



The *WALT DISNEY* Company

CORPORATE SOCIAL
RESPONSIBILITY UPDATE

2018

A MESSAGE FROM OUR EXECUTIVE

The Walt Disney Company is one of the most recognized companies in the world, known for pushing the limits of creativity and innovation to produce incredible entertainment experiences that delight and amaze people around the globe. Equally important to us is the fact that we are seen as one of the world's most respected and admired companies. Therefore, everything that bears our name also reflects our strong commitment to always act ethically, create content and products responsibly, maintain respectful workplaces, invest in communities, and be good stewards of the environment.

Aligning our business objectives and strategy with our commitment to being good corporate citizens is more than a 'nice to do'; for us, it's a business imperative. Consumers are increasingly looking for companies to act with purpose and to be leaders in issues that matter to them. We realize the importance of anchoring our corporate social responsibility commitments in both the business and operating context of our company. There is no doubt, the world in which we operate is experiencing tremendous change environmentally, socially, and geopolitically. In order to achieve long-term financial success, we must take these factors into account and use our commitments as a way to focus and build a strategy around a sustainable future.

As we look back, I'm proud to report that 2018 was a landmark year with respect to our corporate social responsibility efforts. While we remained steadfast in our work to be an honorable company by continuing to reduce our environmental impact, engaging members of our communities in productive ways, and ensuring our products are made in an ethical manner, we also made the decision to expand our focus in other areas that we believe will enable us to make the greatest impact through our philanthropy.

In March, we announced the creation of a new enterprise-wide community outreach and philanthropy initiative, Disney Team of Heroes. Through the Disney Team of Heroes initiative, The Walt Disney Company is committing \$100 million over the next five years to deliver comfort and inspiration to kids and families in children's hospitals around the world. By using the best of Disney assets and capabilities, we will bring our timeless stories to life in innovative ways that ease the stress of a hospital stay for young patients and their families. Our first pilot is launching at Texas Children's Hospital in Houston in April 2019, with plans to expand to other hospitals nationwide and around the world. Additionally, throughout 2018, we continued to build Disney-themed play rooms in hospitals in China, opened the Disney Reef at Great Ormond Street Hospital in London, and unveiled Disney-themed clothing for patients to wear at Hong Kong Children's Hospital.

In 2018, we also took bold steps to further our commitment to environmental stewardship by focusing on using resources wisely and protecting the planet as we operate and grow our business. We are proud to say we exceeded our 2018 water target to maintain potable water use at 2013 levels. Even with greater business growth than planned, in 2018 we reduced our water use by nearly 6% compared to 2013. In July 2018, we announced that by mid-2019, The Walt Disney Company will eliminate single-use plastic straws and plastic stirrers at all owned and operated locations across the globe, amounting to a reduction of more than 175 million straws and 13 million stirrers annually. In addition, we announced that over the next few years we're transitioning to refillable in-room amenities in our hotels as well as on our cruise ships, which will serve to reduce plastics in guest rooms by 80 percent. We are also completing our work to eliminate polystyrene cups across our globally-owned and operated businesses.

These steps are part of our long-term effort to reduce single-use plastics.

This past year, Disney brought *Black Panther* to movie screens around the world. To date, the film's record-breaking performance (over \$1.3 billion), places it among the top 10 movies of all time — becoming not only a cultural phenomena, but breaking the long-held belief that movies rooted in diverse cultures could not become global blockbusters. *Black Panther* is just the latest example of how our strategic focus on diversity and inclusion on screen, behind the camera, and across our business segments drives innovation and excellent business results.

Consumers care strongly about how we operate as a company. We have always striven to foster safe, inclusive, and respectful workplaces wherever Disney-branded products are produced. Last September, we announced the latest round of investments through our *Supply Chain Investment Program*, intended to foster scalable solutions that address systemic labor issues in global supply chains. Since 2012, Disney has invested nearly \$19 million in innovative projects worldwide.

We're proud of the fact that Disney and our employees responded in the wake of several natural disasters that impacted communities in 2018. Hurricane Florence dealt a historic and devastating blow to families across the Carolinas, and the response was immediate and overwhelming and served as a great example of the tremendous impact that can be achieved when people come together and support one another during times of need. The Walt Disney Company made a cash commitment to support those affected by the hurricane with shelter, emergency supplies, medical assistance, meals, and other life-saving services. Additionally, our ABC Owned Television Group's eight stations' strong coverage and outreach drove

viewers to give to the cause via phone and online contributions. Eligible donations by Disney employees were also matched dollar for dollar through our Disney Employee Matching Gifts program. This is part of more than \$332 million in charitable donations we provided to organizations over the past year.

We are enormously proud of these and many other accomplishments and intend to continue to challenge ourselves to ensure that our commitments and initiatives focus on those areas of greatest impact to our business and our communities. The foundation of these ongoing efforts reflects our strong values and our legacy, as well as the broad reach and resources of The Walt Disney Company. We appreciate your support and interest in our efforts to be good corporate citizens and are proud to share our achievements with you. As we set out to achieve our goals in the coming year, you can be assured that we will continue to find ways to make a positive difference while we seek out new opportunities to maximize our positive impact on the world around us.

Sincerely,

Christine McCarthy

CHRISTINE M. MCCARTHY
SENIOR EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER
THE WALT DISNEY COMPANY

"We will continue to challenge ourselves to ensure that our commitments and initiatives focus on the areas of greatest impact..."



2018 PERFORMANCE ON TARGETS

We believe that our work to operate an honorable and socially responsible company is a long-term investment that benefits us today, and has the potential to achieve even greater impact in support of kids and families around the world in the future. Targets are an important tool that help measure our progress and guide our ambitions and we will regularly evaluate them to assess their alignment with our overall strategic vision.

TARGET DEFINITIONS

Based on The Walt Disney Company's fiscal year, except where specified that the target is reported by calendar year.

All target dates refer to The Walt Disney Company's fiscal year-end (which starts in October and ends in September), unless specified otherwise. For example, when a target says "By 2018," we mean by the end of fiscal year 2018, or by the end of September 2018.

Dynamic and subject to updates or changes.
Setting goals and targets is not a static process. We will continue to evaluate the viability and utility of these targets.

Both aspirational and achievable.
Some of these targets represent our "stretch" aspirations. At times, despite our efforts, marketplace and other conditions may impact our ability to meet these targets.

Time-bound and forward-looking.
This update contains forward-looking targets and goals. These targets are subject to some uncertainty; their completion is not guaranteed. They may also be adjusted as business priorities and other external factors evolve.



ENVIRONMENT

- missions ☐ ON TRACK
- ste ☐ ON TRACK
- ter ☐ ACHIEVED

VOLUNTEER HOURS

- luntEARS Hours ☐ ON TRACK

HEALTHY LIVING

- Licensed Wholesale Food Sales ☐ ON TRACK
- Global Advertising ☐ ON TRACK



TARGETS

EMISSIONS

TARGET



ON TRACK

- BY 2020
reduce net emissions by 50% from 2012 total levels.
- IN 2018
we reduced our net emissions by 44% from 2012 levels.

WASTE

TARGET



ON TRACK

- BY 2020
achieve 60% waste diverted from landfills and incineration.
- IN 2018
we achieved a 54% diversion rate of operational waste, generated from our Theme Parks & Resorts, studios, and office locations.

WATER

TARGET



ACHIEVED

- BY 2018
maintain potable water consumption at 2013 levels at existing sites. Develop Water Conservation Plans for new sites.
- IN 2018
we reduced potable water consumption by 5.8% compared to the 2013 baseline. Shanghai Disneyland Resort developed a Water Conservation Plan.

VOLUNTEER HOURS

TARGET



ON TRACK

● BY 2020

contribute more than 5 million hours of employee community service through the Disney VoluntEARS program.

● IN 2018

Disney VoluntEARS provided more than 600,100 hours of volunteer service in the form of skills, time, and effort in celebration of the 35th anniversary of the program. Bringing the total to nearly 4 million hours of Disney VoluntEARS service since 2012.

HEALTHY LIVING

TARGET



ON TRACK

● BY 2020

increase to 85% the percentage of globally licensed wholesale food sales dedicated to everyday foods that meet our global Nutrition Guidelines, and continue to meet our 85% target in North America.

● IN 2018

we continued to meet the 85% guideline in North America. We also achieved the 85% guideline goal globally in 2018.



ON TRACK

● BY 2020

globally, all Disney-controlled advertising on kid-focused media platforms and Disney-owned online destinations oriented to families with younger children will be with food and beverages that meet our global Nutrition Guidelines.

● IN 2018

we met this goal in the U.S. We continue to make progress toward this goal globally.



DATA TABLE

ENVIRONMENTAL STEWARDSHIP	2018 ¹	2017	2016
Direct Emissions ^{2,3,9} (Metric Tons CO ₂ e)	897,523	843,195	866,219
Indirect Emissions ^{2,3,9} (Metric Tons CO ₂ e)	1,027,874	1,034,240	912,877
Combined Direct + Indirect Emissions ^{2,3,9} (Million Metric Tons CO ₂ e)	1.93	1.88	1.78
Retired Carbon Credits ^{4,5} (Metric Tons CO ₂ e)	892,769	804,859	685,706
Net Emissions (Million Metric Tons CO ₂ e) ^{2,3,4,5,9}	.98	1.03	1.09
Total Energy (MWh) ^{6,9}	5,907,648	5,826,719	5,518, 223
Total Percentage of Waste Diverted from Landfill and Incineration (tons) ⁷	54%	46%	45%
Water Use (billions of gallons of potable water) ^{8,9}	6.46	6.91	7.04

STRATEGIC PHILANTHROPY			
Corporate Giving (cash, millions U.S.\$) ¹⁰	\$103.7	\$104.5	\$101.0
Corporate Giving (in-kind donations, millions U.S.\$) ¹⁰	\$229.1	\$244.1	\$301.1
VoluntEARS Hours	600,100	486,600	542,800

WORKPLACES	2018 ¹	2017	2016
Global Employees ^{11,12}	183,677	180,154	178,985
Minority Percentage ¹² (U.S. Employees)	42%	42.8%	40%
Minority Percentage ¹² (management, U.S.)	25.1%	25.3%	24.4%
Female Percentage ¹² (global employees)	53.1%	52.9%	52.7%
Female Percentage ¹² (management, global)	43.4%	43.2%	43%
Total Direct Spend with Minority, Women, Disabled, Veteran, Service-Disabled Veteran and LGBT Owned Business Enterprises (millions, U.S.\$) ¹³	\$554.7	\$432.7	\$478.6
Trainings Offered (unique) ¹⁴	20,700	19,400	17,300
Number of Trainings Taken ¹⁴	1,027,500	1,027,800	1,025,200

SUPPLY CHAIN: FACILITY FOOTPRINT			
Aggregate Number of Facilities Manufacturing Disney-Branded Products During the Fiscal Year ¹⁵	40,100	37,500	34,200
Total Number of Countries ¹⁵	102	100	96
# of Countries with 1% or less of total facilities	90	88	84



SUPPLY CHAIN: FACILITY FOOTPRINT
– COUNTRY DATA¹⁶

	2018 ¹	2017	2016
Number of Facilities Manufacturing Disney-Branded Products by Country: Number (% of Total)			
China	10,050 (25%)	9,500 (25%)	9,000 (26%)
Japan	8,300 (21%)	7,800 (21%)	7,200 (21%)
USA	4,850 (12%)	4,500 (12%)	3,700 (11%)
South Korea	1,840 (5%)	1,790 (5%)	1,500 (4%)
Brazil	1,460 (4%)	1,380 (4%)	1,270 (4%)
Italy	1,280 (3%)	1,290 (3%)	1,320 (4%)
Taiwan	1,080 (3%)	990 (3%)	830 (2%)
India	980 (2%)	820 (2%)	730 (2%)
United Kingdom	870 (2%)	770 (2%)	730 (2%)
France	820 (2%)	780 (2%)	710 (2%)
Portugal	700 (2%)	620 (2%)	520 (2%)
Germany	600 (1%)	600 (1%)	550 (2%)
All Other Facilities (In countries ≤1% of total facilities)	7,270 (18%)	6,660 (18%)	6140 (18%)

SUPPLY CHAIN: PERCENTAGE OF FINDINGS
IDENTIFIED FOR REMEDIATION^{15,17, 18, 19, 20}

Child Labor	1%	1%	1%
Involuntary Labor	1%	1%	1%
Coercion and Harassment	0%	0%	0%
Non-Discrimination	1%	1%	1%
Association	1%	1%	1%
Health and Safety: Factory	84%	85%	86%
Health and Safety: Dormitory	3%	3%	4%
Compensation: Minimum Wage	7%	8%	9%
Compensation: Overtime Wage	11%	11%	13%
Compensation: Overtime Hours	66%	63%	61%
Compensation: Social Benefits	61%	59%	59%
Protection of the Environment	30%	33%	36%
Other Laws	22%	25%	28%
Subcontracting	2%	3%	5%
Monitoring and Compliance	8%	10%	11%
Publication	3%	4%	5%

HEALTHY LIVING

Percentage of Disney-Licensed Wholesale Food Sales Dedicated to Everyday Foods that Meet Disney’s Nutrition Guidelines


	2018 ¹	2017	2016
Global	86%	79%	70%
North America ²¹	Meets 85% Target	Meets 85% Target	Meets 85% Target

DATA TABLE FOOTNOTES

- Disney’s fiscal year generally runs from the Sunday closest to October 1 to the Saturday closest to September 30.
- The boundary for Disney’s GHG target includes owned and operated assets (such as Walt Disney Parks and Resorts, Disney Cruise Line and commercial spaces), leased assets (such as Disney Stores and office locations) as well as Productions (including feature films, television, Theatricals, and ESPN).
- Greenhouse gas emissions are measured and calculated according to the principles in the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol’s “A Corporate Accounting and Reporting Standard, 2004 revised edition” (GHG Protocol).
- Carbon credits are from projects developed according to recognized standards (e.g., Climate Action Reserve, Verified Carbon Standard, Gold Standard, etc.). All credits are verified by accredited third party reviewers. Retirement certificates for the carbon credits can be found on our [website](#).
- Contractual instruments and source-specific emission factors are used in calculating credit retirements and net emissions to better reflect Disney’s business operations. With these adjustments, Disney’s combined direct and indirect emissions for 2018 are 1.87 million MTCO₂e.
- Total energy includes electricity, natural gas, chilled water, hot water, steam, renewable energy, and fuels.
- Diversion includes operational recycling, compost, donations, sold and liquidated items, items sent to archives, thermal waste-to-energy, and non-thermal waste-to-energy. Waste includes operational landfill and incineration without energy recovery. Facilities include Theme Parks and Resorts, ESPN, Enterprise Owned, and Pixar. Excluded are all leased properties, Disney Stores and Distribution Centers, TV stations, Radio Disney stations, and all construction materials.
- The boundary for Disney’s water target includes owned and operated assets (Theme Parks and Resorts, Disney Cruise Lines, owned commercial spaces, Studios and ESPN). Water consumption from Disney Stores and leased assets are excluded from the target. Data for Shanghai Disneyland is not included in this value as it was not part of the 2013 baseline. The 2013 baseline is 6.86 billion gallons.
- The data has been revised since the 2017 CSR Report to reflect corrections made to data as a result of internal reviews.
- Corporate cash giving includes corporate contributions made by the Disney Conservation Fund. In-kind support refers to any non-cash contribution comprised of tangible items or non-tangible support. Donations may include but are not limited to estimated values for merchandise, theme park tickets, food, public service airtime (PSAs), character/talent appearances, and other charitable support. Due to differences in distribution, viewership, programming, availabilities, pricing, marketplace demand, and other variables, PSAs are valued differently across our media platforms. For example, in some cases, PSAs are valued based on an average sales price for the time period. In other cases, the value is based on an average sponsor value across a daypart rotation. Therefore, we do not use a single method to value PSAs. In FY17, there were one-time donations of excess product from a discontinued toy line along with ad and PSA support for a couple of special initiatives (Mexico earthquake and Special Olympics). In FY18, these donations were not repeated but some of the decrease was offset by an increase in park ticket donations toward special regional initiatives.
- Employee statistics reflect our employment base at the end of each fiscal year. Management includes manager level and above. There were approximately 201,000 employees at The Walt Disney Company as of the end of fiscal year 2018.
- Global Employee diversity numbers include all employees in our SAP system. This number excludes Pixar and Disneyland Paris employees; this also includes casual employees paid within the last 60 days but excludes daily hires and contract workers. Minority numbers and percentages include only US based employees. Disney Cruise Line Shipboard is excluded from domestic counts.
- Includes first tier spend with firms that have obtained certification from a third party agency as being 51% owned, controlled and operated by a minority, woman, disabled, veteran, service-disabled veteran, or lesbian, gay, bisexual or transgender person.
- For training-related data, the numbers represent all employees in D Learn, while excluding Pixar, Disneyland Paris, and contract workers. Participants can attend more than one training. Training includes online courses, classes, and on-the-job training.
- Data includes facilities active at any point during fiscal year, rounded to nearest hundred.
- Total facilities are approximate and rounded (for country facility data).
- Disney uses the World Bank’s Governance Indicators (WGI) as the primary resource for identifying and comparing areas of risk, and determining where to focus our monitoring resources and requirements. Please refer to our [Permitted Sourcing Countries policy](#).
- The International Labor Standards (ILS) Program works towards ongoing and sustainable improvement in working conditions at facilities producing Disney-branded products. All Code of Conduct violations identified in active facilities as the result of audits or assessments must be corrected or remediated within the time periods and in the manner established by the ILS Program as a condition of continued use of the facility for the production of Disney-branded products.
- The supply chain for Disney-branded products experiences routine fluctuations in active facilities. In 2018, approx. 22% of our total facilities were new producers of Disney-branded products, which complicates any YOY comparison.
- Reductions in findings for these categories are a result of our ongoing efforts to engage with licensees and vendors that are committed to meeting the requirements of Disney’s ILS program.
- The North American (includes U.S. and Canada) calculation excludes pre-2006 contractual agreements and aligns with evolving industry classifications for products that contribute to children’s nutrition. We continue to assess evolving industry classifications internationally.

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