensees/Vendors using the same Facility. Without limiting the foregoing, any unauthorized use of this Facility and Merchandise Authorization by Licensee/Vendor, including without limitation inappropriately using a Facility and Merchandise Authorization which has been revoked by Disney, may result in the termination of the agreement between Licensee/Vendor and Disney.

FAMA ID
00AA1OAAA0AA

Issuance Date: 03/30/2023
MM/DD/YYYY

APPENDIX 6

SAMPLE CODE OF CONDUCT ASSESSMENT NOTIFICATION (COCAN)

The Code of Conduct Assessment Notification notifies Licensees and Vendors that a Facility will be scheduled for an upcoming ILS Audit. If you receive a COCAN for a Facility, then you must:

- *Confirm and provide updated contact information for the Facility.*
- *Notify the Facility that full, complete, and unrestricted access must be granted to Auditors.*

Disney International Labor Standards Group

Code of Conduct Assessment Notification

Notice of audit of a facility producing Disney-branded products

Disney has selected the following facility for a Code of Conduct compliance audit by our authorized monitoring organization (**audit company name**), in approximately 90 days.

- **Facility to be audited:** (facility name)
- **Facility ID:** FAC-000000
- **Location:** (address)

Our records indicate that this facility is currently engaged in the production of Disney-branded products.

Note: You will be responsible for the reasonable cost of ILS Audits that Disney or its representatives perform or attempt to perform if:

- The ILS Audit demonstrates a facility's **failure to comply with Disney's Minimum Compliance Standard (MCS)**;
- The facility **refuses to grant full access to the facility** and all applicable books and records;
- You **fail to timely notify Disney of the non-use or cessation of use of the facility**; or
- The ILS Audit is performed **following an ILS Audit that demonstrated a facility has failed to comply with MCS**.

Please notify your facility immediately of this pending audit

Please contact us promptly, and in any event within 15 days, at disney@disney.com and reference the Facility number **FAC-000000** if:

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

APPENDIX 7

SAMPLE ILS AUDIT AGENDA

This sample 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, and sometimes longer, 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)*

Review Disney Code and Disney's Ethics policy and discuss the ILS Audit process with the key Facility 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, on-site administrative/office area, on-site and off-site employer-provided housing (as applicable), common areas (including any shared with other business entities), as well as any areas subleased to other business entities, where the Facility has the duty to protect the health, safety, and welfare of their workers and visitors.

III. WORKER INTERVIEWS *(1-2 hours depending on the size of the Facility)*

Workers from various workstations and shifts will be selected during the walkthrough of the Facility and the document review process. Interviews will be conducted in a private and confidential setting, on-site and/or off-site, with worker via any or a combination of below approaches.

- One-on-one individual discussion
- Group discussion
- Mobile or on-line worker survey

IV. DOCUMENT REVIEW *(2-3 hours)*.

See the **Appendix 8 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 findings and compliance requirements. Management is invited to ask questions and provide feedback.

APPENDIX 8

SAMPLE ILS AUDIT RECORDS CHECKLIST

This sample ILS Audit Records Checklist is not exhaustive and 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.

- The Walt Disney Company Supply Chain Code of Conduct.
- 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.
- A list of all foreign and domestic migrant workers that includes the following information:
 - o Names of foreign and domestic migrant workers
 - o Countries of origin
 - o Dates of hire and length of contracts
 - o Recruitment agencies
 - o Personnel files (including employment contracts).
- Work attendance records: Scope (12 most recent months; or at least 12 most recent month 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).
 - o Timecards or timesheets.
 - o Leave records.
- Payroll records: Scope (apply same as work attendance records).
 - o Detailed payroll registers.
 - o Piece rate records and production records.
 - o Cancelled checks/monthly statements and records for cash payments.
 - o Electronic fund transfer records.
- Records of worker's recruitment fees and expenses. Include whether fees and expenses are reimbursed. Scope (all workers working at the facility on and after November 1, 2020).
- Payment verification documents (as applicable per country) for workers' social benefits provided by government or bank:
 - o Canceled deposit checks or other form of payment verification.
 - o 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.
- Worker feedback, complaints, and grievance reports, including details of any investigation and resolution.
- Other documents (if applicable) pertaining to:
 - o Employer-provided housing.
 - o Rent/lease contracts.
 - o Daycare/nursery.
 - o Security agency.
 - o Kitchen/catering services.
 - o Labor Union/Collective Bargaining Agreement (CBA).
 - o Subcontractors.

Prior to an ILS Audit, Facilities are encouraged to examine their own labor practices and make improvements where appropriate. The following questions may help Facilities identify areas that need to be addressed before the audit is conducted. This list of questions is not exhaustive or specific to Disney ILS Audits.

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) workers? For untrained workers?
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 workers are asked to work in a given week?
38. When are the daily meal breaks for workers?

A8 | SAMPLE ILS AUDIT RECORDS CHECKLIST

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 employer-provided housing:

58. How much on-site and/or off-site employer-provided housing is there? How many workers reside in this employer-provided housing?
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 employer-provided housing 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 employer-provided housing or buildings connected to the employer-provided housing)?
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 access to the employer-provided housing controlled?
74. What curfews are placed on workers?
75. What restrictions are placed on workers in and out of the employer-provided housing?

APPENDIX 9

SAMPLE CORRECTIVE ACTION PLAN ACKNOWLEDGEMENT REPORT

The following is a sample Corrective Action Plan Acknowledgement Report that summarizes the preliminary facility audit findings. It is acknowledged by both the auditor and the facility who sign and date the form. A copy of the CAPAR is retained by both parties.



CORRECTIVE ACTION PLAN ACKNOWLEDGEMENT REPORT

The Corrective Action Plan Acknowledgement Report (CAPAR) will be used to summarize the preliminary facility audit findings and a draft corrective action plan that both the auditor and the facility representative believe is reasonable to ensure conformity with the Disney Code of Conduct for Manufacturers (Disney Code of Conduct) and applicable local laws.

The form should be used in the following manner:

- Document preliminary facility audit findings on the form below prior to the closing meeting;
- Then use the form as an agenda during the closing meeting;
- During the closing meeting, explain the preliminary facility audit findings with the facility representative;
- Document the corrective action plan;
- Both auditor and facility representative should sign and date the form.

Please leave one copy of the CAPAR with the facility representative and retain one copy with the working papers.

Facility Name D.B.A / A.K.A			Facility ID
Facility Address			Country
Facility Telephone Number			Email
Facility Representative			Title
Audit ID	Audit Type	Audit Approach	Audit Date
Auditor Name			Audit Firm
Start time of audit			End time of audit
AR - Age Requirement	HS - Health & Safety	OL - Other Laws	
AS - Association	IL - Involuntary Labor	PE - Protection of the Environment	
CH - Coercion & Harassment	MC - Monitoring & Compliance	PU - Publication	
CO - Compensation	ND - Non-Discrimination	SUB - Subcontracting	

A closing meeting has been performed. The above preliminary facility audit findings were discussed and a draft corrective action plan was explained to the facility representative. Please note that while all preliminary facility audit findings are subject to a final review process, and it is possible further updates to these preliminary facility audit findings may be necessary, the facility is responsible for and expected to take immediate corrective actions of the preliminary facility audit findings.

The facility should contact the customer who contracted with the facility for Disney-branded production for the final version of the Corrective Action Plan letter to ensure that all issues are promptly identified and addressed. Continued finding of nonconformity with the Disney Code of Conduct and applicable local laws may lead to termination of the facility for all Disney production.

The signatures below reflect that the auditor has explained the preliminary facility audit findings to the facility representative.

Signature Auditor	Date	Signature Facility Representative	Date
Print name Auditor	Date	Print name Facility Representative	Date

Note: Disney may authorize production for a specific period of time and may assess compliance to its Code, but does not currently maintain a list of approved suppliers. Possession of a Factory and Merchandise Authorization (FAMA), audit, CAPAR, Corrective Action Plan letter, or other document does not indicate that a facility is an approved Disney supplier.

APPENDIX 10

SAMPLE AUDIT REVIEW RESULT

The following is a sample Audit Review Result that is sent to Licensees and Vendors as a result of violations of the Disney Code that are identified in an ILS Audit Report. The Audit Review Result serves as written notice to Licensees and Vendors that one or more instances of non-compliance with the Disney Code (including any MCS and non-MCS violations) have been identified in the audited Facility. You may receive an Audit Review Result before you are issued a FAMA from Disney authorizing you to use the Facility for Disney-branded production.

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), Disney received an audit of (facility name) (Facility ID: FAC-000000), located in (town, country).

Results of this audit indicate that this facility does not meet Disney's Minimum Compliance Standard (MCS) under the ILS Program.

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.

- MCS violation example.

NON-MCS VIOLATIONS - SHOULD BE ADDRESSED PROMPTLY

Non MCS violation example.

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.

An audit dated after (follow-up date) demonstrating MCS compliance must be submitted to Disney within 120 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, 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 following notification by Disney, or as otherwise may be required by law. Thereafter, the facility will be ineligible for Disney-branded production for 12 months following revocation of authorization by 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 11

SAMPLE FACILITY LOSS OF PRODUCTION AUTHORIZATION (FLOPA) NOTIFICATION

The following is a sample Facility Loss of Production Authorization notification that is sent to Licensees and Vendors as a result of a second ILS Audit for a Facility that indicates that the Facility fails to meet the MCS. The FLOPA and its accompanying e-mail or other written communication serve as written notice to Licensees and Vendors that the production authorization for a Facility has been revoked.

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.

In accordance with Disney's ILS Program, (facility name) (Facility ID: FAC-000000), located in (town), (country), was audited for a second time on February 10, 2023.

Results of this follow-up audit indicate that this facility still does not meet Disney's Minimum Compliance Standard (MCS).

In accordance Disney's ILS Program, production authorization for this facility has been revoked. FAMAs for this facility are no longer valid. In addition, licensees and vendors may be charged for the cost of this audit.

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.

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

MCS VIOLATIONS

- Example of MCS violation.

This letter will serve as your notice that this facility can no longer be used to produce Disney-branded products.

This facility will be ineligible for Disney branded production for 12 months following the date of this notice, after which the facility may be considered for reinstatement.

APPENDIX 12

SAMPLE FAMA REVOCATION NOTIFICATIONS

The following are samples of FAMA Revocation Notifications that are sent to Licensees and Vendors.

Disney ILS – FAMA Revocation – Facility Closed

Under Disney's International Labor Standards (ILS) Program, you are required to keep Disney informed of the status of Facilities you are using to produce Disney-branded products. We have learned that a Facility you have previously declared to us has closed its operations at the address you have provided.

SINCE THE FACILITY LISTED BELOW HAS CEASED OPERATIONS AT THE ADDRESS PREVIOUSLY PROVIDED BY YOU, THE FACILITY AND MERCHANDISE AUTHORIZATION (FAMA) FOR THIS FACILITY IS REVOKED EFFECTIVE IMMEDIATELY AND YOU ARE NO LONGER AUTHORIZED TO PRODUCE DISNEY-BRANDED PRODUCTS IN THIS FACILITY:

(Name of facility) FAC-000000

We remind you that under the ILS Program you must submit a FAMA Application and receive RENEWED AUTHORIZATION PRIOR TO RECOMMENCING DISNEY-BRANDED PRODUCTION AT ANY FACILITY. You must also provide any other documentation as specified in the ILS Program Manual and your Compass Authorization Status Report.

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

Thank you.

Disney ILS – FAMA Revocation – Audit

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 Disney's Code of Conduct for Manufacturers (the "Minimum Compliance Standard"). You are required to submit ILS Audits by the dates specified on your Compass Authorization Status Report demonstrating that the Facilities meet the Minimum Compliance Standard. ILS Audits are an essential tool in determining whether ILS Program requirements are met.

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

(Name of facility) FAC-000000

Promptly cease Disney-branded production in these Facilities and remove all Disney-branded products whether complete or in process (including any molds and materials), not to exceed 30 days from the date of this notice, or as otherwise may be required by Law.

We remind you that under the ILS Program you must submit a FAMA Application and receive RENEWED AUTHORIZATION PRIOR TO RECOMMENCING DISNEY-BRANDED PRODUCTION AT ANY FACILITY. You must also provide any other documentation as specified in the ILS Program Manual and your Compass Authorization Status Report

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

Thank you

Disney ILS – FAMA Revocation – Relocation

Under Disney's International Labor Standards (ILS) Program, you are required to keep Disney informed of the status of Facilities you are using to produce Disney-branded products. We have learned that a Facility you have previously declared to us has relocated its operations.

SINCE THE FACILITY LISTED BELOW HAS CEASED OPERATIONS AT THE ADDRESS PREVIOUSLY PROVIDED, THE FACILITY AND MERCHANDISE AUTHORIZATION (FAMA) FOR THIS FACILITY IS REVOKED EFFECTIVE IMMEDIATELY AND YOU ARE NO LONGER AUTHORIZED TO PRODUCE DISNEY-BRANDED PRODUCTS IN THIS FACILITY:

(Name of facility) FAC-000000

We remind you that under the ILS Program you must submit a FAMA Application and receive RENEWED AUTHORIZATION PRIOR TO RECOMMENCING DISNEY-BRANDED PRODUCTION AT THE RELOCATED FACILITY. You must also provide any other documentation as specified in the ILS Program Manual and your Compass Authorization Status Report.

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

Thank you

Disney ILS - FAMA Revocation - No Disney Business

Under Disney's International Labor Standards (ILS) Program, you are required to keep Disney informed of the status of Facilities you are using to produce Disney-branded products. We understand that with respect to the Facility listed below, you have: (1) stopped using the Facility for any reason and have no reasonable intention of using the Facility within the next 12 months, or (2) have not used the Facility for 12 months and have not placed an order with the Facility to be fulfilled within the next 12 months.

PLEASE NOTE THAT THE FACILITY AND MERCHANDISE AUTHORIZATION (FAMA) FOR THIS FACILITY IS REVOKED EFFECTIVE IMMEDIATELY AND YOU ARE NO LONGER AUTHORIZED TO PRODUCE DISNEY-BRANDED PRODUCTS IN THIS FACILITY:

(Name of facility) FAC-000000

Promptly remove any remaining Disney-branded products whether complete or in process (including any molds and materials), not to exceed 30 days from the date of this notice, or as otherwise may be required by Law.

We remind you that under the ILS Program you must submit a FAMA Application and receive RENEWED AUTHORIZATION PRIOR TO RECOMMENCING DISNEY-BRANDED PRODUCTION AT ANY FACILITY. You must also provide any other documentation as specified in the ILS Program Manual and your Compass Authorization Status Report.

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

Thank you

APPENDIX 13

SAMPLE FAMA REVOCATION -UNABLE TO SCHEDULE (UTS)

The following is a sample FAMA Revocation - Unable To Schedule (UTS) that is sent to Licensees and Vendors in situations where Disney or its representatives are unable to contact the Facility and schedule an ILS Audit.

THE WALT DISNEY COMPANY

INTERNATIONAL LABOR STANDARDS

UNABLE TO SCHEDULE (UTS) ILS AUDIT

FAILURE TO RESPOND TO THIS LETTER AND PROVIDE FULL ACCESS TO THE FACILITY LISTED BELOW WITHIN 45 DAYS WILL RESULT IN THE REVOCATION OF YOUR FACILITY AND MERCHANDISE AUTHORIZATION (FAMA) FOR THIS FACILITY AND YOU WILL NO LONGER BE PERMITTED TO USE THIS FACILITY FOR DISNEY-BRANDED PRODUCTION

Under Disney's International Labor Standards (ILS) Program, Disney may elect to conduct an ILS Audit at any Facility declared to Disney in any Permitted Sourcing Country at any time. 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. Licensees/Vendors are responsible for ensuring that Disney and its representatives have full access to each Facility they declare so that an ILS Audit may be properly conducted. Failure to ensure access to a Facility for an ILS Audit will result in the revocation of all current FAMAs issued to the Licensee/Vendor for the Facility and the Licensee/Vendor will thereafter be prohibited from using the Facility for Disney-branded production. The status of this Facility will be reflected on your Monthly Status Reports.

Disney has been unable to conduct an ILS Audit at the following Facility due to **Wrong Facility Information**.

- **Facility Name / ILS Number:** (name of facility)/FAC-000000
- **Facility Contact:** (contact name)
- **Address:** (address of facility)
- **Phone:** +1 00000000000

IF THIS IS STILL A FACILITY USED FOR DISNEY-BRANDED PRODUCTION, YOU MUST PROMPTLY ADDRESS THIS SITUATION AND ENSURE THAT THE ILS AUDIT MAY BE CONDUCTED

If you are no longer using this Facility to produce Disney-branded product, please promptly advise your Disney Representative. Otherwise, you must work with the facility to ensure full access to the Facility so that an ILS Audit can be performed. If Disney and its representatives are unable to secure the cooperation of the Facility in conducting an ILS Audit within 45 days, you will no longer be permitted to produce Disney-branded products in this Facility and may be prohibited from doing so for up to 12 months.

The following resolution recommendations are included below to assist in your response:

UTS REASON CODE LEGEND - RESOLUTION RECOMMENDATIONS

- **Claims No Disney Business:** Confirm that you are using this Facility for Disney-branded production; speak with the Facility and ensure that they will allow an ILS Audit to be conducted; advise your Disney Representative that the audit can be conducted.
- **Business Closed/Facility Shut Down:** Advise your Disney Representative that the Facility is no longer in business.
- **Showroom/Office Location:** Confirm the actual location of Disney-branded production; ensure that access will be provided to the Facility; submit a new FAMA Application to your Disney Representative with correct information.
- **Wrong Facility Information:** Confirm all information on the Facility; submit a new FAMA Application to your Disney Representative with correct information.

Please refer to your [ILS Program Manual](#) for detailed explanation of ILS requirements and contact your Disney Representative with any questions.

