

The Walt Disney Company
2008 CORPORATE RESPONSIBILITY REPORT



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MESSAGE FROM OUR CEO

Dear Stakeholders,

Over its 85-year history, The Walt Disney Company has brought great stories, characters and experiences to children and families the world over while endeavoring to be an organization that people want to invest in, work for, live near and do business with. While there's always room for improvement, we seek to be a good corporate citizen and hope to be as admired for the way we do business as for the quality of the family entertainment we create.



There are good reasons for doing so. A strong commitment to corporate responsibility makes our brands and products more attractive. It strengthens our bonds with consumers. It makes our Company a more desirable place to work. And it builds goodwill in the communities in which we operate. All of this adds shareholder value.

There is something deeper too. Many years ago, Walt Disney spoke of the “awesome responsibility” he felt as a “shaper of the world of tomorrow.” Children and families are at the heart of so much of what we do at Disney, which is why setting positive examples through the entertainment and experiences we produce is critical to our business approach.

Disney has a wonderful legacy of charitable giving, of volunteerism and of environmental stewardship. We have long been a major supporter of children’s hospitals and wish-granting organizations around the world. We just celebrated the 25th anniversary of our VoluntEARS program, through which our Cast Members and employees have donated more than 5 million hours to the betterment of their communities. And, for over a decade, our Disney Worldwide Conservation Fund has supported habitat preservation and efforts to save endangered species.

Our approach to corporate responsibility extends beyond philanthropy. Two years ago, we decided to associate our brands and characters with a range of healthy food items, an initiative that has been received enthusiastically by our Guests and consumers. Families appreciated that we had their best interests at heart while the creation of a promising new business helps promote shareholder value.

In this report, we have set out to provide greater detail and insight into how we approach crucial corporate responsibility issues. As I’ve noted, many of our programs and policies in these areas are longstanding and have already resulted in substantial benefits. But the report is set against the backdrop of substantial change in the way we view corporate responsibility and amid a push to integrate our many efforts across all businesses and around the world.

At Disney, we produce all kinds of creative content for different media platforms across multiple geographical and cultural boundaries. We run vast theme parks and resorts that serve tens of thousands of Guests daily on three continents. And we are the largest licensor of manufactured goods in the world, with products ranging from fine furniture to plush toys that bear the Disney name. Our impact, in other words, is diverse and substantial. To get things right, we take many different approaches.

Our Corporate Responsibility team has developed a cohesive strategy for the company with that in mind, incorporating existing outreach, safety, nutrition, environmental and labor programs and working with executives across Disney, ABC and ESPN to coordinate and strengthen our company-wide efforts. They've organized our approach around five broad areas - Children & Family, Content & Products, Environment, Community and Workplaces — with the goal of further embedding corporate responsibility into Disney's business DNA, making sure it continues to be taken into consideration in decisions big and small.

We're enthusiastic about making our corporate responsibility efforts even more effective. Our approach has been guided by Disney's enduring principles of integrity, optimism and decency as well as a results-oriented strategy that we believe can lead to steady improvements in the way we do business.

This report is the first major snapshot of our efforts, one in which we point to our successes and identify areas where we can still do better. It is, in other words, the opening step in a long journey to greater transparency and accountability, and one which we hope you will find illuminating. We're really proud to be sharing all this information with you in a single place and hope you'll let us know what you think.

Sincerely,



Robert A. Iger
President and Chief Executive Officer
The Walt Disney Company



Overview

OVERVIEW OF THE WALT DISNEY COMPANY

Since its founding in 1923, The Walt Disney Company has remained faithful to its commitment to produce unparalleled entertainment experiences based on the rich legacy of quality creative content and exceptional storytelling. Today, Disney is organized into five major business segments: Media Networks, Parks and Resorts, Studio Entertainment, Consumer Products and Interactive Media.

Media Networks

Media Networks encompasses an array of broadcast, cable and radio businesses globally. The Disney-ABC Television Group is home to all of The Walt Disney Company's worldwide entertainment and news television properties, including the ABC Television Network, ABC Family and 31 Disney channels Worldwide. The Company has 10 ABC-owned stations in New York; Los Angeles; Chicago; Philadelphia; San Francisco; Houston; Raleigh-Durham; Fresno; Flint; and Toledo. The Disney-ABC Television Group also manages the Radio Disney Network, general interest and non-fiction book imprint Hyperion, and the company's equity interests in Lifetime Entertainment Services, A&E Television Networks, children's entertainment properties Toon Disney, Jetix Europe, Jetix Latin America¹, and Hungama, a kids' general entertainment cable network in India. ESPN, Inc. is the world's leading multinational sports entertainment company featuring a portfolio of more than 50 multimedia assets.

Parks and Resorts

Walt Disney Parks and Resorts is not just home to Disney's beloved characters, but also the place "Where Dreams Come True." Tracing its roots to 1952, Parks and Resorts has grown to encompass the world-class Disney Cruise Line, Disney Vacation Club resorts, Adventures by Disney travel tours, and five resort locations encompassing 11 theme parks, including some owned or co-owned by independent entities.

Studio Entertainment

The Walt Disney Studios is the foundation on which Disney was built, and at its heart are world-renowned animated features and live-action motion pictures. The company distributes motion pictures under Walt Disney Pictures, Touchstone Pictures, Hollywood Pictures, Miramax Films, Disney Animation Studios

and Pixar labels. The company also distributes films internationally and to the home entertainment markets. Other businesses included in Studio Entertainment are Disney Theatrical Productions, which includes our Broadway and touring stage shows, Disney Live Family Entertainment and Disney on Ice, and Disney Music Group, which distributes original music and motion picture soundtracks through Walt Disney Records, Hollywood Records and Lyric Street Records.

Consumer Products

Disney merchandising began in 1929 when Walt Disney was approached by a businessman interested in placing Mickey Mouse on the cover of a children's writing tablet. Since then, Disney Consumer Products and affiliates have grown to extend the Disney brand to merchandise ranging from apparel, toys, home décor and books and magazines to interactive games, foods and beverages, stationery, consumer electronics and fine art. Disney Publishing Worldwide is the world's largest publisher of children's books and magazines; Disney Stores is our retail chain; and DisneyShopping.com is the company's online shopping portal.

Interactive Media

Disney Interactive Media Group² creates branded interactive entertainment and informational content across multiple platforms including online, mobile and video game consoles around the globe. Its businesses include Disney Interactive Studios, which publishes and distributes a broad portfolio of multi-platform video and mobile games; Disney Online, which produces Disney.com, the No. 1 kids' entertainment and family community website; the Disney Family Network for moms; and Club Penguin, an online virtual world designed for kids ages 6 to 14.

For more information, you can download [The Walt Disney Company's annual fact book](#).

¹ Toon Disney, Jetix Europe and Jetix Latin America were re-named in 2009.

² We began to report the Interactive Media group as a separate segment at the beginning of fiscal year 2009.

GOVERNANCE

The Walt Disney Company believes that good governance is integral to achieving long-term shareholder value. The company is committed to governance policies and practices that assure shareholder interests are represented in a thoughtful and independent manner. In pursuit of this commitment, the company's [Corporate Governance Guidelines](#) have established the policy that a substantial majority of directors be independent of the company and of the company's management. The guidelines also establish independence standards that meet, and in some cases exceed, the listing standards of the New York Stock Exchange. Currently, nine of the 12 members of the company's Board of Directors have been determined by the Board to be independent pursuant to these standards.

The Board of Directors monitors trends in governance practices to assure that it continues to meet its commitment to thoughtful and independent representation of shareholder interests. The Board has adopted a number of practices that strengthen its ability to meet this goal, including elimination of a classified board, establishment of strict independence requirements, adoption of the requirement that a substantial majority of the directors (currently nine out of 12) be independent of management, and holding of regular executive sessions of the Board without management present. In addition, the Board's Compensation Committee adopted a policy setting out the requirements for determining that the executive compensation consultant to the Committee is independent of management.

The Board has established committees to facilitate and assist in the execution of the Board's responsibilities. The three most important Committees – the Audit Committee, the Compensation Committee and the Governance and Nominating Committee – are composed entirely of independent directors. The company posts the charters of each of these three committees (as well as that of the Executive Committee, which serves primarily as a means of taking action that formally requires Board approval between regularly scheduled meetings of the Board) on its [investor relations website](#).

In order to promote and maintain high ethical standards and legal compliance, the company has adopted [Standards of Business Conduct](#) that set forth ethical standards of responsibility to Guests and customers, Cast Members and employees, the company and its shareholders, other businesses and the communities in which the company operates, as well as identifying

Chart 1: Fiscal Year 2008 Revenue and Operating Income by Business Segment^a

Segment	Revenue	Operating Income
Media Networks	\$15,857	\$4,942
Parks and Resorts	\$11,504	\$1,897
Studio Entertainment	\$7,348	\$1,086
Consumer Products	\$2,415	\$778
Interactive Media ^b	\$719	(\$258)

^aAll numbers are in millions of dollars.

^bBeginning with the first quarter fiscal 2009 financial statements, the Company is reporting its Disney Interactive Media Group along with certain new business initiatives as "Interactive Media" for segment reporting purposes. The primary operating businesses of the Disney Interactive Media Group are Disney Interactive Studios, which produces video games for global distribution, and Disney Online, which produces websites and online virtual worlds in the United States and internationally. The Disney Interactive Media Group also manages the Company's Disney-branded mobile phone initiatives. Previously, Disney Interactive Studios and Disney Online were reported in the Consumer Products and Media Networks segments, respectively, while the new business initiatives were reported in corporate and unallocated shared expenses. Prior period amounts have been reclassified to conform to the new presentation.

specific legal compliance matters. These standards are applicable to every officer and employee of the company, and the company requires regular training to promote compliance with the Standards. The Board of Directors has also adopted a separate [Code of Business Conduct and Ethics for Directors](#), which contains provisions specifically applicable to directors of the parent company.

Public Policy

Because many national and local public policy decisions affect its businesses, the company believes that active participation in the political life of the countries and communities in which it does business is in the best interests of the company and its shareholders. As a result, the company participates in policy debates on many issues to support the company's positions, and, where permitted by law and deemed appropriate by management, contributes to candidates for public office and related organizations.

Our company's political activity is carried out in compliance with applicable laws and reporting requirements.

The company does not contribute corporate funds to candidates for federal offices or organizations created to



The Team Disney building in Burbank, California, is the home of Disney's corporate offices.

support candidates for federal office. Where permitted by applicable law, we contribute corporate funds to state and local political parties, candidates for state and local office, organizations that promote such candidates or positions on state and local issues and state and local ballot initiatives. Our contributions are made on the basis of our objectives and public policy priorities and not on the basis of the partisan affiliation of the candidate or organization.

Our company has formed a federal political action committee, which accepts voluntary contributions from employees and in turn makes contributions to candidates for federal offices. Like contributions of corporate funds, contributions by the political action committee are allocated on the basis of our objectives and public policy priorities and not on the basis of the partisan affiliation of the candidate or organization.

Employees are free to exercise the right to make personal political contributions within legal limits unless such a contribution is prohibited by policies of the company. In addition, our International Labor Standards group interacts and collaborates with key governmental bodies internationally on broad-based efforts to improve factory working conditions. To read more, see the [Workplaces](#) section of the report.

Additional details regarding governance structures and policies at The Walt Disney Company are available at the [Corporate Governance](#) tab of the company's corporate website and in the company's annual proxy statement.

CORPORATE RESPONSIBILITY

At The Walt Disney Company, we believe that being a good corporate citizen is not just the right thing to do; it also benefits our guests, our employees and our businesses. It makes the company a desirable place to work, reinforces the attractiveness of our brands and products and strengthens our bonds with consumers and neighbors in communities the world over.

Our Vision

The company has put in place a comprehensive, integrated approach to corporate responsibility, building on our established infrastructure for addressing crucial issues related to the environment, community, workplaces and product development. Special emphasis has been placed on how these issues affect our key audience of kids and families.

As we pursue our vision for corporate responsibility, we recognize that we'll encounter differing viewpoints and interests on the part of our shareholders, our employees, our business partners and associates and our Guests, viewers and consumers. In addition, we operate in a broad number of industries and in many countries, including developing markets where standards are still forming. Our approach is to comply with local laws and abide by Disney traditions while also engaging with a range of stakeholders to develop solutions, recognizing that we don't have all the answers and can learn from our collaboration with others. We are tackling the challenges we face as methodically as possible, guided by our enduring company principles and a results-oriented approach that is practical, thoughtful and humane.

Corporate Responsibility Governance

Corporate responsibility efforts at Disney are led by President and Chief Executive Officer Bob Iger and Senior Executive Vice President and Chief Financial Officer Tom Staggs. The company's Corporate Responsibility group is led by the Senior Vice President, Corporate Responsibility.

Certain areas of the corporate responsibility function, including environmental affairs, international labor standards and community outreach, have dedicated staff developing strategy, managing compliance and

Chart 2: Corporate Responsibility Objectives

Focus Area	Objective
Children & Family	We strive to support the well-being of children and families.
Content & Products	We seek to create content and products responsibly.
Environment	We work to embed good environmental stewardship in the Company's decision-making process from start to finish.
Community	We aim to be a positive and productive member of the communities in which we live and work.
Workplaces	We strive to foster safe, inclusive and respectful workplaces wherever we do business and wherever our products are made.

overseeing communications. In addition, a small strategic team reporting to the Senior Vice President, Corporate Responsibility is responsible for developing the company's enterprise-wide, integrated approach to corporate responsibility. Beyond these dedicated teams, there are employees throughout the company's businesses focused on the safety and security of our Guests and consumers and on maintaining high ethical standards in the creation, production and marketing of our products, services and experiences.

Corporate responsibility efforts and performance are periodically reported to the Disney Board of Directors.

Additionally, the Audit Committee of the Board regularly receives reports on the Company's international labor standards program.

Business Integration

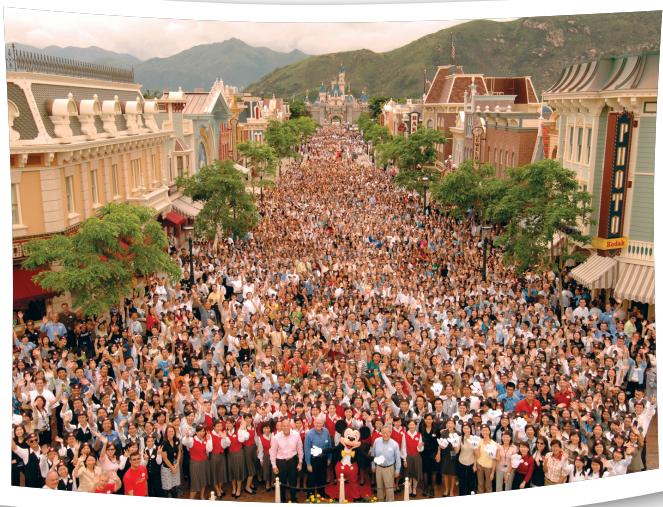
Disney strives to integrate corporate responsibility into everything we do. From sourcing our products, to consumer marketing to selling at the retail level – we aim to conduct all of our businesses according to our high ethical standards.

Given the scope of our enterprise, Disney takes a decentralized approach to management. That means we have empowered our different business units to determine how to best create and market their products and experiences. Business unit leaders share a strong commitment to quality and to making sure they act responsibly in their approach to developing, producing, marketing and distributing their products and entertainment.

With this report, we are providing a systematic overview of what we've achieved and what we intend to achieve, with an emphasis on measurement and communication. In doing so, we hope to illustrate how we incorporate our commitment to corporate responsibility into everything we do.

Chart 3: Corporate Responsibility at Disney





Disney stakeholders encompass many groups, including our many employees around the world, like these Cast Members from Hong Kong Disneyland.

Let's look at a few examples:

- Our International Labor Standards group has worked closely with Disney Consumer Products to monitor and promote improved working conditions at factories producing Disney goods under license.
- Our Worldwide Outreach group has partnered with our Media Networks group to produce public service announcements on a wide range of social and environmental issues.
- Our Environmental Affairs team consulted with Studio Entertainment in connection with the launch of a new production banner, DisneyNature, which will release full-length nature documentaries in theaters.

While progress has been made to integrate corporate responsibility into our many businesses, we believe there is still more to be done. Among other things, we are currently exploring the development of specific corporate responsibility metrics that can be assimilated into the operational plans of key business units. We realize this type of enterprise-wide approach will take time, but we believe it will be worth the effort.

STAKEHOLDER ENGAGEMENT

Few companies have as devoted a following as The Walt Disney Company. And even fewer are as heavily scrutinized as Disney. While complete consensus among all the divergent stakeholder interests is probably an impossible outcome, we seek to achieve transparency, so that stakeholders can understand our actions and our intentions. The company also believes that working with stakeholders enhances its ability to address impacts and contribute solutions to some of today's most important challenges while generating value for shareholders.

The Disney enterprise is a broad range of businesses that spans multiple technology platforms and different global markets. When it comes to Corporate Responsibility, we take a broad view of potential stakeholders, including people or organizations that can affect, or be affected by, Disney. This includes employees, consumers, communities, shareholders, distributors, licensees, suppliers, retailers, contract workers, nonprofit and nongovernmental organizations, media and governmental organizations.

Recent Engagements

We engage with stakeholders routinely and in a variety of ways, including in-person and Web-based meetings, conference calls, correspondence, working groups and workshops, and conferences and events. Frequently this engagement focuses on projects of joint interest.

One example has been our work with Project Kaleidoscope. During this multiyear project, Disney collaborated with McDonald's Corporation and a group of investor organizations on a common objective to improve conditions in factories. The project aimed to create internal systems that rely on enhanced training and education for management, supervisors and factory workers along with positive compliance incentives to supplement the traditional audit-focused compliance processes. Results of the project released in 2008 indicate that the approach is a viable one.

At our parks and resorts, we routinely conduct surveys among Cast Members, nonprofit and community leaders, government officials and the general public in the United States, France and Hong Kong in order to gain insight into issues of concern to our stakeholders. Results from these surveys help inform business choices.

In developing our environmental strategies, we've worked with Conservation International (CI), a well-known nongovernmental organization. In 2007, CI hosted a comprehensive education session for Disney's Environmental Council³, giving members a solid understanding of pivotal environmental issues, how corporate America and the U.S. government have responded to those issues, and a recommended collaboration led to the development of a comprehensive direction for Disney's environmental strategy. This collaboration led to the development of a comprehensive and focused long-term environmental strategy for the Company.

In developing this comprehensive report, we engaged selected stakeholders in a dialogue around the content and our process. As part of the process we had one

in-person meeting with these stakeholders to review a rough draft of the report and several follow-up phone calls to clarify additional comments. These stakeholders have broad industry experience and provided invaluable external perspective on how and what we should include in the report.

Going Forward

While engagement around this report represents an important step for transparency and accountability at Disney, we are looking forward to increasing the dialogue with a broader group of stakeholders in the coming years as we continue to identify, prioritize and address key responsibility issues for the company. 

³ For more on Disney's Environmental Council, go to our [Environment](#) section.

A MULTIMEDIA VERSION OF THIS REPORT IS AVAILABLE AT
www.disney.com/crreport

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Children &
Family



Disney vacations on land or sea are designed for the whole family to have fun together.

Children & Family



Children and families are at the heart of The Walt Disney Company. They are our most important audience and are at the forefront of our imagination when we create content and products for the Disney brand. Our **support for the well-being of children and families** is deeply rooted in Disney's history and manifests itself in many ways throughout our businesses.

WHAT WE BELIEVE

Walt Disney built his company on the idea that children and families can and should enjoy entertainment together. Since those early days, the notion of entertainment has evolved and families have changed too, but the desire for shared experiences remains. Whether at our Disney parks or on our Disney-branded television programs, movies and websites, we are

focused on offering high-quality entertainment that can be enjoyed, as Walt used to say, by "kids of all ages."

We believe that the key to Disney's success is finding ways to delight and surprise our consumers and Guests, and to do so in a contemporary and relevant way without losing sight of the core principles that guide us. These principles are summarized in Chart 5.

Chart 5: Guiding Principles for Children's Content

Focus Area	Description
Encouraging Positive Development	We aim to support positive childhood development by inspiring creativity, by instilling self-confidence and appreciation of cultural, ethnic and other differences, by encouraging children to achieve their potential, by conveying the importance of doing right by others and by being an active citizen. We also strive to inspire active, healthy lifestyles by promoting healthy food choices and active living.
Making Content for Kids of All Ages	We serve the needs of children across childhood, with different offerings for different age groups. No matter what the specific interest or subject matter, sensitivity to children's maturity level and needs is paramount.
Partnering with Parents	We respect the relationship between children and their parents or caregivers, and the centrality of those adults in kids' lives. We rely on the wisdom of parents and caregivers to support, guide and refine our thinking on kids' entertainment and on how best to serve the needs of families.
Creating Safe Environments	We seek to provide safe environments for children and families to play, learn and share special times and memories together.

Our focus on children's well-being manifests itself in ways large and small across our businesses. In this report, we'll describe some of the ways this comes through in our entertainment, our marketing practices, our websites and our food-related businesses.

Responsibility for meeting the needs of children and families is embedded throughout our Disney-branded businesses. From our animators to our Imagineers, Cast Members and employees around the world think about families first as they create new movies and television programs, imagine new leisure and vacation experiences, dream up new games and online experiences and develop new products and merchandise.

Our legacy in this area is significant. Our intent in this report is to describe our commitment to children and families and what that means in practical terms, with examples to bring it to life. The initiatives included in this section are not meant to be exhaustive, but merely exemplary.

ENCOURAGING POSITIVE DEVELOPMENT

We aim to support the positive development of kids. That's not to say all of our kids' products have a deep lesson or message, though some certainly do. It is just to say that we aim to meet kids where they are developmentally, with age-appropriate experiences that are relevant, fun and interesting to them. When all is said and done, we hope to bring out the best in kids by providing funny, moving, thrilling, exciting, surprising, delightful and educational entertainment experiences they can share with family and friends.

Programming

Our focus on positive development really comes through on Disney Channel, whose programming encourages kids to express themselves, to follow their dreams, to believe in themselves and to celebrate their friends and families. These are ideas relevant to kids everywhere – spanning both language and cultural differences. By making these themes central, we aim to encourage children to participate in the world around them and to use their imagination, creativity and curiosity.

For preschool-age audiences, our approach to TV is meant to support positive development relevant to their age group. We take inspiration from a "whole child" philosophy that promotes physical, emotional and social development. Through long- and short-form programs, we seek to reinforce lessons taught at home, ranging from manners and healthy eating to safety and hygiene, and to reinforce critical social and life skills like understanding emotions and learning how to get along with others. Additionally, some programs present early mathematics, literacy and problem-solving concepts within the entertainment.

The series *Mickey Mouse Clubhouse* has an underlying curriculum that presents early mathematics concepts such as sequencing, counting, classifying, sorting, patterns and more in the course of animated stories. Additionally, *Little Einsteins* takes preschoolers on exciting journeys that expose them to fine arts and different musical styles and composers in each episode.

Disney Channel's short-form series are designed to highlight the network's themes of communication, diversity and optimism. For example, "Express Yourself" features Disney Channel stars encouraging young viewers to express their feelings in positive ways and to embrace and accept their differences through tolerance and communication.



Disney Channel programming encourages kids to express themselves in their own way, like Mickey Mouse and Goofy do through art.

Diversity

Diversity is another important theme running through our TV programming. Shows incorporate many ethnicities, cultures, religions, geographic locales and physical and developmental differences, reflecting the world in which today's children are growing up. For preschoolers ages 2-5, diversity takes the form of stories with characters who learn to value the differences they encounter in shape, size, color, gender and ability. For example, *Handy Manny* is a multicultural animated series centered on a Latino character that is designed to give preschool viewers an enthusiasm to take on life's challenges and to make things work, most notably via interpersonal relationships. Spanish words and phrases are used in real-world contexts. Above all, *Handy Manny* is great preschool entertainment, with engaging stories, fun songs and positive lessons about community, friendship and problem solving.

Diversity also features prominently in Disney TV for 6- to 14-year-olds. From the multicultural cast of *High School Musical* to *The Cheetah Girls* and *Cory in the House*, our programming reflects people of different cultures and ethnic backgrounds. While the programs often highlight themes of "Who am I?" and "Where do I belong?," they also celebrate tolerance, getting along with others, and the wonderful mosaic that is created through diversity.

For more information about our diversity initiatives, see the [Diversity in Content](#), [Workplaces](#) and [Supplier Diversity](#) sections.

Kids' Health and Nutrition

Disney understands the challenges faced by parents in regard to their family's nutrition and wants to be part of the solution. As an enterprise engaged in operations around the world – serving millions of meals a year in our parks and resorts, licensing food products bearing our brands and characters and producing and broadcasting popular children's entertainment – we believe we can have a meaningful impact in this area.

In 2006, the company announced new food guidelines aimed at giving parents and children healthy eating options. Under these guidelines, we committed to using our name and characters on kid-focused food products that meet specific criteria, including limits on calories, fat, saturated fat and sugar. We also set a long-term target for balancing our licensed food portfolio (our "portfolio balance goal") such that 85% will be everyday



Movies like Cheetah Girls One World, filmed on location in India, reflect the diverse world in which today's children are growing up.

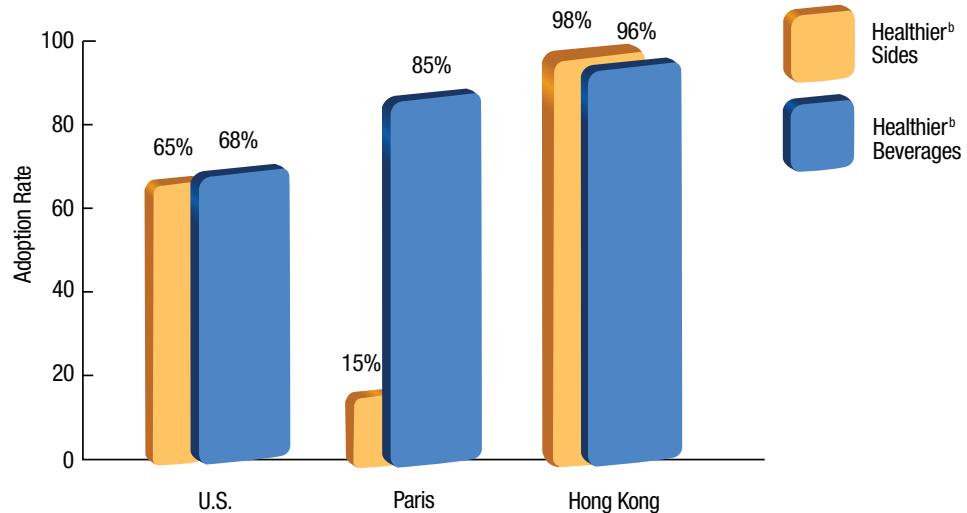
foods that meet our guidelines. The smaller portion of our offering, 15%, will include special-occasion items such as Disney birthday cakes, confectionary products and other occasional sweets. We believe that treat items are a relevant part of our offering because they are seen as an acceptable part of a balanced diet, and had we banished Disney treat items from birthdays and holidays, many people would have been terribly disappointed. We also announced nutritionally beneficial changes to kids meals served at all Disney-operated parks and resorts and unveiled a company-wide goal to eliminate added trans fat from food served at our parks and licensed and promotional products.

Progress

Since the announcement, we have achieved key goals and made significant progress toward others. Of note:

- Nutritional guidelines for food promotions and food licensing have been developed and are being implemented globally.
- As of January 2009, the vast majority of our licensed food portfolio contains 0 grams of trans fat, with the exception of products from a few licensees who plan to complete the transition by the end of 2009.

Chart 6: Adoption Rates for Children's Meals at our Parks and Resorts^a



^aAll data is from Q4 of FY2008 and encompassed 485 Disney-operated locations by site. We consider all of this information directional as we have not scientifically modeled or validated the data. It is strictly pulled from the point-of-sale systems each quarter.

^bAt Disney parks and resorts around the world, our "kids meals" now automatically include healthier side dishes and beverages instead of fries and soft drinks. For example, this means that the default side dish may be apples instead of fries and the default beverage may be milk instead of a soft drink.

- We have made good progress toward attaining our portfolio balance goal. In the U.S., 80% of our licensed food portfolio is comprised of everyday foods that meet our nutritional guidelines, including many fresh fruits and vegetables featuring favorite Disney characters. Globally, we expect to reach 64% in 2009.
- The changes to our "kids meals," first announced in 2006, are now in effect at Disney parks and resorts worldwide. Specifically, when Guests order a kids meal including a drink and side dish, it now automatically includes healthier side dishes (e.g. apples) and beverages (e.g. milk) as the default instead of fries and soft drinks.
- The new, healthier kids meals at our parks and resorts have been well received. We are seeing the overwhelming majority of families stick with the healthier beverages and side dishes in most markets. Fresh fruit, juices and waters also continue to be popular with Guests. See Chart 6 for consumer response.

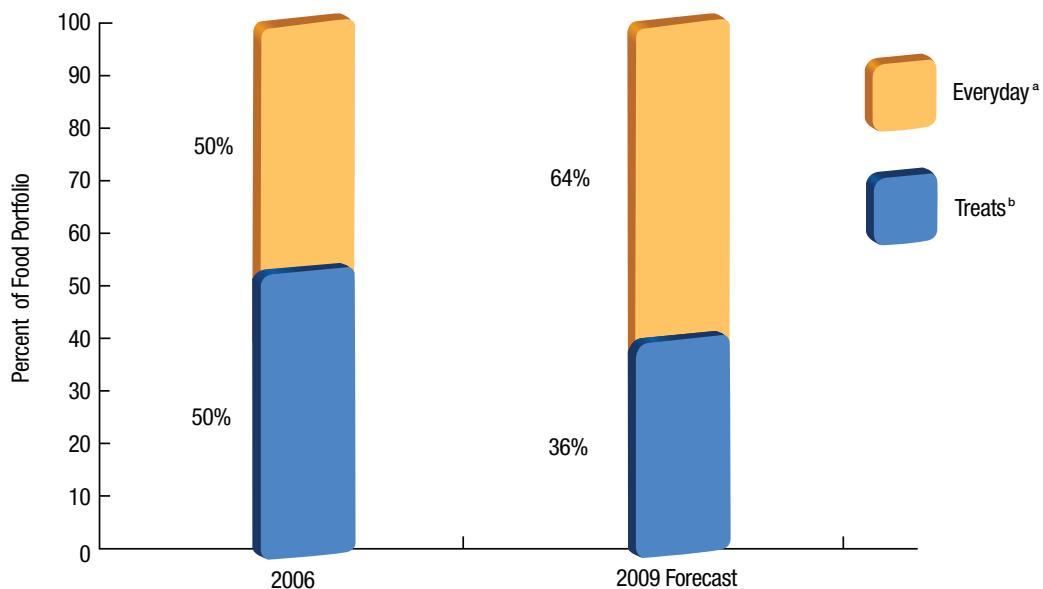
- In addition, all food served at Disney-operated restaurants worldwide meet zero grams trans fat standards where comparable products exist in the marketplace.

Positive Use of Media

Beyond offering healthier food options, we're helping to shape children's preferences by integrating healthy messages into our kids programs. Episodes of *Hannah Montana*, short-form programs featuring the Jonas Brothers and the *Pass the Plate* series featuring *Suite Life on Deck* star Brenda Song, among others, have sought to encourage good nutrition and active lifestyles in a way that kids embrace.

We are also empowering children and families with information and education about healthy lifestyles in other ways. For example, to help teach children about the food pyramid, we added information on our food package panels and developed the www.disney.com/healthykids educational website, created the "Secrets of the Pyramid" short program

Chart 7: Global Licensed Food Portfolio



Results are based on a percentage of wholesale sales.

^aEveryday foods include those that meet our nutritional guidelines including fresh fruits and vegetables.

^bTreats include special-occasion items such as birthday cakes, confectionary products and other occasional sweets.

series, and partnered with the USDA and Food Council to create the “Bare Necessities of Healthy Living” public service announcement featuring characters from *The Jungle Book*.

Looking Forward

As we look to the future, we are committed to making more progress in this area. We have identified several priorities for our kids’ health and nutrition initiative and will continue to find new ways to collaborate with stakeholders, bring nutritious offerings to market and inspire healthier lifestyles using our media strength.

MAKING CONTENT FOR KIDS OF ALL AGES

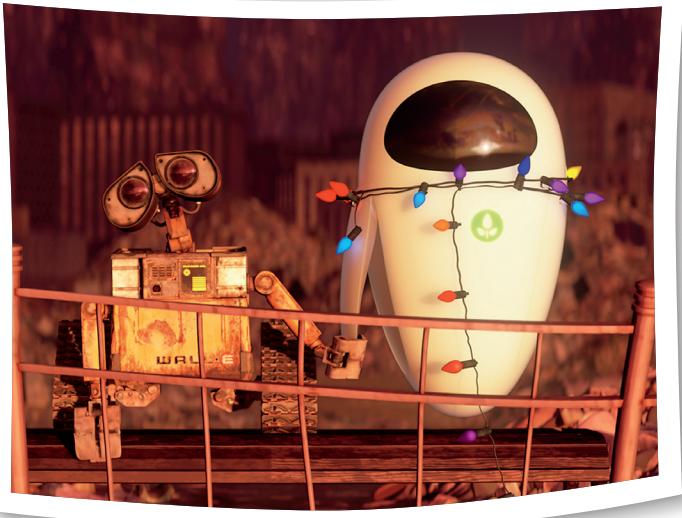
Disney is known for the kind of entertainment that families of all ages enjoy together. This is certainly a source of both pride and inspiration inside the Company. But we also create entertainment experiences tailored for different age groups. For example, *Baby Einstein* products are designed to be enjoyed primarily by very

young children together with their parents while some of our Disney movies are appropriate only for older kids with a broader understanding of the world around them. This section explains the approach we take to developing age-appropriate content and to helping consumers understand what’s right for their families.

Standards and Practices

Disney Channel maintains high standards designed to ensure that all of its programming is appropriate for children and families. The Standards and Practices department reviews shows throughout development and production, taking into account applicable legal requirements, viewer expectations and Disney’s brand promises. The department also applies appropriate age and content ratings.

Radio Disney takes a similar approach. Programming, song lyrics, and commercial content are reviewed by Standards and Practices to ensure they are appropriate for the Radio Disney audience.



Disney-branded movies, such as the critically acclaimed WALL-E, are both appropriate and entertaining for the whole family.

Disney XD⁴, ABC Family, and SoapNet also have Standards and Practices departments to help ensure that all programming, commercials, and interstitial material meet the guidelines, brand expectations, and age appropriateness for each respective channel.

Content

Movies

Disney-branded movies have broad appeal, inviting people of all ages to enjoy entertainment experiences together. From engaging stories and music to compelling characters on heartfelt journeys, there are aspects that appeal to everyone. Walt Disney Pictures movies carry MPAA ratings of G, PG or PG-13. While the Disney brand signals a family-appropriate experience, Motion Picture Association of America (MPAA) ratings and our own marketing cues help families understand which movies are appropriate for their needs. So while a G-rated movie like *Finding Nemo* would be appropriate for even the smallest children, a PG-13-rated movie like *Pirates of the Caribbean* is appropriate for families with teenagers, and perhaps mature younger children, with their parents' permission. By making a diversity of movies appropriate for families with different compositions, we help assure parents that there are quality family movies that their kids will enjoy, whether they are 5 or 15 years old.

For audiences other than young kids, we also distribute a variety of films under the Touchstone and Miramax labels. The labeling distinction helps consumers find the movies they want to see. Our branding helps audiences around the world understand that while a G-rated movie from Disney may be appropriate for the entire family, a Miramax movie may not be.

Playhouse Disney

Playhouse Disney is created specifically with preschoolers, ages 2 to 5, in mind. At the center of Playhouse Disney is a philosophy aimed at nurturing the whole child – physically, emotionally and socially. Playhouse Disney comes to life in the form of Disney Channel programming, special attractions and experiences at Disney parks and interactive games crafted with preschoolers in mind. For example, Guests who visit the *Playhouse Disney Live!* attraction at Disneyland or Walt Disney World often notice something unusual. First, there aren't seats in this theater – everyone sits on the floor, preschool style. Also, it's a show where little ones don't have to be quiet and sit still. The entire audience is encouraged to jump up, dance and sing as part of the show. In these small yet important ways, the show puts the natural and age-appropriate behavior of young kids at the very center of the show and delivers a fun experience for them and their family.

Disney Channel

As part of its brand promise, Disney Channel encourages children to participate in active and interactive ways; seeks to provide quality entertainment that stimulates and inspires active imagination, creativity, achievement and curiosity; and provides a forum that both values children and gives adults new ways to connect with them emotionally. Programming on Disney Channel has themes of communication, diversity and optimism and is designed to effectively reach Disney Channel's audience of children age 6 to 14 with a wide array of messages relevant to their demographic.

ABC Family

ABC Family bridges the gap between Disney Channel and ABC with breakout shows that resonate with the network's 14 to 28-year-old audience – the Millennials. The cable network offers distinctive original and acquired programming on all platforms that reflect today's families in all their diversity, humor, dysfunction and

⁴ Disney XD launched in February 2009.

passion. Original hit series such as *The Secret Life of the American Teenager* and *Greek*, and original movies including *Holiday in Handcuffs* and *Cinderella Story* have become signature programs reflecting ABC Family's brand of bright, optimistic and relevant storytelling about today's relationships. Examples of how ABC Family engages its Millennial viewers across multiple platforms include popular "viewing parties" and streaming episodes of its hit series on ABCFamily.com, as well as through VOD, iTunes and mobile phone content.

Parks and Resorts

The magic of Walt Disney Parks and Resorts began more than 50 years ago when Walt Disney dreamed up a new kind of family entertainment. While watching his daughters play at a park while he sat alone, Walt was inspired to create Disneyland – a place families could experience together, immersed in a fantasy atmosphere rich in detail and storytelling.

Today, at Walt Disney parks and resorts, we focus on the universal themes and stories of Disney-Pixar stories, bringing them to life in unique ways that families can enjoy together. Our parks are filled with experiences, shows and attractions created with the entire family in mind – from the initial concept to characters both classic and brand new, ride vehicles large enough for an entire family and musical melodies enjoyed by all ages. Our unique Imagineering team designs every detail – from the height of the porthole on the Finding Nemo Submarine Voyage to the faster-than-gravity drop of The Twilight Zone Tower of Terror to the interactivity of *Turtle Talk With Crush* - to appeal to every size and age. In *Toy Story Mania!* Mr. Potato Head engages guests from ages 8 to 80 in two-way conversation as they join the cast of characters from the *Toy Story* animated films loved by both adults and children alike. The seats and spring-action shooters were specifically designed for Guests of all ages, skill and heights, with a ride-game experience technically designed so everyone in the family can play and have fun.

PARTNERING WITH PARENTS

We see parents and caregivers as key partners in guiding and refining our thinking on children's entertainment and on how to best serve the needs of families. We talk to parents frequently at our parks, at focus groups and screenings and via multiple online platforms. These interactions are fundamental to our relationship with parents, and critical to sustaining the trust we've built up



Children – and their penguins – gather on Penguin Plaza as part of Disney's popular online site Club Penguin.

over our 85-year history. We also receive spontaneous feedback from parents in the form of e-mails, letters and phone calls, which we value enormously. Listening to what parents have to say is critical to helping us continuously improve what we offer, and to do a better job serving the diverse needs of today's families.

Disney-branded products distinguish themselves from other media and entertainment products in their focus on delivering the opportunity for a shared family experience. We encourage parents to be actively engaged with their children in viewing Disney-branded content and in sharing in the experiences we create. At our parks and resorts, through our movies, online platforms, publications and TV networks, we provide forums and content that both value and respect children and give adults a point of connection to children in their lives.

VIRTUAL WORLDS: CLUB PENGUIN

A good example of how Disney approaches collaboration with parents is Club Penguin, a snow-covered online virtual world where children can play games and hang out with friends. Disney acquired Club Penguin and its innovative approach to online virtual worlds for kids from its founders in 2007.

From its start in 2005, Club Penguin has developed a reputation as a trusted provider of safe family fun thanks to its rich, imaginative play environment, aggressive

use of filtering tools, and live moderators who monitor chat and activity on the site to avert the sharing of inappropriate or personally identifiable information.

Club Penguin contains no third-party advertising and is free to use and enjoy, although a subscription membership provides access to additional features that enhance the play experience. A parent's e-mail address is required to create a penguin, and parental permission is required in order to activate an account and allow play within the virtual world. Parents can also create their own account which allows them to log on and view their child's account history, change their child's password, choose a more or less restrictive chat mode and set the time of day and duration of their child's visits to Club Penguin.

Family Vacations

Perhaps no experience is more quintessentially Disney than the family vacation. We go out of our way to help families have fun together. Whether at Disneyland, the original Disney theme park, onboard a Disney Cruise Line ship, or on an Adventures by Disney vacation, we set the stage for good times no matter the age of the Guest.

Disney Cruise Line is an incredible experience for Guests of all ages, providing entertainment and activities for the entire family as well as a multitude of activities geared to each age group. Children, teens and adults enjoy both family time and their individual time. We have spaces for children, teens and adults especially designed so that every member of the family feels the cruise was created just for them. For instance, parents can enjoy the spa, while children can have fun with hands-on experiences and interactions with Disney characters. For teens, a dedicated club gives them a place of their own to hang out with friends their age.

Marketing Practices

When it comes to advertising and marketing, we take special care toward children 12 and under, their parents and caregivers. For programming that targets this age group, we maintain clear guidelines for all our media outlets that require advertisers, both internal and external, to focus on the positive attributes of their products and services in a respectful and appropriate manner.

Our guidelines include high standards requiring that advertising to children not be deceptive, inappropriate, unfair or exploitative in any way. The guidelines address topics such as:

- Appropriateness of products and services being advertised and messaging/tactics utilized
- Accuracy of descriptions of features and benefits
- Delineation between advertising and content
- Fairness of tactics given child's age, cognitive maturity or emotional vulnerabilities

To manage the implementation of these standards, the Company maintains a dedicated staff of Standards professionals who review all kids programming before airing, including commercial content for our kids television and radio networks. In addition, Disney is a member and supporter of the Children's Advertising Review Unit (CARU) of the National Advertising Review Council (NARC).

Spotlight On: Walt Disney World Mom's Panel

For the past year, an independent online panel of 11 moms (and one dad) has answered thousands of questions submitted by families planning a visit to Walt Disney World. The parents currently serving on the panel were chosen from more than 10,000 applicants eager to share their expertise about how to make the most of a Walt Disney World visit. In exchange for answering up to eight questions each week over a twelve-month period, the panelists and their families receive a Walt Disney World vacation. Visitors to the site say they like the fact that "real" parents are answering their queries.

To learn more visit: www.disneyworldmoms.com.

Spotlight On: Helpful Cues for Parents

We believe that parents and caregivers are best able to determine what is right for their family and their children. We approach them as our partners and seek to provide them with information that can help them sort through their options and choose what is best for their needs.

Movie Branding/Labeling: Disney applies different movie brands to different types of movies. Only films intended for family audiences are released under the Disney name. Films for other audience segments may be released under the Touchstone or Miramax labels.

Film Ratings: The Walt Disney Studios use the MPAA (Motion Picture Association of America) rating system to help audiences make informed decisions and choose the right movies for individual families. It is important to note, however, that the familiar G, PG, PG-13 and R ratings are set by the MPAA, not the studio releasing a motion picture.

TV Ratings: The Disney/ABC Television group uses the TV Monitoring Board Ratings system to rate entertainment programming. Use of ratings and descriptors are designed to help viewers and parents make informed TV viewing decisions.

Programming Blocks: In some cases, we designate certain blocks of time for certain audiences. For example, Disney Channel features a block of programming especially created for preschoolers, *Playhouse Disney*.

Signage and Gating: At Disney theme parks and resorts, attraction signage features, where appropriate, height restrictions and health warnings that help guide parents in considering whether a given ride is appropriate for themselves or their children.

Parent Information: Disney.com and DisneyChannel.com feature dedicated areas for parents where they can learn more about our family entertainment and policies, and in many cases apply limits and controls to their children's use of our websites.

Video Game Ratings: Disney Interactive Studios releases all of its video games with ESRB (Entertainment Software Ratings Board) and PEGI (Pan European Game Information) ratings indicating the age appropriateness of each title. The independent ratings systems for North America and Europe assist families in making appropriate choices for interactive entertainment.

Disney Channel Sponsorships

Disney Channel accepts certain limited sponsorships, with a focus on pro-social messages, with limitations on commercial messaging, and with no call to action or other sales inducements.

Marketing and Advertising Disney Products and Services

Disney's own promotions adhere to the CARU guidelines and strive to be both truthful and respectful of the unique sensibilities of children. We approach our marketing with the belief that parents and caregivers know what is best for each family, and that in many cases, families and children look forward to hearing about new Disney-branded products and experiences. We strive to deliver these marketing messages in a way that families are comfortable with. As indicated in other areas of the report, we take our cues from parents in this area.

Disney has dedicated teams that oversee marketing and promotional practices globally. This group takes a "consumer first" approach to managing this area and routinely seeks out parental input on our marketing activities.

Disney reviews its motion picture advertising and marketing plans to make sure they remain consistent with the goal of not inappropriately advertising R-rated movies to children. The Company's policy for the marketing of motion pictures applies to its domestic theatrical and home entertainment business units. It addresses aspects of marketing such as the use of age-appropriate media forums, inclusion of ratings and explanations of rating in promotional media, programming time slots for on-air promotional media, exhibition of trailers and product tie-ins among others.

Disney designed this policy to avoid inappropriate marketing of motion pictures rated R by the Classification and Ratings Administration of the Motion

Picture Association of America (MPAA) to persons under the age of 17. Further, business units comply with the Regulations and instructions of the Advertising Administration of the MPAA, which reviews and regulates motion picture advertising for audience-appropriate content and placement.

CREATING SAFE ENVIRONMENTS

Disney takes children's safety very seriously. This section addresses safety specifically as it relates to our websites for children. For a more general discussion of safety as it relates to rides and attractions or food, please see the [Product Safety](#), and [Food Safety](#) sections of the report.

Online environments require extra care when it comes to children since they bring together many Guests who all share enthusiasm around a specific story, group of characters or online destinations. Our environments range from entertainment-filled websites like Disney.com and DisneyChannel.com to more interactive, immersive environments and online virtual worlds such as Club Penguin, Pirates of the Caribbean Online, Disney Fairies Pixie Hollow and Disney's Toontown Online. For each property we focus on educating our Guests on how to have the best experience while online and also providing a variety of tools for kids and parents to choose from, allowing for a Guest-specific approach that always keeps safety in mind.

Online Safety for Kids

The Walt Disney Company is committed to offering children and families safe and fun online entertainment experiences. Disney Interactive Media Group has been vigilant about online safety for children since Disney.com first launched in 1996, from involvement in setting industry standards as the Web emerged to collaborative efforts with online safety leaders.

Since the enactment of the Children's Online Privacy Protection Act (COPPA) in 1998, Disney has carefully followed the development of the Federal Trade Commission's regulatory framework for children's information. As technology continues to evolve at lightning speed, Disney is committed to adapting rapidly to changes in technology to provide a safe and fun experience for children and families.



Disney's array of online sites for children have programs that help keep kids safe online. (Clockwise from left: Club Penguin, Disney.com, Disneyfairies.com)

Our Approach

Disney Online uses a combination of many safety programs. They include parental controls and live moderators, as well as specialized software and tools that allow communication and social interaction while at the same time protecting Guests and their privacy. While Disney focuses significant resources on keeping children safe online, active parental involvement, oversight and guidance are essential to this mission. From the start, we build content that limits and/or avoids opportunities to exchange personal information.

Moderation and Filters

At Disney Online, dedicated teams monitor use of the site, looking for attempts to exchange personally identifiable information as well as other inappropriate behavior. With worldwide real-time human moderation teams and regularly updated software filters, we then enact progressive disciplinary action for rule offenders and will contact relevant governmental authorities when necessary.

Parental Involvement

Disney believes that caregiver involvement is one of the most important tools to keep children safe online. Accordingly, we provide multiple levels of parental controls that allow parents to determine the amount

of chat functionality available to their children. Disney Online provides safety guidelines and information for parents and children to review together. This information highlights how to behave when interacting socially online.

Children's Privacy Policy

We recognize the need to provide special privacy protections when children visit our sites. For this reason, in addition to our overall online privacy policy, we have created a "Kids' Privacy Policy" posted on Disney sites geared to children. This policy is designed to answer questions regarding our privacy policies and principles with respect to children under the age of 13. Click here to view our [Children's Privacy Policy](#).

Online Environments

We aim to create online environments that are Disney story-driven and provide context for appropriate online conversations. These environments are specially designed to make inappropriate behavior easier to

recognize. We believe that within the context of stories, there are ample opportunities for rich interactive experiences that are safe and fun.

For example, Disney Fairies is an online immersive world where Guests can create their very own personalized Fairy and interact with one another. Players can chat, use emoticons (emotion icons) and work with other Fairies within the online world to accomplish group tasks and quests. Players are encouraged to follow the rules and to encourage others to do the same. In efforts to ensure safety in chatting, we leverage a sophisticated combination of live human moderators and highly specialized technology tools designed to protect Guests and their privacy while permitting communication and social interaction. The moderation tools filter every message to allow only pre-approved, white-list words and block attempts to communicate problem phrases and personally identifiable information.

For more information about online safety, please visit the [Disney online safety site](#). 

A MULTIMEDIA VERSION OF THIS REPORT IS AVAILABLE AT
www.disney.com/creport

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Content & Products



In addition to enjoying our movies, TV shows and products, consumers spend millions of hours each year having fun at Disney parks.

Content & Products



Across our diverse parks, films, networks and other entertainment experiences, we strive to **create content and products responsibly** and in line with high ethical standards. From unparalleled theme parks where safety is the highest priority, to consumer products that families can feel comfortable bringing into their homes, to content that lives up to the high expectations consumers have of the Disney brand, we take this responsibility seriously and do so with the greatest pride.

OUR REACH

The Walt Disney Company comprises five business segments that complement one another to generate a vast array of products and experiences for our Guests and consumers around the world to enjoy. We know we make a big impression on them. How big? Consider the following.

In 2007, we estimate that consumers spent over 33 billion hours watching ABC, Disney Channel or the four largest ESPN networks in the U.S. Consumers also spent significant time at our parks, logging approximately 800 million hours worldwide. Another 5 billion hours were spent listening to our radio networks, watching our movies, playing our video games, logging onto our Web sites, attending our live shows, going on our cruises or reading our books.

All of this adds up to people being immersed in Disney products for approximately 39 billion hours a year! This is a source of tremendous pride for the Company. We believe this also gives us billions of chances to show our commitment to responsibility in action while delivering the expected Disney magic and fun.

For a specific discussion of our product development for children and families, please see the [Children & Family](#) section of this report.

DEVELOPING OUR APPROACH

Disney is involved in multiple businesses. They include making movies, designing rides and attractions, licensing our intellectual property in connection with a broad range of consumer products, publishing books and magazines, producing TV shows and sporting events, airing radio programs, operating websites and retail stores and offering healthier food options for children.

Given the scope of our enterprise, Disney takes a decentralized approach to management. That means we have empowered our different business units to determine how to best create and market their products and experiences. Business unit leaders share a strong commitment to quality and to making sure they act responsibly in their approach to developing, producing, marketing and distributing their products and entertainment.



With this report, we are providing a systematic overview of what we've achieved and what we intend to achieve, with an emphasis on measurement and communication. In doing so, we hope to illustrate how we incorporate our commitment to corporate responsibility into everything we do.

Each of our business segments faces a mosaic of unique issues and impacts. Through the content standards and aspirations of our studios and networks, the safety requirements and labor standards of our consumer products licensing business, and the particular community impacts of our parks and resorts operations, our company's imprint is far-reaching and is guided by a strong moral compass. What follows is a discussion of some key responsibility areas for our businesses.

CONTENT

Disney's motion picture and television businesses face many responsibility-related issues unique to the media industry. Often invisible to consumers and usually taken for granted, business practices relating to content standards, journalistic integrity, smoking in films, diversity in content and the localization of media production are given high priority at Disney.

Content Standards

Since its inception, the ABC Network has maintained standards of appropriateness and acceptability for all programs and advertising content that it broadcasts.

As a company we have a commitment to our brand and consumers, our products and our audiences. At ABC, this commitment takes the form of presenting compelling television for wide mass market consumption supported by responsible advertising, promotion and public service announcements.

ABC Network maintains a dedicated staff of standards professionals, led by a Senior Vice President who is independent of network management and reports directly to the Deputy General Counsel, Media Networks. This group reviews all entertainment programming for appropriateness and taste, in addition to reviewing all commercial, promotional and public service messages aired on the network. With backgrounds in areas as diverse as law, psychology, medicine and education,



Our networks, such as ESPN, consider such areas as journalistic integrity, diversity and content standards when delivering programming to audiences.

ABC standards professionals have the broad expertise required to evaluate the appropriateness of content for broadcast. Standards are reviewed and revised annually, based on ongoing assessment of societal norms, artistic integrity and adherence to company policy mandates. Standards professionals are involved from idea inception to final product with all network departments, including entertainment and sales, to ensure that each area effectively implements applicable standards in the production of material. The standards staff also maintains ongoing relationships with external creative and professional communities and advocacy groups and keeps abreast of legal and regulatory requirements for programming and advertising compliance.

For a discussion of standards and practices at Disney Channel please see the [Children & Family](#) section.

Journalistic Integrity

It is the mission of ABC News to bring the truth to the American public on matters of interest and importance to them. Audience credibility is essential to this mission, and we therefore, strive to achieve high journalistic standards in everything we do. Journalistic accuracy and integrity are fundamental to ABC News wherever we serve our audience, whether it is on broadcast television or in digital and online media, radio or on-demand services.



ABC shows, like Ugly Betty, reflect the diverse world in which we live.

Led by the Senior Vice President of Editorial Quality, a team of news practices directors enforces policy guidelines that have been established for our news personnel to assist them in upholding the high standards that ABC News demands and our audience expects. Each member of the news practices staff is responsible for safeguarding the reputation and integrity of specific areas of the news division, including hard news, morning news, news magazines and our digital and online news platforms.

ESPN employs an ombudsman as the public's representative, offering independent examination and analysis of ESPN's media outlets. This role critiques decision-making, coverage and presentation of news, issues and events on ESPN television and other media. The ombudsman has a two-year tenure.

Read more about the current [ombudsman role](#) at ESPN.

Diversity in Content

The Walt Disney Company is committed to appealing to broad audiences and reflecting the diversity and multiculturalism of our audience and the world. At the core, we believe that diversity of content is not just an issue for corporate responsibility, it is integral for the growth and viability of the company. By casting a wide net, we are able to engage and remain relevant to a broader community of viewers. Additionally, we believe

that a diversity of opinions and ideas enhances our internal creativity and the company's vitality.

We approach diversity in the workplace through a multifaceted strategy. You can learn more about our diversity efforts in the [Workplaces](#), [Children's Content](#), and [Supplier Diversity](#) sections. Here we will focus on diversity in our network and studio productions and our publishing business.

Studios

The Walt Disney Studios' approach to diversifying content includes selecting relevant content, incorporating diversity considerations when casting, expanding partnerships, targeting messages to reach a broader audience and expanding our consumer knowledge through ongoing research and trend tracking. While we have made progress in developing diverse content, as the examples below illustrate, we believe that there is much more we can and will accomplish.

Recent movies released by our studios that have appealed to diverse audiences, and which incorporated Hispanic and African-American talent, include *Step Up 2 The Streets*, *Beverly Hills Chihuahua*, *College Road Trip*, *High School Musical 3: Senior Year* and *Miracle at St. Anna*.

We will continue developing characters for everybody to enjoy. Characters of varied cultures and backgrounds such as Mulan, Pocahontas, Jasmine and Aladdin are embraced by consumers everywhere and have proven their broad appeal. To continue that legacy we will soon introduce with great pride a new animated film with special appeal to diverse audiences.

Walt Disney Animation Studios is set to release the musical *The Princess and the Frog*, an animated comedy set in the great city of New Orleans that provides a modern twist on a classic tale. The movie features our latest princess, Tiana (voiced by Anika Noni Rose), an intelligent and beautiful African-American girl who dreams of starting her own business. From the heart of Louisiana's mystical bayous and the banks of the mighty Mississippi, this fun-filled adventure is due out in theaters in late 2009.



Networks

In our television group, diversity is approached in three principal ways: integrated and targeted content, talent development and marketing to reach a broader audience. We put special emphasis on talent development with the belief that multicultural writers, directors and actors will organically reflect diversity in the content that is developed. To date, we have introduced talent programs such as ABC/Disney writing fellowships, Directors Breakage and ABC Studio Production Assistants to help identify and cultivate talent in a more diverse workforce. For more information on our approach to fostering a diverse workforce, please see the [Workplaces](#) section.

Today, ABC is a leading network representing diversity as recognized by the industry. In 2008, ABC picked up six ALMA awards for the promotion of fair, accurate and balanced portrayals of Latinos in the entertainment industry. Additionally, we received the highest score from the National Hispanic Media Coalition on its “report card.” Finally, shows on our networks won several awards from the Gay & Lesbian Alliance Against Defamation (GLAAD) and the National Association for the Advancement of Colored People (NAACP) in 2008.

In addition to many outreach efforts and financial support to serve multicultural organizations, ESPN has been a leader in hiring commentators of varying ethnicities, in distributing programming that meets the different needs of its diverse fan base and in launching media outlets aimed at multicultural communities. The ESPN Deportes brand and content, which are available through TV network, radio, print and online channels, serve U.S. Hispanic fans. ESPN's multimedia outlets not only spotlight and cover diverse athletes but also offer documentaries such as *Black Magic*, a widely acclaimed two-part series about African-American college basketball players breaking the color barrier and special events like the MEAC/SWAC Challenge featuring historically black college football teams.

Disney Publishing Worldwide

Disney Publishing Worldwide is committed to delivering the highest-quality content for all of its publishing programs. Disney Publishing Worldwide created the Jump at the Sun imprint in 1998 with the mission of celebrating the rich diversity of African-American culture and history through books for children and teens of all races and cultures. Since its inception, Jump at the Sun has

received many industry accolades and honors, including Caldecott and Coretta Scott King Awards and NAACP Image Awards. Leading African-American authors and illustrators including Kadir Nelson, Toni Morrison, Whoopi Goldberg and Sharon G. Flake have published best-selling and award-winning books under the Jump at the Sun banner. Disney Publishing celebrates diversity in other ways as well – through the *Cheetah Girls* novels and other publications that bring together characters of different backgrounds and ethnicities.

The Road Ahead

As our diversity efforts progress, one area that represents great opportunity for improvement is diversity *behind* the camera. Shows such as *Ugly Betty* and *Grey's Anatomy* represent good first steps, with Latino and African-American producers, directors and writers. We hope to build on this solid start and embed the multicultural point of view into the very fabric of our production process – from writing to acting to directing and producing. This objective underscores our fundamental belief that a diverse production will produce a superior product and attract a greater audience.

Localized Content

Localizing content enables Disney to do two important things: celebrate local cultures and build unique programming for our networks. Disney Studios, ABC, Disney Channel, Radio Disney, ESPN and ABC-owned television stations produce original local content in a number of major international and domestic markets, reflecting our belief that the relevance and popularity of movies and shows can only become stronger if they are rooted in local cultures.

Over the past two years, the Walt Disney Studios have produced acclaimed local-language theatrical films in such diverse markets as China, India, Argentina and Mexico. These films have the basic DNA of a Disney film, but are firmly rooted in local culture. *The Secret of the Magic Gourd*, a 2007 release in Mandarin Chinese, was based on a beloved Chinese short story and featured an all-local cast in the story of a young boy and the lessons he learns from a mischievous gourd. *Roadside Romeo*, a Hindi-language animated film produced jointly with Yash Raj Studios in Mumbai, premiered in October 2008 and became the top-grossing Disney animated movie ever in India.

Our television networks are similarly focused on localization. One example is how Disney Channel has adapted *High School Musical* in its local markets. In India, we enlisted local artists to record the soundtrack in Hindi and added Indian instruments. Across Europe and parts of Southeast Asia, songs from the movie were re-recorded in local languages featuring a wide range of popular young stars. In Latin America, we presented two locally produced reality TV series themed to the movie that served as casting calls for two local feature films. In addition, ABC produces separate versions of its hit *Desperate Housewives* for the Argentine, Brazilian, Mexican and U.S. Hispanic market. Finally, ESPN's *SportsCenter* is localized in 14 markets. The U.S. version is distributed nationally, and there are 13 other versions around the world. The content varies for each channel and often has local content.

In coming years, Disney expects to expand this approach and, so far, has announced plans for the production of new feature films in Russia and the Gulf States and new TV series in the U.K. and Japan.

Camp Rock-ing around the World

Seventeen renditions of songs from the hit Disney Channel Original Movie *Camp Rock*, have been recorded in local languages by recording artists around the world. This initiative is part of Disney Channel's mission to connect with children and families locally and globally with great stories, characters and music that are relevant and entertaining. The music videos were debuted on 27 Disney Channels leading up to the movie's launch in Europe and Asia in the fall of 2008.

Local Content Driving On-the-Ground Change

In good times and bad, the 10 ABC-owned stations in New York; Los Angeles; Chicago; Philadelphia; San Francisco; Houston; Raleigh-Durham, North Carolina; Fresno, California; Flint, Michigan; and Toledo, Ohio, are trusted partners in their communities and recognized as news leaders industry-wide. The stations regularly average 1,600 hours of local news annually in each market. In addition, ABC-owned stations reach out to their communities with thousands of public service announcements on behalf of local and national organizations and offer numerous other initiatives on air and off.

The strength of their local commitment contributes to the stations' consistently high performance in



A version of the popular High School Musical film was produced in Mexico with a local cast.

the ratings. Eight ABC-owned stations, for example, ranked No. 1 from sign-on to sign-off in their respective markets during the major ratings periods of the 2007-2008 season.

With its extraordinary around-the-clock news coverage during Hurricane Ike and after it swept through the Houston area in September 2008, KTRK-TV lived up to the outstanding reputation for public service shared by all ABC-owned television stations. Even as power outages blacked out most television sets, KTRK-TV overcame its own hurricane damage to remain on air and on the Web as a lifeline for viewers with battery-operated TVs or emergency generators, and as a first-hand news source for those watching the station's local telecasts worldwide on the Internet.

Elsewhere, Flint anchor Bill Harris' prostate cancer diagnosis, treatment and recovery brought a personal perspective to WJRT-TV's outreach campaign on that health issue. The campaign included special broadcasts, online information and a free screening clinic. Colorectal cancer was a major focus at WTVG-TV in Toledo and included a live phone bank with local medical professionals answering viewer questions. WABC-TV New York's Protect Our Children campaign, in its 11th year, continued to alert viewers about the need to protect children from the threat of abduction and child abuse.

Violence against schoolchildren and women was explored in a series of specials aired by WLS-TV

Chicago, taking news anchors from studio discussion to some of the city's most dangerous neighborhoods. Chicago high school students were featured in public service announcements offering anti-violence messages. For 16 consecutive years, WPVI-TV in Philadelphia has worked with local firefighters to heighten awareness about ways to prevent deadly fires and to provide nearly a half-million smoke alarms to families throughout its service area.

For more discussion about our ABC-owned stations' commitment to community service, please see the [Community](#) section.

Smoking in Films

In July 2007, Disney undertook a leadership position on the issue of smoking in the movies, making a commitment to U.S. Representative Edward J. Markey (D-MA), Chairman of the House Telecommunications and the Internet Subcommittee, that it would discourage depictions of cigarette smoking in its films directed at children. We stated that we expected depictions of cigarette smoking in future Disney branded films to be nonexistent. Further, we pledged to place an anti-smoking Public Service Announcement (PSA) on DVDs of any future film that does depict cigarette smoking and to work with theater owners to encourage the exhibition of an anti-smoking PSA before the theatrical exhibition of any such film. This year to date, Disney has placed PSAs on eight home entertainment titles, resulting in nearly 75 million viewings.

In 2008, we strengthened our commitment by instituting a formal policy to prohibit cigarette product placement or promotion for any movie we produce under the Disney label. We also reinforced our internal management systems related to this issue. Disney instituted procedures for monitoring of smoking depictions in movies for which it is the sole or lead producer and which it distributes under the Disney and Touchstone labels or which are produced by the Miramax Company.

Looking forward, we expect the depiction of cigarette smoking in new Disney-branded films to be essentially nonexistent. For movies for which a Disney entity is the sole or lead producer and which are released either as a Touchstone movie or Miramax movie, we take our responsibility very seriously and seek to limit cigarette smoking in films that are not rated R to scenes in which smoking is part of the historical, biographical or cultural



ABC owns ten local television stations across the country.

context of the scene or is important to the character or scene from a factual or creative standpoint, or where cigarette smoking is portrayed in an unfavorable light or the negative consequences of smoking are emphasized.

Disney will also seek to include provisions in distribution agreements for films produced in the United States and for which principal photography has not begun at the time of the agreement advising filmmakers that it discourages depictions of cigarette smoking in films that are not rated R. For other movies we distribute that are not rated R, we seek to discourage depiction of cigarette smoking where we believe it is appropriate and practical to do so.

We review smoking depictions in all movies distributed by Disney and Miramax and we look forward to publishing the results of such reviews in the future.

PRODUCTS

All of us have seen the increasing awareness and concern among consumers regarding product quality and safety, and ultimately sustainability. Recent reports of products tainted with potentially toxic substances have concerned both the industry and consumers. However, these events have also served to heighten general awareness of important sustainability and quality issues. At Disney, we take these concerns seriously and are focusing a number of efforts on this area.

Supply Chain

The Walt Disney Company has a large portfolio of intellectual property that the company manages through relationships with a range of licensees, vendors and retailers. Products bearing Disney characters, stories, songs and brand names include a wide range of categories such as apparel, footwear, toys, stationery, published materials, food, CDs and DVDs, home furnishings and consumer electronics, among others. Disney has granted rights to more than 8,000 businesses to use our intellectual property in the manufacture of such products. Some of these licensees are large, even global, companies and retailers, while many others are medium-sized and small companies located around the world.

The majority of Disney-branded products are manufactured by licensees, managed by Disney Consumer Products (DCP). Studio Entertainment, Parks and Resorts, Media Networks and Disney Internet Media Group also source Disney merchandise for retail sale or for promotional purposes through licensee and vendor relationships.

Business Relationships

We use the term “licensee” when we refer to the companies to whom we license the rights to manufacture Disney merchandise for distribution or sale to others and “vendor” when we refer to the companies we engage to

manufacture Disney merchandise for us. Our agreements with both licensees and vendors include specific obligations which licensees and vendors must secure from each factory and supplier they engage in producing Disney merchandise.

Example of a Licensee Relationship: Company X seeks to create a shirt with an image of Mickey Mouse. This company reaches out to Disney to negotiate and conclude a license agreement for the right to reproduce Mickey's image on shirts in exchange for certain licensing fees and royalties. Company X then produces the shirt through its own supply chain and sells it to consumers (or retailers).

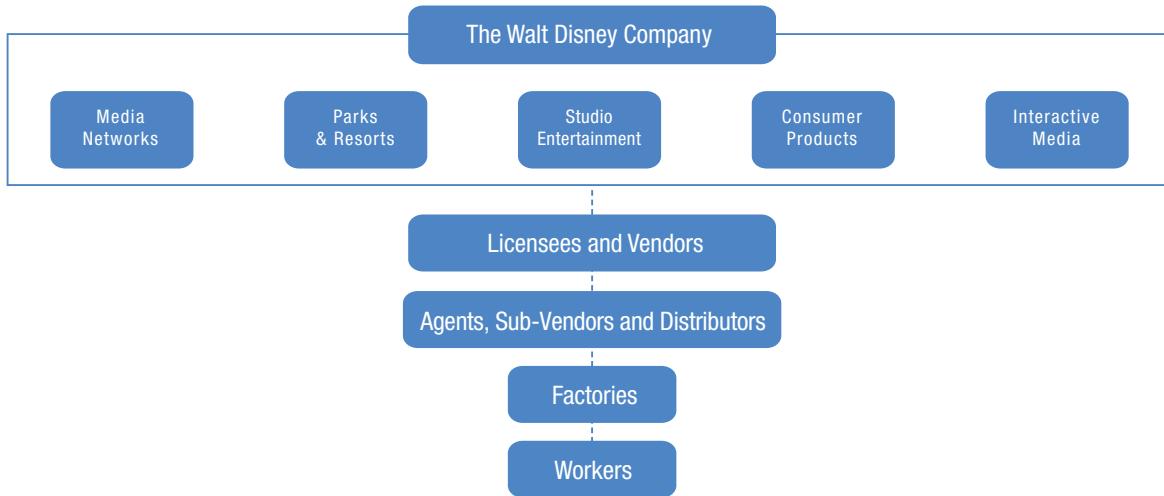
Example of a Vendor Relationship: Disney seeks to create a shirt with a Mickey Mouse image. Disney reaches out to Company Y to negotiate and conclude a vendor agreement for the supply of shirts with Mickey Mouse's image. Company Y then produces the shirt through its own supply chain, and sells it to Disney for the agreed price.

For further discussion of the company's operations, including our supply chain, visit the [Workplaces](#) section.

Product Safety

The safety of products bearing Disney characters and other intellectual property is of crucial concern to us.

Chart 8: Supply Chain at Disney





Disney products are built for a wide range of age groups, each of which has different safety requirements.

Our dedicated corporate Product Integrity group, staffed with experienced engineers and safety professionals, oversees product safety in the manner described below. In 2008, this team of engineers and technical staff was located in Burbank, California; Orlando, Florida; London, U.K.; and Hong Kong.

Contractually, Disney requires that licensees and manufacturers comply with all applicable legal and regulatory safety requirements, including restrictions on phthalates and lead applicable to a given product, and that they have procedures in place to verify such compliance. Our Product Integrity professionals monitor and confirm that manufacturers and licensees are conducting safety tests by independent, certified third-party testing laboratories or equivalent procedures. They also seek to verify that product manufacturers are complying with, and keep abreast of, current and changing product safety standards.

Products Sourced by Disney

Product sold, distributed or given away by a Disney business unit (i.e. Disney Stores, Disney Parks and Resorts, Disneyshopping.com, ABC, etc.) are subjected to a product safety review. Product Integrity engineers review, document and manage third-party testing to verify that these products meet all applicable regulatory and Disney requirements. In 2008, Product Integrity reviewed approximately 60,000 such products worldwide.

Products Sold by Disney Licensees

We have a program to monitor Disney's licensees who are contractually obligated to test their products and ensure that the products comply with applicable regulatory requirements.

Disney licensees are classified by risk level based on the category of products they manufacture. Focusing on highly regulated products helps optimize and leverage the team's time and expertise to better protect consumers and our brands.

Disney requires that selected licensees submit test reports to the Product Integrity group from an accredited testing laboratory indicating that their products meet or exceed applicable product safety regulations. Product integrity engineers then review the reports to verify that the testing by the licensee was appropriate, that the proper testing procedures were performed, and that applicable regulations were fully satisfied.

In addition to these measures, we operate a testing program in which products made by licensees are randomly purchased directly from retail stores and submitted to an independent, third-party testing laboratory to verify continued compliance with applicable product safety regulations.

Product Incidents

Disney's Product Integrity team monitors all product-related safety incidents. In the event of a product-related injury to a consumer, the Product Integrity group will get involved to encourage proper handling of the issue. In addition, the subject product is immediately reviewed and tested to determine whether it continues to meet applicable safety requirements; if necessary, the product may be modified, withdrawn or recalled. With respect to Disney-sourced products, the Product Integrity group then incorporates the data into the company's product development process to promote continuous product improvement.

Product Recalls

When a product distributed or sold by Disney is the subject of a recall, Disney's Product Integrity team works closely with the product manufacturer and the appropriate regulatory agencies to make sure the product is removed from the market as quickly as possible. Consumers are alerted of product recalls through various means of

communication, such as press releases, recall notices, website postings and/or store signage. If the product that is the subject of a recall is manufactured and sold by a Disney licensee, the Disney Product Integrity team works with the licensee to handle the recall with the same level of urgency and completeness as Disney provides for products it distributes or sells.

Food Safety

Disney Parks and Resorts' approach to food safety is recognized as world-class throughout the industry⁵. Food suppliers must adhere to proper food safety practices, comply with regulatory requirements and, depending on the type of food product, submit to supplier site testing and microbiological testing of food samples.

Our parks and resorts dining locations are subjected to detailed processes that include surprise testing and regulatory reviews. In addition, our food-service Cast Members and crew participate in formal training that includes topics ranging from proper food handling, storage and preparation to personal hygiene requirements and sanitation practices. Electronic newsletters and other communications tools update Cast on food safety issues.

Innovative Food Safety Icons

Partnerships and collaboration can advance innovative approaches to food safety. Disney Parks and Resorts and nine other food protection association members created 11 colorful icons that depict important food safety concepts such as sanitation and food temperature regulations. These easily recognizable, nonverbal food safety icons help communicate critical food safety tasks to a global food-service community and our Cast Members, who speak many languages. The icons are quickly gaining popularity worldwide and are used in training materials, as workstation reminders, on recipe cards and in food packaging. The food safety icons can be downloaded from the [International Association for Food Protection](#) website.

Technological Food Safety Breakthroughs

At hundreds of food and beverage locations throughout our U.S. resorts, our food and beverage operators conduct a "hazard analysis of critical control points" program. This program, based on requirements taken directly from regulatory food codes, confirms on a daily basis that our food is stored and prepared at the correct

temperatures. For example, during the day, food temperatures - including cooking, cooling, reheating, refrigeration and hot holding temperatures - are verified.

Labor Standards

The Walt Disney Company is committed to the promotion and maintenance of responsible international labor practices in its licensing and direct sourcing operations throughout the world. Toward this end, we have implemented a wide-ranging International Labor Standards (ILS) program that includes policies, practices and protocols designed to support common, safe and fair labor standards for workers engaged in the manufacture of merchandise bearing the Disney name and characters.

More information about this program can be found in the [Workplaces](#) section of this report.

EXPERIENCES

Disney's stories and beloved characters come to life at Disney parks and resorts around the world, taking families to magical worlds of fantasy, dreams and immersive experiences unlike any other. It happens by design, with an unrelenting focus on family entertainment and storytelling married to extraordinary innovation. Indeed, these principles are at the heart of everything we do in our parks and resorts business – whether it is building a new attraction, hosting guests for a memorable cruise or leading an *Adventures by Disney* tour.

Walt Disney Imagineering – the storytellers behind Disney parks and resorts – focus on imagining the future of family entertainment with groundbreaking creativity and technology. Imagineers bring to life fantastic worlds, memorable characters, extraordinary experiences and magical encounters for our Guests throughout the world. We believe that people respond to storytelling emotionally, and by doing it right we provide a space for families to create lasting memories.

Whether it is through our dedication to safety or by offering an inclusive environment that respects the diversity of our millions of Guests from around the world, our commitment to act responsibly in everything we do is at the core of Disney Parks and Resorts' efforts to provide a memorable experience to all our Cast and Guests.

5 For example, Hong Kong Disneyland's Food and Beverage team won a record 26 awards at the Catering Industry Safety Award Scheme 2008/2009 and the Walt Disney World® Resort Safety and Health Department received the prestigious Black Pearl Award in 2001 for corporate excellence in food safety by the International Association for Food Protection (IAFP).

Park Safety

Safety is our top priority throughout Walt Disney Parks and Resorts' operations. Safety is the first of four quality standards – followed by courtesy, show and efficiency – that guide the operational decisions of more than 100,000 park and resort Cast Members worldwide.

The magic and memories we create involve a broad range of activities: riding attractions, dining, shopping, swimming and live entertainment, among others. We know that each of these activities is important to an enjoyable visit, and, therefore, our approach to safety is multifaceted.

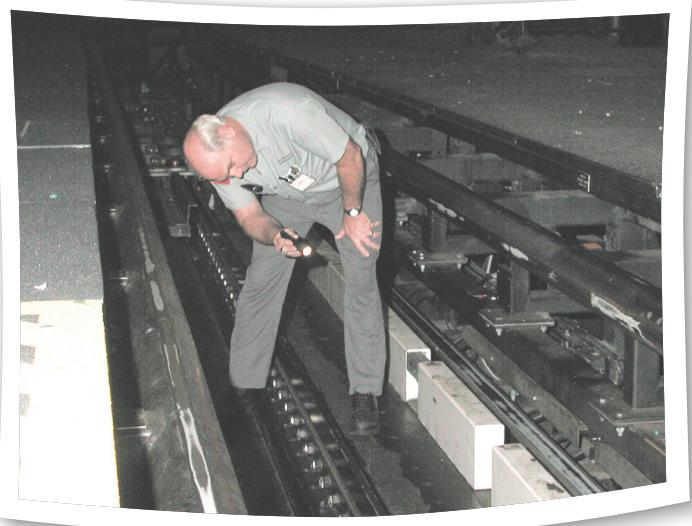
Our most recent [Report on Safety](#) is a summary of safety programs across all of Walt Disney Parks and Resorts' operations, including guest safety initiatives, Cruise Line safety, Cast and crew safety and attraction safety elements related to design, manufacturing and production, installation and testing, operations and maintenance, and quality assurance.

Accessibility at Disney Parks

Disney parks are at the forefront of accessibility for guests with disabilities. As we create new attractions or enhance existing ones, careful consideration is given to providing appropriate access so that virtually all of our Guests can enjoy the experience.

From handheld captioning to accessible-ride vehicles to sloped-entry swimming pools, Disney Imagineers and engineers challenge themselves to create many experiences everyone can enjoy. At the world-famous *Jungle Cruise* attraction, for example, ride engineers created a special lift inside several boats to allow access for Guests who previously would have had to transfer from their wheelchairs to the ride seat.

Jungle Cruise and other Walt Disney World Resort and Disneyland Resort attractions also offer handheld captioning through an innovative device. A handheld receiver enables Guests to read captions while enjoying specific theme park attractions where captioning



An inspector walks the tracks and checks equipment at one of Disney's park attractions.

previously was impractical or unattainable. To develop the handheld system, Disney engineers took recent advances in wireless communication one step further. Since an off-the-shelf solution was not available, Disney engineers developed their own. We are now exploring opportunities to make this patented technology available in venues outside of theme parks, where it could provide synchronized captioning, audio translations and other services in a wide variety of applications such as museums and movie theaters.

Walt Disney World Resort is also launching a service, known as audio description. This service provides narrated information about key visual elements in our attractions such as actions, settings and scene changes for Guests with vision disabilities. From the moment guests step into an attraction, they are given rich detail of their surroundings and become immediately involved in the attraction experience.

Audio description joins several existing services for Guests with hearing and visual disabilities, including reflective captioning, sign language interpretation, assistive listening systems, video captioning, Braille maps and audio walking tours. 

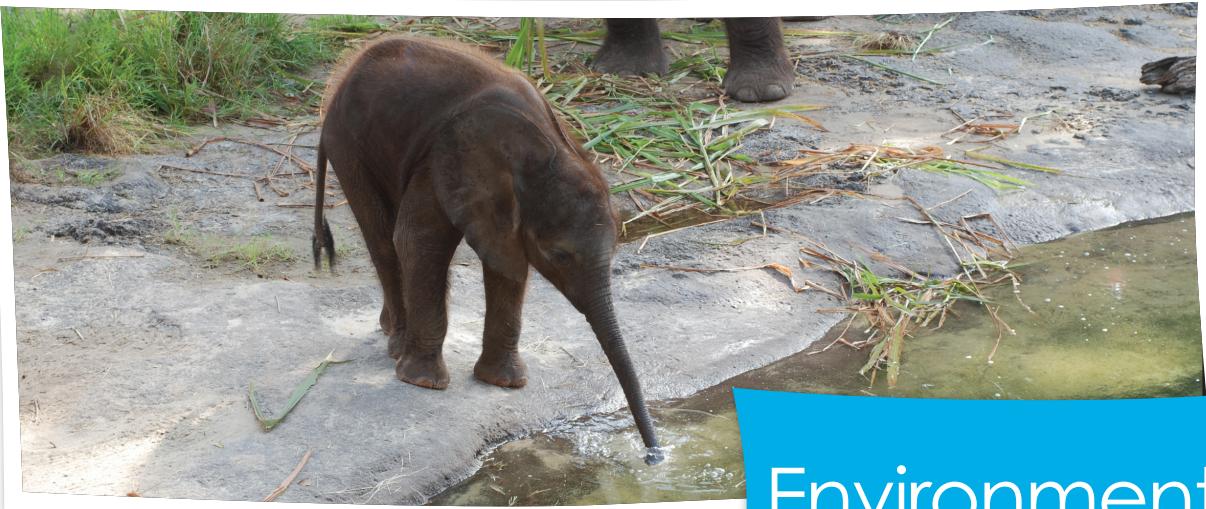
A MULTIMEDIA VERSION OF THIS REPORT IS AVAILABLE AT
www.disney.com/creport

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Environment



African elephant, Tsavo, was born in June 2008 to mother, Moyo, at Disney's Animal Kingdom.

Environment



Since the company's earliest days, conservation and the environment have been recurring themes in Disney offerings, from motion pictures and television programming to our parks and resorts. Building on this legacy, we've recently intensified our actions on behalf of the environment. Today, we make concerted efforts to **embed environmental stewardship** into the decisions and actions of our employees, Cast Members and Guests through a series of new programs and policies, grounded in science and taking advantage of the best of our company's talents and abilities.

The diversity and scope of Disney's operations make it a challenge to implement a strategy that successfully enhances environmental efficiency and conservation across the board. Business segments have vastly different operations, all of which impact different areas of the environment. Additionally, each segment has operations located in many different geographical regions throughout the world, each with a unique set of environmental issues.

LEGACY OF ACTION

Environmental stewardship has been a component of our business as far back as the earliest Disney films and Disney parks. In the 1960s, the company set aside nearly one-third of The Walt Disney World Resort property in Florida as a dedicated wildlife conservation area in perpetuity. Disney coined the term Environmentality™ in 1990 to represent an environmental way of thinking about things big and small throughout the company. Since 1989, our progress in this area has been reported in our annual [Enviroport](#).

In this report, we want to share key elements of our progress, including some specific environmental goals and targets. The progress we have made is the result of work by employees and Cast Members worldwide in every business segment, ranging from compliance to communications and countless others who make Environmentality real in their daily work.

Some highlights:

- Unique solutions to sustainable development are a hallmark of Disney's Florida projects. As part of an ecosystem management strategy, Disney purchased an "at risk" parcel of 8,500 acres at the headwaters of the Everglades in 1993 to create The Nature

Conservancy's Disney Wilderness Preserve. Disney's \$45 million investment, made in collaboration with the Florida Department of Environmental Protection, Florida water management districts, the Audubon Society of Florida and The Nature Conservancy, is a living laboratory for land restoration. Heralded by then-EPA Administrator Carol Browner as a model for all companies, the effort was a new way to approach responsible development, while acknowledging the need for growth.

- The Disney Worldwide Conservation Fund was established on Earth Day in 1995 to support the important work of both local and global nonprofit organizations to positively impact wildlife, ecosystems and the communities so closely linked to their survival. Since its inception, the fund has granted more than \$12.8 million to support more than 750 [conservation projects](#) in 110 countries.
- Disney's Environmental Challenge, our environmental youth education program, has over the last 15 years engaged 1.5 million children in projects benefiting the environment, bringing big benefits to their communities.
- More than 10 years ago, Walt Disney World was recognized as a U.S. Environmental Protection Agency (EPA) "Energy Star Partner" for implementing significant energy savings throughout the property. Participating in the EPA's Green Lights program saved enough energy to power Disney's Animal Kingdom in its first year of operation.
- Disney has received awards from the U.S. EPA for success in other areas as well, including energy and waste reduction, community involvement and commuter programs, as well as multiple awards from the California EPA, the Florida Department of Environmental Protection, the Environmental Media Association and others.
- All Disney Florida resorts have achieved the Florida Green Lodging certification.
- Starting in the early 1990s, the Walt Disney World Resort voluntarily began to reduce its reliance on pesticides and started work on an Integrated Pest Management (IPM) program that uses alternatives to harsh chemicals. This innovative approach uses beneficial insects, insect growth regulators, and other methods such as soaps, oil sprays, and baits

(instead of sprays). For example, "good" bugs are placed on plants in order to eat "bad" bugs that are destroying the plants.

ENVIRONMENTAL POLICY

The Walt Disney Company seeks to establish and sustain a positive environmental legacy for Disney and for future generations. In doing so, the company is committed to minimizing its overall impact on the environment while encouraging and activating environmentally responsible behavior on the part of Cast Members and employees, Guests and business associates throughout the world.

Specifically, Disney aims to conserve water, energy and ecosystems; to reduce greenhouse gas emissions; to minimize waste; and to inspire public consciousness in support of environmental sustainability. The company seeks to identify, measure and understand the direct and indirect impact of its operations and develop innovative and realistic solutions for mitigating those impacts. It also complies with, and in some cases exceeds, environmental laws and regulations.

Finally, the company is committed to communicating regularly its progress in implementing the policies and achieving the targets that it has established.

Key Focus Areas

Disney's environmental policy consists of the following focus areas:

Water and Energy Conservation

Improve water and energy efficiencies in existing operations. Invest in new technologies and systems that enhance water and energy conservation. Include water and energy management as an integral part of planning for future projects to reduce the consumption of water and energy.

Greenhouse Gas (GHG) Emissions Reduction

Reduce GHG emissions by identifying the sources and implementing solutions, including source elimination, efficiency improvement, minimizing transportation and other fuels, and increasing the use of clean fuels. Examine the supply chain to achieve improvement.

Waste Minimization

Minimize waste in our operations and business activities. Dispose of waste conscientiously and creatively by making “reduce/reuse/recycle” the standard operating procedure. Incorporate waste reduction into the design of products, programs, and facilities; reduce waste through innovative product development, supply chain management, and end-of-life recycling.

Ecosystem Conservation

Promote wildlife and habitat conservation through cooperative efforts with the scientific and academic communities and organizations committed to preserving the Earth’s biodiversity and ecosystem functions. Effectively plan and manage conservation lands for the preservation of native plant and animal species. Integrate natural resource conservation in future planning, development and operations activities.

Inspire Action

Engage and inspire employees, Guests, viewers, interested parties and business associates to make positive impacts on the environment. Integrate environmental messaging into products, guest experiences and media platforms worldwide.

OUR COMMITMENTS

Disney has made a significant commitment to each major focus area by setting ambitious long-term goals. In 2006, President and Chief Executive Officer, Bob Iger, and Senior Executive Vice President and Chief Financial Officer, Tom Staggs, brought together senior leaders from each business segment to discuss environmental issues as they relate to company operations. Together, under the leadership of a Senior Vice President, Environmental Affairs, Disney’s Environmental Council⁶ drafted the company’s environmental strategy and long-term goals.

Achieving these goals begins with measuring and defining our footprint, setting medium-term targets, and putting in place initiatives to reach those targets. Progress for each focus area is highlighted in this report. Looking forward, Disney will strive to be even more strategic, even more innovative and an even better steward of the Earth as our business grows.

The reasons for this are straightforward. Current scientific conclusions indicate that urgent reductions in greenhouse gas emissions are required to avert accelerated climate change. Scarcity of natural resources and threats to ecosystems and biodiversity are serious environmental issues. A successful response to these challenges demands fundamental changes in the way society, including businesses, use natural resources, and Disney is no exception.

⁶ For more information about the Environmental Council, please see the Education & Action section of the report.

Chart 9: Environmental Goals

Long-Term Goals	
1	Zero net direct greenhouse gas emissions
2	Reduce indirect greenhouse gases from electricity consumption
3	Zero waste
4	Net positive impact on ecosystems
5	Minimize water use
6	Minimize product footprint
7	Inform, empower and activate employees, business partners and consumers to take positive action for the environment

Climate and Energy

Long-Term Goal #1: Zero net direct greenhouse gas emissions

The approach to this goal follows the hierarchy of avoiding emissions, reducing emissions through efficiency, replacing high-carbon fuels with low-carbon alternatives, and then using high-quality offsets for what is left. "High-quality," in this case, will be defined by a strict set of criteria used to select offset projects.

Long-Term Goal #2: Reduce indirect greenhouse gas emissions from electricity consumption

This goal focuses on taking steps to be more efficient in electricity consumption, the procurement of clean electricity from utilities and investments in clean electricity projects.



Solar panels at Walt Disney Studios in Burbank provide clean, renewable energy.

Measurement

In 2007, the company embarked on the first companywide GHG emissions inventory which measured for calendar year 2006. Given the complex and dynamic structure of the company's activities, it was important to approach the inventory in a clearly defined and systematic manner and in accordance with principles outlined in the World Resource Institute's GHG Protocol. Based on research, we first captured data from facilities.

Disney facilities include our parks and resorts, owned and leased office spaces, cruise ships, retail outlets,

restaurants and radio and TV stations. Sources of direct emissions at facilities include boilers, generators, vehicular activity in and around assets, cruise ships engine activity and refrigeration systems. Electricity consumption at facilities results in indirect greenhouse gas emissions. (See Chart 10 for calendar year 2006 emissions and electricity consumption data.) The values have been confirmed through an internal validation process and data gaps have been identified. These gaps will be closed as Disney continues to refine the annual inventory process.

Chart 10: Greenhouse Gas Emissions and Electricity Usage (2006)^a

Type	Amount
Direct GHG emissions from fuel combustion and refrigerant leaks (metric tons CO2eq)	566,042
Electricity (million kilowatt hours)	2,006
Indirect GHG emissions from electricity (metric tons CO2eq)	1,083,675

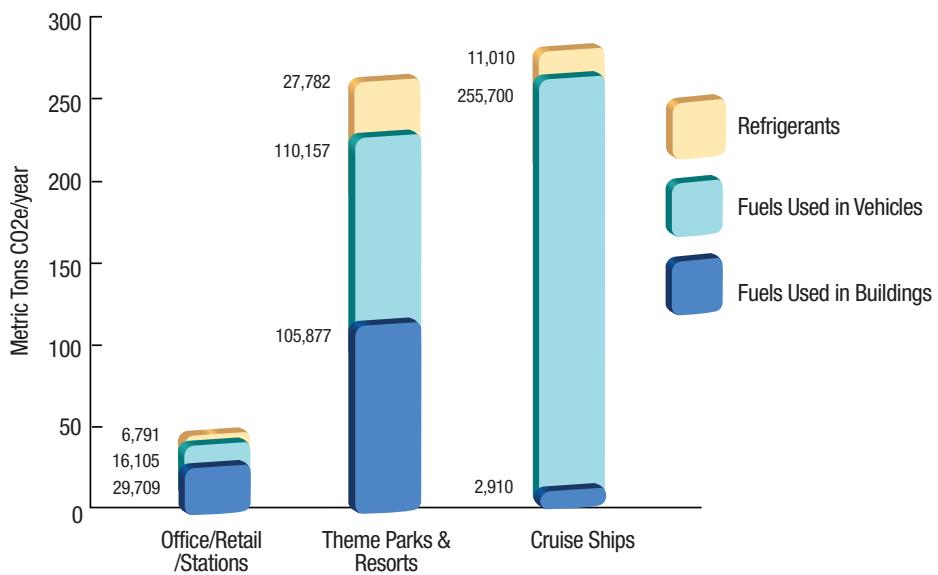
^a These totals do not include data for Tokyo Disneyland. Tokyo Disneyland is neither owned nor operated by The Walt Disney Company

Examples of emissions that were excluded from this chart include the following:

- Mobile combustion emissions from the operations of the third party bus operators "American" and "Mears" at Walt Disney World were omitted. Disney does not have operational control over these entities; furthermore the fuel consumption data that was obtained were based on estimates provided by the third party operators. The greenhouse gas emissions were a total of approximately 14,700 tons of CO2.
- Greenhouse gas emissions generated by ruminant livestock wastes in the amount of approximately 56 tons of CO2e were omitted. Since these emissions are not generated from fuel combustion but rather from enteric fermentation and manure they were excluded from this chart.
- Again since this chart refers to direct emissions from fuel combustion the greenhouse gas emission generated by the landfill at Walt Disney World were also omitted from the summary. The emissions equate to a total of approximately 4,300 tons of CO2e.
- Additional data gaps are detailed in the company's emissions inventory report.

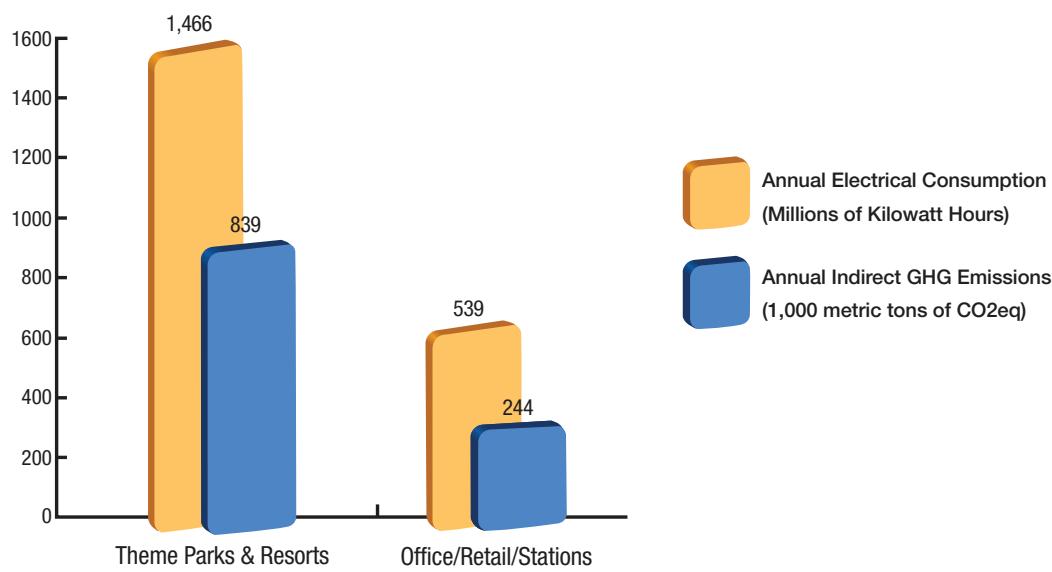
Charts 11 and 12 illustrate contributions from various asset types to the totals listed in the table on the previous page.

Chart 11: Direct GHG Emissions by Category (2006)



The direct greenhouse gas emissions due to operations for calendar year 2006 were summarized into three categories: Theme Parks & Resorts, Office//Retail/Stations, and Cruise Ships.

Chart 12: Indirect GHG Emissions and Electricity Consumption (2006)



This chart does not include a category for electrical consumption and corresponding emissions from cruise lines because both ships, the Magic and Wonder, do not purchase any electricity. All electricity is generated by the internal combustion engines on board and the greenhouse gas emissions are captured under the direct emissions from mobile sources for the cruise ships.

Medium-Term Targets

In addition to our initial baseline inventories and emissions measurements, we have also set medium-term reduction targets for Disney facilities as part of our pursuit of our first two goals.

Specifically,

- For direct emissions from fuels: by 2012, Disney seeks to achieve 50% of its long-term goal through a combination of reductions, efficiencies and offsets.
- For electricity consumption: by 2013, Disney seeks to reduce electricity consumption by 10% compared to 2006 baseline in existing assets.
- Disney will develop a plan to aggressively pursue renewable sources of electricity to reduce emissions from electricity.

efficiency improvements, conservation and education in Florida. Disney's Strive for Five also received a Sustainable Florida Promising Practice Award from the Council for Sustainable Florida.

Responsible Retail Operations

Our Disney Store operations represent the local face of the company in many communities, not only throughout the United States and Canada, but also in many locations in Europe and Asia. A leader in environmental initiatives, the Disney Store's European distribution center has taken an active role in seeking to reduce its environmental impact through a variety of actions relating to transportation, recycling, composting, sourcing local foods and other areas. These initiatives have delivered real progress. For example, the distribution center has cut energy consumption by over 38% since last year and solar panels provide hot water for over nine months of the year.

Climate Solutions

The company has formed a climate solutions working group to engage each business unit in actively reducing carbon emissions. This group develops strategies for avoiding emissions, reducing emissions through efficiency, replacing high-carbon fuels with low-carbon alternatives and acquiring high-quality offsets for what is left.

We plan to form a green energy working group in 2009 to develop new strategies for pursuing clean energy.

Challenges

Achieving zero net direct GHG emissions depends on the ability to reduce or eliminate consumption of carbon-based fuels such as natural gas, gasoline and diesel, and acquire or generate carbon offsets from projects. Alternative fuels, such as biodiesel, are currently available, but only in limited quantities and for limited applications. In the case of carbon offsets, there is no formal, governmental oversight or regulation of such efforts in the United States. Therefore, caution is required to choose credible partners to generate carbon offsets. Transparency and completeness in reporting are critical, as well as due diligence in selecting carbon offset programs.

Each of the measures needed to meet the electricity targets has its own set of challenges. In the case of improved asset efficiency, an integrated approach



Recycling is everywhere at ESPN's X Games.

toward design will require additional financing. In the case of clean electricity generation, we must identify opportunities for self-generation at a larger scale than anything that Disney has attempted thus far. Finally, procuring clean electricity will be a challenge, especially in light of increased competition for such resources.

Waste

Long-Term Goal #3: Zero waste

Disney has a long-term vision of achieving zero waste. Meeting the goal will require minimizing waste, increasing and improving aggressive recycling and other disposal mitigation programs, and sourcing high-recycled content and highly recyclable products.

Measurement

Disney business units generate solid waste during the course of regular business operations. The quantity of solid waste sent to municipal landfills from all theme parks (excluding Tokyo Disneyland, which is owned and operated by the Oriental Land Company) is provided in Chart 13. The table also lists the estimated quantity of material diverted from landfills in 2006 from initiatives such as recycling, reuse, composting and donations. We intend to include estimated solid waste data for our other operations in future reports.

Chart 13: Waste Data for the Parks and Resorts Segment (2006)

Type	Tons
Total waste generated	298,000
Waste sent to landfill	170,000
Waste diverted from landfill	128,000

Solid waste, recycling, and waste diversion data was provided by Disneyland Resort (DLR), Disneyland Resort Paris (DLRP), Walt Disney World Resort (WDW), Hong Kong Disneyland (HKDL), and miscellaneous other sites (including ESPN Zones, Disney Cruise Lines, Adventures by Disney, and off-site Disney Vacation Club Resorts (DVC)), and aggregated by the Environmental Initiatives Department at WDW. Tokyo Disneyland Resort is owned and operated by Oriental Land Company and not Disney and therefore is not included in these statistics. In 2006, WDPR maintained separate waste and recycling measurement methodologies by site. Some values were measured directly, and some were obtained through various estimation methods. All reported results are for calendar year 2006.

Medium-Term Targets

We have also established some key medium-term targets in support of these long-term goals:

- By 2013, decrease solid waste to landfill to 50% of 2006 baseline level
- By 2013, increase percentage of purchases that include post-consumer recycled material

Initiatives

Merchandise Bags

In 2008, Disney set a merchandise bag standard outlining how branded retail plastic bags should be used within worldwide operations. The standard recommends that plastic bags be made from post-consumer recycled material, unless acquired from a region in which recycled content is not available, and paper bags be made from Forest Stewardship Council-approved pulp. Additionally, the standard spells out requirements and guidelines to minimize overall usage of disposable bags. Cast Members are encouraging Guests to reuse existing bags and consider purchasing sturdy reusable bags available at many retail outlets. Additionally, all plastic bags must now contain messaging that describes the environmental attributes of the bag and inspires reuse and recycling in lieu of disposal.

Set Reuse

Building on the success of the ABC Television “Set Reuse Program” started in 2004, the program last year improved its recycling process to ensure that end-of-life materials are recycled. In 2008 the program recycled nearly 80% of wood and 100% of metal products from sets.

WALL-E DVD Packaging

In November 2008, Walt Disney Studios Home Entertainment launched the Disney/Pixar *WALL-E* DVD packaged in recyclable paperboard. The internal tray and paper inserts are made from 30% and 100% post-consumer recycled content material, respectively.

Challenges

Although specific day-to-day waste reduction efforts vary according to local municipalities, our overall strategy seeks to integrate waste prevention, minimization and global purchasing decisions as key components of our core business strategies and operations.

Ecosystems

Long-Term Goal #4: Net positive impact on ecosystems

Healthy ecosystems provide many benefits to Disney and the communities in which we work and live. The company is developing an ecosystem management strategy designed to deliver a net positive impact. As part of this strategy, ecosystem impacts will be identified during the design-review process of new projects. Then, habitat and restoration solutions will be developed based on the best-available science and engineering to mitigate these impacts. Additionally, the Disney Worldwide Conservation Fund (DWCF) will continue to provide community and nongovernmental organizations (NGOs) with grants that have a significant direct and positive impact on protecting local ecosystems and species.

Medium-Term Targets

In pursuit of our long-term goal, we have adopted the following medium-term targets:

- By 2010, develop and implement an integrated approach to design, engineering and habitat protection for all new construction projects
- Increase the level of support from the Disney Worldwide Conservation Fund each year for the next 5 years

Initiatives

Disney Worldwide Conservation Fund

Recognizing that ecosystems are the basis of the planet's health, the Disney Worldwide Conservation Fund supports not only the study of wildlife but also protection of habitats, land management plans and community conservation and education. In 2008, DWCF, along with help from Disney Guests, supported 104 projects by contributing \$1.845 million to 72 non profit organizations working in 43 countries.

Appropriately on Leap Day 2008, the DWCF presented a \$250,000 donation to the Association of Zoos and Aquariums (AZA) Amphibian Fund, which supports the breeding and protection of hundreds of amphibian species threatened with extinction. Kermit the Frog also joined the cause by visiting Capitol Hill and taping a public service announcement asking the public to help protect frogs and other amphibians.

The DWCF also helps address conservation needs brought on by crisis situations. Last year, the Fund gave \$10,000 to assist in earthquake recovery in China. This contribution helped support the safe housing and care of China's pandas and provided support to the animal care staff that relocated from Wolong Panda Center to the Chengdu Panda Base.

For more information about our charitable giving, please see the [Community](#) section of this report.

Animal Programs

The world's biodiversity is a key focus for Disney's global animal programs, which through Disney's *Animal Kingdom* park and *The Seas at Epcot* work to manage and breed endangered and threatened species. Both facilities are accredited by the Association of Zoos and Aquariums (AZA) and are involved in many "Species Survival Plans" (SSPs). AZA SSPs have been instrumental in the cooperative breeding of many endangered animals, including black rhinos, white rhinos, lowland gorillas, African elephants and many rare birds, reptiles, invertebrates and fish. On June 28, 2008, Walt Disney World Resort welcomed an addition to the largest herd of African elephants in North America. Twenty-six-year-old Moyo gave birth to a 327-pound male elephant, Tsavo, the fourth elephant born at Disney's *Animal Kingdom*.

In September 2008, Disney announced it is donating both cash and staff expertise to help create the first East Africa rehabilitation center for orphaned gorillas in the Democratic Republic of Congo. Created through a partnership with The Dian Fossey Gorilla Fund and Pan African Sanctuary Alliance, the center will care for and ultimately reintroduce gorillas into the wild.

Water

Long-Term Goal #5: Minimize water use

Recognizing the threats associated with a diminishing supply of fresh water around the world, we plan to develop during 2009 both a long-term vision and medium-term targets related to water conservation.

Initiatives

Several water conservation initiatives have been in place across the Walt Disney World Resort in Florida since 1990. These conservation efforts have enabled net aquifer withdrawals at Walt Disney World (i.e. water use) to remain at the same level as 22 years ago, despite the property's tremendous growth including additional hotels, shopping areas and parks. In fact, Disney's operation in Orlando has steadily increased its use of reclaimed water over the years. Today, more than six million gallons of reclaimed water per day provide for landscape irrigation and cooling tower operation, among

other uses. Additional reclaimed water is returned to recharge the Florida aquifer through a system of Rapid Infiltration Basins.

Efforts to use resources wisely are in place at Hong Kong Disneyland, where Disney Imagineers helped design and create Inspiration Lake to collect rainwater runoff from surrounding hills. Apart from providing an open space for the public and wildlife to enjoy, the lake provides water for irrigation of all landscaped areas at Hong Kong Disneyland.

Products

Long-Term Goal #6: Minimize product footprint

Our sixth long-term goal is to reduce the overall environmental footprint of our products – that is, reduce the emissions and waste associated with the manufacture, transport, use and disposal of Disney products.

Disney products find their way into the market through a variety of supply chains. In some cases, such as the merchandise at Disney parks, Disney has direct relationships with manufacturers and transportation companies. In other situations, more distant relationships prevail, as in the case of Disney Consumer Products' licensing relationships. Given the large and dynamic network of facilities that manufacture Disney products, it is challenging at this time to define a single, uniformly applicable goal for all Disney products.

During the coming year, we'll begin the process of estimating the magnitude of the footprint resulting from product-related activities. In coming years, Disney intends to engage suppliers and licensees in a collaborative drive to reduce the environmental footprint of Disney merchandise.

The sheer volume of products and intermediate parties, as well as the absence of firmly established protocols for determining the environmental impacts of products in an unambiguous manner for all possible combinations of materials are daunting issues associated with this goal.

Education and Action

Long-Term Goal #7: Inform, empower and activate employees, business partners and consumers to take positive action for the environment

Through the years, Disney's environmental efforts have touched the lives of millions of people directly and indirectly. Going forward, we will seek not just to build awareness but to empower and activate employees, business associates and consumers to take positive action for the environment. The focus for 2008 was on engaging employees at all levels, concentrating on leadership and engagement initiatives. In addition, we continued our strong tradition of inspirational programs for Guests and consumers, such as environmental specials on our networks and Disney's Environmentality Challenge school program.

the council led the development of long-term goals, medium-term targets, and the carbon reduction strategy. In addition, the council oversaw the development and implementation of The Green Standard, a company-wide employee directive aimed at integrating environmentally responsible practices into everyday business operations. Extending their commitment, council members have also formed subcommittees to strategize solutions for specific environmental topics, such as climate change and campaigns to inspire consumers.

Environmentality Summit

To engage a broader group of Disney leaders, the third Disney Environmentality Summit was held in June at Disney's Contemporary Resort, a Florida Green Lodging facility. The event brought together nearly 150 executives and environmental leaders from all businesses worldwide to address environmental issues, present and future, facing the company. President and Chief Executive Officer Bob Iger and Senior Executive Vice President and Chief Financial Officer Tom Staggs opened the Summit and set the stage for two days of in-depth discussion about environmental strategy, expectations for incorporating environmental stewardship into daily operations, strategic sourcing and supply chain management, employee engagement and emerging regulations. In addition, each Disney business segment shared its recent successes in a best practices showcase.

Green Teams

We have also implemented a "Green Teams" strategy, bringing together Cast Members from each segment to participate in or lead environmental initiatives in their respective areas. The Green Teams, are responsible for championing the implementation of environmental initiatives in their business units. Successful Green Teams are in place throughout the company.

Employee Initiatives

On Earth Day 2008, Disney rolled out a new program, the Green Standard, for employees and Cast Members. Aimed at reducing the company's operational impact on the environment, the Green Standard asks that every Cast Member and employee make simple environmentally minded changes in four key areas: workspace, meetings and events, travel and dining. The first two areas, or phases, were launched in 2008 and the second two will launch in 2009.

Leadership Approach

Stakeholder Engagement

For many years, Disney has partnered with nongovernmental organizations (NGOs) such as Conservation International and The Nature Conservancy to develop and strengthen company strategies, programs and initiatives on environmental issues. Acknowledging the benefits of these relationships, Disney developed in 2008 a broad stakeholder engagement strategy designed to promote collaboration with key opinion leaders in the environmental community. These relationships helped inform and strengthen Disney's environmental strategies and long-term goals. We propose to build on these relationships by initiating a series of working groups comprised of academics, business associates and members of the NGO community to help guide policy decisions on topics such as GHG emissions and waste minimization.

Environmental Council

Disney's Environmental Council, formed in June 2007, includes senior executives from across Disney, ABC and ESPN and from around the world. The council is charged with developing and directing high-level environmental strategies and operational practices. Members are expected to attend quarterly meetings and achieve environmental targets in their respective areas. In 2008,

THE *GREEN* STANDARD

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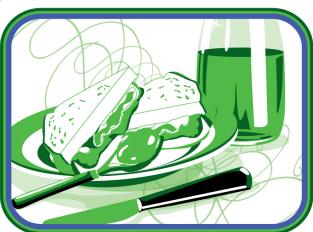
GREEN WORKSPACE



GREEN MEETINGS & EVENTS



GREEN TRAVEL



GREEN DINING

The Green Standard encourages employees to minimize their environmental impact at work.

Green Workspace Standards

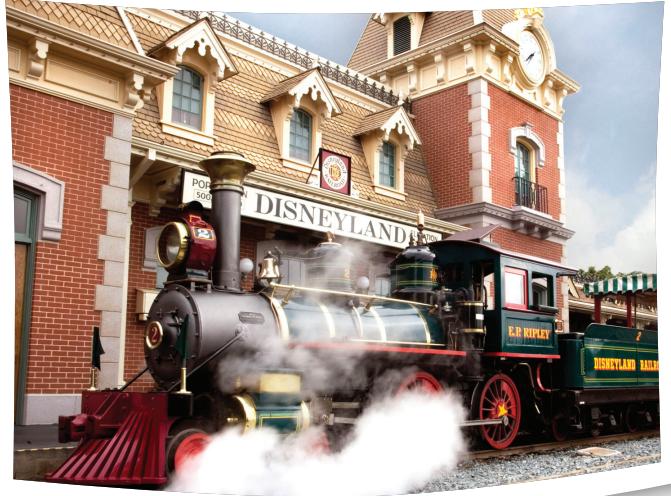
Key components of the Green Standard for the workplace:

1. **Don't Talk Trash: Recycle!** Recycle cans, bottles, paper, cardboard, cell phones, electronics, electronic media (DVD, CD), landscape waste and construction debris.
2. **Reduce & Refill!** Eliminate individual plastic water bottle use in backstage operations and offices.
3. **Double Up!** Print and make copies using both sides of the page.
4. **Branch Out!** Use a minimum of 30% recycled-content paper for everyday printing and copying.
5. **Take a Power Break!** Turn off unnecessary lights.
6. **Be a Low-Rider!** Minimize driving alone during work hours by using environmentally friendly options such as teleconference, videoconference, carpools and public transit.

Green Meetings and Events Standards

Green Standard expectations for meetings and events include:

1. **Venue:** Request that the meeting or event venue complete and return an environmental assessment checklist in advance of planning.
2. **Education:** Educate staff, exhibitors and attendees to ensure participation in environmental initiatives that are in place at the event or meeting.
3. **Communication:** Avoid printing materials and disseminate information electronically via email or a designated website.
4. **Product:** When promotional products are necessary, choose recycled-content or reusable options. As an attendee, accept only giveaways that you will use.
5. **Recycling:** Provide highly visible recycling bins. As an attendee, look for opportunities to recycle.
6. **Food and Beverage:** Request that food and beverages be served in bulk containers (e.g. condiments). Do not pre-pour beverages; offer pitchers or individual servings upon request.



The trains at Disneyland now run on biodiesel made with cooking oil from the resort's restaurants and hotels.

Guest Inspiration

We recognize that Disney has unique opportunities to influence and inspire its many fans, consumers and Guests to take action for the environment. Therefore, we implemented numerous environmental education opportunities throughout Disney's parks and resorts. These touch-points give Guests a unique perspective on environmental issues, some of which include biodiversity, waste management and energy conservation.

- Disney's *Animal Kingdom* and *The Seas with Nemo and Friends* at Epcot at the Walt Disney World Resort inspire Guests to care for wildlife and wild places. In fact, each year, Cast Members share more than 3.9 million conservation messages with Guests and provide intimate backstage experiences for approximately 20,000 youths and adults.
- The 2008 Jane Goodall Global Youth Summit invited 100 youth leaders from six continents and 28 countries to Walt Disney World to address some of the critical issues facing the planet. Disney has been a longtime supporter of the Jane Goodall Institute and its youth leadership efforts, and played both a sponsorship and programming role in this event. The group and Dr. Goodall also helped celebrate a decade of dedication to conservation at the tenth anniversary of Disney's *Animal Kingdom*.

- In Brazil, the *Peter Pan* DVD was launched with a tree-planting promotion. As a result of this program and the enthusiastic consumer response, Disney sponsored the planting of 60,000 trees in the Mata Atlantica Rainforest.
- Since 2005, ESPN's X Games has achieved major environmental success through the X Games Environmentality program and other green initiatives. In 2008, X Games 14 achieved an impressive 84% waste diversion rate from composting and recycling efforts.
- ESPN's annual awards program, the ESPYs, featured recycling, clean energy sources and the use of sustainable materials and featured a series of messages featuring the Muppets to educate attendees about the environmental initiatives taking place at the event.
- Disney's Environmentality Challenge, the company's flagship environmental education program for young people, has seen 15 years of success. To date, some 1.5 million children have participated in the program by pledging to make small changes and completing hundreds of campus and community environmental projects.
- Disney Studios continued a successful tradition of using classic Disney animated features to share important environmental messages with public audiences. On June 1, Disney in partnership with the Ad Council and the National Forest/Smokey the Bear, launched a wildfire prevention PSA featuring Sleeping Beauty. The PSA appeared in TV and radio spots, online and on outdoor billboards and posters reaching millions of consumers.

FORWARD-LOOKING INITIATIVES

As we look to 2009 and beyond, environmental initiatives will be integral to our planning and decision making at all levels of the business. We know that our environmental goals must be challenging in order to motivate significant behavior change. To reach these goals, we will focus on expanding both the breadth and depth of medium-term targets. In addition, we will aim to promote consistency in our activities throughout the world to minimize our impact on the environment.

Strategy Development

In 2009, we plan to focus on three components of strategic development:

- A comprehensive water conservation strategy
- A corporate-wide green energy strategy
- A comprehensive waste minimization strategy

The Green Standard

A critical component to the progress of Disney's overall strategy is the success of the Green Standard program. The third and fourth phases, Green Travel and Green Dining, will roll out in the first half of 2009. Green Travel will address environmental impacts related to Cast Member and employee business travel, while Green Dining will address environmental impacts associated with catering and the Disney commissaries. When launch is complete, Disney will have achieved a major goal: engaging each and every employee and Cast Member in reducing the company's collective environmental footprint. We expect this to be a foundation for future environmental program implementation at the company.

Youth Engagement

Disney's Environmentality Challenge, the company's signature youth environmental education program, is undergoing a national expansion. In coming years, children from around the United States will be able to participate in a program that has already engaged 1.8 million children in California, Florida, Hong Kong and the Cayman Islands. To learn more about Disney's Environmentality Challenge, [click here](#).

Other exciting programs designed to engage youth in environmental action at home and at school are in development and will be discussed in future reports.

Disneynature

In 2009, we look forward to unveiling Disneynature, a new documentary movie label from Disney Studios, which aims to inspire a greater appreciation of the world we live in and the creatures with whom we share it. 

A MULTIMEDIA VERSION OF THIS REPORT IS AVAILABLE AT
www.disney.com/crreport

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Community



Disney has a long legacy of helping children around the world.

Community



Since the earliest days of The Walt Disney Company, we've aimed **to be a positive and productive member of the communities in which we live and work**. Walt Disney himself frequently visited children in hospitals and guided the company's resources and talent toward supporting organizations that help children in need. Disney also has a long tradition of supporting the arts, providing support to institutions and organizations that develop the next generation of artists, and encouraging the arts among youth and communities. The needs of children and the importance of the arts are key components of our charitable initiatives.

RESPONSIBILITY AND IMPACT

The Disney community is truly global. Our brands and products are recognized around the world. We have Cast Members and employees in 42 countries and large resorts on three continents.

In our local communities, Disney has a large impact as a business, as an employer and as a corporate citizen. In addition to charitable giving, Disney supports local economies by contributing significant tax revenue and by consuming local goods and services. As an employer, we hire, train and support a workforce and its families. Our employees are active citizens, who show their care for the communities in which they live and work through civic engagement, volunteerism and tax contributions. The company encourages their good deeds through its Disney VoluntEARS program.

As a global media company, we have on-air, online and print media platforms that are used for public service.

Our beloved characters have become ambassadors of key community initiatives, and our television and studio talent frequently help build awareness of social issues. The power of the Disney brands, the broad reach of our media outlets and the appeal of our talent put us in a unique position to promote worthy causes.

Economic Impact

All of the Disney business segments have a significant economic impact in the communities in which they operate. Nowhere is this more evident than in the Walt Disney Parks and Resorts segment. Our business conducts periodic economic impact studies to understand our contribution to local communities through direct and indirect employment, taxation and other factors. We share key findings from these studies in local community reports.

For more information about the impacts our sites have on the local community, please see our [Suite of Reports](#).

Community Outreach and Collaboration

We strive to be an engaged and active member of our local communities. Toward this end, Disney and its Cast Members and employees support many outreach initiatives, participate in Chambers of Commerce and collaborate with local government and civic leaders. Many of our Cast Members, including senior leaders, serve on the boards of directors of local and national nonprofit organizations. Organizations served include children's hospitals, Boys & Girls Clubs of America and certain global organizations such as Make-A-Wish Foundation and Starlight Children's Foundation.

Disney also provides expertise to develop solutions to key challenges in the public sphere. Disney Imagineers are active in creating new visions for the use of public spaces such as children's hospitals and schools. In 2008, Walt Disney Imagineering lent its creative expertise to the U.S. government and the Trust for the National Mall to improve the visitor experience at the National Mall in Washington, DC. Disney Imagineers reviewed potential improvements to facilities, horticulture, movement of people and visitor education.

To support public diplomacy efforts, Disney created a video entitled "Welcome: Portraits of America" that was given to the US government to create a more welcoming experience for travelers to the country. The video is currently shown at U.S. embassies, consulates and airports and aboard some flights arriving in the country. Disney has also lent expertise to address queue management, customer service and signage for government agencies that serve the public.

CORPORATE GIVING

Disney contributes millions of dollars each year in cash donations, in-kind support and public service airtime, with an aggregate value of more than \$209 million globally in fiscal 2008. These contributions support local and global nonprofit organizations focused on children and families, community service, arts and culture, environment and conservation and disaster relief. In-kind contributions and employee volunteerism often enhance cash donations.

Chart 14: Corporate Giving by The Walt Disney Company

Type	Totals
Cash Donations	\$41M
Product Donations ^a	\$42M
Other In-Kind Donations ^a	\$126M
2008 Worldwide Totals	\$209M

^aProduct Donations and Other In-Kind donations represent estimated dollar values of goods and services contributed to charitable causes.

Cash Donations

In 2008, Disney contributed more than \$41 million in cash donations to organizations, communities and causes around the world. We have long been a supporter of:

- Wish-granting and other uplifting programs for severely ill children
- Children's hospitals
- Programs fostering the positive development of children and families
- Youth and family volunteerism
- Environmental conservation and education
- Arts and creativity programs
- Disaster relief

In addition, Disney provides financial and administrative support to The Walt Disney Company Foundation, which oversees special philanthropic initiatives separate from Disney's own businesses. In 2008, the Foundation awarded college/university academic scholarships for children of 50 Disney employees and provided matching gifts for qualified higher-education organizations supported by Disney cast members and employees. The foundation also made several contributions to local and national organizations supporting the arts and the well-being of children.



Product Donations

In addition to cash donations, Disney is specially positioned to contribute products and experiences that brighten the lives of children and communities around the world. In 2008, we contributed more than \$41 million in Disney products and experiences. We provide toys, DVDs, books and gifts to charitable organizations for children and families in need, as well as tickets to Disney theme parks for charitable fundraising purposes.

Other In-Kind Donations

As a media company, some of our most valuable assets are our intellectual property and airtime. We often provide these creative resources and media presence to support the public good. In 2008, we provided airtime and creative services valued at \$126 million for public-service announcements across our media networks and home entertainment segments.

ABC is a leader in this effort through ABC's *A Better Community* initiative. Many facets of the network deliver messages encouraging volunteerism in local communities. Talent from ABC programs such as *Ugly Betty* and *Desperate Housewives* highlight community participation opportunities such as coaching, mentoring and helping the environment. This campaign runs nationally and locally among ABC affiliates. In addition to *A Better Community*, ABC programs occasionally offer helpful information related to storylines such as emergency preparedness or domestic abuse.

At ESPN, public service is part of the culture, with commentators involved in both on-air discussions and journalism on community issues, as well as lending their talent to public-service messages. In addition to working with The V Foundation for Cancer Research, ESPN launched an acclaimed Men's Preventive Health public service campaign in 2008. Working with the Ad Council and the U.S. Department of Health and Human Services, ESPN stars contributed their talent to public service announcements that ran on ESPN networks, radio and interactive services, and in print.

Public-service themes on Disney Channel encourage kids to express themselves and follow their dreams. Cast Members from the hit *High School Musical* movies have been featured in The Music In You campaign highlighting the positive effects music and self-expression can have in

the lives of children. Supported by short-form and long-form programming and public service announcements, the campaign in 2008 partnered with the National Association of Music Merchants Foundation to award 10 schools with a license and a \$5,000 grant to present their own production of *High School Musical*. Disney Channel also supports the *Imagineer That!* campaign with public service announcements that encourage viewers to engage their imaginations and hone their creative skills.

Each Radio Disney station broadcasts approximately 1,000 public service announcements each year, in addition to weekly local community-oriented programming. One popular campaign features Timon and Pumbaa from *The Lion King* teaching kids about safety. Each monthly "Safety Smart" segment provides a safety tip relevant to kids, such as water safety in July or holiday cooking safety in November. In addition to campaigns like these, Radio Disney is active in encouraging its listeners to volunteer in their communities.

We also actively share our beloved stories to increase awareness around critical public issues such as environmental preservation, public safety, and health and nutrition. Walt Disney Studios Home Entertainment often includes public service announcements in its DVD launch campaigns, using its marketing presence and the appeal of our characters to drive attention to critical public issues. In 2008, two campaigns were launched in collaboration with the Ad Council. One featured characters from *The Jungle Book* highlighting the "bear necessities" of healthy living – "Eat right, be active, have fun" – and another featured characters from *Sleeping Beauty* reminding viewers to do their part to prevent wild fires.

2008 Corporate Highlights

Disney provides cash, product donations and in-kind support to community organizations around the world every year. Here are a few examples of our charitable giving efforts in 2008.

Children and Families

- Disney has supported special wishes for children with life-threatening medical conditions for more than 28 years. In 2008, we contributed more than \$11 million in cash and in-kind donations, making Disney the largest donor to the Make-A-Wish

Foundation. During the same year, we granted more than 7,000 wishes for children with life-threatening medical conditions to visit Disney parks and resorts, meet our characters and celebrities, and have other unique experiences involving ABC and ESPN.

- Disney provides significant support to children's hospitals. In June 2008, for example, Children's Hospital of Orange County (CHOC) celebrated the opening of the new Disneyland Resort Ambulatory Care Center in recognition of a \$1 million gift from Disney. In Orlando, a wing of the Children's Hospital operated by Florida Hospital will be named for Walt Disney to recognize the substantial support received from the company. The facility will feature a three-story interactive lobby for children, designed by Disney Imagineers. Disney also committed to help raise £10 million to support a new children's medical center at Great Ormond Street Hospital in Great Britain, kicking off the campaign with a £1 million donation.
- In addition to financial support, Disney donates entertainment to children's hospitals around the world. The Disney Hospital Care Package program sends an annual delivery of Disney-branded toys, games, DVDs, blankets and costumes to children's hospitals. In 2008, in collaboration with the Child Life Council, we distributed more than 500 Disney care packages in the U.S., Canada and the U.K., valued at more than \$2 million. The Disney FunFlix program shared Disney movies with children in 53 hospitals in 2008 by screening first-run animated and live-action films like *Hannah Montana & Miley Cyrus: Best of Both Worlds Concert* and *Wall-E*. Disney also serves as the presenting sponsor of the Starlight Children's Foundation's "PC Pal" program with a donation of \$2.5 million over three years. Disney provides content and software to this effort, which brings laptops to children in hospitals and helps kids play games, make friends and support one another online.
- Hong Kong Disneyland has created a HK \$1 million Disney Children's Fund as a pilot program to address the well-being of children in their local community. In 2008, the first set of recipients received grants to implement the proposals, including customized social work service for underprivileged children and social integration for children with disabilities. The activities are expected to touch the lives of close to 3,000 children and families.



Last year, thousands of children from wish-making foundations were treated like stars at Disney Parks and Resorts, movie premieres, and other events.

- Immediately following the devastating China earthquake in 2008, Disney contributed \$1 million in humanitarian aid to the China Youth Development Foundation for immediate relief of displaced and distressed children and to assist with long-term redevelopment of damaged schools in Sichuan.
- Disney continues its long relationship with Boys & Girls Club of America (BGCA). In 2008, we completed our three-year, \$2 million sponsorship of the Join the Club campaign which helps BGCA Clubs around the country reach out to and serve more youth in their communities. Many Disney sites have active relationships with Clubs in their local communities and participate in and sponsor activities throughout the year.
- Disney is a founding team sponsor of City Year Los Angeles, an organization that unites young people of all backgrounds for a year of community service. The Disney City Year Corps members provide tutoring, mentoring, after-school programs and service projects at two inner-city Los Angeles schools.
- Since its inception, Disney has contributed millions of dollars to the Elizabeth Glazer Pediatric AIDS Foundation, which works to combat pediatric AIDS around the world. Through support in excess of \$500,000 in 2008 alone, Disney continued to help increase the awareness and impact of this vital work.

Arts and Creativity

- Disney is a leading sponsor of Lincoln Center for the Performing Arts, our New York City neighbor and leader in the arts. In 2008, Disney made a multi-year \$3 million pledge to the Bravo Lincoln Center campaign to support the renovation of this New York City landmark and venerable arts institution.
- Disney worked with local foundations and leaders in South Africa to encourage arts opportunities in coordination with the Johannesburg production of *The Lion King*. Thousands of children enjoyed a complimentary theater experience and Cast Members and staff of the production visited classrooms.
- Our parks and resorts around the world bring the arts and music to young people in their communities. During 2008, Disneyland Resort introduced more than 40,000 second-grade students to music fundamentals and the history of the American band through its annual band concert series. The resort also donated more than \$70,000 in grants to local teachers to fund arts education programs in the school districts surrounding the resort. At Walt Disney World Resort, nearly 300 Cast Members performed with the Encore! Cast and Orchestra to raise \$25,940 for United Arts of Central Florida. The Disney Scholarships at Hong Kong Disneyland award talented students from the Hong Kong Academy for Performing Arts Schools of Dance, Drama, Music and Theatre & Entertainment Arts with resources to continue their education. Since its inception in 2007, the program has awarded 12 scholarships to students with outstanding academic achievements.
- Disney collaborates with the City of Los Angeles Department of Cultural Affairs and the Mayor's Office as the title sponsor of the city's Heritage Month celebrations. Each celebration—including Latino, Native American Indian, African American and Asian Pacific Islander American—features a variety of arts and educational events for youth throughout the city. Disney provided financial support for these culturally diverse activities throughout Los Angeles during 2008.



ESPN has raised more than \$80 million to fund cancer research through the V Foundation, named in honor of commentator and coach James Valvano.

Community Service

- ABC-owned local television stations are community leaders in public service. WTVD-TV Raleigh-Durham's annual food drive collected a record-breaking 1.5 million pounds of food in 2008 for needy individuals in the community. The annual AIDS Walk San Francisco, sponsored by KGO-TV, most recently raised a near-record \$4.5 million for 43 Bay Area organizations. Fundraising by KFSN-TV in Fresno has brought Children's Hospital Central California \$3.3 million over the years. During the massive firestorms that ravaged Southern California in October 2007, KABC-TV in Los Angeles initiated an emergency-relief drive that raised \$4 million.
- For more discussion about our ABC-owned stations commitment to community service, please see the [Content & Products](#) section.
- Disney Minnie Grants help to support youth-led service projects around the world in conjunction with Youth Service America. In 2008, 68 grants of \$500 each were distributed in 22 countries to engage children in meaningful volunteerism. This year's projects included helping disabled children in Ghana, conducting HIV-prevention training in Georgia, protecting water sources in Azerbaijan and training youth mentors in the United States. Started in 2005, the Disney Minnie Grant program empowers children around the world to make a difference in their communities, while helping cultivate the next generation of caring, service-oriented community leaders.
- ESPN has a long history of involvement with the Special Olympics. In 2008, this relationship expanded when ESPN provided daily coverage of the events on ESPN.com and ESPN360.com.

ESPN has a commitment to supporting diversity in athletic efforts both in the community and through its journalistic coverage.

- Disney supports the USO by annually sending Operation Disney Care Packages to USO centers around the world. In 2008, 135 care packages filled with toys, DVDs and magazine subscriptions, valued at a total of \$3.1 million, helped to entertain service men and women and their families. During Military Appreciation Month each May, Disney Minnie Grants are awarded to select USO centers to support family events.
- Through ESPN, the V Foundation for Cancer Research, a charitable organization created in 1993 in honor of college basketball coach and ESPN commentator James Valvano, has raised more than \$80 million to fund cancer research grants nationwide. Team ESPN stages special events and multimedia fundraising initiatives in support of the V Foundation, such as Jimmy V Week programming on its six domestic television networks, on radio, magazines, and on Internet outlets, and the ESPY *Don't Give Up* V Foundation Radio Auction. The V Foundation awards 100% of all new direct cash receipts and net proceeds of events directly to cancer research and related programs. In 2008, The V Foundation awarded \$11 million in specific research grants to various cancer centers around the country. For more about ESPN's men's health campaign, please see the [Corporate Giving](#) section.

Environment and Conservation

- In 2008, Disney contributed \$500,000 to the Disney Worldwide Conservation Fund. This Fund supports charitable organizations for the study of wildlife, protection of habitats and land-management plans, as well as community conservation and education.
- Disney also announced a grant of \$1.5 million to TreePeople, a non profit organization, to help reforest fire-ravaged areas in the mountains surrounding greater Los Angeles. Under TreePeople's California Wildfire Restoration Initiative, of which Disney is the largest financial supporter, thousands of volunteers will plant an estimated 60,000 new trees over the next three years. Disney is also a supporter of TreePeople's Million Trees Los Angeles initiative, to help green Los Angeles school campuses, parks and other places where children gather.

EMPLOYEE VOLUNTEERISM AND GIVING

Disney provides opportunities for Cast Members and their families to give their time and resources to the community in which they work and live. Disney Cast Members are active VoluntEARS (our employee volunteer program), and donate and raise funds for a number of important causes.

Disney VoluntEARS

Disney supports employee volunteerism with a paid staff to organize and manage volunteer projects at our sites around the world. During 2008 alone, Disney VoluntEARS contributed more than 495,000 hours of

Chart 15: Employee and Cast Member Projects and Fundraising by Region

Region	VoluntEARS Projects	VoluntEARS Hours	Employee Fund Raising (\$)
North America	1,905	440,003	\$1.5M
EMEA ^a Latin America Asia Pacific	358	55,130	\$.2M
Worldwide Totals	2,263	495,133	\$1.7M

^aEurope, the Middle East and Africa.



volunteer service. Since the program's inception 26 years ago, VoluntEARS in more than 42 countries have donated some 5 million hours of service.

To support and encourage volunteer efforts, Disney maintains the following:

- EARS to You, a program that provides an opportunity for Cast Members and employees to earn financial support from Disney for the charities to which they volunteer their time
- Employee team-building events through volunteerism
- Self-service website that matches employee skills and interests with volunteer opportunities
- Annual awards program recognizing employee volunteer service

VoluntEARS activities span a range of service issues and types, in many cases supporting the same charitable causes to which Disney provides financial support. VoluntEARS give thousands of hours every year working with and helping children, collecting and delivering toys, preserving the environment and supporting arts and culture.

Awards and Celebrations

- Celebrating the 25th anniversary of the VoluntEARS program, Disney business units came together during April 2008 to demonstrate the importance of volunteerism. That month more than 25,000 VoluntEARS participated in 650 projects in 37 countries.
- In 2008, the VoluntEARS program was recognized with the Points of Light/HandsOn Network's Award for Excellence in Workplace Volunteer Programs.
- In April 2008, The Wonder of Reading, a nonprofit organization dedicated to inspiring in children the love of reading, presented its Visionary Partner Award to Disney for our work in renovating elementary school libraries and funding a family reading education program.



The Disney Tri-Team received the Spirit Award at the 2008 Nautica Malibu Triathlon and raised \$240,000 for Children's Hospital Los Angeles.

Cast Member and Employee Fundraising and Donations

Our Cast Members and employees engage in direct giving and fundraising, supported by the company. Through community funds and campaigns, Cast Members and employees donated and raised more than \$8.8 million in 2008. These activities not only contribute much-needed support to the community, but also help build teamwork and a culture of charitable giving within Disney.

Disney employees give to many worthy causes with Disney's support. Examples include:

- *Disney VoluntEARS Community Fund:* Active in the Southern California and New York City areas, this employee-driven fund accepts donations from Cast Members and employees for the purpose of supporting local charitable organizations. Disney covers the administrative costs to ensure that 100% of the donations are invested in the community.
- *Disney Tri-Team:* For the past seven years, a large group of employees have come together as the Disney Tri-Team to train and to participate in the Nautica Malibu Triathlon. In 2008, the team received the Spirit Award and won the Entertainment Industry Challenge by raising \$240,000 for Children's Hospital Los Angeles. Since its inception, the team has raised more than \$1 million for various charities.



VoluntEARS from ABC News in New York City planted trees on the Broadway medians as part of the Million Trees Initiative.

2008 Employee Highlights

With 130,000 employees in more than 42 countries, the efforts of our Cast Members and employees are too numerous to list. Here are a just a few examples of Disney employee giving efforts in 2008.

Children and Families

- Disney VoluntEARS spent thousands of hours hosting parties and activities for hospitalized children, restoring and rebuilding rooms and play areas and delivering care packages. VoluntEARS also helped make wishes come true by escorting our special Guests in our Parks and on sets and sharing the Disney magic.
- In September, VoluntEARS from our Shanghai office joined hundreds of school children at the opening of the Disney Hope School in Guangyuan, the third school built in Sichuan after the devastating earthquakes. The team also created a Disney Fun House activity room and a library in each school as part of Disney's support to the China Youth Development Foundation. Cast Members and employees from greater China also donated more than \$9,000 to support the relief efforts.

- VoluntEARS around the world are involved in reading programs for youth. In Hong Kong, the Disney Reading Together program, in its third year, sent more than 100 VoluntEARS to visit eight local school districts to share Disney stories with children.
- In Los Angeles, Disney employees work with local schools through Disney Reading Together. This tutor-based reading program targets second-grade students who are reading below grade level. Disney Readers visit each week throughout the school year to help students develop their reading skills. Disney provides books, games and interactive support materials for the readers.
- Our Cast Members and employees in New York are active mentors to students in their communities, particularly with students interested in the performing arts and in news production. For 16 years, VoluntEARS have mentored students at LaGuardia High School of Music & Art and Performing Arts, building relationships between the mentor and student over a three-year period. The ABC News Division adopts a school each year, where VoluntEARS facilitate workshops in which the students earn academic credit by participating in journalism training. The students complete their requirements by producing news videos that are critiqued by VoluntEARS at ABC News.

Arts and Creativity

- During the inaugural World Science Festival in May 2008, Disney Imagineers gave children and families a glimpse of the science behind the magic at Disney theme parks. Three sold-out shows featured the innovation and technology required to create roller coasters, pyrotechnics, artificial intelligence and special effects. Throughout the event, Disney Imagineers and VoluntEARS interacted with students to share the importance of creative thinking and to get students excited about science.
- Through a special collaboration with The Foundation for Hospital Art, Disney VoluntEARS paint murals side by side with children around the world. These brightly colored Disney themed murals help to bring hope to and brighten the walls of children's hospitals and other places children gather.

Community Service

- For the third year, Disney was the title sponsor of Family Volunteer Day, a program of the Points of Light Institute/HandsOn Network. And so, the Saturday before Thanksgiving, Disney VoluntEARS around the world participated in a variety of family-friendly projects including packing food boxes for the homeless, building homes and doing clean-up projects.
- In December 2007, Disney CEO, Bob Iger, VoluntEARS and community members worked together to build a new playground for the children of the Boys & Girls Club of East Los Angeles. The project was completed in collaboration with KaBOOM! and TreePeople.
- Throughout the year, VoluntEARS and their families participate in a variety of service projects to support the environment and conservation efforts. These events occur around the world. For instance, in Argentina, VoluntEARS planted 100 trees in the Nature Reserve of Vicente Lopez. The activity included education on the importance of planting native species and taking care of the environment.
- In New York, VoluntEARS are active environmental stewards. Working with MillionTreesNYC and the City of New York, Disney is helping to plant trees in areas with limited access to green spaces. In May 2008, Disney VoluntEARS planted 60 large caliper trees in medians along a 30-block span on Broadway. Disney is also active in developing community gardens in blighted New York City neighborhoods. VoluntEARS have begun work on the Generation X Community Garden on the Lower East Side, an urban “backyard,” to reestablish it as an environmentally sound gathering place for local residents.
- A team of 80 executives, led by Disneyland Resort President Ed Grier, took part in rebuilding Rancho Soñado, an outdoor education facility that was badly damaged during the Santiago fire in Orange County, California.



On Earth Day 2008, a Disney VoluntEAR helps plant a tree with children in Los Angeles.

PROGRAM EVOLUTION

We are proud of Disney's longstanding and meaningful contributions to local communities and children around the world. We also believe that there is more we can accomplish by further focusing our talent, resources and creativity to help meet community needs. As our charitable-giving strategy evolves, we will be focused on developing tools to demonstrate and evaluate our impact.

While our community investments and focus areas evolve, we will remain faithful to key traditions from the earliest days of Disney. We will continue to support the positive development of children and families and be mindful of the global nature of our business, without losing sight of the local communities where our Cast Members and employees can make an immediate and long-lasting impact. With these tenets in mind, we look forward to continuing Disney's work to support communities and to reporting our progress. Mickey Mouse icon

A MULTIMEDIA VERSION OF THIS REPORT IS AVAILABLE AT
www.disney.com/creport

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Workplaces



A Cast Member leads a family through one of five nature trails at Hong Kong Disneyland Resort.

Workplaces



The Walt Disney Company is committed to **fostering safe, inclusive, and respectful workplaces** – whether in our parks and resorts, where Disney Cast Members enhance the guest experience everyday; in our Disney-owned stores, distribution centers or offices; or in factories around the world where Disney-branded products are made.

DISNEY OPERATIONS

The Walt Disney Company, together with its subsidiaries and affiliates, is a leading diversified international entertainment and media enterprise with five business segments: Media Networks, Parks and Resorts, Studio Entertainment, Consumer Products and Interactive Media. These businesses encompass a variety of industries, including theme parks and resorts, television and radio broadcasting, filmed entertainment, consumer products, travel and tourism, Internet technologies, book and magazine publishing, and music and more.

Chart 16: Employees by Region

Region	Percentage
North America	89.1 %
Asia Pacific	5.8 %
Europe, Middle East, Africa	4.4 %
Latin America	0.5 %
Not Stated	0.2 %
Total	100 %

Chart 17: Employees by U.S. State

State	Percentage	
Florida	56.5 %	92.6 %
California	28.1 %	
New York	4.9 %	
Connecticut	3.1 %	
All Other U.S. States		7.4 %
Total		100 %

Chart 18: Disney Employees

Type	Total
Full-Time	95,524
Part-Time	25,438
Temporary / Seasonal	15,786

Unless otherwise noted, all employee statistics reflect our employee base as of September 27, 2008 (the last day of our fiscal year). These numbers reflect the following employee groups: domestic and international, full-time, part-time and temporary seasonal who earned wages during the last 60 days of our fiscal year.

Working at Disney

As a company whose mission it is to provide quality entertainment for people around the world, our values naturally focus on the human element of our business -- not only our guests, consumers and audiences, but also our employees and Cast Members.

At Disney, we value the fact that our heritage and reputation demands we be held to the highest standards of quality, ethics and social responsibility. For many, that's the reason they chose Disney as an employer. And for Disney, it's how we strive to treat our employees, as well.

Employee Engagement

The Walt Disney Company recognizes that a key element in creating the best environment for engaged employees is great leadership. From the recruitment and selection process, through ongoing development and retention, Disney is highly focused on building a cadre of great leaders who can fully engage their employees. Leaders take responsibility for creating a vibrant employee experience, understanding that their own behavior and vision drives the creation of a work environment in which employees can be fully engaged.

Open communication, especially among employees and their leaders, helps build an engaged workforce. Executives regularly include a Q&A segment in town hall meetings, executive coffees and employee forums, etc. Some executives also provide the opportunity to submit questions for these meetings anonymously in advance. Employees have the opportunity to ask questions of senior leadership without censorship or repercussions. Most senior executives have an open door and open e-mail policy. And several senior executives have an e-mail box or voicemail box specifically for questions and suggestions.

Each business segment gives employees the opportunity to have a voice through employee surveys. The surveys

allow for regular feedback and action planning and provide leaders with an opportunity to discover what's important to our employees and Cast Members.

Several business segments provide various opportunities to bring employees closer to the brand and business and where possible, to participate in business decisions.

For example:

- Our Studio Executive Coffee Series and "Studio Exclusive" Video Series both provide employees with increased access to their senior leaders through intimate Q&A events. They give employees a chance to learn more about their segment's executives – their career paths, inspirations and accomplishments – as well as about projects in development.
- The Cast Members of Walt Disney parks and resorts are empowered to "deliver the magic" to exceed their Guests' expectations. During The Year of a Million Dreams celebration, Cast Members from several lines of business came together to brainstorm ways to enhance the guest experience with special touches that can only take place at a Disney park. From offering VIP parade viewing to selecting a child to participate in the flag-lowering ceremony to giving out complimentary buttons, Cast Members across the board are engaged in an important — and magical — part of the business.
- At Disney Consumer Products' annual Creative Camp, the segment's entire global creative community comes together to celebrate, discover and explore new ideas for driving its businesses. Designers, character artists and creative operations personnel participate in creative classes, self-development and charitable activities.
- At the Disney-ABC Television Group, all employees are working to "create what's next." This unifying employee brand, built by and for employees, serves as the foundation for everything they do. Employees' stories about how they are bringing their brand to life are regularly captured and shared through internal podcasts, videos, the intranet and weekly e-newsletters.

Many segments have "advisory" groups, such as the Disney 411 Team, that help enhance communication with employees. Team members attend monthly meetings, volunteer at employee events and serve as a Company communications link. Being a 411 Team



Cast Members at the Studio Lot in Burbank, California, celebrate the release of WALL-E.

member is a great opportunity to meet and interact with peers from many divisions of the company.

Employees may seek assistance with issues through several formal options, including their immediate supervisor, Human Resource (HR) generalist, employee relations and an anonymous 800-number called the Disney Guideline. HR generalists are physically located within the businesses and participate in day-to-day operations, giving employees easy access to them.

Employee Benefits

At Disney, we recognize that company-sponsored benefits are important to the security and well-being of our employees and Cast Members. We provide a comprehensive benefits package that attracts, values and retains the employees and Cast Members who help to make us one of the most admired companies in the world.

Disney offers a range of benefit options to meet the diverse needs of our employees and Cast Members, including health and wellness programs, retirement and savings options, insurance protection and time away from work, as well as additional benefits to help employees balance their personal interests and needs outside the workplace. More than 73,000 employees and Cast Members are covered under our health care plans.

Family-Friendly Policies and Benefits

At Disney, we view our employees as individuals with diverse and unique needs. And we recognize and appreciate that work is only one element of our employees' lives. To that end, we provide a wide selection of benefits and services, some of which are unique to our business. In addition to adoption assistance, *SurvivorSupport®* and domestic partner benefits, Disney provides:

Complimentary Theme Park Tickets: Twice per year, eligible employees receive complimentary tickets to Disney-owned theme parks for themselves and their eligible dependents. In addition, eligible employees receive either an annual Silver Pass or Main Entrance Pass that allows them admittance for themselves and up to three guests or for themselves and their eligible dependents. Employees also receive discounts of at least 20% on selected Disney merchandise at the theme parks. In addition, the company maintains national and regional discount programs, under which employees can receive discounts from other businesses.

Film Screenings: Employees at our major locations frequently have the opportunity to attend screenings of Disney films along with their families and friends (based on number of dependents). In some cases, screenings are held prior to the release of the film, giving employees a sneak peek.

Childcare: Through a partnership with the YMCA, two early-childhood development centers provide Central Florida Cast Members with childcare options that fit their work schedules, including "backup care" when a family's regular childcare is not available. Walt Disney World subsidizes a childcare financial scholarship, based on need, for parents who use the on-site family centers. In Burbank, California, the Disney Childcare Center has provided high-quality childcare to dependents of our employees in the Los Angeles area since 1993. In July 2008, the Company announced plans to significantly increase the number of families served companywide by opening three new, state-of-the-art employee childcare facilities – in Glendale, California; at ESPN headquarters in Bristol, Connecticut; and near Pixar Animation Studios in Emeryville, California.

Domestic Partner Benefits: One of the foundational values of Disney is to respect, appreciate and value everyone; as such, same-sex domestic partners are considered dependents and are eligible for benefits.

Health and Wellness

Disney Healthy Pursuits is the innovative collection of health programs, tools and resources our employees and Cast Members can use to help them and their families live healthier lives. Beginning in 2008, Disney joined with WebMD to offer a confidential personal health assessment. More than 34,000 employees completed the assessment to learn more about their health and what actions they can take to be healthier. With the resources available through *Disney Healthy Pursuits*, employees and Cast Members are stepping up to our companywide challenge to make “one simple change” toward better health.

Retirement and Savings

Disney provides retirement savings and investment options to help employees and Cast Members plan for their financial future. More than 63,000 employees and Cast Members are eligible upon vesting for a company-provided pension benefit when they retire. In addition, more than 71% of salaried employees and 24% of hourly employees currently participate in the Disney 401(k) plans. All domestic employees are eligible to purchase stock through the Disney Employee Stock Purchase Program, and approximately 12,500 employees and Cast Members currently participate.

Tuition Assistance

Disney provides financial assistance for eligible employees and Cast Members who successfully complete qualified courses that are educational or technical in nature and relate directly to job duties. Employees are eligible for educational reimbursement up to \$700 per credit unit, 100% of the purchase price of all books and up to \$100 per course for the cost of materials.

Disney Scholarship Program

Children of eligible employees can apply for a scholarship from The Walt Disney Company Foundation Scholarship program. In 2008, the program awarded 50 one-time college tuition scholarships of up to \$20,000 to children of employees, rewarding their high school studies and investing in their promising future achievements. Eligible candidates must be in their final year of high school, planning to attend an accredited college or university

and have a parent who is a full-time Disney employee for more than one year. The winners are selected based upon academic achievement and extracurricular activities.

Labor Relations

With operations in 42 countries, Disney Cast Members and employees work under a wide variety of labor rules and regulations. A significant number of employees in various businesses are covered by collective bargaining agreements. Disney's management seeks to work directly and fairly with Cast Members and employees as well as their union representatives.

Training and Development

Disney University offers a series of leadership development courses for all levels of leadership at Disney, from first-time managers to executives. The curriculum not only promotes a consistent set of leadership practices across the company, but also provides leaders the support they need to progress in their careers and build their capabilities. Internal executives identified as role models “give back” by getting involved in leadership development as teachers, mentors and coaches.

Development is available for everyone, not just those who lead others. An individual contributor, for instance, is viewed as a leader of his or her own work. Disney employees have access to instructor-led and online opportunities to develop personally and professionally. Topics include communication, critical and creative thinking, project management, time management, technical and artistic skills development, cultural awareness, diversity, ethics, safety, career development and wellness.

To support all this learning, we've invested in a global learning and development technology-enabled platform, Disney Development Connection, which provides access to learning and communication via online courses and virtual classrooms. Learning is accessible 24/7 in multiple languages to learners all over the world without requiring travel.

Based on the opportunities that employees and their leaders identify, employees can build individualized learning plans that can pull from resources including more than 10,000 online and print reference materials, targeted instructor-led classes, performance support systems, guest speakers, mentors, coaches and more.

Chart 19: Training Statistics

Type	Participants	Hours
Instructor-Led Course	538,745	1,657,553
Online Self-Paced	507,224	348,814
Online Virtual Classroom	912	817
On-the-Job Training	109,696	906,950
Assessments	38,912	2,507
Total	1,195,489	2,916,641

Participants could attend more than one class. All results are for fiscal year 2008 and include our global workforce.

Signature Training Programs

To provide a full appreciation for Disney's extraordinary heritage and unique culture, a number of programs offer employees and Cast Members in-depth background on our history and organization, as well as our many businesses. Disney and You, Disney Way One and Disney Dimensions include visits to different company sites and opportunities to build relationships across the company, along with the inside scoop on current priorities of the different businesses. Most important, these experiences give employees a deep understanding of the strength of our brand, insight into such Disney values as teamwork and quality and a firsthand look at the Disney "magic." In 2008, Disney employees spent approximately 320,000 hours in these types of trainings.

Career Planning and Development

To foster career growth, employees and Cast Members at all levels participate in a global performance management program that is structured to provide them with ongoing feedback from their leadership. In addition, an internal process that posts information about current open positions companywide takes Cast Members and employees through every step of the process – from searching for a job posting to submitting a resume online. Many segments provide workshops and online classes in resume writing, interviewing skills and career planning to assist employees in reaching their career goals. Disney executives also engage in a talent planning process that helps employees develop themselves for potential future placement within our many and diverse businesses. This formal planning process is conducted

throughout the company. These ongoing talent conversations with senior leaders provide employees with the opportunity to be considered for task force assignments as well as regular positions across the company, both domestically and internationally.

Business Standards and Ethics Training

Business Standards and Ethics training is provided by the company through its Disney Development Connection, which provides education and training to domestic and international employees through Web-based tutorials. Training focuses on the company's [Standards of Business Conduct](#) and related areas. It is the company's intent that all of its employees and Cast Members have the knowledge and training to act ethically and legally, in compliance with the company's standards.

Diversity

Disney views the development of a diverse workforce as a business imperative and a catalyst to achieve better performance. We embrace diversity, in other words, to better serve our consumers by better reflecting the communities we serve. We believe that a diversity of opinions, ideas and perspectives enhances our internal creativity and the company's vitality.

As such, we've been building a workforce representative of the global marketplace in which we operate, while fostering an inclusive environment for our employees and their families. Although we still have plenty of progress to make, we are proud that the company now employs the most diverse workforce in its history.

For our efforts, Disney was named to *Diversity Inc's* Top 50 Companies for Diversity, which recognizes companies that demonstrate consistent strength in CEO commitment, human capital, corporate and organizational communications and supplier diversity. Additionally, the company has scored 100 percent for three consecutive years on the Human Rights Campaign Foundation's Corporate Equality Index, which gauges workplace inclusivity and was recently named by *Business Week* in the top 50 companies for MBA students to begin their careers.

We think about diversity in the broadest terms and seek to build a workforce that blends people from all ages, experiences, backgrounds, ethnic groups, and lifestyles.

At present, the company has professionals in the U.S. dedicated to the recruitment, retention and professional development of minority employees and Cast Members. We have also put into place a variety of mentoring, affinity and professional development programs with the same goals in mind.

Diversity at Our Parks and Resorts

As the largest segment of our employee base, the Walt Disney Parks and Resorts group supports the development of unique, high-quality and innovative business solutions to meet the evolving needs of our workforce, Guests, and communities. Our Cast, crew and Imagineers view diversity and inclusion as key elements driving creativity, innovation and business growth.

Walt Disney Parks and Resorts has a well-defined diversity and inclusion infrastructure in place, and engagement exists at all levels.

- All of our sites include a Diversity Leadership Advisory Board, comprising of executives from our various lines of businesses, that acts as a council to raise awareness and discuss issues, trends, and recommendations, to help enable diversity and inclusion strategies.
- Disney Parks & Resorts also have Diversity Resource Groups, comprised of Cast Members and Imagineers across the business segment, who provide enrichment, awareness, and education to the organization, and who also provide valuable feedback and insight on products and services currently in development to our business leaders.
- Through consulting, talent sourcing and cultural knowledge, our Global Strategies for Diversity & Inclusion organization has established key partnerships with creative executives to help develop products, services and experiences that resonate and have a relevant and emotional connection with our Guests globally.
- The Walt Disney Imagineering (WDI) ImagiNations Design Competition is a program to help identify talented students from our broad global audience. The competition encourages students to form teams to showcase their storytelling, creative and technical abilities by submitting a project for review by



ESPN staffers show their team pride.

Imagineering judges. The reward for this incredible effort is winning the opportunity to spend 10 action-packed days in Anaheim and Glendale, California learning and working with Disney Imagineers.

- We identify guest speakers, and customize and design unique immersive learning experiences that offer deeper awareness and knowledge about diversity and inclusion.

Diversity at Other Disney Units

Similar to Parks and Resorts, other Disney businesses have programs designed to build and strengthen diversity in the workplace. ABC and ESPN both have sizable mentoring programs that are aimed at developing strong cross-functional connections within their organizations as well as strengthening the retention and promotion of promising employees.

Creative talent development is a major theme at ABC, ESPN and Walt Disney Studios. Several longstanding initiatives are in place to help advance the careers of both “on camera” and production employees from diverse backgrounds. The Disney/ABC Writing Fellowship, for instance, takes applications from more than 1,200 writers annually and selects 10 of them for writing positions on television shows and movies. Disney also works closely with the National Hispanic Media

Chart 20: Minority Statistics^a

Minority	
U.S. Based Employees	40 %
New Hires	48 %
Management ^b	21 %

^aMinority is defined as "non-white" employee. Employee statistics are self reported and reflect our employee base as of September 27, 2008. Ethnicity only available for US-based employees; not tracked internationally.

^bManagement includes manager level and above.

Coalition and the Institute for American Indian Summer TV and Film Workshop to develop promising talent.

We approach diversity in the workplace through a multi-faceted strategy. Diversity is a running theme throughout this report; you can learn more about our diversity efforts in the [Diversity in Content](#), [Supplier Diversity](#) and [Children's Content](#) sections.

Chart 21: Gender Statistics^a

	Male	Female
Employees	48 %	52 %
New Hires	38 %	62 %
Management ^b	56 %	44 %

^aEmployee statistics reflect our employee base as of September 27, 2008.

^bManagement includes manager level and above.

Occupational Health and Safety

Reducing the risk of injury and illness to Disney Cast Members and employees, and managing those health problems that do occur, are goals that all of us share. Ultimately, there are no better outcome than the injury or illness that never happens.

At Disney we use a team approach to safety that engages the entire enterprise. We believe that safety is everyone's responsibility and rests with each employee

and Cast Member. Leadership is an essential part of our safety team. Throughout its many subsidiaries, the company has assembled risk management professionals and resources to provide effective loss prevention and loss control leadership.

Safety and Loss Prevention

At Disney, management takes a visible and active role in planning safety into all projects and business development. This ensures that safety and property protection remain top priorities by identifying and managing risk issues as they arise in the course of business. This commitment is communicated to every Cast Member and employee of the organization as well as contractors, vendors and suppliers. Safety and loss control programs focus on evaluating and identifying key risks and implementing strategies to reduce the frequency and potential severity of losses.

- *Television and Motion Picture Safety:* Every script is read by safety professionals to evaluate potential risks for stunts, special effects, remote locations and exposures. A checklist is used to document that each of our productions has the required programs, and safety personnel work with production crews both inside the studios and on location to help ensure that safety is integrated into the production.
- *Media Network Safety:* With a diverse entertainment and news content portfolio comes a need for loss prevention with a non-industrial twist. Examples include fall protection for camera operators at stadiums and sports events and chemical, biological, radiological and nuclear weapons awareness training courses for news gatherers overseas and domestically.
- *Safety in Motion® (S/M):* In view of the significant impact and potential losses resulting from body-motion injuries, we have implemented Safety in Motion®, a program focused on reducing body-motion and musculoskeletal injuries, with particular focus in the labor-intensive Parks and Resorts segment. At these locations, some with over 20,000 Cast Members have received the benefit of hands-on training and follow-up refreshers. As a result, body-motion claims have been reduced by 38% at the Walt Disney World Resort, with similar results at other business units.



Our Cast Members work together to promote safety in the workplace.

- **Safe D Begins with Me:** This internal communication initiative at our parks raises awareness about safety and the important role each Cast Member plays in maintaining it. We communicate to our cast and crew through newsletters, bulletin board postings and posters. We also use creatively targeted communications such as the “Safe D Begins With Me! It’s Nothing to Be Silent About” video series for which the Disneyland Resort received the Questar Honors Award. This award honors outstanding achievement in corporate CD-ROMs and videos.
- **Shoes For Crews:** The external vendor “Shoes for Crews” was engaged to address slip-and-fall exposures in Food-service locations. With this preferred provider of shoes for employees in specific areas prone to slippery surfaces, the program provides shoes to employees or encourages them to buy and maintain higher-quality footwear.

Loss Control

Working closely and coordinating with the loss prevention team, our loss control departments respond in the unfortunate event of a worker injury. Our goal is to deliver benefits that speed recovery and promote return to work.

Our workers’ compensation professionals, both within the company and those employed by service providers,

are part of a team. They work with their counterparts in every part of Disney including safety, industrial hygiene, risk management, operations and maintenance. Our goal is to create an environment where information is shared and continuously improves our efforts to reduce the frequency and severity of workers’ compensation losses.

One of the company’s primary challenges regarding workers’ compensation risk is the breadth of the work in which Disney employees and Cast Members are engaged. Disney businesses operate in diverse industries, with employees engaged in a wide range of occupations throughout the world, with many operating on a 24/7 basis.

Return-to-Work Programs: Early evaluation for return to work is a cornerstone of our workers’ compensation program, and we have embraced a philosophy of “Recover While Working” with great success. Our focus is on helping employees remain employed throughout the recovery process and minimize time away from work. We believe that remaining active and contributing to the workforce is as important a part of recovery as clinical and therapeutic measures. Beyond the benefit of reducing costs, this approach produces the best result for all: the business unit retains the experience and contribution of the employee, while he or she is actively and safely engaged during the recovery process.

Managing Medical Care Expenses: Effective medical care is the key to achieving the best outcome for the injured worker and reducing overall costs; if medical treatment is managed, all other claim costs are better controlled. The company maintains occupational or Cast health centers at major locations in New York, Florida and California. Depending on the nature of the business, these facilities may include physicians, registered nurses or other health professionals and provide general health resources, first aid and occupational health services. At other locations, private occupational health clinics or hospitals serve smaller business units.

Supplier Diversity

Disney views supplier diversity as a strategic imperative and a critical part of our overall commitment to diversity and inclusion. Over the last few years, a steadily increasing number of minority and women-owned companies has won more and more business from Disney, and we’re now recognized as a travel and entertainment industry leader in this area. Today, supplier diversity considerations are

woven into all phases of our standard sourcing process for the billions of dollars in products and services that Disney contracts globally every year.

For more information about our diversity initiatives, see [Diversity in Content](#), [Workplaces](#) and [Children's Content](#) sections.

Supplier Diversity Process

Disney recognizes that ongoing efforts must be made to include diverse suppliers in our sourcing activities. As such, we have a companywide Supplier Diversity and Sustainability team that undertakes the following tasks:

- Supporting our sourcing teams to identify qualified diverse suppliers
- Developing and executing projects that position Disney to deliver year-over-year increases in the volume of business contracted with diverse suppliers
- Engaging with, and providing leadership and financial support to, advocacy organizations that propagate “best practices” related to supplier diversity

Many of our sourcing professionals hold leadership positions in minority and women-owned business organizations. These include directorship positions at minority business development councils in Southern California and Florida, where Disney has the bulk of its operations. Last year, Disney was recognized as Corporation of the Year by the Women’s Business Enterprise Council West, the Southern California Minority Business Development Council and the Florida Minority Business Development Council and as Entertainment Company of the Year by the Greater Los Angeles African-American Chamber of Commerce.

Last year, minority and women-owned businesses competed for, and won, some significant contracts at Disney and are now supporting the effective operations of our company. These include staffing agencies that provide temporary employees, a firm that links the many geographic areas of Disney by providing conferencing technology, companies that provide post-production services for our creative content, and the food-service company that supplies meals for our Cast Members at Disneyland.

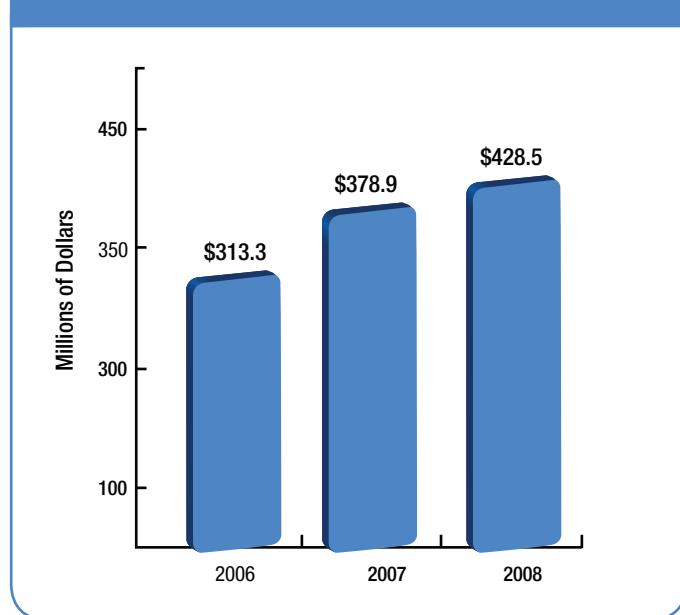
Supplier Diversity Projects

Disney’s Supplier Diversity and Sustainability Team has launched two notable initiatives that are creating opportunities for minority and women-owned businesses and helping Disney to meet our own diversity spending goals.

The first is an effort to increase the base of suppliers in the broadcast and production areas of our business. Last year, Disney and the National Association of Broadcasters co-hosted the first ever supplier diversity event at NAB’s national convention in Las Vegas. The event and other efforts by our team led to contracts with four newly identified, diverse production services companies for an incremental spending increase of \$5.4 million.

Our Supplier Diversity and Sustainability Team also launched a mentoring program for qualified diverse suppliers as they gear up to bid for Disney business. Mentoring newly identified diverse suppliers helps to shorten their learning curve and improves their performance in the bidding process. Last year, a pilot of the new program engaged seven minority and women-owned construction firms, leading to an incremental \$4.1 million in spending with these diverse suppliers. We are

Chart 22: Total Direct MWBE Spend^a



^aMWBE stands for Minority and Women-owned Business Enterprise

already engaging more potential suppliers in this process based on the successful trial.

Results

Last year, with more than 5,000 minority- and women-owned businesses, we spent a record \$428.5 million, an increase of 13.1% over the previous year. Increases in spending on professional and marketing/media services were the largest contributors to the change.

Sustainable Sourcing

In 2008, Strategic Sourcing and Procurement expanded their focus on supplier diversity to include sustainability and a sustainable sourcing professional was added to drive the formalization of our activities in this area. As a result, we developed and began introducing an Eco-Scoring template that assesses and compares suppliers' environmental impact during the sourcing process. During 2009, we will use this template as a supplier self-assessment in an effort to measure our supply base environmental impact and monitor changes going forward. Additionally in 2009, we plan to develop and implement a sustainable sourcing process that integrates consideration of environmental concerns into the sourcing process. We will begin to capture baseline information in order to monitor improvement starting in 2010.

Challenges

Our primary challenge continues to be the difficulty in finding minority and women-owned enterprises large enough to provide for our global requirements. The diversity of our businesses and our geographical spread requires that our suppliers be able to support many locations and different business priorities. While this is a challenge for all of our suppliers, it can especially be difficult for smaller, privately held businesses. Our Supplier Diversity and Sourcing teams work closely with qualified diverse suppliers to ensure they understand and can comply with these requirements.

We are optimistic that their low overhead structures and smaller size will enable our diverse suppliers to be even more successful at winning business in the current economic environment, however, we realize that with reduced spending there are also fewer opportunities.

In the coming months, our Supplier Diversity and Sustainability team is expected to help identify diverse supplier candidates for more than 150 sourcing initiatives. The team will continue its work in expanding the mentoring program and expanding broadcast and production opportunities for diverse suppliers. They are also working to ensure that qualified minority and women owned businesses have the opportunity to compete for construction and related contracts in the enhancement of Disney's *California Adventure* in Anaheim, California. Further, the team is expected to hold workshops for diverse suppliers on Disney's move toward more environmentally friendly building practices.

Supplier diversity will continue to be an important focus area for The Walt Disney Company. We will continue our work in the broadcast and production categories and enhance our mentoring program by developing workshops that educate and inform diverse suppliers about leading business trends.

For more information or to get involved in our Supplier Diversity program, visit www.supplierdiversity.disney.com.

LABOR STANDARDS IN LICENSING AND PRODUCT SOURCING

Disney's International Labor Standards (ILS) program is designed to evaluate and address the working conditions affecting people who make Disney-branded products around the world. The program thus applies to workplaces that are not owned by Disney and people who are not Disney employees. The ILS program is managed by employees and cast members who have sourcing or licensing responsibility throughout the company's operations and is supported by a core team of approximately 70 ILS specialists in 10 offices around the world. The ILS function reports to the Corporate Responsibility department and regularly reports to the Audit Committee of the Board of Directors.

In the past 12 years, our ILS program has evolved. Like many other companies that started similar programs in the 1990s, we initially focused on establishing a core set of critical standards, working with licensees, vendors and factories to promote their implementation and assessing compliance. All of these actions gave us insight into common labor problems at factories around the world, as well as issues specific to particular countries and regions. But with a very large number of

factories to monitor as our businesses and needs grew – a number that changes constantly as new factories enter the system and older factories move on to other work – we learned there are limits on our ability to ensure sustained and consistent compliance. We have sought to understand the roots of the problem by working with external stakeholders as well as other brands and we have begun to identify ways beyond traditional compliance assessments to promote ongoing, steady and responsible working conditions. While continuing factory assessments, we are dedicating resources increasingly to activities that lead more directly to improved conditions in factories within our sphere of influence. We have also expanded our participation in collaborative efforts that address systemic issues and seek to raise common standards.

Working with Licensees and Vendors

We have a large portfolio of intellectual property (characters, stories, images, logos) that attracts a range of licensees and vendors interested in producing and marketing products bearing our characters, stories, songs and brand names. These products encompass a wide range of industries including apparel, footwear, toys, published materials, food, CDs and DVDs, home furnishings and electronics, among others. We have granted rights to approximately 8,000 businesses to use our intellectual property in the manufacture of such products. In addition to many large companies and retailers, our licensees and authorized vendors include many medium-sized and small companies globally.

Many Disney-branded products are not, in fact, manufactured by or for The Walt Disney Company. These



Our International Labor Standards program promotes responsible labor practices in factories that make Disney-branded products.

are licensed products handled through our licensing operations in Disney Consumer Products, ABC, ESPN and other business units, which work with licensees, vendors, publishers and retailers to manufacture, distribute and sell branded products in operations not owned or operated by The Walt Disney Company.

Our Studio Entertainment, Parks and Resorts, Media Networks and Disney Interactive Media Group businesses also source Disney merchandise for promotional purposes or for sale in retail outlets and other venues that we own, operate or license. We use the term “vendor” to refer to a supplier from whom we obtain products directly (for example, for sale at our theme parks), and “licensee” when we refer

Chart 23: International Labor Standards Timeline

Program Establishment 1996-2000	Learning and Assessment 2001-2008	Strategic Focus 2009-Forward
<ul style="list-style-type: none"> Created Code of Conduct Established compliance policies and procedures Started factory assessments Formed internal advisory group 	<ul style="list-style-type: none"> Tested alternative monitoring approaches Expanded external stakeholder engagement and communication 	<ul style="list-style-type: none"> Greater business integration Continued external collaboration Refined metrics and measurement

to other businesses who obtain the rights (a license) to produce and sell products bearing Walt Disney Company brands, characters or other intellectual property.

For further discussion of the company's operations, including our supply chain, visit the [Content & Products](#) section.

Code of Conduct

Established in 1996, our [Code of Conduct for Manufacturers](#) sets forth requirements for manufacturers of our products with respect to labor standards and working conditions in a range of important areas, including:

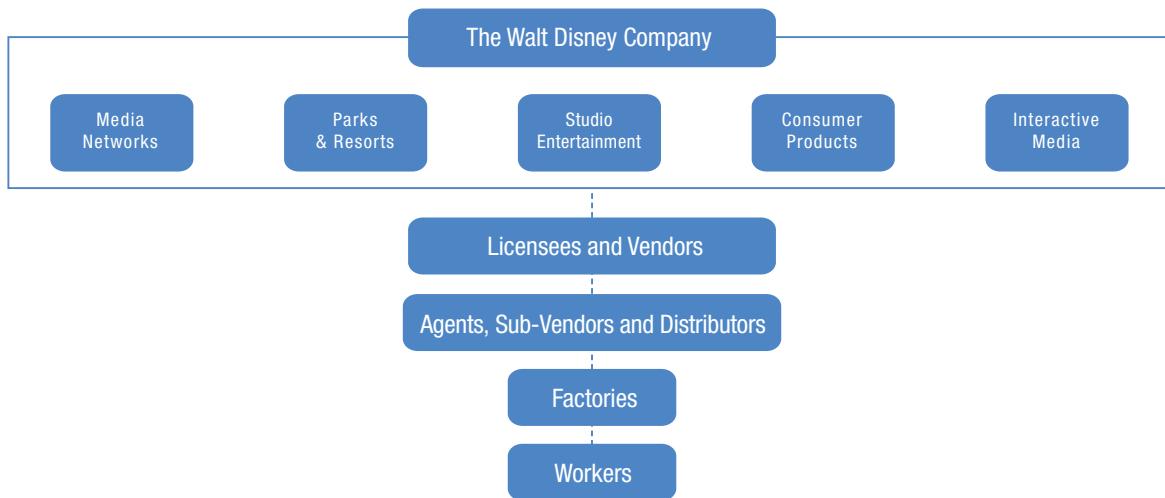
1. Child Labor
2. Involuntary Labor
3. Coercion and Harassment
4. Nondiscrimination
5. Association
6. Health and Safety
7. Compensation
8. Protection of the Environment
9. Compliance with Other Laws
10. Subcontracting
11. Monitoring and Compliance
12. Publication

The principles embodied in our Code are designed to be consistent with core conventions of the [International Labour Organization](#) (ILO), the specialized agency of the United Nations focused on global labor standards, as well as codes set forth by key labor standards organizations. The Code has been translated into more than 50 languages and distributed to tens of thousands of licensees, vendors, factories and individual workers.

Influence

Licensees and vendors are companies separate from The Walt Disney Company and they operate their businesses independently. Many of these entities are large, publicly traded companies in their own right. In general, Disney provides intellectual property, such as a character design and/or a brand, for a particular item of merchandise, such as a costume, and the licensee uses its expertise to apply it to merchandise and have it manufactured and distributed. Each licensee's and vendor's responsibilities include the selection of the factories they use, a key component of their business operations. We require that our licensees and vendors use factories that can comply with the labor standards set by our ILS program, centered on our [Code of Conduct for Manufacturers](#).

Chart 24: Supply Chain at Disney



Sphere of Influence

Like many organizations, we have the greatest influence on those business entities with which we work directly. What this means in the context of labor standards in the supply chain is that we have some influence with our licensees and vendors, and with the industry or multi-stakeholder initiatives in which we participate. But our influence at the

factory level is a function, in part, of the number of parties in the “relationship chain” between Disney and the factory and the importance of Disney-branded business to the factory relative to other brands and buyers. And, in the case of licensing in particular, we are not selecting the factories or ordering, importing or selling the product made in that factory. As a result, our leverage varies significantly from relationship to relationship.

Chart 25: Countries, Licensees, Vendors and Factories in the Supply Chain

Countries and Territories Where Factories are Located	Licensees and Vendors		Factories	
	Active at any point in the fiscal year	Active at the close of the fiscal year	Active at any point in the fiscal year	Active at the close of the fiscal year
>100	8,000	6,000	23,000	17,000

This data describes the number of licensee, vendor and factory relationships that we have throughout the year. The numbers are presented in two formats to help convey the fluidity of our business relationships. We present both a snapshot at the end of the year and also the sum of relationships over the year. A factory, licensee or vendor may work with Disney only a short period of time within a year, and there are a significant number of relationships that reflect this difference.

Chart 26: Geographic Distribution of Active Licensees, Vendors and Factories

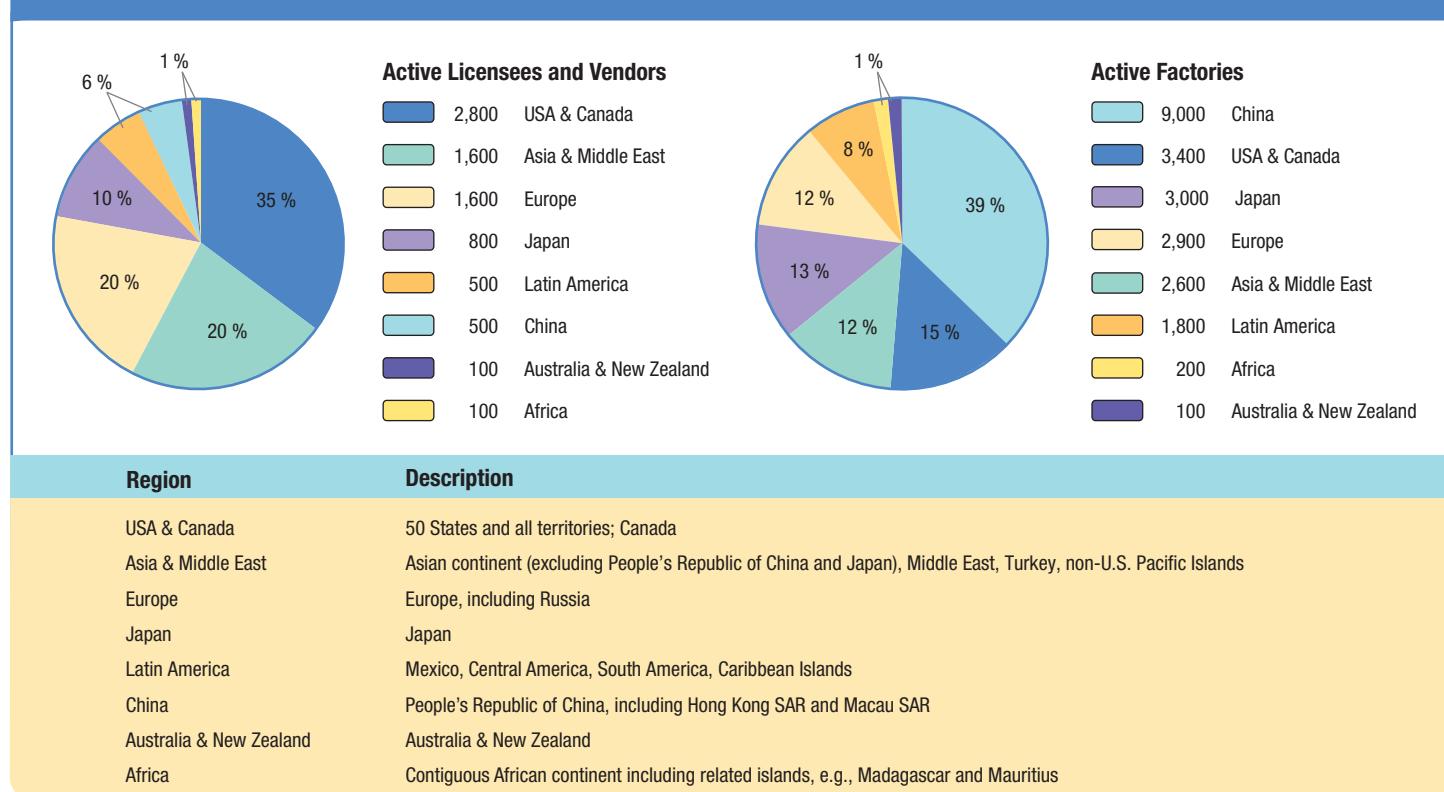


Chart describes the geographic distribution of factories, licensees and vendors across all regions over the course of the fiscal year. They do not reflect the geographic distribution at the end of the fiscal year.

Scope of Licensing and Supply Chain

The data that follows and all such data throughout this report reflect information provided to and recorded by us at the close of our fiscal year 2008. Due to ever-changing business needs and relationships, this data changes regularly. The information is also approximate and is based on our best analysis of the data available.

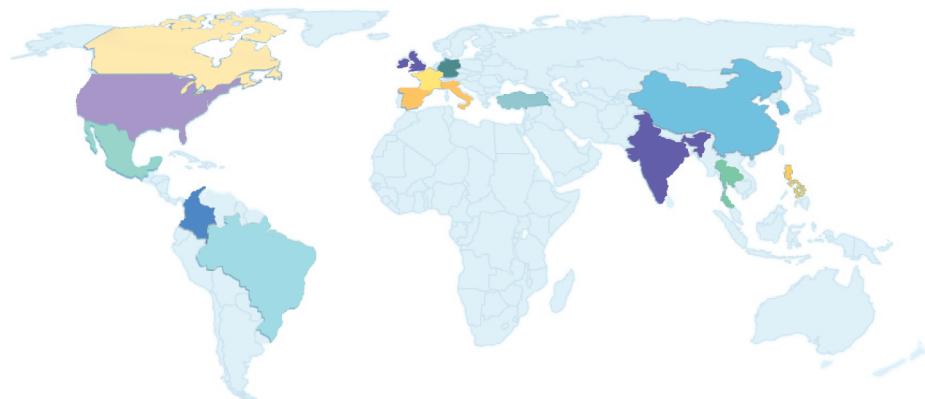
Focus Areas

Our approach to International Labor Standards focuses on:

- **Integration** within our business operations
- **Education** of licensees and vendors
- **Monitoring** of the factories to assess working conditions
- **Remediation** activities that encourage and promote sustainable practices
- **Collaboration** with a wide range of external stakeholders on common objectives
- **Public policy** to support labor standards improvement
- **Transparency** of the program's activities to facilitate education, learning and evolution

We have been working on some of these areas, like monitoring, since the beginning of our program. Other areas, like remediation, are areas that have been a core

Chart 27: Countries with the Most Factories Producing Disney-Branded Product



Number of Factories	Countries and Regions
> 5,000	China
1,000 to 5,000	Japan, USA
500 – 1,000	Mexico, Italy
200 – 500	Brazil, Canada, Colombia, France, Germany, India, South Korea, Spain, Thailand, Turkey, United Kingdom
< 200	Approximately 100 other countries

Chart describes the geographic distribution of factories, licensees and vendors across all regions over the course of the fiscal year. They do not reflect the geographic distribution at the end of the fiscal year.

part of our approach, and we have been evaluating how to make those approaches more effective. And still other focus areas, like public policy, are areas that we've just begun to explore.

Integration

The ILS group maintains a dedicated staff of approximately 70 in 10 countries to promote integration within Disney's global and functional operations. These team members orient new Disney employees about the ILS program, explain their roles and responsibilities in operating the ILS program, participate in the negotiation of contracts with licensees and vendors and act as a first line of communication within Disney about the operation of the ILS program. The team also operates an online learning program for Disney employees in the U.S. with respect to key ILS issues.

The ILS team plays a critical role in ensuring that Disney's ILS expectations are a part of daily activity for all of our varied business groups – groups whose needs and objectives evolve on a regular basis, who need to adapt quickly to changing business opportunities and who operate with different business models and supply chains. Briefings for business group employees and employees of licensees and vendors take place regularly and are reinforced on an ongoing basis as people and activities evolve. The focus of such meetings includes explanation of Disney's ILS program requirements to new employees, support for business negotiations to include ILS requirements in licensee and vendor contracts and discussion of licensee, vendor and factory performance.

In addition, members of the company's internal ILS Advisory Group – a cross-functional team of Disney executives – work both collectively and independently to integrate the ILS program into business unit operations. Their role in reviewing policy, identifying business impacts of ILS policy changes and supporting and confirming key policies ensures that our ILS objectives are appropriately reflected in the Company's operations.

Education

We work closely with licensees, vendors, agents, factories and social compliance monitors to communicate our program principles, policies and compliance expectations. This happens through seminars, presentations, meetings and formal training sessions. As part of this process,

Disney requires licensees and vendors to inform us of, and gain our approval for, all factories involved in the manufacture of Disney-branded product.

An increasing number of Disney licensees and vendors maintain their own labor standards programs, and conduct regular assessments of factories manufacturing their products. Disney evaluates these programs to determine whether their standards and factory assessment approach are consistent with our own. Where possible, Disney accepts these factory assessments to expand our knowledge of factory conditions.

Education of licensees is partially integrated into business processes, as licensees are informed of their ILS obligations during business negotiations, and again in more detailed fashion after an agreement is signed. Members of our ILS team also provide educational support to enable licensees to fulfill their ILS compliance obligations, including processes for identifying factories they intend to use for the manufacture of Disney-branded product. The ILS team holds regular updates with major licensees and retailers, to exchange information on how the respective programs work and to ensure that licensees are informed of the compliance status of their factory base.

Where requested, the ILS team also assists business counterparts in establishing, maintaining or expanding their own programs. And to the extent that our licensees and vendors participate in Multi-Stakeholder Initiatives (MSIs) or industry initiatives that involve factory assessment, we accept assessments performed by these organizations as well. Examples include the Ethical Trading Initiative, Fair Labor Association, International Council of Toy Industries CARE Foundation, Social Accountability International, Worldwide Accredited Responsible Production, Business Social Compliance Initiative and others. We also periodically assess other companies' labor standards programs in order to gain insight that can help us improve our own program.

Monitoring

Disney has been involved in factory assessment operations since 1996, and these activities continue to serve an important role in our overall program. Information gleaned from our on-site factory assessments provides us with context and understanding of factory conditions necessary to guide and evaluate our integration, education, remediation, collaboration and transparency efforts. While

conducting on-site factory assessments remains an important part of our ILS program, we find it increasingly useful to employ alternative methods to identify and address issues, including the use of a confidential worker helpline as well as the coordination of assessments and remediation with other brands and organizations.

Assessment Resources

We utilize a number of specialized teams to conduct social compliance assessments. We maintain teams of specially trained social compliance monitors on staff in Guangzhou, China; Mumbai, India; and Glendale, California, who are responsible for conducting factory assessments according to our Code of Conduct. In addition, we engage external social compliance monitoring firms to conduct assessments in countries where we do not have staff. We regularly engage with these monitoring firms to communicate our expectations and share best practices for the execution of a social compliance assessment. Lastly, some of our licensees and vendors maintain their own social compliance programs with either dedicated social compliance monitors on staff or through relationships with external monitoring firms. Where such programs meet our standards, we accept the output of those processes.

Targeted Assessments

Manufacturing of branded product takes place in more than over 100 countries across the globe. When we conduct factory assessments ourselves, we prioritize which factories we visit according to highest risk, using data and information obtained through Disney's years of experience with factory conditions in these countries. We supplement this information with external country data and reports such as the Transparency International Corruption Perception Index (CPI), the AccountAbility Responsible Competitiveness Index (RCI) and the United Nations Development Program Human Development Index (HDI). Approximately 93% of the factory assessments conducted in 2008 were in high-risk countries.

Assessment Process

The assessment process starts with a factory visit, known as the Initial Assessment, which can be either scheduled or unannounced. It includes interviews with workers, review of payroll and other pertinent records and visual inspection of the factory premises. If non-severe violations are discovered during an Initial Assessment, we will allow the factory time to correct the issues and will

conduct a Follow-Up Assessment after a period of time to confirm that they are making progress. Increasingly, our licensees and vendors are also assuming responsibility for conducting factory assessments.

Elements of the Factory Assessment

- An opening meeting with the factory management takes place at the start of each assessment to discuss our objectives, the scope and process of the assessment, and (if the factory is new to the manufacture of Disney-branded merchandise) introduce our Code.
- Working conditions, including health and safety requirements, are assessed by a visual walk-through of all manufacturing areas, dormitories and canteens and any warehouse or storage areas.
- Employment policies, including hiring and disciplinary practices, and evidence of employee compensation, working hours and benefits, are assessed through the review of relevant documents such as personnel records, payroll records, piece rate records, timecards, production records and other pertinent documentation.
- Information gathered from documents is further corroborated through worker dialogues conducted outside the presence of factory management.

Unannounced Factory Assessments

Our goal in conducting on-site factory assessments is to obtain an accurate and current evaluation of working conditions. To do this, we need access to several things: workers, management, relevant documentation and the physical premises. Since our monitors sometimes need to travel great distances to get to a factory, we historically have arranged for an assessment date with factory management beforehand in order to ensure that we can access everyone and all items we need to successfully complete our assessment. This ensures the best chance for our monitors to gain access to records, management, accountants and human resources personnel. It also ensures that monitors are able to locate the factory, in locations where street addresses are not common or change, or where the address is incomplete. However, we know from experience that assessments can cause anxiety and may encourage factories to present the best possible and not always most accurate picture. Therefore, in 2006 we began to test

Spotlight On: Confidential Worker Helpline

The Situation

As part of our on-site factory assessment process, Disney monitors meet with workers to understand their perspectives on their working conditions, learning a great deal about factory conditions. However, some workers may not feel comfortable sharing information, so we've sought other ways to empower them to raise questions and concerns, obtain information on their rights and responsibilities and to pursue remedies, where warranted.

The Opportunity

In southern China, we worked with a local civil society organization (CSO) to help develop and implement a confidential worker helpline. The helpline is operated by the CSO and was installed with the agreement of factory management at more than 20 factories that produce Disney-branded products. The CSO provides introductory training to workers on occupational health and safety, existing labor law and how to access the helpline via a free phone number. The CSO receives worker calls, provides guidance to the workers, and reports the issues - without revealing the identities of the individuals - to Disney and the factory management on a monthly basis, or immediately in cases requiring urgent attention. Where issues relate directly to the factory's inability to meet Disney's Code of Conduct for Manufacturers, we meet with the factory to

review the information reported to the helpline, discuss potential causes and remedies and agree upon an improvement plan.

Results

Results of the helpline to date reveal that:

- In its first three years of operation, the helpline received more than 600 calls from workers, suggesting that this type of feedback mechanism is embraced by workers.
- In approximately three quarters of the calls, the issues and inquiries have related directly to the labor law and Code of Conduct. The remaining calls were of a more personal nature.
- In some cases concerns were not identified through the regular assessment process. When this has been the case, the objective of Disney and the CSO is to work toward resolution of these issues.

The confidential worker helpline is providing a benefit to workers and is proving valuable to us as it helps to improve our understanding factory conditions. We will continue to track progress, and use what we're learning from workers and factories to guide improvements in our ILS program.

unannounced assessments in China. Compared with scheduled factory assessments conducted in the same region during the same time frame, unannounced assessments had a higher percentage of findings of violations in almost every Code category. We continued throughout 2007 to conduct more unannounced assessments, and in 2008 roughly half of the assessments we conducted ourselves in China were unannounced.

In 2009, we plan to conduct a larger number of unannounced factory assessments in China, and we will begin testing some unannounced assessments in other countries as well. We are increasing the number of unannounced assessments – and we encourage our licensees and vendors to do the same depending on the nature of their relationships – because we believe that we get a more accurate picture of the true working conditions of the factories. However, this approach also means that we will have a greater number of instances

of factories denying us access to their staff or factories. In 2008, 10% of the assessments we arranged directly and scheduled in advance resulted in those factories denying us access at the time of the assessments. For the same time period, unannounced assessments resulted in a 26% rate of denial of access. When a factory denies us access to their facility to conduct an assessment, we communicate to the licensee or vendor that their factory did not allow us entry to conduct a social compliance assessment. We expect the licensee or vendor to reinforce with their factory that access to the facility is a critical requirement in order to maintain authority to make Disney-branded product. We give them one additional opportunity on a different day to allow us access. If we are still denied access after that second chance, then we have no option but to terminate our authorization of work in the factory. Lastly, in cases where monitors will have to travel great distances to reach a factory, those factory assessments will remain scheduled.

Remediation

Our assessment process often results in findings of noncompliance with one or more of the standards set forth in our Code of Conduct. Indeed, in very many cases, factories do not meet our Code of Conduct standards or their local labor law on the initial inspection. The most common violations found during assessments are related to health and safety, excessive working hours, inability to verify compliance (in part due to record discrepancies) and overtime wages.

We take several steps to identify areas that need to be addressed.

- At the end of a factory assessment, monitors explain preliminary findings to the factory management.
- Assessment reports are then reviewed by our ILS team who further evaluate the factory's compliance against the Code and local labor law and then create corrective action plan letters or other reports to communicate expectations for remediation to the licensees and vendors responsible for choosing those factories.
- Depending on the type and level of nonconformance, factories are given a certain period of time to demonstrate improvements in factory working conditions, which are then typically verified through follow-up assessments.
 - Our Code of Conduct for Manufacturers contains 12 provisions that we expect manufacturers to meet. However, noncompliance with some of these provisions creates greater immediate risk to factory workers. Accordingly, we prioritize certain violations that require immediate correction. Examples of our “zero tolerance” issues include child labor, involuntary labor and physical abuse. Other issues require prompt attention but we will allow factories time to correct them, including wage and hour violations.
 - Licensees and vendors are expected to communicate the findings to the factories and support their remediation efforts.
 - Ultimately, the factory is responsible for taking corrective action.

Though we strive for sustained improvement in factory compliance, continued noncompliance with the Disney Code and local labor law may result in factory being

declared ineligible for Disney production. In our fiscal year 2008 we withdrew production authorization from approximately 500 factories due to severe or continued noncompliance.

In addition to noncompliances identified through the assessment process, we also receive information from and act upon claims brought to us by other sources – NGOs, unions and other companies. We use this information to help us prioritize issues and resource deployment, and then conduct a prompt investigation of the situation. We then work with the factory, the licensee or vendor who sourced the product, and sometimes other parties to develop a remediation plan to help bring the factory's operation into compliance.

Training and Building Capabilities

Some situations may warrant a special remediation process, which might, for example, include factory management training, communications training or the implementation of a confidential worker helpline. We are also continuing to explore opportunities to enhance compliance efforts through industry and stakeholder initiatives, and by employing what we learned through [Project Kaleidoscope](#) (described separately) in the application of a continuous improvement model that may prove more effective in promoting long-term compliance.

Collaboration

We believe collaboration is key to improving working conditions systemically and have sought to collaborate with external parties interested in and able to contribute a broad range of perspectives, experiences, knowledge and cultural sensitivities. Working directly with licensees, vendors and other stakeholders to encourage strengthened labor standards allows us an opportunity to learn from others and simultaneously share our experience and suggestions. Through these efforts, we continue to test new approaches to encouraging responsible labor practices in compliance with our Code. Some of our collaboration has been informal and ongoing for many years. In other cases, we've decided to formalize relationships and recently signed agreements with both Social Accountability International and the International Council of Toy Industries ([ICTI](#)) [CARE](#) Process.

Spotlight On: Supporting Remediation and Factory-Level Compliance

The Situation

In 2005, 2006 and 2007 a Hong Kong-based group, Students and Scholars Against Corporate Misbehavior (SACOM), published several reports alleging poor working conditions at factories making books, toys and other items for Disney licensees in China.

Disney's Response

We investigated the claims immediately and confirmed that some of the factories included in the reports did indeed have compliance issues, while other factories included in the reports were not authorized to produce Disney products at all due to repeated failures to comply with required Disney ILS policies.

We engaged the licensees, and in some cases the factories directly, on developing proactive, comprehensive approaches to compliance with the Disney Code of Conduct for Manufacturers. However, a few factories were unwilling to remediate, and therefore we withdrew authorization to produce Disney-branded product from these factories.

Results

The remaining factories developed and implemented comprehensive compliance plans, and addressed issues related to worker claims with the assistance of third-party mediation resources.

Factories - Zhong Shan Hung Hing and Shenzhen Hung Hing

- Implemented formal factory-level compliance policies and procedures, supported by centralized record keeping and line supervisor training on social compliance and management skills.
- Updated employee handbooks to better communicate compliance policies and workers' rights.
- Upgraded safety devices on machinery, and updated and improved health and safety training for workers.
- Established an Environment, Health & Safety Committee with workers as elected committee members.
- Introduced a confidential worker helpline operated by an independent civil society organization.

Factory - Kam Long

- Implemented a compliance plan to the factory as noted above.
- Adopted "Key Performance Indicator" reporting based on learnings from our Project Kaleidoscope. This allowed the factory to track progress and enhanced goal-setting.
- Conducted a factory management and worker communication workshop and a root cause analysis to assist in identifying and addressing fundamental causes of noncompliance.

Factory - Ho Wai

- Provided basic training on labor law and occupational health and safety.
- Provided a communication workshop to promote constructive and open communication.
- Introduced a confidential worker helpline operated by an independent civil society organization.
- The factory moved its operations to two factories in a neighboring city in early 2008. In the new location the licensees and factories are undertaking a comprehensive compliance plan to engage several outside parties to oversee, assess or provide training to the factory employees.

What We Learned

- Cooperation and willingness to remediate on the part of all parties involved – especially the licensee, vendor and factory – are essential to achieving sustainable changes and improving factory working conditions.
- Working with organizations outside of the immediate supply chain enhances the process of identifying factory issues and finding solutions.

Project Kaleidoscope

Between 2002 and 2008, Disney, McDonald's Corporation and a group of organizations working to improve working conditions in company supply chains carried out a collaborative project designed to promote sustained compliance with labor standards mandated by corporate codes of conduct for manufacturers. We invite you to read the final report of [Project Kaleidoscope](#) in English, [Simplified Chinese](#) or [Traditional Chinese](#).

The project was piloted at 10 contractor factories in southern China and through this effort an alternative approach to long-term, sustained code compliance was developed and successfully field-tested. The project involved several key elements:

- Enhancing training and education for management, supervisors and workers, and potential positive compliance incentives.
- Remediation in factories that demonstrate significant compliance issues, in order to minimize circumstances in which factory termination is the only business alternative.
- Working with local nongovernmental organizations as well as individual factories with the goal of developing practical implementation approaches, including training and remediation methods and tools.

What did we learn from this effort and how are we applying the understanding going forward?

First, the process helped us understand that internal management systems are critical if factories are to take a more central role in identifying and resolving issues under their control. Understanding what a management system is, identifying key performance indicators (KPIs), and having a process by which KPIs are collected, reported and acted upon will help factories better manage their own performance. As we developed the management systems approach – termed “Dynamic Social Compliance” (DSC) – we engaged the assistance of a major international testing and compliance firm – TUV Rheinland Hong Kong Ltd.– to train factories in this area. This firm has since developed a training program as part of its regular offering to clients. There are now a handful of factories – separate from those in Project Kaleidoscope – that have undergone or are in the process of implementing the DSC management system approach. This training is also being offered to

factories outside of Disney’s supply chain. We are pleased that an international organization has learned from, adapted and found a market for a process developed under the aegis of Project Kaleidoscope.

We also learned the importance of having a facilitated, multi level communication process inside the factory. We utilized an existing process called “participatory rapid appraisal” (PRA) to bring together multiple, different representatives of the factory – managers, supervisors, workers – to participate in workshops to identify issues and solutions. Gaining input from multiple participants can empower a wider range of factory staff to raise concerns and to do so in a constructive manner that is solution-oriented. Since the project concluded, we have had our internal monitoring team in China trained in this methodology and have even helped some other factories learn the process.

Better Work / Better Factories Cambodia

Disney has been and continues to be a supporter of both the *Better Work* and *Better Factories Cambodia* initiatives. *Better Work* is a partnership between the [International Labour Organization](#) (ILO) and the [International Finance Corporation](#) (IFC). It supports factories in improving their labor standards based on core ILO labor standards and national labor law and through factory-level assessments, training, reporting and multi-stakeholder engagement. *Better Work* is developing both global tools and country-level projects in Haiti, Jordan, Lesotho and Vietnam, with plans to expand beyond these countries over time.

Better Work is building upon the learnings of the ILO’s *Better Factories Cambodia* initiative. *Better Factories Cambodia* promotes improvement in apparel factories in Cambodia by monitoring and reporting on working conditions in Cambodian garment factories according to national and international standards, by helping factories to improve working conditions and productivity, and by working with the Cambodian government and international buyers to promote a rigorous and transparent cycle of improvement.

More information on these initiatives is available at [www.betterfactories.org](#) and [www.betterwork.org](#).

Multi-Fibre Arrangement (MFA) Forum

In 2006, Disney began participating in the [MFA Forum](#), an open network of more than 70 participants representing brands and retailers, trade unions, NGOs and multilateral institutions, whose aim is to promote social responsibility and competitiveness in national garment industries that are vulnerable after the expiration of apparel and textile quotas. In particular, Disney participates in working groups focused on Latin America and Bangladesh.

Business for Social Responsibility (BSR)

Since 1998, Disney has been a member of [BSR](#), a global business network and consultancy focused on sustainability. Over the past decade, BSR has provided guidance on leadership in good labor practices and development of sustainable business strategies and solutions, and has led numerous working groups including Disney and other companies.

Social Accountability International (SAI)

Disney joined SAI in 2008. [SAI](#) works with companies, consumer groups, nongovernmental organizations (NGOs), workers and trade unions, local governments, as well as a network of agencies accredited for SA8000 auditing, to help ensure that workers of the world are treated according to basic human rights principles. Our goal in joining SAI is to access information on SA8000-certified factories, best practices in factory assessment and training resources.

International Council of Toy Industries (ICTI) CARE Process

Disney formalized a relationship with the [ICTI CARE](#) Foundation's ICTI CARE Process in 2008. The ICTI CARE Process is the international toy industry's ethical manufacturing program, aimed at ensuring safe and humane workplace environments for toy factory workers worldwide. The initial focus is on China, including Hong Kong and Macau, where the majority of the world's toys are manufactured. Expansion is contemplated, over time, to other countries where toys are made. Disney has been accepting ICTI CARE Process factory assessments for a number of years, but we recently made a more formal acknowledgement that the ICTI CARE Process would satisfy the requirements of our monitoring program. We plan on working further with the ICTI CARE Process to strengthen the program and to better utilize their factory assessment information.

Public Policy

We believe that engagement with various government organizations is an important way to share and coordinate common objectives of improving labor standards. In particular, we have met directly with U.S. and Chinese government agencies, among others, to learn about how each of our organizations approach labor rights issues and to seek ways to work in tandem to mutually support our common goals. In 2006, we convened a meeting of more than 20 U.S. companies with the U.S. Department of State's Bureau of Democracy, Human Rights and Labor to explore ways in which we could work together to support labor rights improvements throughout the world. We convened a similar meeting in 2008 with the U.S. Department of Labor's International Labor Affairs Bureau. We have also periodically met with district, provincial and state officials in China, and in 2008 hosted a delegation of labor officials from Guangdong Province at our headquarters office in Burbank, California. Lastly, through our involvement in various multi-stakeholder initiatives, including the IFC and ILO *Better Work* program and the MFA Forum, we are able to access government perspectives on labor issues in a range of countries in which our branded products are manufactured. Going forward, we aim to explore further ways in which we can support existing government initiatives to improve labor standards and leverage those efforts for greater impact.

Transparency

This Corporate Responsibility report represents an important element of our commitment to share information with our stakeholders. Through this and other methods, we plan to convey our policies, programs, challenges and achievements to interested stakeholders on a systematic basis.

Performance

We believe we have made strides in promoting responsible working conditions throughout our supply chain and among our licensees and their manufacturers in the years since the inception of our International Labor Standards program. For example, we have conducted approximately 60,000 assessments of factories since 1996 and forged productive collaboration with some of our licensees to help them develop social compliance programs. These examples are a result of Disney's commitment of labor and financial resources toward a program we believe is vital for our brand and our commitment to socially responsible corporate policies and practices.

While our ILS team has consistently acted to address labor issues as they have been discovered in factories working on our behalf, we know there is more to be done to create systemic, lasting improvements. We are committed to continuing to evolve our program to meet these ongoing challenges. Below is a collection of ILS indicators for 2008.

2008 Results

Factory Assessment Coverage

Assessment coverage indicates the percentage of factories we or our business partners are able to visit for the purposes of conducting a social compliance assessment. With approximately 23,000 factories active in the course of a single year, some for short periods of time, it is virtually impossible to assess every facility. Accordingly, our ILS program concentrates its resources in countries that we designate as high risk, which we describe under the “Targeted Assessments” discussion. Nonetheless, increasing assessment coverage is a critical goal we are currently evaluating.

The data in Chart 28 reflects on-site factory assessments conducted by Disney internal social compliance monitors and by the external monitoring firms that we retain directly, as well as assessments conducted by or contracted for by our licensees and vendors. During the fiscal year 2008, approximately 3,500 factories were assessed by Disney or our licensees and vendors. These factory assessments add up to approximately 4,400 separate assessments.

To improve these factory assessment coverage ratios, we will begin implementing a requirement in 2009 for our licensees and vendors to submit factory assessment reports for their factory base prior to the start of production.

Findings of Compliance Assessments

The data in Charts 29 and 30 reflect the percentage of assessments in our fiscal year 2008 in which we found noncompliance with elements of our Code of Conduct. As described earlier in this report, we attempt to target our factory assessments to areas we believe may be higher risk, or in other words, more likely to have a violation. Therefore, the data we are reporting for incidence are not representative of all factories related to Disney's chain of suppliers.

Chart 28: Factory Assessment Coverage

Country Risk	Coverage
Factories in High Risk Countries	25 %
Factories in Medium Risk Countries	6 %
Factories in Low Risk Countries	< 1 %
Factories in All Countries	15 %

We prioritize which factories we visit according to highest risk, using data and information obtained through Disney's years of experience with factory conditions in these countries. We supplement this information with external country data and reports such as the Transparency International Corruption Perceptions Index (CPI), the AccountAbility Responsible Competitiveness Index (RCI) and the United Nations Development Program Human Development Index (HDI).

In aggregate, we have found that factories generally improve after the initial assessment, and it does appear that the act of monitoring and the identification of issues help facilitate some remediation. However, the degree of initial noncompliance, and the progress made after the first assessment, still fall short of our expectations.

We also categorize the data by priority (high, medium, low). We use these designations to prioritize our remediation strategy. Each violation identified during an assessment is expected to be corrected. High priority categories – generally those consistent with ILO core conventions – are deemed severe and need to be corrected immediately. Medium priority violations may require changes in payroll systems or other internal mechanisms which may take time to correct. Low-priority violations are important, but other issues should be prioritized first. Specific noncompliance findings within the categories of *Health & Safety* and *Monitoring and Compliance* are categorized as high, medium or low depending upon the particular issue.

We have also broken down the findings from our compliance assessments into regions (see Chart 30) to provide additional detail about the results of the factory assessment program. The table does not include the findings of compliance assessments for Australia, New Zealand, Japan, and Africa as the low number of factory assessments in these countries resulted in an insignificant data sample. The table does not include the findings of follow-up assessment for Europe and USA & Canada, as the low number of assessments resulted in an insignificant data sample. The data reveals that compliance violations exist in every region but that there are some with a higher degree of noncompliance.

Specific non-compliance findings within the categories of Health & Safety, Protection of the Environment and Monitoring and Compliance are categorized as high, medium, or low depending upon the particular issue.

Chart 29: Noncompliance in Initial and Follow-Up Assessments

Code of Conduct Category	Violation Priority	Percent of Initial Assessments	Percent of Follow Up Assessments
Child Labor	High	4 %	1 %
Involuntary Labor	High	3 %	1 %
Coercion and Harassment, Nondiscrimination, Association	High	2 %	1 %
Compensation			
• Minimum Wage	Medium	39 %	32 %
• Overtime Wage	Medium	46 %	37 %
• Overtime Hours	Medium	57 %	56 %
• Social Benefits	Medium	37 %	26 %
• Other Compensation	Medium	21 %	14 %
Health & Safety			
• Factory	High/Medium/Low	81 %	59 %
• Dormitory	High/Medium/Low	19 %	11 %
Protection of the Environment	High/Medium/Low	17 %	15 %
Other Laws	Medium	40 %	31 %
Subcontracting	Medium	13 %	14 %
Monitoring and Compliance, Publication	High/Medium/Low	50 %	41 %

Ongoing Challenges and Opportunities

While we have made progress in implementing our ILS program, we face several ongoing challenges. The following represents possible approaches to these issues.

Size and scope of operations: Given the very large number of Disney licensees and vendors, the wide geographic spread of their factories and the diverse categories in which Disney-branded products are manufactured, we recognize the limits on our ability to be an expert in any one area as it relates to labor standards. Accordingly, we work with a wide range of organizations – other companies, nongovernmental organizations, monitoring firms, governments, industry and multi-stakeholder initiatives – to promote collaboration

and convergence of standards and approaches. We'll focus increasingly on helping our licensees and vendors understand our expectations, and especially work to identify resources that already exist or can be developed to promote their success.

Limited influence: It is not unusual for Disney-branded product to be only a small portion of an individual factory's total annual production. The result can be that our company does not always, at a factory level, have meaningful influence to improve labor conditions. And given that we are sometimes not the entity issuing the purchase order to the factory, the factories may not have a direct relationship with us. Despite this, we work with our licensees and vendors to embed labor standards requirements into their contracts and help them create labor standards programs where they can exert their

Chart 30: Noncompliance in Initial and Follow-Up by Region

Code of Conduct Category	Asia & Middle East Initial	Asia & Middle East Follow-Up	China Initial	China Follow-Up	Europe Initial	Europe Follow-Up ^a	Latin America Initial	Latin America Follow-Up	USA & Canada Initial	USA & Canada Follow-Up ^b
Child Labor	0 %	0 %	6 %	2 %	0 %	-	0 %	0 %	0 %	-
Involuntary Labor	3 %	1 %	3%	1 %	0 %	-	1 %	3 %	0 %	-
Coercion & Harassment Nondiscrimination, Association	4 %	1 %	1 %	0 %	0 %	-	3 %	2 %	1 %	-
Compensation										
• Minimum Wage	32 %	17 %	52 %	43 %	0 %	-	6 %	5 %	6 %	-
• Overtime Wage	37 %	23 %	58 %	47 %	11 %	-	19 %	16 %	8 %	-
• Overtime Hours	59 %	51 %	67 %	63 %	19 %	-	33 %	40 %	6 %	-
• Social Benefits	36 %	23 %	44 %	28 %	4 %	-	22 %	21 %	2 %	-
• Other Compensation	24 %	10 %	25 %	16 %	0 %	-	8 %	13 %	4 %	-
Health & Safety										
• Factory	78 %	60 %	83 %	57 %	84 %	-	91 %	72 %	48 %	-
• Dormitory	4 %	1 %	29 %	16 %	0 %	-	1 %	2 %	0 %	-
Protection of the Environment	20 %	20 %	19 %	12 %	0 %	-	18 %	21 %	2 %	-
Other Laws	54 %	43 %	41 %	28%	9 %	-	34 %	23 %	10 %	-
Subcontracting	10 %	12 %	16 %	15 %	2 %	-	8 %	11 %	2 %	-
Monitoring and Compliance, Publication	44 %	30 %	60 %	49 %	30 %	-	29 %	19 %	13 %	-

^a Follow-up assessments for Europe were not included, as the low number of follow-up assessments resulted in an insignificant data sample.

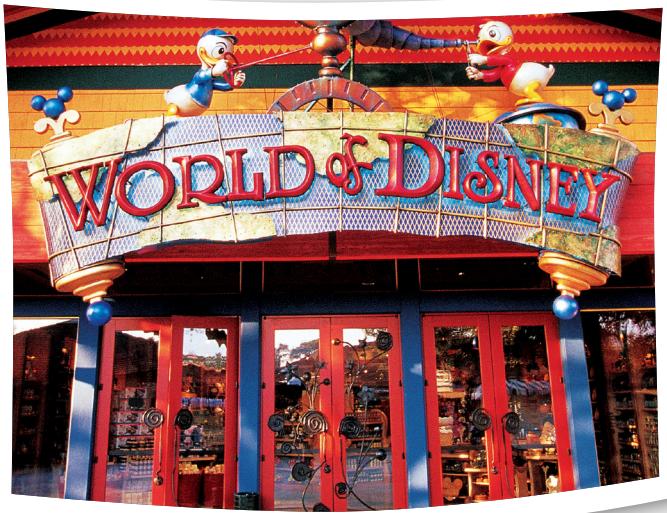
^b Follow-up assessments for USA & Canada were not included, as the low number of follow-up assessments resulted in an insignificant data sample.

more direct influence. We also increasingly work with other companies to promote improvements in factories we have in common.

Inconsistent or absent industry standards: We are very often one brand or buyer among many in a factory. While our Code of Conduct and implementing practices are not on the surface substantially different from many others, there are slight variations in how we and others assess and evaluate compliance. Where local country law is silent on a particular topic, factory managers may have different understandings of what constitutes compliance. In addition, there is no universal approach to how a social compliance assessment should be undertaken. How many workers are interviewed? How many months of payroll records should be reviewed? What is a zero-tolerance issue? To address such issues, we have participated in an initiative to create standards for

social compliance monitors, worked with other brands and buyers to create common approaches to shared factories and supported efforts, such as *Better Factories Cambodia*, where there is a single set of standards and monitoring approaches. In addition, we also accept the factory assessment output of many other programs that are consistent with our own Code of Conduct, thereby reducing confusion and duplicate monitoring activity. And as described in the Collaboration section, we'll continue to work with government agencies and other parties to encourage the movement toward common standards.

Ineffective government enforcement: Many countries have sufficient labor laws but lack the resources or don't prioritize the resources they have to assess compliance and enforce labor laws. As such, we increasingly work with government agencies to share information, seek



Disney assesses factories that make products sold at a wide range of retail stores.

clarification on labor law application and support the strengthening of labor law enforcement abilities.

Noncompliance: Unfortunately, sustained compliance with local labor laws and our Code of Conduct remains a difficult goal for many of the factories making products for The Walt Disney Company. We are therefore exploring ways in which we and our licensees and vendors can encourage factories to demonstrate continuous improvement toward full compliance rather than full but unsustained compliance by an arbitrary deadline. We'll be reviewing our compliance policies going forward and redesigning those that inadvertently promote a "pass the audit" mentality rather than encouraging factories to evaluate and address root causes of noncompliance.

What We Are Doing About It

Our goal is to have a supply chain that mirrors Disney's own desire to operate as a responsible business. We have learned a tremendous amount since 1996, when we launched our International Labor Standards program, and have put forth a concerted effort to monitor factories, enforce expectations for compliance and

work collaboratively with our licensees and vendors. We have also expanded our engagement with external stakeholders. However, this has still not resulted in a supply chain that meets our expectations.

As a result, we have committed additional resources to revising and updating the ILS program to meet the challenges of our global supply chain. In 2008, Disney's ILS program was reorganized to make it formally part of the Corporate Responsibility group, and we commenced a strategic review of how our people, processes and technology can better support our ambitions to improve factory labor standards. We look forward to sharing the results of this work in our next corporate responsibility report. For now, we can share a few central themes we're focused on.

Greater Supply Chain Ownership

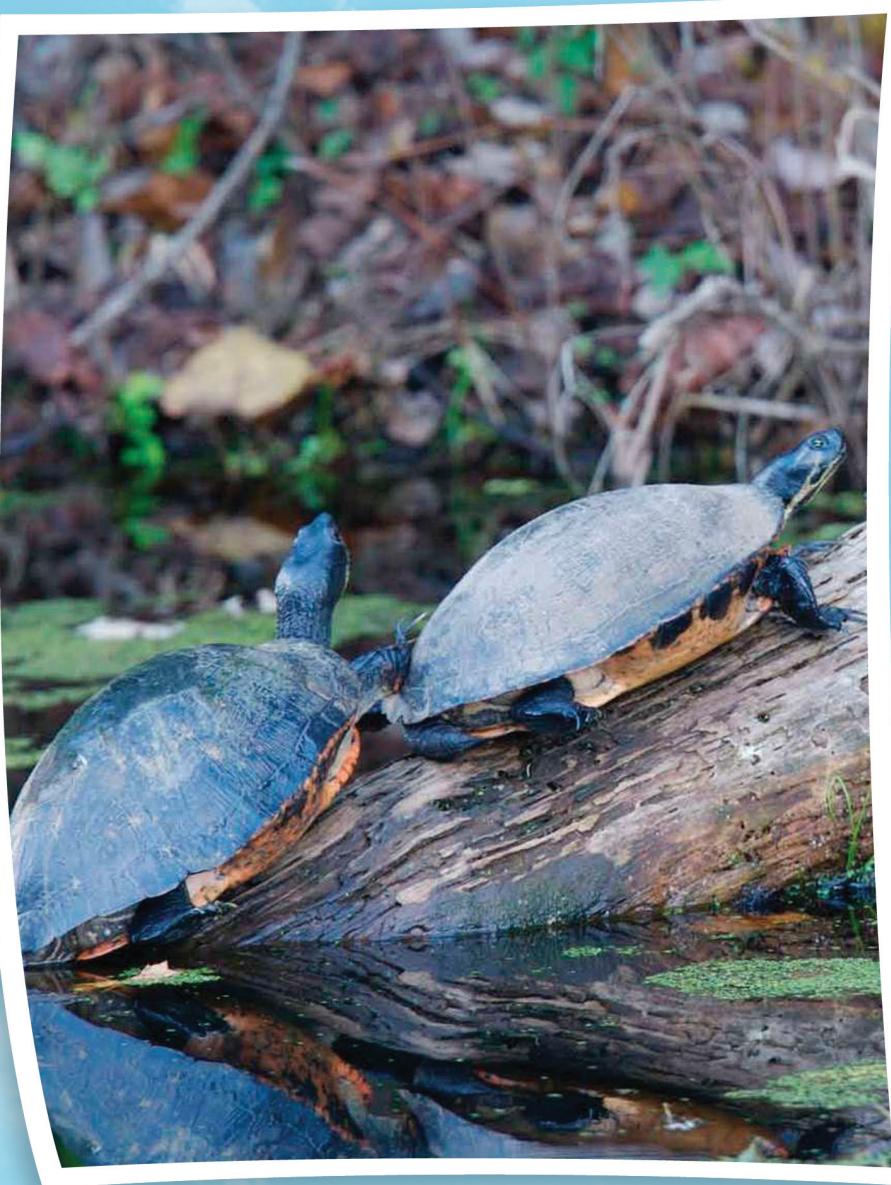
To improve the social performance of our supply chain we will encourage our licensees and vendors to assume greater ownership of their monitoring and remediation work with the factories they select. This is a sizeable task given that we have approximately 8,000 licensees and vendors over the course of 2008, but we believe that shared accountability and collaborative enforcement will promote improvements at the factory level. This will also allow us to shift some of our resources from factory assessment work to identifying root causes of non-compliance and working to build systemic solutions that can promote improvements. We believe that one of the ways we can utilize our size and brand is to support industry-level and multi-stakeholder approaches to labor standards issues. So we will shift more effort to these approaches relative to conducting factory assessments.

Stakeholder Engagement and Collaboration

We can best achieve our ILS goals through policies that focus on reduction of duplicative efforts, on collaborative efforts that result in positive outcomes, and a willingness to be transparent about our challenges and key successes. Going forward we expect to strengthen our efforts with industry associations, multi-stakeholder initiatives, governments, NGOs and other brands to identify and promote sustainable solutions to workplace improvement. We will also work with stakeholders to create common, consistent and understandable standards for this field of work. 

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Looking Ahead

LOOKING AHEAD

Corporate responsibility policies and implementation at Disney will continue to evolve in 2009. We have work to do in improving the effectiveness of our charitable giving, our international labor standards program and our environmental stewardship, among many other things. We will continue to focus on five areas of corporate responsibility outlined in this report: Children & Family, Content & Products, Environment, Community and Workplaces. In addition, we plan to address other areas that will serve to advance our overall corporate responsibility mandate.

Comprehensive Corporate Responsibility Strategy

As we hope this report shows, we are serious about actively improving our management of the environmental and social impacts of our organization. One benefit of developing this report is that it has allowed us to look at corporate responsibility as a whole and identify areas for further improvement. Utilizing the framework of our five impact areas, and this reporting process as a checkpoint, we will continue to identify initiatives and policies for strengthening our ongoing performance. We look forward to sharing more about this in future reports.



Scorecarding and Accountability

As the old adage states, that which gets measured gets managed. As we develop a more systemic approach to corporate responsibility, we intend to introduce greater measurement across our five focus areas broadly and within specific issue areas.

Greater Stakeholder Engagement

While our longstanding interaction with stakeholders has provided many benefits, including greater public insight into the way we do business and a higher awareness of accountability on our part, we know there is plenty more to do. It is our intent to use this first report as the basis for greater dialogue – both internally and externally. In 2009, we plan to formalize our stakeholder engagement strategy around reporting as well as broaden it to include

*"There's really no secret to our approach," said Walt Disney.
"We keep moving forward."*

some specific issues and focus areas. Stay tuned for our progress in this area.

As we move forward, we remain committed to the notion that being a good corporate citizen is not just the right thing to do; it is good for our Guests, for our Cast Members and for all of our business. It makes the company a desirable place to work and reinforces the attractiveness of our brands and products while strengthening our bonds with consumers and neighbors in communities around the world. In the end, we hope that Disney will be as admired for the way we do business as for the memorable products and experiences we create. 

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About This Report

ABOUT THIS REPORT

Corporate Responsibility reporting at The Walt Disney Company is an evolving process. We have previously issued reports about Disney locations—Walt Disney World, Disneyland Resort—and on specific issues, such as the environment, park safety and conservation. In addition, we have made information available on our governance policies, community outreach and international labor standards programs at www.disney.com/responsibility.

REPORT FRAMEWORK

This report is meant to draw all of these topics together, weaving them into a cohesive narrative that provides insight into how we view corporate responsibility at Disney. We view this report as part of an ongoing dialogue with Disney shareholders, employees and Cast Members, business associates, governmental and nongovernmental organizations, and consumers. It is our intent to publish a CR report on a biannual basis, with the next report covering fiscal years 2009 and 2010.

Scope and Structure

The policies, programs, and performance data presented in this report are for the company's 2008 Fiscal Year, ending September 27, 2008, unless otherwise noted. Instances where information relates to a different time frame than this fiscal year will be distinguished.

Segment and Site Reporting

The company's many businesses have different impacts and priorities in terms of corporate responsibility issues. As a business enterprise, we create physical products, as well as ideas, destinations and experiences. This report is designed to build transparency around the impacts of all our businesses. Additionally, we have published one "segment" and several "site" reports focused on our Parks and Resorts business. We believe that our segment and site reports illuminate both the differences and commonalities in business segments and hope you enjoy this additional level of detail.

To learn more about our efforts at our Parks and Resorts, please visit our [Suite of Reports](#).

Chart 4: Content in Disney's Corporate Responsibility Reports^a

Corporate Report	Segment Report	
Children & Family 	Walt Disney Parks and Resorts (P&R) 	 Not included in report
Content & Products 		 Included in report
Environment 		
Community 		
Workplaces 		
	Site Level Reports Walt Disney World, Disneyland Resort, Disneyland Resort Paris, Hong Kong Disneyland and Disney Cruise Line 	

^aChart numbering is consistent with the web-based version of this report.

FOCUS AREAS

In this report, we've broken corporate responsibility into five areas – Children & Family, Content & Products, Environment, Community and Workplaces. Each of these represents a critical aspect of Disney's approach and its operations.

The Disney enterprise operates across a range of industries internationally, and as a result, our operations touch upon many key issues. The report strives to address the most important issues by looking at them through the following lenses:

- Impact on our business, our employees, communities, consumers and shareholders
- Industry regulations and standards
- Generally accepted sustainability reporting guidelines, such as the Global Reporting Initiative (GRI) G3 guidelines
- Opportunities to make sustainable change, for the company and for society
- Global scope and interest
- Components that are unique competencies, such as children and family entertainment
- Areas of stakeholder interest

As our corporate responsibility strategy continues to develop, we look forward to hearing from interested parties as to which areas interest them most and on the progress Disney is making in addressing any concerns.

DATA AND ASSURANCE

We looked to the Global Reporting Initiative, the commonly accepted guidelines used by companies to report on corporate responsibility issues, for guidance on specific reporting principles regarding content, quality and report boundaries. Not all of the guidelines are applicable or appropriate to our business, and we have applied them flexibly.

Several considerations have guided the development of the report. These include issue importance, stakeholder inclusiveness, sustainability context, completeness, balance, comparability, accuracy, timeliness, reliability and clarity.

Performance data is presented throughout the report. Where relevant, we provide details on scale, scope and collection methodology. Using the GRI guidelines for accuracy, we believe the data we present is sufficiently detailed to allow for clear understanding of our disclosures. We've also taken care to explain key estimates or assumptions that are used in the development of metrics.

This report represents our best efforts to accurately depict our impacts, progress and results as they relate to corporate responsibility. There are some cases where we have relied on estimates to communicate results. These areas are identified in the report. With a goal of transparency and accuracy, we expect the process of data collection to evolve as we formalize our approach. In addition, we will consider external verification in the future as a way to enhance assurances regarding the validity of the report's contents.

In some areas of this report, we discuss forward-looking targets and goals. We believe target-setting to be a good discipline, and it is a routine part of how we manage our business. Nevertheless, all targets are subject to uncertainty, and there is no assurance that the targets will be achieved.

Any forward-looking statements in this report are based on our current understanding of the operational and financial environment and are subject to changes in business strategies and uncertainties in the market.

We also acknowledge that there are areas and issues that don't lend themselves to target setting and we've tried to clearly express that in the relevant sections.

A NOTE ON VOCABULARY

For convenience, this report often refers generally to "The Walt Disney Company" or "Disney" or "the company," or even "we" and "us." In fact, our various businesses are conducted by a number of separate corporations and other legal entities that are owned,

directly or indirectly, wholly or in part, by the parent public company, known as "The Walt Disney Company." Accordingly, use of the names and terms in this report may refer broadly to practices or other matters relevant to many of our businesses and is not intended to suggest that they, or any combination of them, operate as a single entity. Moreover, since this is an integrated report, references to "The Walt Disney Company," "the company," "Disney," "we," or "us" may mean, as appropriate, either The Walt Disney Company and/or one or more of its affiliated companies.

In addition, when we reference "Disney-branded" products or businesses we mean to limit the meaning to only those products which fall under the Disney brand. 

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GRI Index				
GRI Indicator	Indicator Description	Section(s)	Explanation	Page(s)
1. Strategy and Analysis				
1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	Message from Bob Iger		5-6
1.2	Description of key impacts, risks, and opportunities.	Governance, Corporate Responsibility, Stakeholder Engagement	The report covers our impacts as an organization, how we prioritize these challenges/opportunities and discussions of progress against stated goals.	9, 10, 12
2. Organizational Profile				
2.1	Name of the organization.	Corporate Information		8
2.2	Primary brands, products, and/or services.	10-k		--
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	10-k		--
2.4	Location of organization's headquarters.	10-k		--
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Proxy Statement, Influence	Our report details the countries and regions which produce Disney-branded product.	75
2.6	Nature of ownership and legal form.	10-k		--
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	10-k		--
2.8	Scale of the reporting organization.	Corporate Information, 10-k		8
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Corporate Information, 10-k		8
2.10	Awards received in the reporting period.	Throughout the report	We have included awards won in 2008 throughout the report. We do not summarize them in one section.	--
3. Report Parameters				
Report Profile				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	About this Report		91-94
3.2	Date of most recent previous report (if any).	About this Report		91-94
3.3	Reporting cycle (annual, biennial, etc.)	About this Report		91-94
3.4	Contact point for questions regarding the report or its contents.	Feedback		--
Report Scope and Boundary				
3.5	Process for defining report content.	Corporate Responsibility, Stakeholder Engagement, About this Report	We provide insight into how topics were determined for inclusion, how we prioritize our efforts and the stakeholders we expect to read this report.	10, 12, 91-94
3.6	Boundary of the report.	About this Report, Influence	Our report covers The Walt Disney Company and its consolidated subsidiaries. We specifically note instances in which the scope is different.	91-94, 75
3.7	State any specific limitations on the scope or boundary of the report.	Not applicable		N/A
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Throughout the report	The report details areas in which we report on joint ventures, leased facilities, outsourced operation and other entities.	--
3.9	Data measurement techniques and the basis of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Throughout the report	We explain the data measurement techniques and bases of calculations for the indicators found throughout the report.	--
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Corporate Information	Details the inclusion of Interactive Media to our business segments.	8
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Not applicable	This is our first corporate responsibility report.	N/A
GRI Content Index				
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI Index		95-99
Assurance				
3.13	Policy and current practice with regard to seeking external assurance for the report.	About this Report		N/A
4. Governance, Commitments and Engagement				
Governance				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Governance		9
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Proxy Statement		--

GRI Indicator	Indicator Description	Section(s)	Explanation	Page(s)
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Proxy Statement		--
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Proxy Statement		--
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Proxy Statement		--
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporate Governance Web site		--
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Proxy Statement		--
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	What We Believe, Environmental Policy, Labor Standards in Licensing and Product Sourcing, Corporate Responsibility	Throughout the report, we detail the different principles and guidelines that frame our approach to corporate responsibility.	16, 41, 73, 10
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Governance, Corporate Governance Web site		9
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Corporate Governance Web site		--
Commitments to External Initiatives				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Not Reported		N/A
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Code of Conduct, Marketing Practices		
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	Focus Areas		93
Stakeholder Engagement				
4.14	List of stakeholder groups engaged by the organization.	Stakeholder Engagement		12
4.15	Basis for identification and selection of stakeholders with whom to engage.	Stakeholder Engagement		12
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Stakeholder Engagement		12
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Stakeholder Engagement		12
5. Economic Performance Indicators				
Economic Performance				
EC1	Direct economic value generated and distributed.	Corporate Information, Suite of Reports	Our community reports provide a description of certain economic impacts of the economic impact the parks and resorts have on the local community.	--
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Not Reported		N/A
EC3	Coverage of the organization's defined benefit plan obligations.	Proxy Statement		--
EC4	Significant financial assistance received from the government.	Not Reported		--
Market Presence				
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Not Reported		--
EC6	Policy, practice and proportion of spending on locally-based suppliers at significant locations of operation.	Suite of Reports	Our community reports provide a description of certain economic impacts of the economic impact the parks and resorts have on the local community.	--
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Not Reported		--
Indirect Economic Impacts				
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro-bono engagement.	Not Reported		--
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Suite of Reports	Our community reports provide a description of certain economic impacts of the economic impact the parks and resorts have on the local community.	--
6. Environmental Performance Indicators				
Materials				
EN1	Materials used by weight or volume.	Not Reported		--

GRI Indicator	Indicator Description	Section(s)	Explanation	Page(s)
EN2	Percentage of materials used that are recycled input materials.	Waste	There is limited discussion of different initiatives throughout the company to integrate recycled material into Disney products. Examples include merchandise bag initiative, set-re use program and the <i>WALL-E</i> DVD.	46
Energy				
EN3	Direct energy consumption by primary energy source.	Climate and Energy		43
EN4	Indirect energy consumption by primary source.	Climate and Energy		43
EN5	Energy saved due to conservation and efficiency improvements.	Climate and Energy	The Climate and Energy section does provide some description of initiatives that help to reduce our carbon footprint.	43
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	Not Reported		--
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Climate and Energy	We describe programs that target the reduction of indirect energy consumption. However, we do not include progress in this report.	43
Water				
EN8	Total water withdrawal by source.	Not Reported		--
EN9	Water sources significantly affected by withdrawal of water.	Not Reported		--
EN10	Percentage and total volume of water recycled and reused.	Water	We detail the amount of water recycled daily at our Walt Disney World resort.	48
Biodiversity				
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Suite of Reports	Some of our community reports detail the land for which the site occupies. One example is the "Preserving Biodiversity" section of the Disneyland Paris Community report.	--
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Suite of Reports	Our Disney Cruise Line Community report details their efforts to preserve coral reefs around the island that Disney's owns in the Bahamas.	--
EN13	Habitats protected or restored.	Ecosystems, Community	We describe our work to protect habitats in both the Ecosystems and Community section of our report.	47, 43-62
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Ecosystems		47
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not Reported		--
Emissions, Effluents and Waste				
EN16	Total direct and indirect greenhouse gas emissions by weight.	Climate and Energy		43
EN17	Other relevant indirect greenhouse gas emissions by weight.	Climate and Energy		43
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Climate and Energy		43
EN19	Emissions of ozone-depleting substances by weight.	Not Reported		--
EN20	NOx, SOx, and other significant air emissions by type and weight.	Not Reported		--
EN21	Total water discharge by quality and destination.	Not Reported		--
EN22	Total weight of waste by type and disposal method.	Waste		46
EN23	Total number and volume of significant spills.	Not Reported		--
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VII, and percentage of transported waste shipped internationally.	Not Reported		--
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not Reported		--
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Products	Disney has set a goal to reduce the overall environmental impact of our products as detailed in the "Products" section.	48
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not Reported		--
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Not Material		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Climate and Energy	We describe the impact of transportation at our European Disney Store distribution center.	43
EN30	Total environmental protection expenditures and investments by type.	Not Reported		--
7. Labor Practices and Decent Work				
Employment				
LA1	Total workforce by employment type, employment contract, and region.	Disney Operations		64
LA2	Total number and rate of employee turnover by age group, gender, and region.	Not Reported		--
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Working at Disney		65

GRI Indicator	Indicator Description	Section(s)	Explanation	Page(s)
Labor/Management Relations				
LA4	Percentage of employees covered by collective bargaining agreements.	Not Reported		--
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Not Reported		--
Occupational Health and Safety				
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Not Reported		--
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.	Occupational Health and Safety	We have some anecdotal results for body motion claims at our parks.	70
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Occupational Health and Safety		70
LA9	Health and safety topics covered in formal agreements with trade unions.	Not reported		--
Training and Education				
LA10	Average hours of training per year per employee by employee category.	Training and Development	We do not average our training hours by employee. We provide number of participants and number of hours per training type.	67
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Training and Development		67
LA12	Percentage of employees receiving regular performance and career development reviews.	Not reported	We do provide information about our career development programs, but do not detail the percentage of employees that are involved.	--
Diversity and Equal Opportunity				
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Diversity		68
LA14	Ratio of basic salary of men to women by employee category.	Not reported		--
8. Human Rights				
Investment and Procurement Practices				
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Performance	Our Labor Standards section details how many of our factories have received an assessment.	84
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Performance		84
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Not reported		--
Non-discrimination				
HR4	Total number of incidents of discrimination and actions taken.	Not reported		--
Freedom of Association and Collective Bargaining				
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Performance		84
Child Labor				
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Performance		84
Forced and Compulsory Labor				
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	Performance		84
Security Practices				
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Not reported		--
Indigenous Rights				
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not reported		--
9. Product Responsibility				
Customer Health and Safety				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Products	Disney has set a goal to reduce the overall environmental impact of our products as detailed in the "Products" section.	48
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes.	Performance		
Product and Service Labeling				
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Not Reported		--

GRI Indicator	Indicator Description	Section(s)	Explanation	Page(s)
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Not Reported		--
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Not Reported		--
Marketing Communications				
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Marketing Practices		--
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	Not Reported		--
Customer Privacy				
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not Reported		--
Compliance				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Not Material		--
10. Society				
Community				
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Community	Our Community section details Disney's work to create a positive impact on communities around the world.	53-62
Corruption				
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Not Reported		--
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Not Reported		--
SO4	Actions taken in response to incidents of corruption.	Not Reported		--
Public Policy				
SO5	Public policy positions and participation in public policy development and lobbying.	Governance		9
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Not Reported		--
Anti-Competitive Behavior				
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Not reported		--
Compliance				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Not Material		--

Report Application Levels

		2002 In Accordance	C	C+	B	B+	A	A+
Mandatory	Optional	Self Declared						
	Third Party Checked							
	GRI Checked							

