The Walt Disney Company is committed to fostering safe, inclusive and respectful workplaces—in our parks and resorts, in our Disney-owned stores, in our distribution centers and offices, and in facilities around the world where Disney-branded products are made. In support of this commitment, Disney’s Standards of Business Conduct for employees include an expectation of respect for all employees. In addition, Disney maintains a Code of Conduct for Manufacturers and operates an International Labor Standards (ILS) Program designed to help address working conditions in facilities around the world where Disney-branded products are made. These facilities are not owned or operated by Disney and are instead mostly engaged by or associated with the independent vendors and licensees with whom we do business. As a condition of doing business with Disney, our licensees and vendors agree to observe the standards established by our ILS Program. In 2010, Disney also adopted a Human Rights Policy Statement.

Prohibition of all forms of forced labor, including slavery and human trafficking, is a core principle of our Human Rights Policy Statement and is prohibited by our Code of Conduct for Manufacturers. Our Code includes specific provisions on Involuntary Labor that prohibit the use of forced or involuntary labor—whether prison, bonded, indentured or otherwise—in the production of Disney-branded products. Our Code also includes provisions on Coercion and Harassment that prohibit the use of corporal punishment, threats of violence or other forms of physical, sexual, psychological or verbal harassment or abuse against employees. We have been reporting on the extent of compliance with Involuntary Labor and other provisions of our Code each year since the publication of our first Corporate Citizenship Report published in 2009.

We expect all of our independent licensees, vendors and manufacturers to uphold the standards set forth in our Code and in our ILS Program and to implement any necessary corrective actions to ensure compliance. Our independent licensees and vendors agree, represent and/or warrant that they will comply with all applicable local and national laws and regulations concerning the manufacture of Disney-branded product, which would include compliance with laws regarding forced labor, human trafficking and slavery. Disney also requires our independent licensees and vendors to disclose to us all the facilities that they intend to use to produce Disney-branded products, including all subcontractors they intend to use. On our website at www.disneylaborstandards.com, we maintain data on the number of facilities that are authorized to produce Disney-branded products under our ILS Program requirements, and we maintain a dedicated facility database to store this information.

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The company routinely verifies labor conditions in the facilities in the supply chain for Disney-branded products, including evaluating the risk of forced labor, human trafficking and slavery. We use the World Bank Governance Indicators (WGI) as the primary resource for identifying and comparing areas of risk, for determining sourcing policies and for focusing our monitoring resources and auditing activities. This data helps us generate our Permitted Sourcing Countries list, which determines the countries from which licensees and vendors may source their production of Disney-branded products.

Furthermore, we use 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 prioritize our auditing activities around areas of potential risk, particularly with respect to forced labor. On-site assessments are conducted by our global, dedicated ILS staff, by specialized third parties engaged by Disney for this purpose and by or on behalf of our independent licensees and vendors. In our fiscal year 2014, we conducted and received over 10,000 social compliance audits, including unannounced audits. We require our assessments to evaluate compliance by interviewing workers and facility management, reviewing documents and inspecting the facilities, including dormitories where present. For any known violations of the critical elements of our Code, called the Minimum Compliance Standards, our independent licensees and vendors are required to take appropriate corrective action and failure to do so can result in removal of authorization to produce Disney-branded products. Information related to audit results can be found in our annual Performance Summary. A sample of a Disney-directed audit agenda, checklist and Corrective Action Plan can be found in the ILS Program Manual.

As part of our ILS Program, training resources are available for our ILS staff, management and business partners outlining the requirements of our Code of Conduct for Manufacturers, which includes prohibitions on the use of forced labor. These resources include our ILS Program Manual, which is publicly available in 15 languages, as well as dedicated ILS staff located in 12 ILS offices in key international markets. Regular instructor-led trainings on the requirements of the ILS Program are provided to internal staff and external business partners through these offices. Additionally, our Consumer Products business makes available an e-learning module for its employees covering the requirements of the ILS Program, including prohibitions on the use of forced labor. Finally, our Standards of Business Conduct, applicable to every employee of The Walt Disney Company and its affiliates, requires adherence to ILS Program requirements. Beyond these training resources, we continue to evaluate our training needs and work to develop additional resources as needed.

The Walt Disney Company is committed to working with our business partners and external stakeholders to find solutions to address working conditions and worker exploitation, including forced labor and human trafficking.