



# The Walt Disney Company

Jennifer Anopolsky  
Senior Vice President  
Corporate Responsibility

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Mr. Li Qiang  
China Labor Watch  
14725 38<sup>th</sup> Ave., No. F11  
Flushing, NY 11354-4811

Dear Mr. Li:

We are in receipt of your letter dated May 7, 2009 regarding the Yiu Wah Stationery factory in China. We share your concerns about working conditions and, as you know from previous discussions between our organizations, maintain an International Labor Standards program designed to evaluate and address the working conditions in factories selected by licensees and vendors authorized to produce Disney-branded products.

We can confirm that several licensees and one of our sourcing agents have worked with the Yiu Wah factory to manufacture Disney-branded products for a number of retail outlets. We have been receiving regular social compliance audit reports on this factory from our sourcing agent for a number of years. In the past three years, these audits, along with a more recent audit from a separate source, all reported conditions that were consistent with our Code of Conduct. Nonetheless, upon learning of the concerns raised in connection with this factory, we immediately sent our own team of auditors to visit the factory and they confirmed a number of violations of our Code of Conduct, including in particular issues regarding machine safety and child labor. We have met with the factory and are in the process with our licensees and agent of implementing an effective and sustainable remediation plan to address these issues.

We recognize that issues of this kind continue to arise in factories both within and outside of China, particularly in factories that are not often owned by our licensee and vendors, are geographically distant, and produce for a number of brands and retailers. This is why we have been participating in or otherwise encouraging a number of collaborative initiatives to address these systemic issues. We participate in the [MFA Forum](#), [Social Accountability International](#), [Business for Social Responsibility](#), the ILO/IFC's [Better Work](#) program and the [Better Factories Cambodia](#) program, and the [International Council of Toy Industries CARE](#) Program. In various ways, these efforts aim to improve factory working conditions by shedding light on challenging issues that we share, identifying best practices and facilitating practical efforts to improve monitoring or remediation approaches.

In addition, we have been encouraging for a number of years now the establishment of standards and an accreditation process for social compliance auditors, which have now borne fruit in both the [Global Monitoring Institute](#) and separately the [Social Auditor Standards program](#), facilitated by Verité and CREA. We also discuss regularly with our external audit firms our expectations for thorough, credible and ethical assessment of factory working conditions and speak directly with them about issues of bribery and corruption. We have been assured that the audit firms we work with have a process for investigating any claim of unethical conduct and have their commitment to continue to address this issue.

We will continue to encourage these and other efforts that seek to create greater transparency and improve working conditions in factories.

Very truly yours,

Jennifer Anopolsky