

# The WALT DISNEY Company

## Modern Slavery Statement 2022

This statement addresses the period from October 1, 2021 – September 30, 2022 pursuant to the requirements of the *California Transparency in Supply Chain Act (2010)*, section 54 of the *UK Modern Slavery Act (2015)* and the *Australian Modern Slavery Act (2018)*. This statement covers the operations of The Walt Disney Company group of companies (“Disney”) and its subsidiaries and controlled entities, which includes the following companies, The Walt Disney Company Limited, The Disney Store Limited, Magical Cruise Company Limited, Disney Networks Group (UK) Limited, Industrial Light & Magic (UK) Limited, Walt Disney EMA Productions, and The Walt Disney Company (Australia) Pty Limited, whose boards have approved this statement.

Disney does not tolerate any form of slavery, human trafficking, forced labour or other similar work environments or practices and is committed to maintaining and improving the processes we have in place to help ensure that these abuses do not occur either in the operations of Disney’s businesses around the world or in the operations of its suppliers, vendors and business partners. Disney is committed to utilizing the United Nations’ *Guiding Principles on Business and Human Rights* and recognizing the rights referenced in the *International Bill of Human Rights* as well as the principles referenced in the International Labour Organization’s *Declaration on the Fundamental Principles and Rights at Work*.

### 1. Our Structure, Business and Supply Chains

Disney operates businesses around the world in accordance with the practices and policies of the parent company, The Walt Disney Company, incorporated in the United States. The relevant practices and policies are set out below.

Disney is an entertainment company whose mission is to entertain, inform and inspire people around the globe through the power of unparalleled storytelling. Disney’s operations include the marketing and distribution of Disney+ and other direct-to-consumer streaming services; production, promotion and distribution of films, television programmes and online digital content; the operation of subscription TV channels; the promotion and licensing of Disney, Marvel, Lucasfilm, 20<sup>th</sup> Century Studios, and National Geographic intellectual property and other properties to third parties for the production of merchandise and publications; the sourcing and sale of merchandise; the promotion of theme parks, cruises and experiences; the operation of retail shops and e-commerce websites; the production and promotion of live stage shows; the sale of travel packages and the operation of cruise ships.

The wide range of businesses necessarily has supply chains that are highly varied in terms of types of supply and their locations, as well as with respect to the potential risks associated with possible labour-related abuses in each supply chain. We exercise due diligence on an on-going basis to evaluate where we may cause or contribute to actual or potential adverse human rights risks and impacts, or where human rights impacts may be directly linked to our operations, including modern slavery and forced labour. We seek to prioritize our efforts on identifying, preventing or remedying abuses, if needed, in such supply chains according to where we may have a negative impact or can affect greater change.

## 2. Relevant Practices and Policies

Disney is committed to fostering safe, inclusive and respectful workplaces. Disney continually works to ensure its suppliers and licensees are consistently compliant with applicable laws and policies related to modern slavery, including through review and implementation of contractual terms, improvement of administrative processes and communication of Disney's practices and policies.

Disney's [Standards of Business Conduct](#) ("**SOBC**") apply to all employees and sub-contractors and provide resources and tools to promote ethical conduct and compliance with the law. These tools include a whistleblowing policy for employees and other people with relevant information to share. If they see or suspect a violation of the SOBC or Company policies, employees have the responsibility and the right to alert their human resources department or contact the Guideline - an independent company that allows employees and sub-contractors to submit an online report or share their concerns with a professional interview specialist. Reports are accepted anonymously where permitted by law.

Disney's SOBC also require adherence to the International Labor Standards ("**ILS**") Program and the Human Rights Policy, as described below.

Disney maintains a [Supply Chain Code of Conduct](#) ("**Code of Conduct**") and operates the [ILS Program](#) as part of its efforts to enforce the Code of Conduct. Disney's Code of Conduct specifically prohibits forced labor, including but not limited to, prison, bonded, indentured or coerced labor and child labor. The Code of Conduct also includes provisions on harassment and abuse that prohibit the use of corporal punishment, threats of violence or other forms of physical, sexual, psychological or verbal harassment or abuse against workers.

Disney's human resources teams strive to ensure that all parts of the business comply with applicable employment laws, amongst others, through policies, trainings and by ensuring regular feedback is gathered from employees and employee representative groups. Disney further requires that vendors with whom Disney contracts also comply with applicable laws.

## 3. Our Due Diligence Processes

The ILS Program requires licensees and vendors involved in the production of Disney-branded goods to only produce and manufacture products in accordance with Disney's [Permitted Sourcing Countries Policy](#), which is regularly updated. As a requisite of the ILS Program, designated licensees and vendors must conduct audits and provide audit reports on a regular basis as described in detail in the [ILS Program Manual](#). This is intended to provide Disney with greater visibility into the working conditions of facilities in which Disney-branded products are produced; to foster safe, inclusive and respectful workplaces; and to promote continuous improvement in meeting the requirements of Disney's Code of Conduct.

Disney has maintained a Code of Conduct since 1996. In line with its commitment to continually review and improve processes with regards to identifying and eliminating any form of forced labour, slavery, and human trafficking, we updated the Code of Conduct in 2022. Included in the update, suppliers now include any person or entity engaged in the production or provision of materials, components, products or services that Disney acquires, authorizes or licenses.

Disney also updated its [Human Rights Policy](#) (“**Human Rights Policy**”), and expanded human rights disclosures, including an overview of salient human rights issues and supporting policies and practices [here](#).

The Code of Conduct, Human Rights Policy, and ILS Program are designed to help address working conditions -- including preventing the circumstances which could lead to the use of forced labour, slavery and human trafficking -- in workplaces and facilities around the world. The facilities that manufacture Disney-branded products are not owned or operated by Disney. They are generally engaged by, or associated with, the independent suppliers, vendors, and licensees with whom we do business. As a condition of doing business with Disney, when engaged in the production of Disney-branded products, licensees, suppliers and vendors agree to observe the standards established by the Code of Conduct and ILS Program and to implement any necessary corrective actions to ensure compliance. Failure to remediate identified issues in a timely manner or failure to meet standards set forth in the Code of Conduct and ILS Program may result in a loss of authorization to produce Disney-branded products.

Disney requires independent licensees, suppliers and vendors to agree, represent and/or warrant that they will comply with all applicable laws and regulations concerning the manufacturing of Disney-branded products, which includes compliance with laws regarding forced labour, human trafficking and slavery. Disney also requires independent licensees, suppliers and vendors to disclose to us all the facilities that they intend to use to produce Disney-branded products, including any for subcontracting, and await approval before use.

In the annual [Corporate Social Responsibility Report](#), Disney publishes data on the number of facilities that are authorized to produce Disney-branded products under the ILS Program requirements. Disney maintains a dedicated facility database to store this information. Disney annually publishes the names and addresses of facilities associated with the production of Disney-branded products for sale in Disney’s own retail outlets on its website [here](#).

In 2022, Disney deepened its commitment to advancing supply chain visibility and embarked upon an initiative to leverage new technologies and resources to gain more information about relationships in the extended supply chain.

#### **4. Assessing and Managing Risk and Measuring Effectiveness**

Disney’s consumer products business sells products directly to consumers worldwide through its parks, stores, and online. We also license characters and stories to third parties to produce and sell Disney-branded products, making Disney the largest consumer products licensor in the world.

Across these business models, Disney-branded products are produced in over 44,000 facilities in more than 100 countries across the globe. This manufacturing network and global footprint creates a highly complex network of suppliers, many of whom are several degrees removed from our direct operations.

Disney uses the World Bank’s Worldwide Governance Indicators (WGI) as a primary resource for identifying and comparing areas of risk, for determining sourcing policies and for focusing monitoring resources and auditing activities. This data informs the Permitted Sourcing Countries [list](#), which determines the countries from which licensees and vendors may source their production of Disney-branded products and the associated audit requirements. Furthermore, Disney uses several guidance

documents including the U.S. Department of State's *Trafficking In Persons Report* and the U.S. Department of Labor's *List of Goods Produced by Child Labor or Forced Labor* to guide prioritization of its auditing activities around areas of potential forced labour risk.

Disney continues to develop innovative approaches in managing this extended supply chain, by working collaboratively with licensees and vendors to educate them about labour rights expectations; requiring social compliance audits to assess labour conditions; and working with external organizations, including NGOs and international organizations, to build up capacity that promotes safe, inclusive and respectful workplaces.

In accordance with the Permitted Sourcing Countries policy, Disney regularly requires audits of labour conditions in certain facilities in the supply chain for Disney-branded products. On-site social compliance audits are conducted by Disney's dedicated global ILS staff, by specialized third parties engaged by Disney for this purpose, and by or on behalf of the independent licensees and vendors. For this statement for the year ending 30 September 2022, we conducted and/or received approximately 17,500 social compliance audits, including unannounced audits. Disney requires these audits to evaluate compliance by interviewing workers and facility management, inspecting the facilities, including dormitories where present, and reviewing documents and existing policies.

The ILS Program requires an acceptable minimum level of compliance, known as the Minimum Compliance Standard. In the event of known violations of the Minimum Compliance Standard, independent licensees and vendors are required to take appropriate corrective action and failure to do so in a timely manner can result in removal of authorization to produce Disney-branded products. Information related to audit results can be found in the data table in the annual [Corporate Social Responsibility Report](#). A sample of a Disney-directed audit agenda, checklist and Corrective Action Plan can be found in the ILS Program Manual, which contains details of the Code of Conduct and the Minimum Compliance Standard.

The ILS Program makes available supplemental guides to licensees and vendors to help them work with their facilities to promote compliance. For example, we developed a [Forced Labor Guide](#) for licensees and vendors that provides additional details and guidance on the prevention of forced labour in the supply chain. In 2022, we published a new [Health and Safety Guide](#).

## **5. Training and Awareness**

As part of the ILS Program, training resources are available for ILS staff, management, and business partners outlining the requirements of the Code of Conduct, which includes prohibitions on the use of forced labour. Disney conducts training on compliance with the ILS Program and makes implementation support readily available to internal staff and external business partners. Awareness raising and detailed guidance to suppliers and vendors on the Code of Conduct is conducted through the ILS Program and is outlined in the ILS Program Manual. Beyond the ILS Program, Disney makes available to employees an online forced labor training.

As part of Disney's induction programme, and at a regular cadence throughout their period of employment with the company, each employee is trained in the Standards of Business Conduct and the requirements those standards impose with respect to behaviour in the workplace (see Section 2).

A cross-functional team comprised of employees from Global Public Policy, International Labor Standards, Legal, Sourcing, and Trade and Compliance convene regularly to explore and test new tools for understanding potential risk areas and detection of forced labour, human trafficking, and slavery in supply chains. In 2022, Disney advanced our supply chain visibility with investment in new technologies and resources to gain more information about supplier relationships in the extended supply chain.

### Stakeholder Engagement

In recognition of the complexity and scale of Disney's supply chain, Disney works with a range of stakeholders to continuously learn about, identify, prevent and mitigate situations of forced labour, human trafficking, and slavery. Disney works with a variety of external stakeholders, including the Joint Forced Labor Working Group, Business at OECD Investment and Responsible Business Conduct Committee, the Responsible Labor Initiative, Mekong Club and ILO's Better Work, to seek shared solutions on how to prevent and combat forced labour and modern slavery. Our external stakeholders and partners include non-governmental organizations, multi-stakeholder initiatives, labour unions, peer companies, inter-governmental organizations, governments, socially responsible investors, industry associations and others. A list of our frequent partners and collaborators can be found [here](#).

Over the last two years, Disney has partnered with the [Responsible Sourcing Network's YESS: Yarn Ethically & Sustainably Sourced](#) program to develop assessment and auditing standards at the spinning and fabric mill level for cotton. The objective is to work collaboratively to create tools and guidance that can identify, assess and address the risk of forced labour in cotton production.

Disney created the [Supply Chain Investment Program](#) which provides funding that prioritizes programmes which seek to address forced labour, human trafficking, and slavery. In 2022, the Supply Chain Investment Program marked a decade of engagement and partnerships that has included support of more than 40 unique programs in over 20 countries. During the reporting period, Disney made new grants to the following programmes:

- [FishWise](#): Disney's funding supported the creation of a market-based framework for monitoring labor and human rights in the seafood sector in alignment with existing human rights due diligence practices and models. Recognizing that seafood is a high-risk sector for forced labor and modern slavery, FishWise aims to advance tools and practices that can improve working conditions for workers around the world.
- [International Organization for Migration \(IOM\)](#): Recognizing that migrant workers are particularly vulnerable to modern slavery, trafficking and forced labour, Disney provided funding support to IOM's Integrated Recruitment Integrity System Global Policy Network, a platform for dialogue and exchange between policymakers, regulators, and key stakeholders to facilitate ethical and responsible recruitment of migrant workers.

## **6. Governance and Internal Accountability**

There are several internal accountability systems and teams that work to mitigate and prevent adverse impacts to human rights. Disney has a dedicated cross-functional internal team that reviews human rights and forced labour impacts of new business opportunities, partnerships and productions.

Additionally, there are dedicated internal human rights experts that continually review existing policies and practices around labour and social compliance in the supply chain to assess risks and propose

enhancements to our approach. At the executive level, Disney's Chief Financial Officer has responsibility for implementation of the ILS Program. The General Counsel has oversight of broader human rights policies and practices. At the Board level, both the Governance and Nominating Committee and the Audit Committee oversee and review human and labor rights practices and receive updates at least annually.

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