Disney’s Paper Sourcing and Use Policy

October 11, 2012

A Commitment to Responsible Forest Management

The Walt Disney Company (with its affiliated companies, “Disney”) is committed to operating its businesses in a responsible manner and to inspiring its employees, cast members, guests and business associates to make positive impacts on the planet we share. We seek suppliers, vendors and licensees who share our commitment to use and manage natural resources responsibly. This Paper Sourcing and Use Policy sets forth our commitment to increase the use of paper products designed and manufactured to minimize environmental impact across their entire lifecycle, work towards effective solutions to eliminate unwanted sources from our paper supply chain, promote forest conservation and responsible forest management, respect the people whose livelihoods depend on the forests and protect the plants and animals of the forests.

Policy

It is Disney’s policy to achieve the goal of (1) eliminating paper products containing fiber from unwanted sources, (2) minimizing its consumption of paper and (3) procuring and using paper consistent with the principles outlined below. This Policy applies to paper used in Disney’s day-to-day business operations and Disney-branded consumer products and packaging, whether sourced by Disney or its independent licensees.

Principles

Responsible Paper Sourcing

Disney strives to have its businesses, vendors and licensees:

- eliminate the use of paper fiber from the following unwanted sources: (1) illegally-harvested wood, (2) high conservation value areas (e.g., areas of old growth and/or endangered forests) being degraded by poor land use practices, (3) areas where paper fiber is harvested in violation of internationally accepted instruments and treaties protecting the rights of indigenous or forest-dependent peoples, (4) areas that have been converted from natural forests to plantations and other land uses after November 1994, and (5) plantations using genetically-modified trees;
• maximize recycled content;

• maximize the use of wood fiber sourced from forestry operations certified by the Forest Stewardship Council or an equivalent forest certification scheme; and

• maximize the use of paper products processed without chlorine or chlorine compounds.

**Responsible Paper Use**

Disney strives to have its businesses, vendors and licensees design products and packaging to minimize paper use and facilitate end-of-life recycling.

Disney strives to have its businesses:

• minimize paper consumed in day-to-day operations; and

• maximize the recovery of used paper and packaging for recycling.

**Implementation**

Disney will implement this Policy in two phases. The initial phase will address paper used in Disney’s day-to-day business operations and Disney-branded products and packaging sourced by or on behalf of Disney. During this phase, we will prioritize implementation to account for country of origin, fiber source and supply chain visibility. During the second phase of implementation, we will address Disney-branded products and packaging sourced by Disney licensees.

Disney will annually report publicly its progress toward achieving the principles described above.
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Measurement & Reporting

Our initial focus will be to supplement existing measurement and reporting capacity with a new system (process and database) to capture supply chain information related to paper use, fiber origins, recycled content, certified content (FSC and others) and use of paper products processed without chlorine or chlorine compounds. Data on paper use and sourcing will enable the development of further improvement targets in the years following the launch of the Policy and initial set of targets.

Disney’s Paper Sourcing & Use Policy will be implemented in phases over time, starting with paper used in Disney’s day-to-day business operations and Disney-branded consumer products and packaging sourced by Disney (“Phase 1”). Paper used in Disney-branded consumer products and packaging sourced by independent licensees will be addressed in a second phase (“Phase 2”).

TARGET 1A: By the end of 2013, design and develop a prioritized tracking and verification process and system for Phase 1 that includes: (1) annual supplier source origin surveys, (2) annual random audits, (3) annual random fiber tests, and (4) verification of the sources of supplies from high-risk areas.

TARGET 1B: By the end of 2014, implement the tracking and verification process and system for Phase 1, to support the continued reduction of unwanted sources and prioritizing reduction from high-risk regions.

TARGET 2: By the end of 2015, begin reporting paper use and sources for Phase 1 in order to inform and set new quantifiable targets in 2016 for eliminating unwanted sources and maximizing recycled content and wood fiber sourced from forestry operations certified by the Forest Stewardship Council or an equivalent forest certification scheme.
Disney’s Paper Sourcing & Use Policy Targets

Updated March 6, 2013

Responsible Paper Use

A key objective of the Policy is to use paper responsibly.

**TARGET 3:** By the end of 2013, incorporate paper Policy principles into the design of paper products and product packaging.

Eliminate Unwanted Sources and Prioritize High Risk Regions

Another key objective of the Policy is to eliminate the use of paper fiber from sources that are unwanted. Disney will initially prioritize regions of the world with poor forest management and governance, high rates of deforestation and violations of the rights of forest dependent communities.

Due to the urgency of the deforestation issues in high-risk countries, Disney has taken and will take action to eliminate paper fiber from unwanted sources. During 2011 and 2012, Disney (a) sent communications to its suppliers, vendors, and licensees urging caution while sourcing, (b) conducted a pilot study on paper used in Disney’s day-to-bay-business operations and Disney-branded consumer products and packaging sourced by Disney, and (c) conducted an additional pilot with licensees across the globe to assess paper sources.

If any Disney-branded consumer product or packaging is found to contain fiber from unwanted sources (e.g., high-risk regions), action will be taken to address how the fiber from unwanted sources entered the supply chain and determine feasible steps to eliminate it.

**TARGET 4:** By the end of 2012, communicate new paper Policy and expectations to all suppliers, vendors and licensees.

**TARGET 5:** By the end of 2012, no fiber from unwanted sources (e.g., non-FSC certified fiber from high-risk regions) will be used by the North American Disney Book Group, Hyperion, and ESPN Magazine.

**TARGET 6:** By the end of 2013, in collaboration with strategic suppliers and licensees, conduct a pilot study of a tracking and verification process that includes: (1) annual supplier source origin surveys and (2) annual random fiber tests. If fiber from unwanted sources is found as a result of the pilot study, coordinate with suppliers and/or licensees to identify how the fiber entered the supply chain and to determine feasible steps to eliminate it.

Maximize Recycled Content, FSC Content and Paper Made Without Chlorine or Chlorine Compounds

Disney seeks to maximize the use of recycled content, FSC content and paper products processed without chlorine or chlorine compounds.
TARGET 7: By the end of 2013, for paper we directly specify, begin requesting recycled and FSC-certified paper and paper products processed without chlorine or chlorine compounds and select these whenever they are available at a reasonable cost and quality.

Future Targets and Stakeholder Engagement

While Disney has defined a number of key process-based targets initially, the Company plans to develop and report on additional forward-looking, quantifiable targets to support implementation of the Policy.

Disney believes that improving our sourcing practices and growing our understanding of forestry issues are ongoing processes that can be strengthened and enriched through stakeholder engagement. Disney will engage environmental stakeholders at least annually to review our progress on the implementation of the Policy and emerging issues related to forestry and paper supply chains.
HIGH CONSERVATION VALUE AREAS

HCVAs include High Conservation Forests (HCVF) and/or High Carbon Value Forests, which are defined as possessing the following attributes:

• Forest areas containing globally, regionally, or nationally significant concentrations of biodiversity values (e.g., endemism, endangered species, and refugia)

• Forest areas containing globally, regionally, or nationally significant large-landscape-level forests contained within, or containing, the management unit where viable populations of most, if not all naturally occurring species exist in natural patterns of distribution and abundance.

• Forest areas that are in or contain rare, threatened, or endangered ecosystems.

• Forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).

• Forest areas fundamental to meeting basic needs of local communities (e.g., subsistence, health).

• Forest areas critical to local communities’ traditional cultural identity (areas of cultural, ecological, economic, or religious significance identified in cooperation with such local communities).

• Forests or landscapes of high carbon value or containing large carbon stocks or pools (e.g., old growth forests, which due to their age and diversity, must be protected or responsibly managed to reduce carbon emissions associated with forest harvesting).

Per the World Wildlife Fund and the World Resources Institute, HCVAs are found in the Canadian and Russian Boreal Forest, the Cumberland Plateau in the Southeastern United States, designated roadless areas within U.S. National Forests, as well as the rainforests of North America, Indonesia, Latin America and Africa.
MAXIMIZE FSC CERTIFICATION

Disney recognizes Forest Stewardship Council (FSC) certification as the gold standard for meeting our paper policy’s environmental and social principles. When a forest certification label is appropriate on a branded product or product package where we have direct control, only the FSC label will be used. No other forest certification label will be used.