



## PUBLIC CONCERNS IN FACILITIES MAKING DISNEY-BRANDED PRODUCTS

With tens of thousands of facilities involved in the production of Disney-branded products, most of which produce products for many other entities at the same time, we occasionally are the subject of reports published by non-governmental organizations (NGOs) regarding allegations of poor working conditions. Where concerns have been brought to our attention, we have responded by working with our licensees and vendors, investigating the allegations, supporting remediation where possible, and disclosing the outcome.

### KANLAYANEE RUEANGRIT FACTORY, THAILAND, 2020

Disney is aware of concerns raised regarding the underpayment of wages at the Kanlayanee Ruengrit Factory in Thailand.

The Kanlayanee Ruengrit Factory in Thailand was not authorized to produce Disney-branded products. Disney-branded products produced at the Kanlayanee Ruengrit Factory was the result of unauthorized subcontracting by a licensee's supplier. Unauthorized subcontracting is a serious violation of Disney's International Labor Standards (ILS) program.

We take seriously claims of labor standards violations against independent facilities that manufacture Disney-branded products, and when stakeholders and those we do business with bring such allegations to us, we work to investigate and address these allegations promptly and responsibly.

The issue relating to the Kanlayanee Ruengrit facility centered around the underpayment of wages for workers at the facility. Concerns were raised to us by labor groups on the compensation of worker wages after the Thai Department of Labor Protection and Welfare had found that the factory employer had violated Thai labor law. The Thai authorities had issued an order to the factory employer to pay the workers, which the employer contested in court.

Disney engaged in efforts to support a solution on the underpayment of wages among the licensee, the supplier, the labor groups representing the workers and other companies manufacturing goods with this specific licensee. After extensive efforts to encourage the responsible parties to reach a settlement on wages that satisfies both Thai law and Disney's International Labor Standards (ILS) Program requirements, workers in the unauthorized Kanlayanee Rueangrit factory have confirmed they have received payment of settlement wages.

Disney's ILS Program seeks to provide independent licensees and vendors, and the facilities they engage, with clear expectations of their responsibilities to monitor their supply chains and operations. Where possible, we use our leverage with our licensees and vendors and, as appropriate, with facilities directly, to identify areas for remediation and to monitor continuous improvement. As Disney does not own or operate any of these manufacturing facilities, and because we generally do not source products directly from any facility, our efforts are focused on supporting our licensees and vendors to take appropriate

action when there are areas of non-compliance. When they fail to do so in a timely or adequate manner, they may risk the loss of our business.

As these matters are investigated and resolved, Disney will continue to encourage and rely on facility owners, licensees, vendors, and governments in our ongoing efforts to foster safe, inclusive, and respectful workplaces wherever Disney-branded products are produced.

## PRINTING FACILITY MANUFACTURING DISNEY-BRANDED CARDS, DECEMBER 2019

Disney is aware of concerns raised in December 2019 regarding the Zhejiang Yunguang Printing Corp. Ltd, which manufactured Disney-branded products for our licensees and vendors. We take seriously claims of labor standards violations against the independent facilities that manufacture Disney-branded products, and when stakeholders and those we do business with bring such allegations to us, we work to investigate and address these allegations promptly.

Audits were performed at the facility and auditors confirmed that the facility was failing to meet the requirements and expectations of the Disney International Labor Standards (ILS) Program. Upon confirming these issues, Disney notified our licensee using this facility of the specific violation of our ILS Program requirements. In accordance with our ILS Program, this facility had the opportunity to remediate these issues within a specified timeframe and remain authorized to produce Disney-branded product in a manner consistent with our expectations. We worked with our licensee to conduct an immediate and thorough investigation into the allegations raised against this facility. The audit results indicated that the facility had sufficiently addressed and improved the labor concerns raised.

Disney's ILS Program seeks to provide independent licensees and vendors, and the facilities they engage, with clear expectations of their responsibilities to monitor their supply chains and operations. Where possible, we use our leverage with our licensees and vendors, and as appropriate, with facilities directly, to identify areas for remediation and to monitor continuous improvement. As Disney does not own or operate any of these manufacturing facilities, and because we generally do not source products directly from any facility, our efforts are focused on supporting our licensees and vendors to take appropriate action when there are areas of non-compliance. When they fail to do so in a timely or adequate manner, they may risk the loss of our business or their license.

As these matters are investigated and resolved, Disney will continue to encourage and rely on facility owners, business partners and governments in its ongoing efforts to foster safe, inclusive, and respectful workplaces wherever Disney-branded products are produced.

## TOY MANUFACTURING FACILITIES IN CHINA, DECEMBER 2018

Disney is aware of concerns raised in December 2018 by China Labor Watch (CLW) regarding four facilities, three of which are manufacturing Disney-branded products for our licensees and vendors, along with products for numerous other companies: Dongguan Herald Metal & Plastic Co., Ltd., Jetta (Guangzhou) Industries Co., Ltd., and Wah Tung (Heyuan) Toys.

We take seriously claims of labor standards violations against the independent facilities that manufacture Disney-branded products, and when stakeholders and business partners bring such allegations to us, we work to investigate and address these allegations promptly. In response to the allegations made by CLW, we coordinated with the International Council of Toy Industries Ethical Toy Program (IETP) which led a full investigation into the allegations raised at these three facilities, which are IETP Certified factories. IETP's full investigation report may be accessed here. Audits conducted by IETP found that the majority of allegations cited in the CLW report either could not be confirmed or were not in violation of their requirements. Some of the reported issues were verified and IETP is committed to working with the facilities on remediation. We expect that the licensees and vendors manufacturing at these facilities will address these violations promptly as part of their continuing efforts to improve working conditions.

## TOY MANUFACTURING FACILITIES IN CHINA, NOVEMBER 2016

Disney is aware of concerns raised in November 2016 by China Labor Watch regarding four facilities manufacturing Disney-branded products for our licensees and vendors, along with products for numerous other companies: Foshan City Nanhai Mattel Diecast Co. Ltd., Dongguan Chang An-Mattel Toys 2nd Factory, Combine Will (Dongguan) Ind. Co. Ltd. and Shenzhen Wai Lee Fung Plastic Product Co. Ltd.

We take seriously claims of labor standards violations against the independent facilities that manufacture Disney-branded products, and when stakeholders and business partners bring such allegations to us, we work to investigate and address these allegations promptly.

The International Council of Toy Industries (ICTI) CARE program led an investigation into these allegations. Their full response is available at [http://www.icti-care.org/uploadfileMgnt/01\\_2016121623210.pdf](http://www.icti-care.org/uploadfileMgnt/01_2016121623210.pdf).

Three facilities, Foshan City Nanhai Mattel Diecast Co. Ltd., Dongguan Chang An-Mattel

Toys 2nd Factory, and Combine Will (Dongguan) Ind. Co. Ltd., have no high priority labor standards violations under the Code of Conduct for Manufacturers – they meet Disney's Minimum Compliance Standard (MCS). However, several less serious issues were identified and we expect that the licensees and vendors manufacturing at these facilities will address these violations promptly as part of their continuing effort to improve working conditions.

The fourth facility, Shenzhen Wai Lee Fung Plastic Product Co., Ltd, is failing to meet Disney's Minimum Compliance Standard regarding transparency and social benefits. Disney notified its licensees and vendors using Shenzhen Wai Lee Fung Plastic Product Co., Ltd of the specific violations of our ILS Program requirements. In accordance with our ILS Program, this facility will have the opportunity to remediate these issues within a specified timeframe and remain authorized to produce Disney-branded product in a manner consistent with our expectations. If the facility chooses not to remediate or fails to do so effectively, the authorization to produce Disney-branded product will be revoked. Disney will continue to work with its licensees and vendors to encourage full remediation of the concerns identified, and monitor this facility.

As these matters are investigated and resolved, Disney will continue to encourage and rely on facility owners, business partners and governments in its ongoing efforts to foster safe, inclusive, and respectful workplaces wherever Disney-branded products are produced.

## FACILITIES MANUFACTURING DISNEY-BRANDED PRODUCTS IN CHINA, 2016

Disney is aware of concerns raised in June 2016 by Students and Scholars Against Corporate Misbehaviour (SACOM) regarding eight facilities manufacturing Disney-branded products for our licensees and vendors, along with products for numerous other companies: Dongguan Qiao Tou Sun Wing Ming Toy Factory, Dongguan Xin Chuang Toys Co., Ltd., Dongguan Ovation Industrial Co., Ltd., Dongguan Senfutong Paper Co., Ltd., Guangzhou Hongtao Leather Co., Ltd., Guangzhou Sunny Industrial Co., Ltd., Yiwu Huiyi Accessories Co., Ltd. and Zhejiang Xianxing Industrial Limited. We take seriously claims of labor standards violations against the independent facilities that manufacture Disney-branded products, and when stakeholders and business partners bring such allegations to us, we work to investigate and address these allegations promptly.

Audits were performed at all of the facilities, and while results vary by facility, Disney auditors confirmed that in some cases facilities were failing to meet the requirements and expectations of the Disney International Labor Standards (ILS) Program. Upon confirming these issues, Disney notified our licensees and vendors using these facilities of the specific violations of our ILS Program requirements. In accordance with our ILS Program, most of these facilities have the opportunity to remediate these issues within a specified timeframe and remain authorized to produce Disney-branded product in a manner consistent with our expectations. If they choose not to remediate or fail to do so effectively, the authorization to produce Disney-branded product will be revoked. Disney will continue to work with its licensees and vendors to encourage full remediation of the concerns identified, and monitor the facilities. In one case, a facility was producing without our authorization, and appropriate actions are being pursued with the licensees and vendors to ensure that production ceases in this facility.

Disney's ILS Program seeks to provide independent licensees and vendors, and the facilities they engage, with clear expectations of their responsibilities to monitor their supply chains and operations. Where possible, we use our leverage with our licensees and vendors, and as appropriate, with facilities directly, to identify areas for remediation and to monitor continuous improvement. As Disney does not own or operate any of these manufacturing facilities, and because we generally do not source products directly from any facility, our efforts are focused on supporting our licensees and vendors to take appropriate action when there are areas of non-compliance. When they fail to do so in a timely or adequate manner, they may risk the loss of our business or their license.

As these matters are investigated and resolved, Disney will continue to encourage and rely on facility owners, business partners and governments in its ongoing efforts to foster safe, inclusive, and respectful workplaces wherever Disney-branded products are produced.

## TOY MANUFACTURING FACILITIES IN CHINA JUNE 2016

Disney is aware of concerns raised in June 2016 by China Labor Watch (CLW) regarding two facilities in China manufacturing Disney-branded products for our licensees and vendors, along with products for numerous other companies: Dongguan Qing Xi Juantiway Plastic Factory and Lam Sun Toy Limited Company. We take seriously claims of labor standards violations against the independent facilities that manufacture Disney-branded products, and when stakeholders and business partners bring such allegations to us, we work to investigate and address these allegations promptly. Unlike some NGOs, China Labor Watch has made no attempt in recent years to contact us directly to share their concerns in a timely manner, and we remain disappointed that they choose instead to issue press releases months after they claim to identify issues.

Our investigation has revealed that Dongguan Qing Xi Juantiway Plastic Factory failed to remediate hiring and human resource issues identified during an investigation of the facility last year, despite our encouragement of remediation and their contractual requirements to us. In accordance with our International Labor Standards (ILS) Program, this facility's authorization to produce Disney-branded product has been revoked because they failed to correct important issues in a timely manner.

Our investigation of the allegations at Lam Sun Toy Limited Company confirmed that the facility was failing to meet expectations regarding accurate record keeping, health, fire safety and human resources practices. Upon confirming these issues, Disney notified our licensees and vendors in this facility of the specific violations of our ILS Program requirements. In accordance with our ILS Program, this facility will have the opportunity to remediate these issues within a specified timeframe and remain authorized to produce Disney-branded product in a manner consistent with our expectations. If the facility chooses not to remediate or fails to do so effectively, their authorization to produce Disney-branded product will be revoked. Disney will continue to monitor the facility's performance in cooperation with our business partners.

Disney's ILS Program seeks to provide independent licensees and vendors, and the facilities they engage, with clear expectations of their responsibilities to monitor their supply chains and operations. Where possible, we use our leverage with our licensees and vendors, and as appropriate, with facilities directly, to identify areas for remediation and to monitor continuous improvement. As Disney does not own or operate any of these manufacturing facilities, and because we generally do not source products directly from any facility, our efforts are focused on supporting our licensees and vendors to take appropriate action when there are areas of non-compliance. When they fail to do so in a timely or adequate manner, they may risk the loss of our business or their license.

As these matters are investigated and resolved, Disney will continue to encourage and rely on facility owners, business partners, and governments, in its ongoing efforts to foster safe, inclusive, and respectful workplaces wherever Disney-branded products are produced.

For allegations before 2016, please click [here](#).