

# Disney's Environmental Stewardship Goals and Targets





Disney reduces environmental impact through innovations, such as the trains at Disneyland Resort which run on biodiesel made with recycled cooking oil from the resort's restaurants and hotels.

**“If we don’t act in accordance with the stories we tell, the experiences we offer, and the images we project, we lose our authenticity. You can’t entertain a family on the one hand and then totally disregard the world and circumstances in which they live. *Acting responsibly is core to our brand.*”**

**- Jay Rasulo, CFO**

Environmental stewardship is a pillar of Disney’s vision to be the most admired company in the world. As part of the mission to conduct our business and create our products in an ethical manner, our commitment to environmental stewardship focuses on using resources wisely and protecting the planet as we operate and grow our [business](#).



# What Matters Most

Environmental issues continue to be an important consideration for companies. To support responsible business growth, we need to address what matters most in our environmental footprint, and stay ahead of emerging business risks and opportunities. One way we have done this is by considering six key environmental mega-trends that are relevant to Disney's business growth:

- 1. Increasing consumption of finite resources:** We expect to face increased costs for energy and raw materials
- 2. Broadening understanding of environmental decline:** Environmental awareness is driving decision-making for consumers, investors and businesses
- 3. Connection between human health and the environment:** Environmental factors will continue to be closely linked to the health and well-being of kids and families
- 4. New era of transparency: performance accountability:** Expectations of every company's environmental performance and reporting are likely to increase
- 5. Growing digitization:** Technology is changing how the world operates. This can be expected to shift, not reduce, environmental challenges and will create opportunities with regards to Disney's footprint and communication practices
- 6. Interconnectedness:** Disney is likely to need to increase collaboration with external partners to achieve goals

Another way that we determine if an environmental issue is salient for Disney is by collecting feedback from three key audiences (i.e. consumers, professional stakeholders and employees) in a biennial survey. This research has shown that being environmentally responsible is a key driver of reputation among these audiences and that our commitment to the environment has positively influenced stakeholder perception of the company. At a high level, this confirms our belief that investment in environmental stewardship builds brand and business value. Moreover, when we talk directly with stakeholders (either through Ceres-convened stakeholder panels or informal conversations) about the relative importance of key issues, these stakeholders put energy and GHG emissions at the top, followed by waste and water, especially in our key regions of operation and growth. Finally, we scan our competitors' programs to make sure that we are aware of best practices in the industry.



X Games waste stations and metal signage make it easy for fans to make the right choice.



# Environmental Stewardship Long-Term Goals and Targets

Disney adopted and began reporting on its first set of environmental targets in 2009 (see the Environment section of our [2008 Corporate Responsibility Report](#)). With many of these targets coming due in 2012 and 2013, we entered a yearlong process to revamp our environmental commitments. We wanted to build on key insights from the first generation of targets to create an updated set of long-term

goals and environmental targets. Key to this process was the involvement and guidance of our business segments. As the driving force for progress against our environmental commitments, the business segments played an integral role in developing the new commitments by reviewing environmental mega trends in the context of their business plans and identifying the activities and impacts that are most relevant.

Disneyland Resort was recognized with California's highest and most prestigious environmental honor for water conservation efforts used in the World of Color attraction.



## Updating the Goals

The three long-term environmental stewardship goals listed below are meant to guide us in growing responsibly and to communicate our aspirations. In the area of greenhouse gas emissions and waste, we elected to choose a long-term ambition of attaining a "zero" state. We believe these issues are already urgent global challenges and will continue to increase in importance with every passing year. We see this reflected not only in growing stakeholder concerns but in a more stringent regulatory environment. Thus we believe it is important to have long-term "zero"-level ambitions to serve as orienting principles as the company continues to expand in markets around the world.

The challenges related to water are highly localized issues. We believe the best way to address water-related challenges is to evaluate risks on a site-specific basis and design commensurate conservation programs to drive proper resource allocation to those areas of higher stress and/or risk. So, we believe it is appropriate to ascribe an overarching ambition to conserve water resources.

### Environmental Stewardship Goals:

Use resources wisely and protect the planet as we operate and grow our business

- Zero Net Greenhouse Gas Emissions
- Zero Waste
- Conserve Water Resources

The structure of our environmental goals remains similar to our approach in 2009, with a few changes noted below.

1. In 2009, we created separate long-term goals for "direct" greenhouse gas emissions and "indirect" greenhouse gas emissions. As we discussed the new targets, we came to the conclusion that it is better to have a common goal and associated targets for the two types of emissions. We believe this treats both types of emissions equally while simplifying the structure of our goals. Thus, we arrived at a common long-term goal for greenhouse gas emissions.
2. In 2009, we announced an explicit goal related to ecosystem impacts. This work focused on two key areas: research on measuring and valuing ecosystem functions, and philanthropy. During our review in 2013, we felt that having a separate ecosystem goal created internal confusion, because everything we were doing with emissions, waste and water was meant to have a positive ecosystem impact. Therefore, while we will continue to conduct research on ecosystem impacts and support ecosystem conservation worldwide, we will no longer have an explicit goal related to these types of impacts.
3. In 2009, we announced a goal related to minimizing the environmental footprint of our products. We began by developing a paper sourcing policy, and an Environmental Responsibility Index that requests information on key environmental impacts from strategic suppliers to open up a dialogue on environmental performance. The target setting exercise addressed here is designed around assets that we directly own or operate, and therefore, does not address consumer products directly. Goals and targets for environmental impacts in the supply chain are being handled separately in a holistic view of impacts including social issues, such as labor standards and upstream sourcing. For more information about our work in the supply chain, see the Responsible Supply Chain section of our [2013 Performance Summary](#).



## Developing the Targets

The new targets listed below show our commitment to making progress toward the long-term goals.

Environmental Stewardship Use resources wisely and protect the planet as we operate and grow our business	
Goals	Targets
Zero Net Greenhouse Gas Emissions	By 2020, reduce net emissions by 50% from 2012 total levels
Zero Waste	By 2020, achieve 60% waste diverted from landfills and incineration
Conserve Water Resources	By 2018, maintain potable water consumption at 2013 levels at existing sites. Develop Water Conservation plans for new sites

### Greenhouse Gas Emissions

Disney relies on the use of fuels and energy for operating its various assets. For example, electricity is used in all aspects of operations, including attractions, hotels, restaurants, office buildings, stores, TV/movie productions, broadcast operations, and data centers. Fuels are used to operate cruise ships, attractions, guest transportation restaurants, and in some cases, to heat buildings. The use of both fuels and electricity leads to greenhouse gas emissions. The total emissions footprint for Disney in fiscal year 2012, our baseline year, was 1,713,102 metric tons of CO<sub>2</sub>eq.

#### Target

#### By 2020, reduce net emissions from 50% from 2012 total levels

Recent scientific assessments on climate change are increasingly confident of human influence on the environment. Observed changes include the warming of the atmosphere and ocean, diminishing amounts of snow and ice, rising sea levels, and the increasing atmospheric concentration of greenhouse gases. To limit further impact on the climate system, society, including businesses, will have to find ways to substantially reduce the emissions of greenhouse gases. The 2020 target in this area represents a steep reduction in emissions compared to business-as-usual projections. The target is roughly in line with the United Nations Intergovernmental Panel on Climate Change (IPCC) scientific recommendation to cut economy-wide emissions by 40% below 1990 levels by 2020 in order to stabilize atmospheric carbon dioxide-equivalent levels at 450 ppm. The target demonstrates a serious commitment to make significant progress on the path to zero greenhouse gas emissions from assets that we own or operate. Our approach to meeting the target will follow a hierarchy of avoiding emissions, reducing emissions through efficiencies, replacing high-carbon fuels with low-carbon alternatives, and then using certified offsets for the remaining emissions.

The suite of approaches to achieve the target will include:

- Execution of emission reduction projects around the company. Projects under consideration include a portfolio of projects at the parks and on cruise ships, including, energy efficiency measures, waste heat recovery, lighting upgrades, fuel cells, and a geothermal well. In the area of information technology, asset managers are always searching for ways to improve efficiency of assets, and will leverage trends towards virtualization to further improve efficiency. We recently received LEED Silver certification for a new data center in North Carolina.
- Building energy guidelines and sustained efforts to influence employee behavior with regards to energy use.
- Continued focus on R&D efforts to identify suitable alternative/renewable fuels for transportation assets like cruise ships, bus fleets, and attractions.
- Continued efforts to grow the portfolio of renewable sources of electricity. Disney businesses evaluate opportunities for renewable energy, taking into consideration a variety of factors including, cost, geography, operational constraints, and regional incentives.
- The company's internal price on carbon, meant to incentivize innovation at business segments, will continue to make carbon a part of financial conversations around the company.
- Continued investment in forest carbon projects as part of our carbon reduction strategy. These include [avoided deforestation](#), [improved forest management](#) and [reforestation projects](#).

### Waste

Municipal solid waste is generated at Disney parks and resorts as they accommodate and entertain millions of visitors annually. Waste is also generated at studio locations in the US, and in office locations around the world. The total solid waste generated for Disney parks and resorts in FY12, our baseline year, was 314,551 tons, 48% of which was diverted from landfills and incinerators and 53% diverted from landfills (with an estimated 5% processed by thermal waste-to-energy facilities).

We utilize thermal waste-to-energy facilities to manage otherwise unrecoverable waste, but our plan is to ultimately divert waste from both landfills and thermal waste-to-energy to achieve our long-term goal of zero waste. Disney defines zero waste consistent with the standards of environmental organizations and newly emerging zero waste certification bodies as diverting 90% or more of solid waste from both landfills and thermal waste-to-energy facilities. Thus, less than 10% of solid waste should be sent to either landfills or thermal waste-to-energy facilities to meet the zero waste goal.

## Target

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### By 2020, achieve 60% waste diverted from landfills and incineration

Meeting the 2020 target will require the adoption of a waste management hierarchy, as follows:

1. Reduce
2. Reuse
3. Recycle or Compost
4. Non-thermal waste-to-energy, such as an anaerobic digestion
5. Landfill (with energy/methane recovery) or thermal waste-to-energy (incineration with energy recovery)
6. Landfill without energy recovery
7. Incineration without energy recovery

Following this hierarchy will require more aggressive waste prevention, reuse (internal and external donations) and recycling and composting programs, for both operational and construction waste. We expect to combine technical efforts such as improved source separation of recyclables and organics, and development of new or enhanced programs with regional Materials Recovery Facilities (MRFs), composting and anaerobic digestion facilities, with initiatives to increase employee awareness and engagement on reducing the amount of waste generated.

## Water

Our operations use approximately 8 billion gallons of water on an annual basis. Water use at Disney is primarily at the Theme Parks and Resorts, with the largest users being irrigation and hotels. In 2012 we adopted Water Conservation Plans at all of our owned parks and resorts and at other locations using more than 10 million gallons of potable water per year. The Water Conservation Plans cover more than 94% of water use at Disney. These plans identify current best management practices and serve as a tool to identify areas where the greatest impact can be made through efficiencies and conservation.

## Target

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### By 2018, maintain potable water consumption at 2013 levels at existing sites. Develop Water Conservation plans for new sites

In the process of creating the new target to maintain potable water consumption at 2013 levels, sites evaluated existing conservation measures and regulatory requirements. The target promotes effective management of water use at existing sites and requires sites to implement innovative conservation measures. This target is in line with our overall philosophy of growing responsibly and will help drive internal alignment and resource allocation to those areas of higher stress and/or risk.

Assets being developed at new sites will include water conservation measures in the design and will create water conservation plans as they become operational, taking local regulations and local risks into consideration. As in the other impact areas, technical project work will be supplemented with employee awareness and engagement campaigns.

## Process for Target Setting

The target development process extended across the company, including Walt Disney Parks & Resorts, Media Networks (including ABC and ESPN), Walt Disney Studios, Disney Consumer Products, and Disney Interactive. The process also included international markets. More than 100 internal stakeholders, including multiple layers of management reaching up to the senior-most leaders, were consulted. We used outside experts at different stages of the process to evaluate specific aspects of the project, such as providing insights on mega-trends, and advice on the revised goal structure.

The complexity of our business model necessitated a tailored approach to the company's different businesses. Where possible, we grouped similar activities in different businesses together, while activities unique to certain segments were addressed in a stand-alone fashion. For example, the majority of office spaces other than those used by the Parks segment are managed by a corporate facilities group. We worked with this corporate group to set office energy guidelines, rather than working separately with each business that occupies these office spaces. This allowed us to adopt a consistent and efficient approach to the process. Similarly, a corporate technology group manages digital assets (e.g., data centers) for many portions of the company. Working with this central group gave us a degree of consistency and efficiency.

All the groups that participated in the process evaluated their operations to identify cost-effective impact mitigation opportunities. Each of the business segments developed targets which were then rolled up into the companywide targets. The targets listed in this document are the result of a detailed, numeric assessment of costs and benefits, and were approved by the financial executives of the company.

## Accountability

While the centralized functions will play a key role in delivery, the various business segments will be responsible for making progress towards the targets and for meeting the targets.

Data to evaluate progress will be collected from across the company on a quarterly basis. Annual reports will be shared within the company, and released to the public. We will continue to seek stakeholder comments on our progress, and we will monitor emerging trends to ensure we are focusing on the most important areas.

*For more information about our progress against these and other environmental targets, please see the Environmental Stewardship section of our [2013 Performance Summary](#).*