

International Labor Program Manual Standards

The *WALT DISNEY* Company

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I Introduction

The Walt Disney Company has established the International Labor Standards Program “(ILS Program)” to help foster safe, inclusive and respectful workplaces wherever its branded products are produced. The ILS Program is an important component of The Walt Disney Company’s Corporate Citizenship efforts. For more information on Corporate Citizenship go to <http://corporate.disney.go.com/citizenship>.

The ILS Program applies to the production of all products, product components and materials containing, incorporating or applying any intellectual property owned or controlled by The Walt Disney Company and its affiliates (“Disney”) produced for any purpose anywhere in the world (“Disney-branded products”). This includes licensed products, promotional items, publications, print materials and give-aways. 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, Marvel, etc.).

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

Disney is currently transitioning the ILS Program to a singular set of requirements for all Licensees and Vendors. One important change in Disney’s revised ILS Program is that all Licensees and Vendors will be required to provide pre-production and ongoing monitoring reports on a regular basis as described in this ILS Program Manual. This is intended to enable Disney and its Licensees and Vendors to gain greater visibility to the working conditions where Disney-branded products are produced. Licensees and Vendors will be notified when they become subject to this requirement and, except as otherwise specified in this ILS Program Manual, do not need to provide monitoring reports on a regular basis until they are notified.



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

II General Requirements

Licensees and Vendors play a critical role in helping to ensure that Disney-branded products are made in safe, inclusive and respectful workplaces. Licensees and Vendors are required to comply with the following ILS Program requirements:

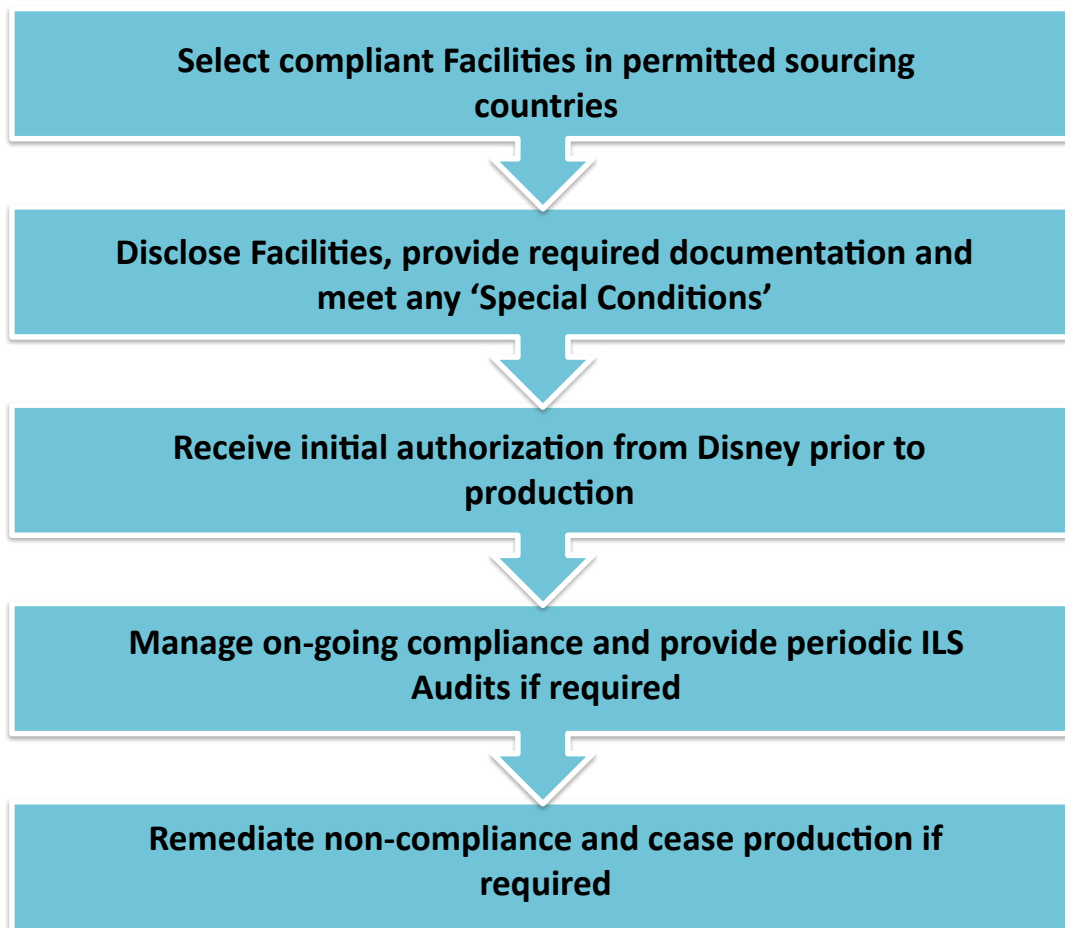
- **Source only from Permitted Sourcing Countries and Meet Applicable Conditions:** Do not produce Disney-branded products in countries restricted for trade by either the U.S. Government, other applicable laws or by Disney and meet any conditions for production in the countries where the Facility is located. (See **Sourcing Restrictions** section for details).
- **Select Compliant Facilities:** Disney has adopted a Code of Conduct for Manufacturers (“Disney Code”) and requires all Facilities engaged in the production of Disney-branded products to meet and maintain, at a minimum, a requisite level of compliance with the Disney Code or another code of labor standards approved in advance by Disney (the Disney Code and any approved alternative code may be referred to together as the “Code”). This requisite level of compliance is referred to as the Minimum Compliance Standard (“MCS”). You are responsible for selecting only Facilities that meet and maintain, at a minimum, the MCS. (See **Code of Conduct for Manufacturers and Minimum Compliance Standard** section for details).
- **Communicate Disney’s Expectations to Facilities:** Educate prospective and current Facilities about the Code, the MCS and ILS Program requirements. Licensees and Vendors must distribute the Code to each of their Facilities and ensure that their Facilities fully understand Disney’s expectations and requirements. Licensees and Vendors are responsible for ensuring that their Facilities comply with at least the MCS and any applicable additional conditions (“Special Conditions”) and for ensuring that their Facilities fully comply with the Code to the extent it is commercially reasonable. (See **Code of Conduct for Manufacturers and Minimum Compliance Standard** section for details).
- **Declare Facilities and Submit Required Documentation in a Timely Manner:** Disclose all Facilities, wherever located, and provide the following documents to Disney prior to commencing any production of Disney-branded products:
 - o A Facility and Merchandise Authorization (“FAMA”) Application
 - o A qualified social compliance audit report (“ILS Audit”) that meets the MCS, *if and when required*
 - o Evidence of compliance with additional Special Conditions, **where applicable**

See **Sourcing Restrictions, Facility Declaration and Authorization** and **ILS Audits** sections for details.

- **Obtain Disney’s Prior Authorization for Facility Use:** Obtain authorization from Disney before commencing Disney-branded production in each Facility you propose to use, as evidenced by receipt of a signed FAMA form from Disney. (See **Facility Declaration and Authorization** section for details).

- **Remediate:** As a condition of continued use of a Facility, work with a Facility, as well as other Licensees and Vendors using the Facility, to resolve MCS violations within the time periods specified by the ILS Program. Encourage improved working conditions and full compliance with the Code. Submit subsequent ILS Audit reports as required by the ILS Program in order to maintain authorization to continue Disney-branded production in the Facility. (See **Remediation of Non-Compliance** section for details).
- **Provide Access to Facilities:** Provide access for Disney and its authorized Social Compliance Monitoring Organizations to all Facilities to evaluate compliance with the ILS Program, with or without advance notification, even if Disney-branded production is not present at the time of the monitoring activities. (See **ILS Audits** section for details).
- **Remove Disney-branded Products if Required:** If required, all Licensees and Vendors using a Facility must cease producing Disney-branded products and remove any and all Disney-branded products whether complete or in process (including any molds and materials) promptly, not to exceed thirty (30) days from Disney’s written notice, or as otherwise may be required by law. (See **Loss of Production Authorization** section for details).

General Requirements:



III Code of Conduct for Manufacturers and Minimum Compliance Standard

CODE OF CONDUCT FOR MANUFACTURERS

First adopted in 1996, Disney's Code of Conduct for Manufacturers ("Disney Code") sets forth Disney's expectations for manufacturers of Disney-branded products. Disney expects all Facilities engaged in the production of Disney-branded products (including design, printing, production, finishing or packaging) to comply with the Disney Code or another code of labor standards approved in advance by Disney as described in this ILS Program Manual (the Disney Code and any approved alternative code may be referred to together as the "Code"). (See **ILS Audits** section for details).

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

MINIMUM COMPLIANCE STANDARD

Disney requires that all Facilities engaged in the production of Disney-branded products meet and maintain, at a minimum, a requisite level of compliance with the Code referred to as the Minimum Compliance Standard ("MCS"). In order to meet the MCS, a Facility must demonstrate the absence of violations in each of the following categories:

- Child Labor
- Involuntary Labor
- Coercion and/or Harassment
- Discrimination
- Serious Health and Safety Conditions
- Freedom of Association
- Subcontracting and Homeworkers

Remember:

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

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

MCS violations identified prior to the initial authorization for Disney-branded production must be resolved before, and as a condition of, initial production authorization by Disney. MCS violations identified during the course of production must be corrected or remediated within the time periods and in the manner established by the ILS Program as a condition to continued use of the Facility.

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

- MCS violations identified during the course of production are not remedied within the designated time periods as evidenced by a subsequent ILS Audit demonstrating compliance with the MCS as required by the ILS Program.
- An ILS Audit (from any source) reveals bribery or other improper influence.

In addition, an individual Licensee or Vendor may be prohibited from using a Facility upon the failure to submit an initial qualified ILS Audit demonstrating compliance with the MCS as required by the ILS Program.

(See **Appendix** for Examples of MCS Violations).

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

CONTINUOUS IMPROVEMENT

Recognizing that Facilities are dynamic environments, the MCS is the minimum level of compliance a Facility must meet and maintain to produce Disney-branded products. 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 and Social Compliance Monitoring Organizations may be able to assist you in identifying programs to meet individual Facility remediation needs. (See **Appendix** for Acceptable Social Compliance Monitoring Organizations and Reference List of Social Compliance Consultants).

Remember:

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

IV Sourcing Restrictions

Licensees and Vendors may only use Facilities in Permitted Sourcing Countries. Licensees and Vendors may not use Facilities in, or source from, Prohibited Sourcing Countries. In addition, the use of Facilities in certain Permitted Sourcing Countries is subject to additional conditions.

PERMITTED SOURCING COUNTRIES

Licensees and Vendors may only use Facilities located in Permitted Sourcing Countries.

Disney uses the [World Bank Governance Indicators](#) (“WGI”) as the primary resource for evaluating country risk under the ILS Program and in establishing its policies relating to ILS Audit requirements and additional conditions in certain countries. 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

Remember:

Produce only in Permitted Sourcing Countries and meet applicable requirements. See Appendix for a full list of Permitted Sourcing Countries.

All Facilities are subject to audit by Disney as described in this ILS Program Manual.

For Facilities in certain Permitted Sourcing Countries, Disney may require designated Licensees and Vendors to provide Disney with qualified ILS Audits demonstrating compliance with the MCS. ILS Audits may be required prior to and as a condition of the production of Disney-branded products. Disney currently applies this requirement to designated Licensees and Vendors using Facilities in any Permitted Sourcing Country with a WGI average percentage rank of less than 65% and greater than 30%. Licensees and Vendors will be notified by Disney if they are required to submit ILS Audits under the ILS Program.

PERMITTED SOURCING COUNTRIES SUBJECT TO SPECIAL CONDITIONS

Disney has adopted additional special conditions (i.e., in addition to ILS Audits as described above) for production in certain Permitted Sourcing Countries (“Special Conditions”) in order to help foster safe, inclusive and respectful work places in these challenging environments. Disney currently applies this requirement to all Licensees and Vendors using Facilities in any Permitted Sourcing Country with a WGI average percentile rank of less than 30%.

Licensees and Vendors who wish to produce in these countries must obtain Disney's pre-approval and comply with the following Special Conditions:

- Facilities must:
 - o Have an operating history of at least six months
 - o Be a participant in the "Better Work Program" if the program is available and covers the applicable production ("Better Work" is a partnership between the International Labor Organization and the International Finance Corporation designed to improve labor standards and competitiveness in global supply chains)
- Licensees and Vendors must:
 - o Have locally-based qualified personnel engaged in and responsible for assessment of Facility working conditions and the remediation of any failure to comply with applicable ILS Program requirements
 - o Provide pre-production and semi-annual ILS Audits demonstrating compliance with the MCS (Disney will accept periodic ILS Audits based upon the schedule of an applicable Better Work program)
 - o Achieve a top rating on Disney's Licensee and Vendor Evaluation Tool. The Licensee and Vendor Evaluation Tool is designed to assess the capacity of Licensees and Vendors to manage labor standards in their supply chain. Licensees and Vendors will be provided additional information on the Evaluation Tool upon application to Disney

In certain countries, Disney may choose to waive any or all of the Special Conditions based upon the participation in a Better Work program by the Facilities and the Licensee or Vendor.

See the **Appendix** for full list of Permitted Sourcing Countries subject to Special Conditions and additional information on Special Conditions.

Special Conditions apply to all Licensees and Vendors wishing to produce Disney-branded products in a Permitted Sourcing Country subject to Special Conditions. Any failure to comply with applicable Special Conditions may result in the Licensee or Vendor being prohibited from producing Disney-branded products in the Permitted Sourcing Country for a minimum of 12 months.

PROHIBITED SOURCING COUNTRIES

Licensees and Vendors may not use Facilities in, or apply or permit the application of any Disney intellectual property to items produced in or sourced from, Prohibited Sourcing Countries. This means, for example, that a Disney logo may not be printed on a plain back-pack made in a Prohibited Sourcing Country. If any products or product components are produced, in whole or in part, in a Prohibited Sourcing Country, the Licensee or Vendor is responsible. In addition to any and all rights and remedies available to Disney, the Licensee or Vendor may be required, at their sole cost and expense, not to sell or distribute such product and/or to destroy or donate such product as Disney may direct.

Remember:

Don't source from
Prohibited Sourcing
Countries or Prohibited
Persons.

U.S. GOVERNMENT AND DISNEY RESTRICTIONS

Licensees and Vendors may not source products from countries subject to trade restriction programs by the U.S. Government or other applicable laws or from persons prohibited by U.S. Government or other applicable laws. In addition to those countries subject to U.S. trade restrictions or other applicable laws, Disney may temporarily suspend production in and sourcing from additional countries. (See **Appendix** for Prohibited Sourcing Countries).

Disney applies these trade restrictions to all of its Licensees and Vendors, regardless of whether the products are intended for a U.S. or non-U.S. market, and to all products and components of products whether or not they bear Disney intellectual property. It is the responsibility of all Licensees and Vendors to comply with all trade restriction programs, regardless of where the Vendor or Licensee is physically located or legally registered. Trade restrictions can apply to countries, products, industries or persons.

Lists are subject to change. It is the responsibility of the Licensee or Vendor to update themselves on any changes.

For more information about countries under trade restrictions by the U.S. Government, please refer to the following websites:

<http://www.treas.gov/offices/enforcement/ofac/programs/index.shtml>

http://www.access.gpo.gov/bis/ear/ear_data.html

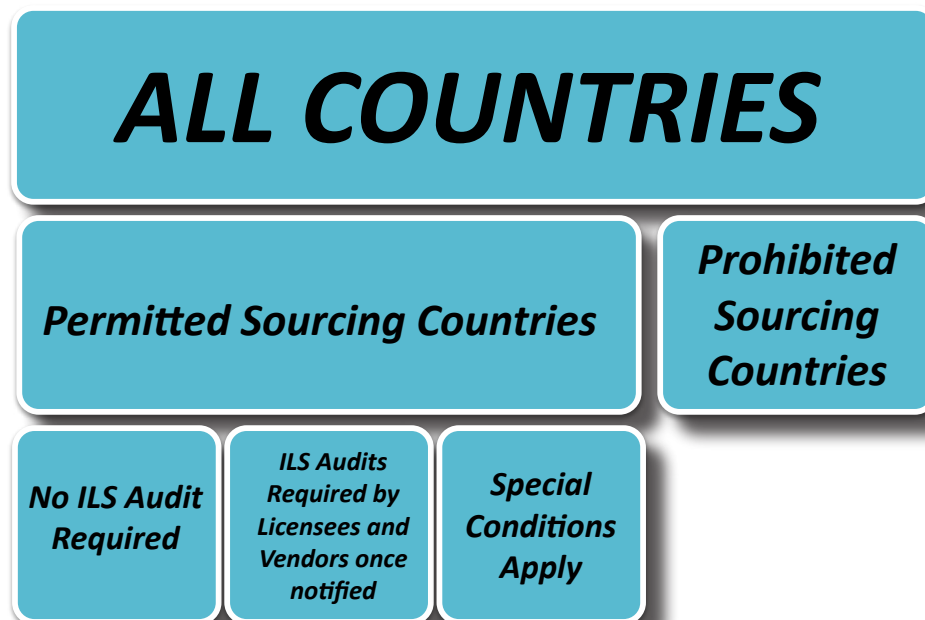
<http://www.bis.doc.gov/complianceand enforcement/index.htm>

For more information about specially designated persons or entities prohibited by the U.S. Government, please refer to the following websites:

<http://www.treas.gov/offices/enforcement/ofac/sdn/>

<http://www.bis.doc.gov/ComplianceAndEnforcement/ListsToCheck.htm>

Sourcing Restrictions:



V Facility Declaration and Authorization

Prior to commencing Disney-branded production, Licensees and Vendors must declare and receive written authorization from Disney for each Facility they intend to use to produce Disney-branded products by submitting a Facility and Merchandise Authorization (“FAMA”) Application to Disney. **If required** by Disney, Licensees and Vendors must also submit a qualified pre-production ILS Audit that demonstrates compliance with the MCS prior to commencing production of any Disney-branded products. Licensees and Vendors will be notified if they are subject to this requirement for Permitted Sourcing Countries other than those subject to Special Conditions. (See **ILS Audits** section for details).

FACILITY DECLARATION GUIDELINES

Facilities that must be declared to Disney include physical locations where:

- Disney-branded components, sub-components and final products are produced, manufactured, assembled, printed, embroidered, engraved, etched or subcontracted.
- Disney-branded agricultural products are processed, labeled or packaged including farms and orchards.
- Disney-branded paper products such as advertising materials, leaflets, instruction booklets and packaging materials are produced, processed, printed or assembled.

(See **Appendix** for Factory Declaration Examples).

At this time, locations that do not need to be declared to Disney include:

- Locations that produce blank products with no Disney-branded images on them. *(However, blank products cannot be produced in Prohibited Sourcing Countries or sourced from Prohibited Parties. Disney encourages Licensees and Vendors to purchase blank products only from sources that have standards comparable to the Code).*
- Locations limited to raw materials, fabric mills or processors of generic commodity items such as cotton, metals and paper. *(However, raw materials should not be produced in Prohibited Sourcing Countries or sourced from Prohibited Parties. Disney encourages Licensees and Vendors to purchase raw materials produced and supplied under conditions comparable to the Code).*
- Advertising agencies and similar service providers unless they are located in physical locations that must be declared as described above.
- Locations that produce only a *de minimus* number of product samples used for the purpose of testing or seeking product approval in anticipation of production.

Remember:

FAMA Applications must
be submitted by all
Licensees and Vendors
for all Facilities in
all countries.

Remember:

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

FACILITY AUTHORIZATION DOCUMENTS

Facility and Merchandise Authorization (FAMA) Application

For each Facility that must be declared, Disney requires the submission of a FAMA Application. The FAMA Application identifies the name and location of the Facility where you intend to produce Disney-branded products. You must submit to Disney one FAMA Application for each Facility you intend to use to produce Disney-branded products. (See **Appendix** for Facility and Merchandise Authorization Application Instructions).

Additional Documentation

If required, Licensees and Vendors must also submit a qualified pre-production ILS Audit demonstrating compliance with the MCS along with the FAMA Application. Any FAMA Application for a Facility in a Permitted Sourcing Country subject to Special Conditions must also include documentation demonstrating compliance with the applicable Special Conditions.

Signed FAMA

Disney will evaluate each FAMA Application based upon information provided to Disney by the Licensee or Vendor (or otherwise available to Disney). If a Facility is authorized for production, Disney will provide the Licensee or Vendor with a signed FAMA. ***Do not begin production of any Disney-branded products prior to receipt of the signed FAMA from Disney.*** A signed FAMA from Disney also serves as a Customs release document. (See **Appendix** for Signed Facility and Merchandise Authorization FAMA).

Remember:

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

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

FACILITY CHANGES

Licensees and Vendors should promptly (within thirty (30) days) inform Disney in writing when they cease to use a Facility for any reason.

VI ILS Audits

ILS Audits are used as a tool to identify and address labor-related issues in Facilities producing Disney-branded products. Disney requires Licensees and Vendors to submit qualified ILS Audits for Facilities in certain Permitted Sourcing Countries and may elect to conduct its own ILS Audits. **Licensees and Vendors will be notified by Disney when they become subject to this requirement and, except as otherwise specified in this ILS Program Manual, do not need to provide ILS Audits on a regular basis until they are notified.** Generally, Licensees and Vendors can either obtain an existing qualified ILS Audit from a Facility or work with a Social Compliance Monitoring Organization to have an ILS Audit conducted.

ILS AUDITS CONDUCTED BY DISNEY

Disney may elect to have its own ILS Audits performed at any Facility producing Disney-branded products in any Permitted Sourcing Country. These ILS Audits may be conducted by Disney staff or by a Disney representative (including third party monitors) on Disney's behalf. Prior to conducting an ILS Audit, Disney will generally provide Licensees and Vendors with a Code of Conduct Assessment Notification ("COCAN") as follows:

- **Announced ILS Audits:** The COCAN is sent to the Licensee or Vendor and the auditor confirms a specific date with the Facility in advance of the ILS Audit.
- **Unannounced ILS Audits:** The COCAN is sent to the Licensee or Vendor and the auditor DOES NOT confirm a specific date with the Facility or the Licensee/Vendor in advance of the ILS Audit.

ILS AUDITS PROVIDED BY LICENSEES AND VENDORS

ILS Audit Requirements

Licensees and Vendors may be required to submit a qualified ILS Audit demonstrating compliance with the MCS for each Facility used in the manufacture of Disney-branded products in certain Permitted Sourcing Countries. (See **Code of Conduct for Manufacturers and Minimum Compliance Standard** section for details).

Remember:

Once notified, pre-production ILS Audits must be submitted for all new Facilities and annual ILS Audits must be submitted for all existing Facilities in designated countries.

Once notified by Disney, Licensees and Vendors will generally be required to submit ILS Audits in designated Permitted Sourcing Countries as follows:

- New Facilities – Pre-production ILS Audits demonstrating compliance with the MCS must be submitted prior to the initial authorization by Disney and commencement of production.
- Existing Facilities – Following initial authorization by Disney, periodic ILS Audits demonstrating compliance with the MCS must be submitted at least every 12 months as a condition of continued use.

In addition, all Licensees and Vendors seeking approval to produce in Permitted Sourcing Countries subject to Special Conditions must submit pre-production ILS Audits demonstrating compliance with the MCS prior to initial authorization to commence production as well as ILS Audits demonstrating compliance with the MCS at least every six (6) months as a condition of continued use.

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

- Check with your Disney ILS representative to determine if Disney has a qualified ILS Audit demonstrating compliance with the MCS on file for the Facility you propose to use.
- Ask the Facility if they have had a recent qualified ILS Audit and if you can supply this ILS Audit to Disney.
- Schedule a new ILS Audit with an Acceptable Social Compliance Monitoring Organization or other accepted source. Generally, the ILS Audit must meet Disney requirements and use Disney auditing tools. (See Appendix for Acceptable Social Compliance Monitoring Organizations).

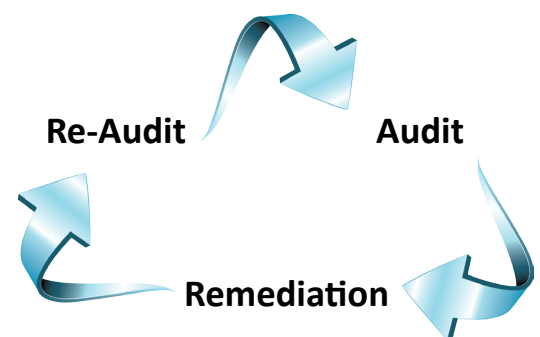
Remember:

You may want to check with your Disney ILS representative or the Facility before scheduling your own ILS Audit.

Licensees and Vendors are responsible for the cost of ILS Audits which they are required to submit to Disney and for ensuring that ILS Audits are conducted and submitted according to the requirements of the ILS Program.

CORRECTIVE ACTIONS PLANS

Following an ILS Audit conducted by Disney or received from a Licensee or Vendor, Disney will issue a Corrective Action Plan letter (“CAP”). Licensees and Vendors are expected to review the CAP with the Facility, implement a corrective action plan and promptly remedy any MCS violations identified in the ILS Audit prior to the time a follow-up ILS Audit is required. (See **Appendix** for Sample Corrective Action Plan Letter and **Remediation of Non-Compliance** section for details).



Definition of a Qualified ILS Audit

A “qualified ILS Audit” submitted by a Licensee or Vendor must meet all of the following conditions:

- Dated no more than six (6) months prior to the date of submission to Disney and subsequent to an initial ILS Audit identifying MCS violations.
- Submitted on or prior to the required submission date.
- Performed by a qualified Social Compliance Monitoring Organization:
 - One of the Acceptable Social Compliance Monitoring Organizations. (See **Appendix** for Acceptable Social Compliance Monitoring Organizations)
 - A known brand or retailer with an established social compliance program that Disney accepts
 - A Licensee’s or Vendor’s internal auditors, at Disney’s discretion
- Document the working conditions of a Facility covering all elements of the Disney Code (i.e., child labor, involuntary labor, coercion and harassment, nondiscrimination, association, health and safety, compensation, protection of the environment, compliance with other laws, subcontracting, monitoring and compliance and publication).
- Identify the full address and phone number of the Facility, including floor and building designations, street address, district, city and country.
- Be in English and submitted electronically.

While an ILS Audit conducted to the Disney Code is preferred, Disney will also consider ILS Audits conducted using other codes of conduct and monitoring programs acceptable to Disney. However, these ILS Audits must still meet the requirements set forth above and demonstrate compliance with the MCS. Disney will not accept Facility certifications or seals of compliance in lieu of a full ILS Audit of the Facility.

The following are examples of other codes of conduct and monitoring programs currently accepted by Disney:

- [Business Social Compliance Initiative \(BSCI\)](#)
- [Electronic Industry Citizenship Coalition \(EICC\)](#)
- [Ethical Trading Initiative \(ETI\)](#)
- [Fair Labor Association \(FLA\)](#)
- [International Council of Toy Industries \(ICTI\) CARE Program](#)
(See **Appendix** for Toy Facilities and ICTI Care)
- [SEDEX Members Ethical Trade Audit \(SMETA\)](#)
- [Social Accountability 8000 \(SA8000\)](#)
- [Worldwide Responsible Accredited Production \(WRAP\)](#)

You may wish to check with Disney to learn about other codes and programs that Disney accepts.

WORKING WITH SOCIAL COMPLIANCE MONITORING ORGANIZATIONS AND SOCIAL COMPLIANCE CONSULTANTS

Social Compliance Monitoring Organizations may conduct ILS Audits based on the Disney Code as well as provide remediation support. Social Compliance Consultants generally provide only remediation support. Disney is not bound by any interpretation of Disney policy, any opinion as to whether a Facility is compliant with Disney standards or any guidance on follow-up action provided by a Social Compliance Monitoring Organization or a Social Compliance Consultant.

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

Before engaging a Social Compliance Monitoring Organization or a Social Compliance Consultant, ensure that the Facility management understands the Code and that your representatives will be permitted full access to the Facility premises, employees and relevant documents. (See **Appendix** for Sample ILS Audit Agenda and Sample ILS Audit Checklist).

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

- Ask Facility management if they have had a recent qualified ILS Audit (conducted within the past six (6) months) and if it can be submitted to Disney.
- Contact one of the Acceptable Social Compliance Monitoring Organizations to conduct a qualified ILS Audit using Disney ILS Audit tools.
- Contact a recognized monitor of another code of conduct or monitoring program accepted by Disney.
- Ensure that the organization you choose can conduct the ILS Audit according to your schedule as audits may take time to arrange based on Facility location and monitor capacity.
- Review ILS Audit results with the Social Compliance Monitoring Organization and communicate a corrective action plan to the Facility.
- Send a copy of the ILS Audit to Disney. The Social Compliance Monitoring Organization WILL NOT send the ILS Audit to Disney unless specifically authorized by the Licensee or Vendor.

Disney may periodically conduct its own announced or unannounced ILS Audits of Facilities regardless of any ILS Audits submitted by Licensees or Vendors or designation of an industry or multi-stakeholder program.

VII Remediation of Non-Compliance

Disney requires that Facilities engaged in the production of Disney-branded products meet and maintain the MCS. Disney advises Licensees and Vendors when ILS Audits of Facilities conducted by Disney or provided to Disney by Licensees and Vendors indicate that a Facility does not meet the MCS. 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 and correct any MCS violations identified during an ILS Audit within the time periods specified below. Disney encourages Licensees and Vendors to remain engaged with Facilities to improve Facility working conditions.

OBLIGATION TO MEET THE MCS

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

- Will receive a CAP letter outlining all Code violations identified during the ILS Audit. (See **Appendix** for sample Corrective Action Plan Letter).
- Will generally be given approximately 90 days to work with the Facility and others to correct the MCS violations (however, Disney may specify a shorter time period in certain instances).
- Are responsible for working with the Facility, Social Compliance Monitoring Organizations, Social Compliance Consultants and/or other Licensees and Vendors using the Facility to correct the MCS violations and improve Facility working conditions.
- Must ensure that the Facility meets the MCS prior to the time of the next ILS Audit or the Facility will lose authorization to produce Disney-branded products.

Remember:

Licensees and Vendors
will be advised of all
Code violations and
generally will have 90
days to correct MCS
violations.

Disney generally conducts follow-up ILS Audits 90 days from the initial audit date, depending on the type and severity of any violations cited in the initial ILS Audit. Failure to remedy MCS violations can result in the immediate loss of authorization to produce Disney-branded products in a Facility. Disney expects Licensees and Vendors to address any non-MCS violations as part of their continuous improvement efforts.

EXPECTATIONS FOR CONTINUOUS IMPROVEMENT

The MCS is the minimum requirement that a Facility must meet and maintain in order to produce Disney-branded product. Once a Facility meets the MCS, Licensees and Vendors are responsible for continuing to work with the Facility to address any other violations of the Code identified during an ILS Audit of the Facility and to continuously improve working conditions at the Facility whenever it is commercially reasonable to do so. Disney may consider the pace 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.

Licensees and Vendors 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.

VIII 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 at certain Facilities. Loss of production authorization may result when a Licensee or Vendor fails to ensure that a Facility complies with the requirements of the ILS Program.

Loss of production authorization may result from:

- Failure to submit a qualified ILS Audit as required by the ILS Program.
- The identification of MCS violations that are not remedied within the allowed time period.
- Two ILS Audit attempts where the auditor is denied full or partial access to the Facility, its employees for private interviews and/or its records.
- Disney reasonably believes that an ILS Audit was obtained through or otherwise involves bribery or other improper influence.
- The country in which the Facility is located becomes a Prohibited Sourcing Country.
- The Facility constitutes or involves a Prohibited Person.
- The Facility and/or the Licensee or Vendor does not comply or continue to comply with any Special Conditions applicable to the Permitted Sourcing Country in which the Facility is located.

In addition, an individual Licensee or Vendor may be prohibited from using a Facility upon the failure to submit a qualified ILS Audit as required by the ILS Program.

CESSATION OF DISNEY-BRANDED PRODUCTION

If Disney withdraws production authorization from a Facility:

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

FACILITY REINSTATEMENT PROCESS

If authorization to produce Disney-branded products has been withdrawn, the Facility **may** be eligible for reinstatement after 12 months. In instances where authorization is withdrawn as a result of failure by a Licensee or Vendor to submit a qualified ILS Audit (in the absence of a previous ILS Audit identifying MCS violations), the Facility **may** be eligible for reinstatement prior to 12 months.

Please contact your Disney representative to determine whether a Facility is eligible for reinstatement. Your Disney representative will advise if a Facility Reinstatement Form is required. (See **Appendix** for Sample Facility Reinstatement Form).

IX Disclosure of ILS Audits and Facilities

Disney may disclose ILS Audits conducted by Disney or obtained from Licensees and Vendors to third parties (including other Licensees and Vendors of Disney using the same Facility and non-governmental 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.

Licensees and Vendors may disclose ILS Audits conducted by or on behalf of the Licensee or Vendor to Third Parties but may not reference Disney or any of Disney’s intellectual properties or products without the prior written consent of Disney.

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

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

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

X Disney's ILS Ethics Policy

All employees of Disney are required to comply with certain ethical and legal standards set forth in Disney's "Standards of Business Conduct." Disney's ILS Group follows these standards in its daily operations worldwide.

In addition, Disney's ILS Group requires that Social Compliance Monitoring Organizations and other representatives acting on Disney's behalf (collectively, "Disney representative(s)") 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 including, but not limited to, any cash, gratuity, benefit, discount, special privilege, loan, lodging or other favor, or any meals and travel other than as reasonably necessary and incidental to a Disney representative's work intended, or which may reasonably appear intended, to influence any Disney representative. Any individual or company doing so 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 to report a violation of Disney's ethics policy, please immediately contact the Disney Hotline in your region at the number listed below:

Argentina	0800-666-1676	Italy	800-78-7634
Australia	A2 1-800-20-8921 AU 1-800-14-0796	Japan	00531-11-5136
Brazil	0800-891-4137	Korea	00798-1-1-005-8393 00308-11-0492 (DACOM) 00368-11-0099 (ONSE)
Canada	1-800-699-4870	Mexico	001-800-620-1428
Chile	1230-020-2093	Russia	Must dial from a landline 363-2400 (AT&T access number); After tone, dial 888-475-43-56
China	10-800-711-0583 (Unicom) 10-800-110-0561 (Telecom)	Spain	900-97-1014
France	0800-90-6152	United Kingdom	0808-234-6062
India	Call collect to 704-973-0301	United States	1-800-699-4870

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

Appendix

- Appendix 1: [Glossary of Terms](#)
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- Appendix 3: [Code of Conduct for Manufacturers](#)
- Appendix 4: [Examples of MCS Violations](#)
- Appendix 5: [Acceptable Social Compliance Monitoring Organizations](#)
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- Appendix 10: [Facility Declaration Examples](#)
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- Appendix 14: [ICTI Care Authorization Form](#)
- Appendix 15: [Sample ILS Audit Agenda](#)
- Appendix 16: [Sample ILS Audit Checklist](#)
- Appendix 17: [Sample Corrective Action Plan Letter for ILS Audits conducted by Disney](#)
- Appendix 18: [Sample Corrective Action Plan Letter for ILS Audits submitted by Licensees/Vendors](#)
- Appendix 19: [Sample Loss of Production Authorization Letter](#)
- Appendix 20: [Sample Facility Reinstatement Form](#)

Appendix 1

Glossary of Terms

“Code” means (i) the Code of Conduct for Manufacturers adopted by The Walt Disney Company and its affiliates (“Disney Code”) and posted on www.DisneyLaborStandards.com, (ii) Licensee or Vendor’s own labor standards for Facilities if such standards are substantially equivalent to the Disney Code and the use of such standards has been approved by Disney, or (iii) another set of labor standards mutually agreed upon in writing by Disney and Licensee or Vendor.

“Facility” means any of Licensee or Vendor’s own or third-party manufacturers, vendors, factories, farms, suppliers and other facilities (as well as any sub-manufacturers, vendors, factories, farms, suppliers and other facilities) that design, produce, process, finish, assemble, or package Disney-branded products, components of Disney-branded products, or other items related to the Disney-branded products that incorporate any Disney intellectual property or that assemble a final product including one or more Disney-branded products.

“FAMA Application” means a Facility and Merchandise Authorization Application, as provided by Disney, which Licensee or Vendor must complete and submit to Disney for each Facility that Licensee or Vendor wishes to use to produce Disney-branded products.

“ILS Audit” means a labor standards inspection and/or audit of a Facility used to assess whether the Facility complies with the ILS Minimum Compliance Standard, the Code and any applicable laws.

“ILS Minimum Compliance Standard” means the minimally acceptable level of compliance with the Code as evidenced by (a) the absence of any (i) child labor, (ii) involuntary labor, (iii) coercion and/or harassment, (iv) discrimination, (v) serious health and safety workplace violations, (vi) interference with freedom of association and (vii) non-permitted subcontracting to home workers, and (b) providing all information necessary to assess compliance with the Code and applicable laws (e.g., complete and accurate records and access to Facility personnel and premises).

“ILS Program” means The Walt Disney Company’s policies, procedures, and requirements with respect to international labor standards (“ILS”). Disney reserves the right to modify the ILS Program from time to time and shall provide reasonable notice to Licensee or Vendor of any material modification thereof. Disney may provide such notice through www.DisneyLaborStandards.com.

“ILS Program Manual” means this document containing details of the ILS Program. Disney reserves the right to modify the ILS Program Manual from time to time and shall provide reasonable notice to Licensee or Vendor of any material modification thereof. Disney may provide such notice www.DisneyLaborStandards.com.

“Permitted Sourcing Countries” means those countries specified by Disney in or from which Licensee or Vendor may source or manufacture Disney-branded products and components thereof (including blank items). The list of Permitted Sourcing Countries, as may be updated by Disney from time to time, is posted on www.DisneyLaborStandards.com. Disney may establish additional requirements as a condition to conducting any of the foregoing activities in certain Permitted Sourcing Countries.

“Person” means any individual or form of legal entity.

“Prohibited Persons” means (i) those Persons with whom Licensee or Vendors may not conduct business due to U.S. Government or applicable laws, and (ii) those additional Persons with whom Licensee or Vendor is prohibited or restricted by Disney from engaging in any activities contractually (including without limitation for reasons of intellectual property protection and enforcement, concerns for political or human rights, or environmental protection). Information regarding the list of Prohibited Persons, as may be amended by Disney from time to time, is posted on www.DisneyLaborStandards.com. If a Person becomes prohibited due to trade restrictions by the U.S. Government or applicable laws, the prohibition shall be automatic as of the effective date of the trade restriction or other law without need of any notice from Disney. It is Licensee’s or Vendor’s responsibility to monitor any such changes. If a Person becomes prohibited due to Disney’s determination, Disney shall provide reasonable notice to Licensee or Vendor of such prohibition. Disney may provide such notice through www.DisneyLaborStandards.com

“Prohibited Sourcing Countries” means (i) those countries in or from which Licensee or Vendor may not source or manufacture Disney-branded products or components thereof (including blank items), due to U.S. Government trade restrictions or other applicable laws, and (ii) those additional countries in or from which Disney determines not to permit the sourcing or manufacturing of Disney-branded products, or components thereof (including blank items), including without limitation for reasons of intellectual property protection and enforcement, concerns for political or human rights, or environmental protection). If a country becomes prohibited due to trade restrictions by the U.S. Government or other applicable laws, the prohibition shall be automatic as of the effective date of the trade restriction or other law without need of any notice from Disney. It is Licensee or Vendor’s responsibility to monitor any such changes. If a country becomes prohibited due to Disney’s determination, Disney shall provide reasonable notice to Licensee or Vendor of the prohibition. Disney may provide such notice through www.DisneyLaborStandards.com. The list of Prohibited Sourcing Countries, as may be updated by Disney from time to time, is posted on www.DisneyLaborStandards.com.

Note for DCP Licensees: References to “www.DisneyLaborStandards.com” mean the “DCP website.”

Appendix 2

Frequently Asked Questions

1. Who receives notification that a Facility is no longer eligible to produce Disney-branded products?
 - If a Facility becomes ineligible to produce Disney-branded products, any active Licensee or Vendor who has ever used that Facility to produce Disney-branded products (whether or not the Facility is producing Disney-branded products currently) will receive a Loss of Production Authorization letter.
2. Can a Facility be reinstated?
 - Yes, a Facility may be eligible for reinstatement after 12 months. In instances where authorization is withdrawn as a result of failure by a Licensee or Vendor to submit a qualified ILS Audit, the Facility may be eligible for reinstatement prior to 12 months.
 - The Licensee or Vendor should contact their Disney representative. If a Facility Reinstatement Form is requested, the Licensee or Vendor must submit the form along with an ILS Audit that meets the MCS. The Facility Reinstatement Form must be signed by the appropriate Disney business unit VP prior to submission to your Disney Representative.
3. Will my Disney representative provide regular updates on Facility status?
 - Licensees and Vendors will receive a monthly status report outlining the compliance status of each Facility used by such Licensee or Vendor to produce Disney-branded products.
4. What are the consequences for a Facility failing to meet ILS requirements?
 - A new Facility that does not meet the MCS will not be authorized to start producing Disney-branded products.
 - An existing Facility that does not maintain the MCS may lose production authorization or may become ineligible for future production.
5. If I am required to submit qualified ILS Audit reports, will I need to submit an ILS Audit for every Facility?
 - An ILS Audit is required for Facilities located in countries in the “Audit Required” section of the Permitted Sourcing Countries list.
 - An ILS Audit, in addition to other requirements, is required for Facilities located in countries on the “Subject to Special Conditions” section of the Permitted Sourcing Countries list.
 - If you are using a Facility in a country that is listed in the “No Audit” section of the Permitted Sourcing Countries list, you need only to disclose the Facility by providing the FAMA Application to your Disney representative and await receipt of a signed FAMA prior to commencing production.
6. Am I required to audit small Facilities or Facilities with low production volume?
 - Yes, if the Facility (regardless of the Facility size or production volume) is located in a country on the Permitted Sourcing Countries list where an ILS Audit may be required.
7. What do I do after I am authorized to produce Disney-branded products?
 - Arrange follow-up ILS Audits as required by the ILS Program and continue to work with Facility to resolve non-compliances if any.
8. What do I do after the Facility meets the MCS?
 - Continue to work with the Facility to ensure that the Facility maintains the MCS and remediates any other violations identified during the ILS Audit.
 - As required by Disney, submit an ILS audit within the time period required by the ILS Program that demonstrates that the Facility continues to meet the MCS.



Code of Conduct for Manufacturers

At The Walt Disney Company, we are committed to:

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

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

Child Labor	Manufacturers will not use child labor. The term “child” refers to a person younger than 15 (or 14 where local law allows) or, if higher, the local legal minimum age for employment or the age for completing compulsory education. Manufacturers employing young persons who do not fall within the definition of “children” will also comply with any laws and regulations applicable to such persons.
Involuntary Labor	Manufacturers will not use any forced or involuntary labor, whether prison, bonded, indentured or otherwise.
Coercion and Harassment	Manufacturers will treat each employee with dignity and respect, and will not use corporal punishment, threats of violence or other forms of physical, sexual, psychological or verbal harassment or abuse.
Nondiscrimination	Manufacturers will not discriminate in hiring and employment practices, including salary, benefits, advancement, discipline, termination or retirement, on the basis of race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, political opinion or disability.
Association	Manufacturers will respect the rights of employees to associate, organize and bargain collectively in a lawful and peaceful manner, without penalty or interference.
Health and Safety	Manufacturers will provide employees with a safe and healthy workplace in compliance with all applicable laws and regulations, ensuring at a minimum reasonable access to potable water and sanitary facilities; fire safety; and adequate lighting and ventilation. Manufacturers will also ensure that the same standards of health and safety are applied in any housing that they provide for employees.

Compensation	<p>We expect manufacturers to recognize that wages are essential to meeting employees' basic needs. Manufacturers will, at a minimum, comply with all applicable wage and hour laws and regulations, including those relating to minimum wages, overtime, maximum hours, piece rates and other elements of compensation, and provide legally mandated benefits. Except in extraordinary business circumstances, manufacturers will not require employees to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by local law or, where local law does not limit the hours of work, the regular work week plus 12 hours overtime. In addition, except in extraordinary business circumstances, employees will be entitled to at least one day off in every seven-day period.</p> <p>Manufacturers will compensate employees for overtime hours at such premium rate as is legally required or, if there is no legally prescribed premium rate, at a rate at least equal to the regular hourly compensation rate.</p> <p>Where local industry standards are higher than applicable legal requirements, we expect manufacturers to meet the higher standards.</p>
Protection of the Environment	Manufacturers will comply with all applicable environmental laws and regulations.
Other Laws	Manufacturers will comply with all applicable laws and regulations, including those pertaining to the manufacture, pricing, sale and distribution of merchandise. All references to "applicable laws and regulations" in this Code of Conduct include local and national codes, rules and regulations as well as applicable treaties and voluntary industry standards.
Subcontracting	Manufacturers will not use subcontractors for the manufacture of Disney merchandise or components thereof without Disney's express written consent, and only after the subcontractor has entered into a written commitment with Disney to comply with this Code of Conduct.
Monitoring and Compliance	<p>Manufacturers will authorize Disney and its designated agents (including third parties) to engage in monitoring activities to confirm compliance with this Code of Conduct, including unannounced on-site inspections of manufacturing facilities and employer-provided housing; reviews of books and records relating to employment matters; and private interviews with employees.</p> <p>Manufacturers will maintain on site all documentation that may be needed to demonstrate compliance with this Code of Conduct.</p>
Publication	Manufacturers will take appropriate steps to ensure that the provisions of this Code of Conduct are communicated to employees, including the prominent posting of a copy of this Code of Conduct, in the local language and in a place readily accessible to employees, at all times.

Appendix 4

Examples of MCS Violations

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

- **Child Labor:** Any confirmed current employment of underage workers; inappropriate remediation of child labor violations under applicable laws.
- **Involuntary Labor:** Any confirmed current employment of forced, bonded, indentured or prison labor; mandatory or involuntary overtime, or imposing penalties or fines for refusing overtime; withholding of personal property (e.g., passport, identification papers) or wages; unreasonably limiting freedom of movement during and/or after work hours.
- **Coercion and Harassment:** Management policy permitting the use of corporal punishment; threats of termination of employment; imposing penalty or retaliation as disciplinary action; intrusive or intimidating security practices.
- **Discrimination:** Discriminatory hiring and employment practices (e.g., salary, benefits, advancement, discipline, termination or retirement) on the basis of race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, political opinion, disability, pregnancy or union membership.
- **Association:** Policies or practices that prevent employees from exercising their legal right to associate, organize and bargain in a lawful and peaceful manner in accordance with applicable laws of the country or region.
- **Health & Safety:** Conditions in the Facility, including dormitories, that could cause immediate severe injury or death to employees or the public.
- **Subcontracting:** Practice of subcontracting illegal home-workers.
- **Monitoring and Compliance:** Coaching employees to provide untruthful responses to auditors; dismissing or hiding employees from auditors to evade the audit process; failure to provide true and complete records for review; failure to permit auditor access to required documents, private employee interviews, or health and safety inspection of the entire Facility.

Appendix 5

Acceptable Social Compliance Monitoring Organizations

The following organizations are acceptable to Disney for the conduct of ILS Audits using Disney ILS Audit tools. Licensees and Vendors may contract with these organizations to conduct ILS Audits to the Disney Code on their behalf to submit to Disney as required by the ILS Program.

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

***NO SOCIAL COMPLIANCE MONITORING ORGANIZATION CAN ASSURE YOU THAT A
FACILITY WILL BE AUTHORIZED FOR DISNEY-BRANDED PRODUCTION***

1. BUREAU VERITAS CONSUMER PRODUCTS SERVICES (BVCPS)

NORTH AMERICA AND EUROPE

Contact Person:	Jason Hill	or	Maria Basilio
Telephone:	503 764 9190		909 628 4368
E-mail:	jason.hill-cps@us.bureauveritas.com		maria.basilio@us.bureauveritas.com
Web:	www.bureauveritas.com/cps		

ASIA

Contact Person:	Zoye Chen
Telephone:	8621 2416 6957
Fax:	8621 6489 3423
E-mail:	zoye.chen@cn.bureauveritas.com

2. INSITE COMPLIANCE SERVICES

USA / INTERNATIONAL

Contact Person:	Tanvi Patel
Telephone:	415 226 1772
Fax:	270 518 1898
E-mail:	tanvi.patel@mts-insite.com

3. INTERTEK TESTING SERVICES

NORTH AMERICA

Contact Person:	Toni Bellacosa (US)
Telephone:	212 803 5315
Fax:	212 453 5010
E-mail:	toni.bellacosa@intertek.com

EUROPE

Contact Person:	Arzu Suren (Turkey)
Telephone:	90 212 496 4680
Fax:	90 212 503 8198
E-mail:	arzu.suren@intertek.com

ASIA

Cathy ZJ Zhang (China)
86 755 2602 0752
86 755 2602 0899
cathy.zj.zhang@intertek.com

LATIN AMERICA

Viviana Rodriguez (Colombia)
57 1 610 8458 Ext 104
57 1 610 8458 Ext 114
viviana.rodriguez@intertek.com

4. LEVEL WORKS LTD.

GLOBAL CONTACT & LATIN AMERICA

Contact Person:	Jose Corado (USA)	or	Rachel Brinkenhoff (USA)
Telephone:	1.415.440.4141		1.415.440.4141
Fax:	1.415.440.4777		1.415.440.4777
E-mail:	jcorado@level-works.com		rbrinkenhoff@level-works.com
Web:	www.level-works.com		

INDIA, BANGLADESH, SRI LANKA

Contact Person:	B. Ganesh (India)	or	Padmini (India)
Telephone:	91 44 32027945		91 44 32027945
Fax:	91 44 23728383		91 44 23728383
E-mail:	ganeshb@level-works.com		india@level-works.com

PAKISTAN

Contact Person:	Faisal Bhatti
Telephone:	92 42 35899183/4
E-mail:	faisal@level-works.com

CHINA, HONG KONG, MACAU

Contact Person:	Raymond Huang (China)	or	Rain Tong (China)
Telephone:	86 755 8214 4529		86 571 8770 8671
Fax:	86 755 8214 4530		86 571 8770 8672
E-mail:	rhuang@level-works.com		rtong@level-works.com

SOUTH EAST ASIA

Contact Person:	Cuong Vo and An Tran (Vietnam)
Telephone:	84 08 2220 2075
Fax:	84 08 2220 2076
E-mail:	cuong@level-works.com atran@level-works.com

EUROPE, MIDDLE EAST, AFRICA

Contact Person:	Justin Bettey (UK)	or	Guillaume Petit (UK)
Telephone:	90 532 445 8298		44 207 993 5277
Fax:	90 212 341 1111		N/A
E-mail:	jbettey@level-works.com		gpetit@level-works.com

Contact Person:	Michelle Lehrer (Africa)
Telephone:	268 7602 6605
E-mail:	mlehrer@level-works.com

5. SOCIAL COMPLIANCE SERVICES ASIA

(China, Taiwan, Hong Kong and Macau audits only)

ASIA / INTERNATIONAL

Contact Person:	Samuel Wong and Wendy Wu
Telephone:	852 2376 0818
Fax:	852 2376 2263
E-mail:	samuel.wong@scsagroup.com wendy.wu@scsagroup.com

6. SOCIÉTÉ GÉNÉRALÉ DE SURVEILLANCE (SGS)

ALL REGIONS

Contact Person: Joe Romeo
Telephone: 973 575 5252
Fax: 775 787 7962
Mobile: 678 584 3964
E-mail: Joseph.Romeo@sgs.com

7. UL RESPONSIBLE SOURCING

USA / INTERNATIONAL

Contact Person: Wanda G. Francis
Telephone: 770 685 1908
Fax: 206 202 2376
E-mail: Wanda.Francis@UL.com

8. VERITE

USA / INTERNATIONAL

Contact Person: Robin Jaffin and Laurie Schimmelfing
Telephone: 413 253 9227
Fax: 413 256 8960
E-mail: rjaffin@verite.org
lschimmelfing@verite.org

Appendix 6

Reference List of Social Compliance Consultants

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

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

The following list of Social Compliance Consultants may be available to provide these services. This list is neither exhaustive nor exclusive. The services offered by these organizations are not endorsed by Disney and engaging the services of these or any other Social Compliance Consultant cannot assure you that a Facility will be or remain authorized for Disney-branded production. Licensees, Vendors and Facilities are not required to engage a Social Compliance Consultant. If a Licensee or Vendor does choose to engage a Social Compliance Consultant, they may choose from the following list or any other organization at their discretion. It is the responsibility of the Licensee, Vendor and Facility to identify any appropriate work plan, to negotiate terms with any consultant and to bear the cost of engaging any such consultant.

Licensees, Vendors and Facilities may benefit from reviewing the Good Practices Guide for Complying with Licensors' Social and Environmental Compliance Programs published by BSR and LIMA, supported in part by Disney, which identifies basic requirements for Licensees and Vendors in meeting Licensor expectations. The Good Practices guide can be found at www.bsr.org/reports/BSR_Licensee_Guide_Final.pdf

1. **The Cahn Group**

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

Website: <http://thecahngroup.com>

Headquarters in North America with partners worldwide

2. **China Training Institute (CTI)**

Contact: Weidong Zhou, BSR China Director; Jason Ho, CTI manager (information@ctichina.org)

Website: <http://ctichina.org/v2/en/node/303>

Headquarters in the [Business for Social Responsibility \(BSR\)](#) China office located in Guangzhou, China; CTI program services are focused on China suppliers.

3. **Impactt Limited**

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

Website: <http://www.impacttlimited.com/our-work/training-and-skills-development/>

Headquarters in London, UK with offices in Hong Kong; Guangzhou, China; and Dubai, UAE

4. **INFACT Global Partners, Ltd.**

Contact: Ian Spaulding, Managing Director (ispaulding@infactory-solutions.com)

Website: <http://www.infactory-solutions.com/index.php/en/partners/factories>

Headquarters in Hong Kong with offices in Guangzhou, Shenzhen and Shanghai, China; additional contacts in North America and Taiwan

5. **Level Works**

Contact: James McMichael/ Global Business Development, Consulting & Client Relations
(jmcmichael@level-works.com)

Website: <http://www.level-works.com/services.php>

Headquarters in San Francisco, CA, USA with offices/contacts in China, Hong Kong, Vietnam, Sri Lanka, Philippines, Europe, Africa, Turkey and Middle East, Central America and Mexico

6. **Verité**

Contact: Robin Jaffin, Director of Suppliers Program (verite@verite.org)

Website: <http://www.verite.org/Services>

Headquarters in Amherst, MA, USA with regional contacts located in Shenzhen, China; Manila, Philippines; and New Delhi, India

Appendix 7

Permitted Sourcing Countries

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

PERMITTED WITH ILS AUDITS			
ALBANIA	GHANA	MICRONESIA	SEYCHELLES
ARGENTINA	GREECE	MOLDOVA	SOLOMON ISLANDS
ARMENIA	GUATEMALA	MONGOLIA	SOUTH AFRICA
BAHRAIN	GUYANA	MONTENEGRO	SRI LANKA
BELIZE	HONDURAS	MOROCCO	SURINAME
BENIN	INDIA	MOZAMBIQUE	SWAZILAND
BHUTAN	INDONESIA	NAMIBIA	TANZANIA
BOLIVIA	JAMAICA	NAURU	THAILAND
BOSNIA-HERZEGOVINA	JORDAN	NEW CALEDONIA	TONGA
BRAZIL	KAZAKHSTAN	NIUE	TRINIDAD AND TOBAGO
BULGARIA	KIRIBATI	OMAN	TUNISIA
BURKINA FASO	KOSOVO	PALAU	TURKEY
CHINA	KUWAIT	PANAMA	TUVALU
COLOMBIA	LEBANON	PERU	UGANDA
COOK ISLANDS	LESOTHO	PHILIPPINES	UNITED ARAB EMIRATES
DJIBOUTI	MACEDONIA	ROMANIA	UKRAINE
DOMINICAN REPUBLIC	MALAWI	RWANDA	VANUATU
EGYPT	MALAYSIA	SAMOA	VIETNAM
EL SALVADOR	MALDIVES	SAO TOME AND PRINCIPE	WEST BANK GAZA
GABON	MALI	SAUDI ARABIA	ZAMBIA
GAMBIA	MARSHALL ISLANDS	SENEGAL	
GEORGIA	MEXICO	SERBIA	

PERMITTED WITH ILS AUDITS AND SUBJECT TO SPECIAL CONDITIONS			
ALGERIA	CONGO, DEM. REP.	LAOS	RUSSIA
ANGOLA	COTE D'IVOIRE	LIBERIA	SIERRA LEONE
AZERBAIJAN	ECUADOR	LIBYA	SOMALIA
BANGLADESH	EQUATORIAL GUINEA	MADAGASCAR	TAJIKISTAN
BELARUS	ERITREA	MAURITANIA	TIMOR-LESTE
BURUNDI	ETHIOPIA	NEPAL	TOGO
CAMBODIA*	FIJI	NICARAGUA*	TURKMENISTAN
CAMEROON	GUINEA	NIGER	UZBEKISTAN
CENTRAL AFRICAN REPUBLIC	GUINEA-BISSAU	NIGERIA	VENEZUELA
CHAD	HAITI*	PAKISTAN	YEMEN
COMOROS	KENYA	PAPUA NEW GUINEA	ZIMBABWE
CONGO	KYRGYZSTAN	PARAGUAY	*Indicates Better Work Country

List of Permitted Sourcing Countries by WGI Indicator Average Percentile Rank

Permitted Without ILS Audits							
WGI Avg. % Rank	Country	WGI Avg. % Rank	Country	WGI Avg. % Rank	Country	WGI Avg. % Rank	Country
99	Finland	89	San Marino	80	Monaco	74	American Samoa
97	Denmark	88	United Kingdom	79	Taiwan	74	Dominica
97	Sweden	88	Hong Kong	79	Czech Republic	73	Korea, South
97	Norway	88	Belgium	79	Reunion	73	Lithuania
97	New Zealand	88	Aruba	78	Slovenia	73	Brunei
96	Switzerland	87	Singapore	78	St. Lucia	73	Mauritius
96	Luxembourg	87	Malta	78	Bahamas	73	Martinique
96	Liechtenstein	86	France	78	St. Kitts and Nevis	71	Latvia
95	Austria	85	Japan	78	St. Vincent and The Grenadines	71	Costa Rica
94	Canada	85	Barbados	77	Spain	71	Botswana
94	Netherlands	84	United States	77	Poland	71	Guam
93	Australia	84	Chile	76	Uruguay	71	Qatar
91	Ireland	84	Bermuda	76	Antigua and Barbuda	70	Puerto Rico
91	Andorra	83	Estonia	76	Netherlands Antilles	68	Italy
90	Germany	82	Cayman Islands	76	Virgin Islands (U.S.)	67	Israel
90	Iceland	82	Cyprus	75	Slovakia	66	Cape Verde
90	Anguilla	80	Portugal	75	Macao	66	Grenada
90	Greenland	80	French Guiana	74	Hungary	65	Croatia

Permitted With ILS Audits							
WGI Avg. % Rank	Country	WGI Avg. % Rank	Country	WGI Avg. % Rank	Country	WGI Avg. % Rank	Country
64	United Arab Emirates	54	Micronesia	44	Malawi	36	China
63	Greece	53	Tonga	44	Mozambique	36	Indonesia
62	Namibia	52	Kiribati	43	India	36	Swaziland
62	Samoa	51	Turkey	43	Thailand	36	Mali
61	Malaysia	51	Georgia	43	Burkina Faso	35	Vietnam
61	Oman	50	Jordan	43	Mongolia	35	Philippines
60	South Africa	50	Jamaica	42	Argentina	35	Egypt
60	Vanuatu	50	Marshall Islands	42	Armenia	35	Kazakhstan
59	Romania	49	Tunisia	42	Maldives	35	Gambia
59	Bulgaria	49	El Salvador	41	Sri Lanka	35	Solomon Islands
59	Nauru	49	Macedonia	41	Bosnia-Herzegovina	34	Kosovo
58	Seychelles	49	Belize	41	Benin	33	Bolivia
58	Tuvalu	48	Serbia	41	Niue	33	Cook Islands
57	Brazil	48	Lesotho	41	Tanzania	33	Lebanon
57	Kuwait	48	Suriname	40	Guyana	33	Uganda
57	Palau	47	Albania	39	Moldova	32	Djibouti
56	Trinidad and Tobago	46	Mexico	39	Sao Tome and Principe	31	Guatemala
56	Bahrain	46	Rwanda	39	Zambia	31	Ukraine
56	Ghana	45	Peru	38	Dominican Republic	31	Honduras
56	Montenegro	45	Saudi Arabia	38	New Caledonia	31	Gabon
55	Panama	44	Colombia	38	West Bank Gaza		
54	Bhutan	44	Morocco	37	Senegal		

Permitted With ILS Audits and Subject to Special Conditions							
WGI Avg. % Rank	Country	WGI Avg. % Rank	Country	WGI Avg. % Rank	Country	WGI Avg. % Rank	Country
29	Kenya	23	Ecuador	19	Laos	13	Eritrea
29	Madagascar	23	Azerbaijan	18	Belarus	12	Central African Republic
29	Niger	23	Ethiopia	16	Angola	12	Cote D'ivoire
28	Paraguay	23	Kyrgyzstan	16	Congo	12	Turkmenistan
28	Nicaragua	22	Cambodia	16	Guinea-Bissau	11	Venezuela
27	Russia	22	Mauritania	16	Nigeria	11	Guinea
27	Papua New Guinea	22	Nepal	15	Libya	11	Uzbekistan
27	Sierra Leone	22	Timor-Leste	14	Tajikistan	8	Chad
26	Fiji	21	Pakistan	14	Yemen	6	Zimbabwe
25	Liberia	21	Togo	13	Haiti	4	Congo, Dem. Rep.
24	Algeria	20	Cameroon	13	Burundi	1	Somalia
23	Bangladesh	19	Comoros	13	Equatorial Guinea		

Appendix 8

Permitted Sourcing Countries Subject to Special Conditions

Disney has adopted additional requirements in Permitted Sourcing Countries subject to Special Conditions in order to help foster safe, inclusive and respectful work places in these challenging environments. Licensees and Vendors wishing to produce in these countries must obtain Disney's prior approval.

Facilities must meet the following requirements to be eligible to produce Disney-branded products in Permitted Sourcing Countries subject to Special Conditions:

- An operating history of at least six (6) months.
- Participate in a "Better Work" program if the program is available and covers the applicable production. "Better Work" is a partnership between the International Labor Organization and the International Finance Corporation designed to improve labor standards and competitiveness in global supply chains.

Licensees and Vendors must meet the following requirements to be eligible to produce Disney-branded products in Permitted Sourcing Countries subject to Special Conditions:

- Have locally-based qualified personnel engaged in and responsible for the assessment of Facility working conditions and the remediation of any failure to comply with applicable requirements of the ILS Program. Disney may consider the following factors in determining whether this Special Condition has been satisfied:
 - o Designated personnel may be either employed by or otherwise engaged by or on behalf of the Licensee or Vendor (or its agents) but must have, as a primary job function, responsibility for regularly assessing Facility compliance with applicable requirements of the ILS Program and remediation of any failure to comply with applicable requirements
 - o Designated personnel should be physically located within reasonable proximity of Facilities and visit Facilities on a regular basis during production
 - o Designated personnel should report to or be responsible to an individual at the Licensee or Vendor with authority to make production decisions based upon Facility compliance
 - o Designated personnel should have sufficient and demonstrable experience and training in the area of social compliance and remediation of working conditions
 - o Designated personnel should speak the local language
- Provide a pre-production ILS Audit and semi-annual ILS Audits that demonstrate compliance with the MCS (Disney will accept periodic ILS Audits based upon the schedule of an applicable Better Work program).
- Achieve a top rating on Disney's Licensee and Vendor evaluation tool. The Evaluation Tool is designed to assess the capacity of Licensees and Vendors to manage labor standards in their supply chain. Licensees and Vendors will be provided additional information on the Evaluation Tool upon application to Disney.

In certain countries, Disney may choose to waive any or all of the Special Conditions based upon the participation in a Better Work program by the Facilities and the Licensee or Vendor.

Any failure may result in loss of authorization to source Disney-branded products in the country for a minimum of 12 months

Appendix 9

Prohibited Sourcing Countries

The following is the current list of Prohibited Sourcing Countries:

- AFGHANISTAN
- BURMA / MYANMAR
- CUBA
- IRAN
- IRAQ
- NORTH KOREA
- SUDAN
- SYRIA

In addition, Prohibited Sourcing Countries include any other country not listed above that is under trade restriction by the U.S. Government or other applicable laws with respect to Disney-branded product.

This list is subject to change without notice.

Appendix 10

Facility Declaration Examples

Example 1: Denim shirt with Mickey embroidered patch and Mickey-shaped buttons

- You **must submit** a FAMA Application for the Facilities that produce the embroidered patch and Mickey-shaped buttons, as well as the Facilities that attach the embroidered patch and buttons onto the shirt. You must also submit a FAMA Application for any Facilities that produce, assemble, label and/or package Disney proprietary materials.
- You **do not need to submit** a FAMA Application for the Facility where the “blank” denim shirts are purchased. However, the blank denim shirts must not be produced in a Prohibited Sourcing Country.

Example 2: Disney book

- You **must submit** a FAMA Application for the Facility that prints the book, as well as any Facilities that provide packaging for the book.
- You **do not need to submit** a FAMA Application for the design house that produces the art or production film, nor where the “blank” paper is produced. However, the art or production film should not be produced in a Prohibited Sourcing Country.

FACILITY AND MERCHANDISE AUTHORIZATION APPLICATION INSTRUCTIONS

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

- Please make as many copies of the attached FAMA Application as necessary so that you can complete a FAMA Application for each Facility
- Once the FAMA Application is completed for each Facility, please send the completed application, together with any required supporting documentation, to your designated Disney Representative.
- Disney will review the information and determine whether each Facility will be authorized to produce Disney-branded products.
- **PRODUCTION OF DISNEY-BRANDED PRODUCTS MAY NOT BEGIN AT A FACILITY UNLESS AND UNTIL YOU RECEIVE A SIGNED FAMA APPLICATION FROM DISNEY.**
- You also may present the signed FAMA to Customs officials to facilitate the importation of goods if the Facility is outside the territory where the goods are to be sold.

Definition of “Facility”: any of Licensee’s or Vendor’s own or third-party manufacturers, vendors, factories, farms, suppliers, and other facilities (as well as any sub-manufacturers, vendors, factories, farms, suppliers and other facilities) that design, produce, process, finish, assemble, or package products, components or materials, or any other item related to products, components or materials, containing, incorporating, or applying any Disney intellectual property (i.e., any names, marks, logos, characters, artwork, or other proprietary material owned or controlled by The Walt Disney Company or any of its affiliated companies), all of which are hereby referred to as Disney-branded products.

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

Unless involved in the actual production or manufacture of Disney-branded products, DO NOT list agents, business offices or showrooms as a Facility. The Shipper and/or Importer of Record is strictly the party who transports the goods; if the name is different from that of the Licensee/Vendor or Facility, please so indicate on the FAMA Application.

Incomplete or illegible forms will be returned to you for resubmission. Please make copies of these forms and use the copies to submit your information. Maintain the original in your files for future use.

FACILITY AND MERCHANDISE AUTHORIZATION APPLICATION
(Please Type or Print Legibly in Ink)

LICENSEE/VENDOR NAME: _____ **TELEPHONE NUMBER:** _____

STREET ADDRESS: _____ **FAX NUMBER:** _____

CONTACT NAME, TITLE AND, IF AVAILABLE, E-MAIL ADDRESS: _____

<p>1. Facility Name (Place where Disney-branded product will be produced):</p> <p>_____</p> <p>1a. Facility Address:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>1b. Telephone Number: _____</p> <p>1c. Fax Number: _____</p> <p>1d. Contact Name, Title and E-mail:</p> <p>_____</p> <p>_____</p>	<p>1e. List all other names by which the Facility is known:</p> <p>_____</p> <p>_____</p> <p>1f. Is this Facility owned by the Licensee or Vendor?</p> <p style="text-align: center;">_____ Yes _____ No</p> <p>1g. List All Disney-branded product to be produced in this Facility (as listed on the license agreement) : <i>Attach a separate sheet if necessary</i></p> <p>_____</p>
<p>2. Disney Intellectual Property (e.g., Logo, Character, Name):</p> <p>_____</p> <p>_____</p> <p>3. Territory where Disney-branded product may be sold or given away:</p> <p>_____</p>	<p>4. <input type="checkbox"/> Shipper <input type="checkbox"/> Importer of Record (check one).</p> <p>Provide Name and Address: Only list if the transporter of the Disney-branded product is other than Facility or Licensee/Vendor.</p> <p>_____</p> <p>_____</p>

Appendix 12

Signed Facility and Merchandise Authorization (FAMA) Form



The WALT Disney Company

FACILITY AND MERCHANDISE AUTHORIZATION

LICENSEE/VENDOR NAME: Sample Toy Company

TELEPHONE NUMBER: 000-000-0000

STREET ADDRESS:

One Sample Place

Anywhere, CA 00000

USA

FAX NUMBER: 000-000-0000

CONTACT NAME, TITLE AND, IF AVAILABLE, E-MAIL

ADDRESS:

Mr. B. Fun

President

bfun@sampletoys.com

<p>1. Facility Name (Place where Disney-branded product will be produced): Lucky Toy Manufacturing Co. (G111-1111-1))</p> <p>1a. Facility Address: #1 Industrial Road Lucky Village Anywhere City, Anywhere Province China</p> <p>1b. Telephone Number: 86-000-000-0000</p> <p>1c. Fax Number: 86-000-000-0000</p> <p>1d. Contact Name, Title, and E-mail: Mr. Mplay - General Manager, mplay@luckytoy.com</p>	<p>1e. List all other names by which the Facility is known:</p> <p>1f. Is this facility owned by the Licensee or Vendor? No</p> <p>1g. List All Disney-branded product to be produced in this Facility (as listed on the license agreement): Plush Toys 6", 8", 10"</p>
<p>1. Disney Intellectual Property (e.g. Logo, Character, Name): Disney's Winnie the Pooh, Disney Princesses, Finding Nemo</p> <p>2. Territory where Disney-branded product may be sold or given away: USA, Canada</p>	<p>4. <input type="checkbox"/> Shipper <input type="checkbox"/> Importer of Record (check one). Provide Name and Address: Only List if the transporter of the Disney-branded product is other than Facility or Licensee/Vendor.</p>

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

Very truly yours,

Disney Consumer Products, Inc.

Name of Disney Representative
Name of Business Unit

Date: March 2, 2012

Appendix 13

Toy Facilities in China and ICTI Care

Disney has a Memorandum of Understanding (MOU) with the [International Council of Toy Industries \(ICTI\) CARE Foundation](#), which operates the international toy industry's ethical manufacturing process, aimed at ensuring safe and humane workplace environments for toy Facility workers worldwide. This MOU:

- Recognizes the ICTI CARE Process as a program through which participating Facilities can satisfy Disney's requirements for labor standards and worker rights.
- Makes available to Disney the ICTI CARE Process audit database specifically for those Facilities that have granted such access to Disney.

If your toy Facility located in China is participating in the ICTI CARE Process, please have the Facility authorize Disney's access to its ILS Audit reports. This may improve the speed with which your Facility is authorized by Disney and may reduce the time or expenses on the Licensee or Vendor's behalf to have the Facility audited. Contact ICTI CARE to obtain the appropriate registration and authorizations forms; a sample [ICTI CARE Foundation Authorization Form](#) is included in this section.

If your Chinese toy Facility is not currently participating in the ICTI CARE Process, we strongly encourage them to apply and participate. The ICTI CARE Process sets a single social compliance monitoring standard for toy Facilities that Disney as well as many other toy brands and retailers recognize. Participation in the ICTI CARE Process may reduce the duplication of monitoring, save costs and may improve the speed with which a Facility may be authorized by Disney. See <http://www.icti-care.org/applicationpackage.html> for the application package.

Facilities that have been removed from the ICTI CARE Process (ICP) program due to critical non-conformity may lose authorization to produce Disney-branded products

For more information about ICTI CARE, see <http://www.icti-care.org/>.

Disney may choose to alter or terminate its arrangement with ICTI Care at any time in the future in its discretion.



ICTI CARE Foundation

Please send the completed form to us 請填妥此授權書並把之交回。Fax傳真: 852-21112126 / Email電郵: asia@icti-care.org

Factory Information Access Authorization Form

取閱工廠資料授權書

This is to certify that the following ICTI Seal Applicant or Holder
茲證明以下ICTI證書申請者或持有者

English name 英文名稱 _____	Chinese Name 中文名稱 _____	ICTI Seal no. 證書號碼 _____
----------------------------	----------------------------	-----------------------------

hereby confirms their consent to authorize their customers listed as follows: _____

_____ to have access to their audit reports and other relevant
information at the ICTI CARE Process.

同意授權其下列客戶— _____ 取閱其在ICTI CARE Process的審核報告及相關資料。

The ICTI Seal Applicant or Holder fully understands that they have to inform ICTI CARE Process in written form in the event of any changes in the granting their of customers' access to information related to them in the ICTI CARE Process.

此ICTI證書申請者或持有者亦完全明白，如在授權客戶取閱其資料之事宜上有任何變動，必須以書面通知ICTI CARE Process。

The ICTI Seal Applicant or Holder confirms their full understanding of and agreement to the above by signing below.

以下由ICTI證書申請者或持有者簽署確認完全明白及同意以上陳述。

Name of Legal Representative 法人代表姓名：	
Signature of Legal Representative 法人代表簽名：	
Factory Chop 工廠蓋章：	
Date 日期：	

Note: the English text shall always be referred to in the event that any dispute about interpretation exists between the English and Chinese texts. 如以上文本之中文及英文有不相符處，均以英文為準。

Appendix 15

Sample ILS Audit Agenda

The agenda below is intended to assist Licensees, Vendors and Facility management in preparation for ILS Audits required under the ILS Program. The ILS Audit can take up to a full working day or more depending on the size of the Facility and it is expected that personnel involved in the ILS Audit are present at the opening meeting. The expected completion times listed are an estimate and may vary.

- I. **Opening Meeting** (20 minutes) - Discuss ILS Audit process with key management necessary for completion of the ILS Audit
- II. **Health and Safety Walkthrough** (1-2 hours depending in the size of the Facility) - Escorted tour of the entire production Facility, warehouse, chemical storage houses, canteen and dormitory (as applicable)
- III. **Employee Interviews** (10-20 minutes per interview) - Employees from various workstations will be selected during the walkthrough of the Facility and document review process. Interviews will be conducted in a private setting
- IV. **Document Review** (2-3 hours) - See Appendix Sample ILS Audit Checklist for list of documents to be reviewed
- V. **Closing Meeting** (20 minutes) - Auditors will disclose to management ILS Audit findings and discuss corrective action plan. Management is invited to ask questions and provide feedback

Appendix 16

Sample ILS Audit Checklist

In preparation for a site visit, Licensee, Vendor and Facility management should assemble and make available to monitors the following documents:

APPLICABLE LAWS AND REGULATIONS:

- Child labor
- Restrictions on workers below the age of unrestricted employment
- Minimum wage
- Maximum daily / weekly hours
- Overtime
- Annual leave and required holidays
- Other benefits and allowances
- Health and safety
- Environment

FACILITY POLICIES:

- Employee handbook / terms and conditions of employment
- Wage and hour policies
- Collective bargaining agreement(s)
- Government licenses and waivers, certificates of operation, inspection reports re: sanitation, fire safety, worker safety, structural safety, environmental compliance, etc.
- Machinery inspection / service logs
- Policies / procedures on use of personal protective equipment
- Accident / injury log
- Emergency medical procedures
- Evacuation plan
- Timecard or other work hour support
- Payroll records in this facility or other for the last 12 months (i.e. piece rate records, pay stubs, etc.)
- Support for overtime calculations

WORKER DOCUMENTATION:

- Personnel file (including job application, employment contracts, discipline letters, etc.)
- Personal identification cards, birth certificate, or other age identification records

DORMITORIES:

- Government Licenses, Certificates of Operation, Inspection Reports re: sanitation, fire safety, structural safety, etc.
- Dormitory rules and regulations

CONTRACTS WITH DISNEY:

- FAMA (if applicable)

SAMPLE QUESTIONS:

1. What is the age of the youngest worker in this facility?
2. Are there any work experience programs for school age children?
3. Are there restrictions for workers under 18?
4. What procedures does this facility have in place to verify the age of the employees?
5. Are all employees voluntarily working in this facility?
6. What procedures does this facility have in place to ensure/monitor that all employees are working voluntarily?
7. Are any of workers' properties detained by the employer during the course of employment?
8. Are there any workers in this facility that are prisoners, have been assigned by the military, or any other branch of government?
9. Are employees free to leave when their work shift ends?
10. Are guards posted only for normal security reasons? If so, what are their basic duties?
11. How employees are recruited (i.e. newspaper ad, agent, contract)?
12. How are employees disciplined for misconduct or poor performance?
13. Does this facility restrict employment by age, race, ethnic group, religion, gender, sexual orientation, political affiliation, and/or national origin?
14. What is the lowest wage paid by this contractor for trained (e.g. production) employees? For untrained employees?
15. How are employees paid? (cash/check/auto pay/other)
16. How is the pay rate calculated? (per hour/piece rate/per day/other)
17. Is all work attendance documented?
18. How often are employees paid? (weekly/monthly/other)
19. Are there any deductions from employees' wages?
20. What charges are deducted from your employees' pay?
21. How is this documented?
22. Does any employee owe the Company money?
23. What allowances and benefits are provided to employees in this facility? (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.)
24. Are benefits and/or allowances included in calculating the minimum wage?
25. Are there any incentive plans offered (e.g. bonus)?
26. Are workers paid for training (if applicable)?
27. Are workers paid for overtime?
28. What is the maximum number of consecutive days worked?
29. What are the operational hours of this facility?
30. How many work shifts are run in this facility?
31. How many hours per work shift?
32. How are overtime wages calculated (e.g. weekdays, 1.5x; holidays 2x, etc.)?
33. What is the average number of overtime hours worked per worker each week?
34. What is the maximum number of work hours per day at regular pay?
35. What is the maximum number of hours employees are asked to work in a given week?
36. Do employees have time each day for a meal?
37. Do employees have time each day for breaks? If yes, how many and what is the duration of each break?

38. Do employees take work home?
39. How are wages for this work determined?
40. Are first aid supplies available in this facility?
41. Are there any medically trained personnel on site?
42. Are safety education/training programs offered (i.e. first aid, etc.)?
43. Do you have fire extinguishers and/or sprinkler systems in this facility?
44. Are fire escapes available for buildings more than one story high?
45. Is personal protective equipment available at no cost to the employee?
46. Do employees have unrestricted access to drinkable water?
47. How many functional toilets does this facility have? (male/female)
48. Does this facility have ventilation and lighting system?
49. Is there a supervisor on the floor for each work shift?
50. How many supervisors per work shift?
51. Does this facility allow its employees to associate?
52. Does this facility provide residential Facilities for workers? If yes: Vendor/Licensee controlled Facilities/ rental units/other
53. What efforts does this facility make in regards to the environment (i.e. waste management, air purification, and hazardous material disposal)?
54. Does this facility outsource any of its production?
55. Does this facility source to individuals, families or collective work groups?
56. What articles/components are produced by these workers?
57. How are these workers paid?

The following questions pertain to dormitories:

58. Number of buildings? Number of employees that reside in this dormitory?
59. Average number of employees in a sleeping room?
60. Approximate space (in square meters) per employee in sleeping room?
61. Are sleeping quarters segregated by sex?
62. Are employees provided their own individual mats or sleeping space?
63. Are the room doors in the dorms locked from the inside or outside?
64. Are directions for evacuation in the case of fire or other emergencies posted in all sleeping quarters in the native language?
65. Does this facility have fire extinguishers in all sleeping quarters?
66. Are fire drills conducted?
67. Are fire escapes available for buildings more than one-story high?
68. Are combustible materials stored in the dormitories or buildings connected to the dormitories?
69. Number of toilets and shower Facilities for employees (male/female)
70. Is hot water available at the showering facility?
71. Are kitchen or laundry Facilities provided?
72. Are the employees charged for the following? (sleeping quarters/ meals/transportation/ other) How much?
73. Is dormitory access controlled?
74. Are there any curfews on employees?
75. Are employees free to come and go as they please?

Appendix 17

Sample Corrective Action Plan Letter (CAP Letter)

*** For ILS Audits Conducted By Disney Only**

In accordance with the License Agreement and/or Memorandum of Understanding, [Facility name and ILS#], located in [City], [Country], was audited on [date audit conducted]. Results of this audit indicate that this Facility does not meet Disney's Minimum Compliance Standard (MCS) under the Code of Conduct for Manufacturers.

In order to continue to produce in this Facility, the MCS violations identified below must be corrected immediately. Disney will conduct a follow-up audit in approximately 90 days to confirm compliance with the MCS. Failure to take the necessary corrective action will result in the revocation of authorization to produce Disney-branded merchandise at this Facility. In such case, ALL licensees and vendors will be required to cease Disney-branded production at this Facility promptly (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.

The following is a summary of all violations of the Disney Code of Conduct, prioritized by severity, for your reference. MCS violations identified in this letter require your immediate attention. All other Code violations should be addressed promptly as part of our continuing effort to improve working conditions.

1. Monitoring and Compliance (MCS Violation)

The Disney Code of Conduct requires employers to maintain all documentation on site that may be necessary to demonstrate compliance with the Code. Auditors are required to review at least 12 months of records to confirm compliance with the Disney Code of Conduct. Auditors noted discrepancies between the documents provided by Facility management and the information provided by employees during private interviews. Please ensure that complete and accurate records are available for review during the follow-up ILS Audit.

2. Minimum Wage

The Labor Law of the People's Republic of China (Article 48) requires employers to pay employees the local minimum wage standard of RMB 6.32 per hour (RMB 1100 per month) beginning March 1, 2011 and RMB 5.29 per hour (RMB 920 per month) before March 2011. Auditors were unable to verify compliance with minimum wage requirements due to discrepancies noted between the documents provided by Facility management and the information provided by employees during private interviews. Please ensure that all employees are paid at least local minimum wage as required by the Labor Law.

As the Licensee/Vendor, it is your responsibility to ensure that all MCS violations are remediated immediately as a condition of continued use of this Facility. All other violations should be addressed promptly. Failure to remedy MCS violations in accordance with this letter will result in the revocation of authorization by Disney for this Facility.

Sincerely,

Appendix 18

Sample Corrective Action Plan Letter (CAP Letter)

* For ILS Audits Submitted by Licensees and Vendors

On [DATE], Disney received an audit of [Facility Name] (Facility ILS#), located in [City, Country], and Disney has determined that this Facility does not meet Disney's Minimum Compliance Standard (MCS) under the Code of Conduct for Manufacturers.

In order to continue to produce in this Facility, the MCS violations identified below must be corrected immediately. An audit dated after [Date] demonstrating MCS compliance must be submitted to Disney within 90 days of the date Disney received the above-referenced audit. Failure to take the necessary corrective action will result in the revocation of authorization to produce Disney-branded merchandise at this Facility. In such case, ALL Licensees and Vendors will be required to cease Disney-branded production at this Facility promptly (not to exceed 30 days following notification by Disney), or as otherwise required by law.

- If an audit is not submitted as required, the Facility will be ineligible for Disney-branded production until an audit demonstrating compliance with the MCS is provided.
- If the subsequent audit submitted fails to meet MCS, the Facility will be ineligible for Disney-branded production for a minimum of 12 months following the revocation of authorization by Disney.

This letter is being provided to all Disney Licensees and Vendors currently producing Disney-branded products at this Facility. You may wish to coordinate any necessary auditing activities through the Facility.

The following is a summary of all violations of the Disney Code of Conduct, prioritized by severity, for your reference. MCS violations are indicated in bold and require your immediate attention. All other Code violations should be addressed promptly as part of our continuing effort to improve working conditions.

1. **Non-Discrimination**

A hiring announcement states that Printing Operator candidates must be between the ages of 21 and 35 years.

2. **Minimum Wage/Overtime Wage**

Compliance with wage requirements and overtime hour limitations could not be verified due to discrepancies among the documents provided by factory management for review.

As the Licensee/Vendor, it is your responsibility to ensure that all MCS violations are remediated within the designated time period for remediation as a condition of continued use of this Facility. All other violations should be addressed promptly. **Failure to remedy MCS violations in accordance with this letter will result in the revocation of authorization to produce Disney-branded products at this Facility.**

Should further clarification be required or if you are no longer using this factory, please contact [contact name].

Thank you for your time and attention to this matter.

Appendix 19

Sample Loss of Production Authorization Letter

Date

XYZ Licensee/Vendor
[Address]

Dear Licensee/Vendor,

In accordance with the License Agreement and/or Memorandum of Understanding, [facility name and ILS#], located in [City], [Country], was audited for the second time on [date audit conducted]. Results of this follow-up audit indicate that this facility still does not meet Disney's Minimum Compliance Standard (MCS) under the Code of Conduct for Manufacturers.

In accordance with prior notice and Disney's ILS Program, production authorization for this facility has been revoked. You must cease Disney-branded production at this facility promptly (not to exceed 30 days following the date of this notice or otherwise required by law). This facility will be ineligible for Disney-branded production for 12 months following the date of this notice.

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

Sincerely,

Disney International Labor Standards Facility Reinstatement Form

Authorization for production of Disney-branded products was previously withdrawn from this facility for non-compliance with the Disney Code of Conduct for Manufacturers. We may consider reinstatement after completion of this form and further review of required documentation. Please return the completed form to your Disney International Labor Standards (ILS) contact for review.

A. LICENSEE/VENDOR AND FACILITY INFORMATION

(To be completed by Disney ILS)

Licensee/Vendor (L/V) Name:

L/V ILS Number:

Business Unit / Local Office:

Facility Name:

Facility ILS Number:

Reason For Loss of Authorization:

B. CORRECTIVE ACTION TAKEN

(To be completed by Licensee/Vendor)

1. List in this section the steps the Facility has taken to remediate the issues that led to the termination (add pages, if necessary);
2. Provide supporting documents for Item 1 above to demonstrate the corrective actions and steps taken to maintain compliance with the Disney Code (e.g., copies of written policies and procedures, evidence of management and/or worker training, photos, and other information as appropriate); and
3. Provide a qualified audit.

Please list steps here.
(Attach supporting documents and audit.)

C. APPROVAL

(Must be signed by Disney Business Unit (BU) Vice President upon submission of reinstatement request and Disney ILS Management upon final approval to reinstate the facility)

BY SELECTING "I AGREE" BELOW, YOU ARE ACKNOWLEDGING YOUR APPROVAL AND SUPPORT FOR REINSTATING THE ABOVE FACILITY.

☐ I Agree

Disney BU Vice President (Print Name and Title)

Date Signed

☐ I Agree

Disney ILS Management (Print Name and Title)

Date Signed

D. DISNEY INTERNATIONAL LABOR STANDARDS RECOMMENDATION

(For Disney ILS use only)