

TOPIC BRIEF: **SUPPLY CHAIN**

Topic Summary

We are committed to working within our global supply chains to foster safe, inclusive, and respectful work environments. We consider "Suppliers" to include any person or entity engaged in the production or provision of materials, components, products, or services that Disney acquires, authorizes, or licenses. We collaborate with Suppliers worldwide as part of our efforts to identify, prevent, mitigate, and remedy adverse human rights impacts and to reduce the environmental impacts of our operations, products, and services. We purchase an extensive array of products, materials, and services from thousands of Suppliers to support our operations. In addition, Disney-branded products are produced in over 40,000 facilities in approximately 100 countries, creating a highly complex global network of Suppliers, many of whom are part of our licensees' supply chains or are several degrees removed from Disney's direct operations.

SUPPLY CHAIN CODE OF CONDUCT

We expect our Suppliers to uphold the standards of our [Supply Chain Code of Conduct](#) (the Code). The Code sets expectations for Suppliers of The Walt Disney Company and its subsidiaries and their respective brands. The Code is integrated into our business operations, as appropriate, including through a range of specific measures to monitor and assess compliance.

INTERNATIONAL LABOR STANDARDS

The Disney International Labor Standards (ILS) Program governs labor standards compliance across the extensive supply chain for Disney-branded consumer products. Established in 1996, the ILS Program:

- Defines requirements for licensees and vendors to monitor their supply chains for compliance with the Code, including local labor and environmental laws
- Specifies where products may be produced and the factories authorized to manufacture Disney-branded products
- Sets standards for when, where, and how social compliance audits assess compliance with ILS Program standards
- Reviews audit and assessment reports regularly and issues corrective action plans, as appropriate, to promote improvement in working conditions

- Provides guidance, training, and capacity building to licensees and vendors on how to improve the labor conditions of their facilities

The ILS Program requires licensees and vendors involved in the production of Disney-branded goods to source and manufacture products from countries that are on Disney's list of [Permitted Sourcing Countries](#), which is updated on a regular basis. To provide further transparency and promote program compliance, we periodically update our published list of facilities producing Disney-branded products that are sold, distributed, or used in our own retail and wholesale businesses, as well as those used in our internal operations, on [Open Supply Hub](#).

In accordance with the ILS Program, licensees and vendors producing Disney-branded products in certain countries must conduct audits and provide audit reports on a regular basis. We use ILS audits as a tool to identify and address potential labor-related issues. Audits are generally conducted by either third-party auditors or Disney staff and findings are reviewed for compliance with ILS Program requirements. If an audit reveals non-compliance with the ILS Program, corrective action plans may be sent to licensees and vendors, who are expected to review them with the facilities they use and implement steps to promptly remedy any identified compliance violations; failure to do so in a timely manner can result in removal of authorization to produce Disney-branded products.

Operational requirements and compliance expectations for licensees and vendors are described in our [ILS Program Manual](#). The ILS Program Manual is informed by our [Human Rights Policy](#), [Supply Chain Code of Conduct](#), and [Standards of Business Conduct](#).

SUPPLY CHAIN INVESTMENT PROGRAM

To help advance labor standards, we collaborate with outside organizations to incubate and pilot scalable tools and programs through Disney's Supply Chain Investment Program (SCIP), which launched in 2012. SCIP works to address issues including forced labor, worker voice, supply chain traceability, child labor, and ethical recruitment in global supply chains. SCIP provides grant funding to nonprofit organizations, social enterprises, and various intergovernmental agencies to support innovative solutions that aim to catalyze sector-wide improvement and help enhance supply chain visibility.

STRATEGIC SOURCING

We believe that by engaging with a wide range of suppliers in our sourcing process, we can encourage innovative, cost-effective, and high-quality business solutions across the enterprise.

Our strategy focuses on helping meet the company's sourcing needs, including the need for multiple potential sourcing pipelines; enhancing our supply chain; and engaging with the communities where our teams operate. Our Sourcing teams work to create a broad array of potential suppliers of all kinds in

order to identify businesses that are most likely to possess the specific expertise to meet our business needs.

Our approach is as follows:

- **Identify:** We work with a wide range of potential vendors to review relevant business criteria, including capabilities, geographical scope, scale, and capacity
- **Connect:** We nurture productive relationships with segment and business unit stakeholders, community organizations, and even customers and guests

Governance

To promote company-wide integration, our Global Products & Labor Standards function, which reports to our Chief Financial Officer, has responsibility for the ILS Program. Additionally, the Global Public Policy and Integrity & Compliance functions, which report to our Chief Legal & Global Affairs Officer, oversee policies related to human rights and responsible business conduct. The Audit Committee of the company's Board of Directors oversees compliance with applicable laws, regulations, and company policies, including those related to ethics and conflicts of interest, and receives periodic updates on the performance of the ILS Program from our Senior Vice President, Management Audit and Global Product & Labor Standards. The Governance and Nominating Committee of the company's Board of Directors oversees the company's human rights policies and receives periodic updates on the performance of labor rights in the supply chain from our SVP, Management Audit and Global Product & Labor Standards at least annually. Our Executive Vice President, Real Estate and Strategic Sourcing reports to our Chief Financial Officer, who reports to our CEO.

Additional Resources

- [2030 Environmental Goals Strategic Framework](#)
- [Conflict Minerals Policy](#)
- [Environmental Policy](#)
- [Human Rights Policy](#)
- [Human Rights Webpage](#)
- [Supply Chain Webpage](#)
- [International Labor Standards Program Manual](#)
- [Management of Chemicals in Consumer Products](#)
- [Paper Sourcing and Use Policy](#)
- [Permitted Sourcing Countries](#)
- [Standards of Business Conduct](#)
- [Supply Chain Code of Conduct](#)
- [Supply Chain Investment Program](#)

The latest Annual Modern Slavery Statements can be found in our [ESG Reporting Center](#)