



PUBLIC CONCERNS IN FACILITIES MAKING DISNEY-BRANDED PRODUCTS

(2019 – Present)

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.

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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.