

Disney's response

31 December 2019

Business & Human Rights Resource Centre invited Disney to respond to the following items:

- Press Release - "The Dark Side of the Glittering World: A Report on Exploitation in Toy Factories in China", China Labor Watch, 20 November 2019: <http://www.chinalaborwatch.org/report/145>
- Report - "The Dark Side of the Glittering World: A Report on Exploitation in Toy Factories in China", China Labor Watch, 20 November 2019: http://www.chinalaborwatch.org/upfile/2019_11_14/1120.pdf

Disney sent the following response:

"Disney is aware of concerns raised in November 2019 by the labor rights NGO China Labor Watch (CLW) regarding five facilities that manufacture Disney-branded products for our licensees and vendors, along with products for numerous other brands: Wah Tung (Heyuan) Toys Products Ltd., Wing Fai Foam Products Co., Ltd, Foshan City Nanhai Mattel Diecast Co., Ltd., Dong Guan City Kong Xing Industry Company Ltd. and Everfront Plastic and Electronics Manufacturing Co., Ltd.

We take seriously claims of labor standards violations against facilities authorized to manufacture Disney-branded products, and when stakeholders and business partners bring such allegations to us, we work to investigate and address these allegations promptly. In response to the recent allegations made by CLW, we coordinated with the Ethical Toy Program (ETP) to conduct a full investigation into the allegations raised at these five facilities, all of which are ETP certified factories. Factory investigation visits were performed at all of the facilities, and while results vary by facility, auditors confirmed that in some cases the facilities were failing to meet the requirements and expectations of ETP and Disney's International Labor Standards (ILS) Program. ETP's resulting investigation report detailing the violations will be publicly available by February 2020. Once the ETP investigation reports are finalized, Disney will notify our licensees and vendors using these facilities of the specific violations of our ILS Program requirements. ETP will work with the facilities to remediate any labor standards violations found in the course of their investigation.

In accordance with Disney's ILS Program, these facilities, and the licensees using them, will have the opportunity to remediate labor standards violations within a specified timeframe and remain authorized to produce Disney-branded product in a manner consistent with our expectations. If the facilities choose not to remediate or fail to do so effectively, their authorization to produce Disney-branded product will be revoked.

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 or their license. 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.”