



PERMITTED SOURCING COUNTRIES POLICY - MARCH 2013

The Walt Disney Company is committed to act and create in an ethical manner. This commitment is essential in maintaining the value and unique appeal of the Disney brand for the benefit of our shareholders, our employees, our business partners and, most importantly, our customers around the world. This commitment extends to our own operations and to the independent licensees, vendors, and facilities involved in the production and distribution of Disney-branded consumer products. Our International Labor Standards Program (ILS), which seeks to foster safe, inclusive, and respectful workplaces wherever Disney-branded products are made, is an important part of that commitment.

As the world's largest licensor, Disney-branded consumer products are produced by thousands of independent licensees and vendors working with tens of thousands of manufacturing facilities around the world. Because Disney is primarily a licensor of our intellectual properties, we must rely more heavily upon others – governments, facilities, licensees and vendors, workers' associations, and manufacturers' associations - to help ensure working conditions that are consistent with Disney's standards. We have long recognized the great challenges this vast extended supply chain creates in working to ensure that the consumer products bearing our brands meet our expectations for the highest ethical standards and highest quality.

In the past, we have allowed the production and sourcing of Disney-branded products in Permitted Sourcing Countries specified under our ILS Program under varying restrictions. Applicable restrictions for Permitted Sourcing Countries are determined by Disney using data from the World Bank's Governance Indicators as the primary tool to assess relative country risk. As part of an on-going review of our policies and procedures, we have made adjustments to our sourcing guidelines that will help us better manage the challenges associated with a complex global supply chain and meet our ILS objectives. We have decided to consolidate production of Disney-branded products in a more limited number of Permitted Sourcing Countries and have instructed our licensees and vendors to transition the production of Disney-branded goods out of the highest-risk countries.

We have made this change to more effectively focus our resources, better manage the supply chain for Disney-branded products, and meet our standards on a more reliable and consistent basis in locations more likely to make continuous improvements in working conditions.

The updated list of Permitted Sourcing Countries is set forth below. Included in this list are countries where the International Labor Organization (ILO) and International Finance Corporation (IFC) operate the Better Work program. As part of our on-going support of this important program, we will continue to permit production in the participating facilities of these countries regardless of other factors.

As a result of this refined approach, production of Disney-branded products will no longer be permitted in forty four countries where production has previously been allowed under very limited circumstances. This includes five countries where there may be current Disney-branded production: Bangladesh, Belarus, Ecuador, Pakistan, and Venezuela.

While only a few of our licensees and vendors currently produce Disney-branded products in these impacted countries, it is our intent to support a responsible transition of any remaining production. We understand this may require engagement with suppliers to help facilitate this transition in a manner that limits the impact to their business and to the employees working in their production facilities.

We have undertaken this decision with the understanding that our requirements may be more demanding than those of other licensors and brands. While this may result in a loss of royalty revenues to Disney, we believe that the benefits of reduced risk and increased compliance with our standards justify the potential financial impact. We also understand that there is no “perfect” solution to the challenges we confront as a global licensor and that others, particularly direct buyers, may pursue different approaches in the management of their own international labor standards commitments.

We will continue to monitor working conditions around the world. Countries that demonstrate meaningful improvements as reflected in the World Bank Governance Indicators or that adopt the ILO/IFC’s Better Work program will be considered for future inclusion on the Permitted Sourcing Countries list.

For more information about Disney’s Citizenship and Ethical Sourcing programs, see www.DisneyLaborStandards.com.

March 13, 2013