

INTRODUCTION

Below you will find the updated Forced Labor chapter of the Disney International Labor Standards (ILS) Guidebook. The Guidebook is intended to increase transparency into the requirements of the ILS Program. Each chapter begins with a Guiding Principle, meant to set the stage for benchmarks, violation examples and corresponding ratings. The Guidebook will be released one chapter at a time.

This Forced Labor chapter highlights:

- Benchmark requirements and their associated ratings
- Definitions of key terms and phrases
- Guidance on recruitment fees and expenses including reimbursement requirements
- Recommended preventative measures

This chapter includes color-coded ratings for each of the benchmarks. The definitions for rating levels are below.

- **Minimum Compliance Standard ("MCS")** is applied to violations which fall below the required level of compliance with Disney's Supply Chain Code of Conduct ("Code").
- **Non-MCS** is applied to violations which are less egregious than the ratings above, but remain issues that should be addressed in order for the Facility to be in full compliance with the Code.

Where Code requirements deviate from local legal requirements, the stricter standard will apply. Violation ratings are periodically reviewed and updated. Please note that the violation examples contained in the Guidebook are meant to be illustrative and not exhaustive. Disney reserves the right to make changes to violations and corresponding ratings, at its discretion, taking into account that some issues must be considered on a case-by-case basis.

FORCED LABOR

GUIDING PRINCIPLE

Workers shall have free choice to enter into employment, have unrestricted movement while employed, seek employment without being subject to predatory recruitment practices and maintain the ability to sever their employment without penalty. The goal is a workplace that does not place restrictions on workers' ability to engage in employment freely.¹

DISNEY CODE

Suppliers must not use any forced or involuntary labor. Forced or involuntary labor includes work performed by any person who is under the threat of penalty or coercion or work for which any person has not offered themselves voluntarily. Examples include, but are not limited to, prison, bonded, indentured or coerced labor. Forced labor may include the abuse of vulnerability, deception, restriction of movement, isolation, physical or sexual violence, intimidation and threats, retention of identity documents, withholding of wages, debt bondage (including the payment of recruitment fees or abusive working or living conditions), or forced or excessive overtime. Suppliers that employ migrant workers must ensure that migrants are not hired through fraudulent recruitment practices or pay recruitment fees.

Note: In the event forced labor is identified at a facility, Disney may require that Disney-branded production at the facility be suspended until remediation is completed.



Helpful Definitions

Forced Labor (Involuntary Labor): Work that is performed by a worker involuntarily, as a result of deception or coercion, or under threat of penalty.

Debt Bondage: A situation in which a worker is not permitted to leave a job due to monetary debt owed to the employer or a labor recruiter for the fees and expenses paid in order to obtain the job or for such expenses as fines, tools, uniforms, or living expenses.

¹ References in this document to "employer," "employment," and related terms refer to the manufacturer and/or labor agent (whichever parties hold the employment contract with the worker) and the work performed by workers at facilities used to produce Disney-branded items.

With respect to references in this document that the "employer" reimburse fees to workers, such reimbursement may be made by the manufacturer, labor agent, licensee, vendor, or any combination thereof, as agreed to by such parties.

Indicators of forced labor may include pre-employment and employment practices that involve some level of worker exploitation in the form of deception, isolation, physical/sexual violence, intimidation/threats, wage withholding, abusive living and working conditions, and mandatory or excessive overtime.²

Benchmark ratings are indicated with the following symbols:



MCS



Non-MCS

KEY COMPLIANCE BENCHMARKS

Note: Non-MCS benchmarks below may be classified as MCS violations if certain combinations of forced labor indicators are present.

COMPENSATION & WORKING HOURS

- Workers must be paid for all work performed.
- All overtime work must be voluntary.
- Workers must not be penalized for refusing to work overtime.
- When workers do not provide legally-required notice to resign from employment, any expenses incurred by the employer in connection with the resignation may be levied against workers subject to limitations of local law, or 60% of the worker's gross monthly base wage, whichever is less.
- Wages must be paid in a timely manner and within the timeframe required by applicable laws and regulations.

FEES

- Workers must not be charged any **recruitment fees**, expenses, or other costs to obtain their jobs. Any expenses associated with obtaining a job must be covered by the employer and workers must be reimbursed if they have paid any such fees (see [Reimbursement of Fees & Expenses](#) for more details).
- Living expenses (such as food, housing, utilities, equipment, or transportation) that are not described in an employment contract must not be deducted from, or accrued against, earned wages.



Helpful Definitions

Recruitment Fees: Per the International Labour Organization (ILO), this term refers to fees or expenses incurred in the recruitment process to secure employment or placement for workers, regardless of the manner, timing or location of their imposition or collection. Such fees should not be collected from workers by an employer, its subsidiaries, labor agents or other third parties providing related services, whether directly or indirectly (such as through deductions from wages and benefits).

² From the International Labour Organization's (ILO) Indicators of Forced Labor.

FREEDOM OF MOVEMENT³

- • Workers must be allowed to move freely within their designated work areas during work hours, including being allowed access to drinking water and toilet facilities. Workers must be allowed to leave the facility during meal periods and after work hours.
- • Where employer-provided housing is available for workers, curfews may not be imposed and in/out access may not be restricted.
- • Workers must be able to resign freely per applicable laws and regulations.
- • At resignation or termination of employment, workers must be paid all wages earned and any severance payment owed per applicable laws and regulations. Workers must not be required or coerced to forfeit their wages before separation.
- • The facility, **labor agents**, and contractors must not retain, nor obtain consent from a worker to retain, any original personal identification documents, monetary deposits, or other collateral as a condition for employment or continued employment.

PRISON LABOR

- • The employer is prohibited from utilizing any **prison labor**.

DOCUMENT RETENTION & STORAGE

- • Other than for a short time as needed for the purpose of processing visas, work permits, or other legally mandated purposes, all workers must be allowed to retain full possession and control of their original personal identification documents at all times (e.g., passport, national ID, school certificate, work permit, etc.).
- • If individual lockers are provided to workers to store their personal items, each worker must maintain full control of, and private access to, his/her own locker at all times. Facility management must not restrict locker access, such as by (1) limiting access to only specific days or times, (2) requiring management/supervisor approval or documentation, or (3) implementing check-in/out procedures.



Helpful Definitions

Labor Agents:

Staffing/recruiting agents and agencies, also referred to as employment agents, labor contractors, recruitment agents, labor brokers, and sub-agents, including those that are employer-operated or non-employer operated. Labor agents are involved in the placement of a worker (from an origin or sending country) to work in another country (i.e., the receiving country). Labor agents are often contracted by the employer in the receiving country. Sometimes labor agents also work with local labor brokers or sub agents to identify job-seekers. It is common for a labor agent to utilize multiple sources that are embedded deep into the labor supply chain. Some recruitment and placement also happens across regions within a country.

Prison Labor: Forced labor that is performed by prisoners.

Under prison labor arrangements, inmates may be brought to the manufacturing facility, or the production may occur in the prison facility. Although prisoners may be paid, because they cannot refuse the work, this is considered a form of forced labor.

³ Employers may practice reasonable security measures to ensure the safety and privacy of workers and property.

EMPLOYMENT CONTRACTS

- All terms and conditions of employment must be stated in the **employment contracts** and voluntarily agreed to by workers, prior to their employment or, in the case of **migrant workers**, prior to their departure from their points of origin.
- Employment contracts cannot be unilaterally changed once they are signed to provide less favorable pay, benefits, and/or working conditions to workers.
- Where a legally-binding collective bargaining agreement (CBA) exists between management and workers, the facility must comply with the CBA's specific provisions.
- Where employment contracts are used, all terms and conditions of employment must be stated in the employment contract.
- The employment contract must be in a language that workers understand and must be explained verbally to workers who cannot read.
- Workers must be given a copy of the employment contract (or an audio recording where workers cannot read) explaining terms of employment in the worker's language prior to entering employment.
- All workers must be allowed to resign or terminate their employment contract subject to the terms of the employment contract and in accordance with local regulations.



Helpful Definitions

Employment Contract: A document which attributes rights and responsibilities between the worker and the employer. The contract should include all required details (e.g., wages, hours, worker signature, etc.), and comply with local law.

Migrant Worker: A person who either migrates within their country of origin (internal migration) or outside it (crossing an international border) to pursue employment.

NON-RETALIATION

- Workers shall not be subject to retaliation for providing information regarding employment practices that could indicate forced labor. These include, but are not limited to, practices such as deception in contracting, threats, monetary fines, passport withholding, and requiring recruitment fees and expenses.

OPERATIONAL GUIDANCE ON RECRUITMENT FEES & EXPENSES

RECRUITMENT FEES & EXPENSES⁴

NON-PERMISSIBLE FEES

Recruitment and service fees are not to be paid by or assessed against any worker, including any temporary, migrant, student, contract, direct employee, or other type of worker.

The following are examples of non-permissible fees and expenses commonly paid by workers and are not meant to be exhaustive:

1. Recruitment & Related Services
 - a. Application, recommendation, recruiting, interviewing, hiring, language interpretation, translation, placement, and processing fees of any kind at any stage in the recruitment and hiring process
 - b. Fees of labor agents, attorneys, notaries, or other legal fees
 - c. Other fee requirements to access the job opportunity
2. Documentation & Permits (including renewals)
 - a. Passport/identity documents needed for the purposes of obtaining employment
 - b. Visas
 - c. Photos for passports or visas
 - d. Temporary work or residence permits
 - e. Police clearance fee
 - f. Birth certificate fee
 - g. Certificate of good behavior fee
3. Medical
 - a. Medical exams and screenings if required by the employer or law
 - b. Immunizations if required by the employer or law
4. Skills & Qualifications
 - a. Background and reference checks
 - b. Skills tests
 - c. Additional certifications after the employment offer has been made and accepted
5. Training & Orientation
 - a. Pre-departure training or orientation
 - b. New hire training or orientation
6. Transportation & In-Transit Lodging (including all taxes and fees)
 - a. For foreign migrant workers:
 - i. Transportation and in-transit lodging after the employment offer has been made and accepted, from the worker's habitual place of residence in his/her country of origin to the port of departure

⁴ Disney is a member of the Responsible Business Alliance's (RBA) Responsible Labor Initiative, which focuses on the harmonization of responsible recruitment practices across multiple industries. Disney supports [RBA's Definition of Fees](#) guidance as reflected in this section.

- ii. Transportation from the port of departure in the worker’s country of origin to the receiving country port of entry including but not limited to airfare, expenses of other modes of transportation, terminal fees and travel taxes
 - iii. Transportation from the receiving country port of entry to the employer’s facility or provided accommodations
 - iv. Border-crossing fees
 - v. Relocation expenses, if asked to relocate once employment has begun
 - vi. Transportation for the worker to return to his/her habitual place of residence in his/her country of origin at the end of employment
 - b. For **internal migrant workers**:
 - i. Transportation and in-transit lodging expenses after the employment offer has been made and accepted, from his/her habitual place of residence to the place of work
 - ii. Relocation expenses if the worker is asked to relocate once employment has begun
- 7. Termination & Early Leave
 - a. If the worker has provided the full notice period per his/her contract or local law, no fees should be charged in connection with the worker leaving his/her employment
 - b. If the worker has not provided full notice period:
 - i. the worker must not be required to pay more than the amount allowed by local law or 60% of the worker’s gross monthly base wage, whichever is less
 - ii. the employer shall not require a worker to pay any fees if the worker left without providing the full notice period due to abuse or a threat to safety
- 8. Other Legally Required Expenses
 - a. Deposits and/or bonds (including non-legislated)
 - b. Government-mandated migrant levies and worker welfare funds related to the employment of **foreign migrant workers**
 - c. Fees or related expenses associated with regularizing **undocumented migrant workers** for the purpose of employment through government-authorized programs
 - d. Obtaining permanent or temporary labor certifications



Helpful Definitions

Internal Migrant Worker: An individual who is recruited and migrates from his/her habitual place of residence to another state or province within the same country of residence for the specific purpose of employment.

Foreign Migrant Worker: An individual who is recruited and migrates from his/her country of origin to another country where he/she is not a permanent resident for the specific purpose of employment.

Undocumented Migrant Worker: A migrant worker who is not authorized to enter, stay or engage in employment in the particular country where he/she is working.

PERMISSIBLE FEES

The following may be paid by workers if the expenses and amounts are explicitly noted in their employment contract and a receipt or record of payment is provided. The amounts paid must be actual fee/expenses without markup by the employer, labor agent, etc.

1. Basic expense items to prepare for interviews such as CV copies, copies of existing documents and certificates, and incidentals
2. Expenses to meet minimum qualifications for applying for the job such as degrees or continuing certifications

3. Passport replacement expenses due to the worker's loss or fault, including photos, providing/photocopying any documents, etc.
4. Dormitory and meals (must be fair market value and meet applicable health and safety standards)

REIMBURSEMENT OF FEES & EXPENSES

The requirement that workers be reimbursed for recruitment fees and expenses applies only for workers working at the facility on or after November 1, 2020 ("Effective Date"), regardless of when the payment of fees is discovered, and only with respect to fees that were incurred on and after the Effective Date.

It is not necessary in all cases for workers to provide documentation of payment of recruitment fees and related expenses in order for employers to be responsible for reimbursement.

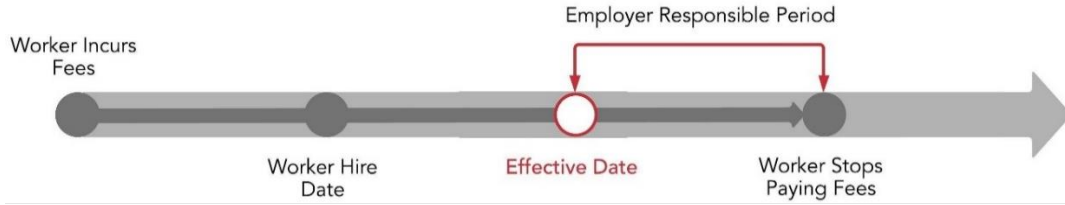
Where a worker has paid, on or after the Effective Date, recruitment fees and related expenses that are required to be paid by the employer, the employer shall reimburse such fees and expenses to the worker no later than on the date the worker is hired.

Failure to fully reimburse workers for such fees and expenses after the Effective Date is an MCS violation, even if the fees have been partially reimbursed. If such violation is identified by the employer or via an audit, the employer must immediately cease the practice of collecting recruitment fees and expenses through payroll deduction or other means. The employer shall remediate the violation **within 120 days of the date of issuance of a corrective action plan (CAP) for such violation**; otherwise a Facility Loss of Production Authorization (FLOPA) may be issued.

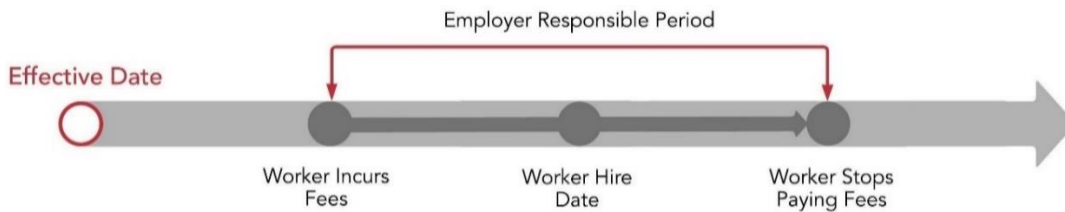
- Disney may require that Disney-branded production at the facility be suspended until remediation is completed.
- Terminating workers to whom reimbursement is due in order to avoid reimbursement is not permitted and is an MCS violation.

Below are examples of when reimbursement is required:

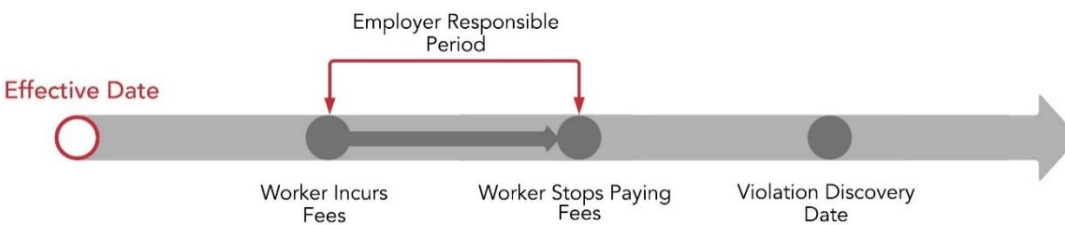
Example Scenario 1: A worker paid fees before the Effective Date and continued to pay fees after the Effective Date until it was discovered either by the employer or via an audit. The employer must immediately cease collecting any fees from the worker. The employer is responsible for reimbursing all fees that were paid by the worker after the Effective Date within 120 days of CAP issuance.



Example Scenario 2: A worker paid fees *after* the Effective Date and continued to pay fees until it was discovered either by the employer or via an audit. The employer must immediately cease collecting any fees from the worker. The employer is responsible for reimbursing all fees paid by the worker within 120 days of CAP issuance.



Example Scenario 3: A worker paid fees after the Effective Date but stopped paying fees by the time the audit is conducted. The employer is required to reimburse all fees paid by the worker within 120 days of CAP issuance.



DETERMINING HOW MUCH TO REIMBURSE

When an audit results in a finding of Forced Labor where recruitment fees have been paid by workers on or after the Effective Date, Disney may require a subsequent audit to investigate the amount of the fees that have been paid by workers.⁵ Whenever possible, workers should be reimbursed the amount of actual fees paid.

Evidence of fees paid should be provided by workers whenever possible to facilitate the reimbursement of fees and expenses, but may not always be required for repayment. In the absence of documentary evidence, employers may use an estimation so long as it is based on credible facts, all available data, and input from workers.

The employer must be able to show their calculation model, including data sources and assumptions used to arrive at the repayment amount.

Auditors may use best practices established by the Responsible Business Alliance for determining the average fees that workers have paid.

PROOF OF REIMBURSEMENT

The employer is responsible for demonstrating that all reimbursable recruitment fees and related expenses have been paid by the employer.

REPAYMENT PLANS

It is expected that reimbursement of non-permissible fees and expenses be completed as soon as possible. However, remediation can be complicated by challenges such as the absence of worker payment evidence and hiring of workers from multiple migration corridors across different points in time. In such complex scenarios, the licensee or vendor may request an accommodation for the employer to be allowed to amortize the payments over the remainder of the worker's employment contract.

If a phased repayment plan is used, workers must be informed about how, why, and when their fees are being reimbursed, including a clear timeline for when they will be repaid in full. Workers should be fully repaid before ending employment, regardless of the repayment plan.

⁵ Disney reserves the right to recoup the cost of this audit from the applicable licensees and vendors.

Requests for this accommodation will be evaluated on a case-by-case basis by Disney's International Labor Standards team.

RECOMMENDED PREVENTIVE MEASURES

POLICIES & PROCEDURES

POLICIES

Develop and secure endorsement by the employer's executives for the following formal, written policies:

- All forms of bonded, **indentured**, involuntary, prison or forced labor, including slavery and human trafficking are prohibited.
- Only labor agents that are capable of, and contractually commit to, meeting the employer's standards and legal requirements relating to forced labor may be engaged.
- Workers will not be charged recruitment or placement fees to obtain a job. All such fees will be paid by the employer and any workers found to have paid a fee will be reimbursed.
- All workers will be provided with complete and accurate terms and conditions of employment before being asked to sign an employment contract.
- There will be no unilateral changes in employment terms that do not benefit the worker.
- There will be no wage deductions for expenses or fees that are not described in the employment contract nor required by law.
- Workers will not be required to make monetary deposits or to participate in mandatory savings programs.
- There will be no unreasonable restrictions in worker movement during the workday or from the workplace or accommodations when not working.
- Workers will maintain possession of their passports and other personal identity documents and will be provided with individual, private and secure storage.
- Workers will be free to terminate their employment at any time without penalty or threat of penalty upon reasonable notice to the employer or as required by local regulations, and their cost of repatriation will be covered by the employer.

PROCEDURES

Develop and implement formal, written procedures that:

- Clearly communicate the employer's "no fees" policy in job advertisements.



Helpful Definitions

Indentured Labor: Work that is performed by a worker with or without an employment contract where the worker is not able to leave at will.

- Ensure that employment contracts are made clear to workers before signing, are consistent with (or provide better terms to the worker than) offer letters provided in the origin country, as in the case with migrant workers, and are written in a language workers understand. A verbal description should be given to workers who cannot read.
- Ensure workers do not make deposits, post bonds, or pay any other prohibited fees in order to obtain the job.
- Screen all labor agents based on selection criteria relating to their commitment to ethical recruitment practices and ability to manage policy adherence in their labor supply chain and include the “employer pays” policy in the service agreement with the labor agent, which should list all the recruitment fees and expenses to be paid by the employer.
- Reimburse workers promptly if they are found to have paid any non-permissible fees.
- Provide workers with secure and unfettered access to their personal identity documents (e.g., providing personal lockers) except for the short time necessary to obtain or renew visas or work permits.
- Ensure overtime is voluntary.
- Ensure there are no restrictions on worker movement during or after work hours (e.g., dormitory curfews except in the case of reasonable safety concerns) or on basic liberties, like toilet or water breaks, or access to medical facilities.
- Ensure that there are no penalties of any kind for resignation with reasonable notice.

ACCOUNTABILITY & RESPONSIBILITY

- Assign accountability to senior management staff for achieving policy objectives and assign management and other staff for effective implementation of procedures.

TRAINING & COMMUNICATION

- Provide orientation trainings to all workers and third-party service providers on the employer’s forced labor policies and procedures.
- Provide detailed technical trainings for staff responsible for carrying out procedures, including labor agents responsible for implementing the no fees policy and labor supply chain due diligence.
- Provide pre-departure trainings for newly-hired foreign migrant workers on their legal rights, employment contract terms, the employer’s forced labor policies and how workers may raise concerns or file a grievance.

- Post policies and local laws and regulations relating to forced labor in the workplace in languages that workers understand.

DOCUMENTATION

- Maintain records (or copies) of individual employment contracts with labor agents, including those made in both the origin country and receiving country where applicable, as well as job offer letters, as relevant.
- Maintain copies of service agreements with labor agents and records of payments to labor agents for workers' fees and expenses relating to securing their jobs.
- Maintain records of worker surveys, interview results and grievance reports, including how grievances were investigated and resolved.

MONITORING & CONTINUOUS IMPROVEMENT

- Implement a confidential grievance mechanism that allows for anonymous reporting of issues as needed and includes effective measures to address reports of forced labor and any violations of the Code or local law that forbid forced labor.
- Survey or interview newly-arrived migrant workers to monitor the performance of labor agents, the terms under which the workers were hired, and whether any fees or expenses have been paid/debt incurred by the workers with respect to the job.
- Conduct root cause analysis of any issues discovered during monitoring, set improvement targets and develop both corrective and preventive action plans (including modified procedures) to address each identified root cause.
- Assign task owners, milestones, and completion dates for corrective and preventive actions.

RESOURCES

CONSUMER GOODS FORUM

- [Guidance on the Priority Industry Principles](#)

INTERNATIONAL LABOUR ORGANIZATION (ILO)

- [General Principles and Operational Guidelines for Fair Recruitment and Definition of Recruitment Fees and Related Costs](#)
- [Global Business Network on Forced Labor](#)
- [Indicators of Forced Labor](#)
- [International Labour Standards on Forced Labor:](#)
 - C029: Forced Labour Convention, 1930 (No.29)
 - C105: Abolition of Forced Labour Convention, 1957 (No. 105)

INTERNATIONAL ORGANIZATION FOR MIGRATION (IOM)

- [International Recruitment Integrity System \(IRIS\)](#)

ISSARA INSTITUTE

- [Ethical Recruitment](#)

LEADERSHIP GROUP FOR RESPONSIBLE RECRUITMENT

- [Six Steps to Responsible Recruitment](#)

RESPONSIBLE BUSINESS ALLIANCE

- [Practical Guide to Due Diligence on Recruitment Fees in International Supply Chains](#)
- [Responsible Labor Initiative](#)

U.K. MODERN SLAVERY ACT 2015

- [U.K. Modern Slavery Act 2015](#)

U.S. CUSTOMS AND BORDER PROTECTION

- [Forced Labor](#)
- [Reasonable Care Guide](#)

U.S. DEPARTMENT OF STATE

- [Responsible Sourcing Tool](#)

VERITÉ

- [Help Wanted with Fair Hiring Toolkit](#)