

Pay Equity

Whereas: Pay inequities persist across race and gender and pose substantial risk to companies and society at large. Black workers' hourly median earnings currently represent 64 percent of white wages. The median income for women working full time is 83 percent that of men. Intersecting race, Black women make 63 cents, Native women 60 cents, and Latina women 55 cents. At the current rate, women will not reach pay equity until 2059, Black women until 2130, and Latina women until 2224.

Citigroup estimates closing minority and gender wage gaps 20 years ago could have generated 12 trillion dollars in additional income. PwC estimates closing the gender pay gap could boost Organization for Economic Cooperation and Development (OECD) countries' economies by 2 trillion dollars annually.

Actively managing pay equity is associated with improved representation and diversity is linked to superior stock performance and return on equity. Black employees represent 8 percent of Disney's workforce, but only 5 percent of executive leadership. Women account for 51 percent of Disney's workforce and 42 percent of executive leadership.

Pay gaps are *literally* defined as the *median* pay of minorities and women compared to the median pay of non-minorities and men. Median gaps are considered *the* valid way of measuring gender pay inequity by the United States Census Bureau, Department of Labor, OECD, and International Labor Organization.

Best practice pay equity reporting consists of two parts:

1. *unadjusted* median pay gaps, assessing equal opportunity to high paying roles,
2. statistically *adjusted* gaps, assessing whether minorities and non-minorities, men and women, are paid the same for similar roles.

Disney does not report its unadjusted or adjusted pay gaps. Over 20 percent of the 100 largest employers currently report statistically adjusted gaps. An increasing number of companies also disclose unadjusted median pay gaps, as they more fully address the structural bias women and minorities face regarding job opportunity and pay.

The United Kingdom mandates disclosure of median gender pay gaps and is considering race and ethnicity reporting. Disney reported a 12 percent median base pay gap and 25 percent bonus gap for United Kingdom employees.

Resolved: Shareholders request Disney report on both *median and adjusted* pay gaps across race and gender, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent. The report should be prepared at reasonable cost, omitting proprietary information, litigation strategy and legal compliance information.

Racial/gender pay gaps are defined as the difference between non-minority and minority/male and female *median* earnings expressed as a percentage of non-minority/male earnings (Wikipedia/OECD, respectively).

Supporting Statement: An annual report adequate for investors to assess performance could, with board discretion, integrate base, bonus and equity compensation to calculate:

- percentage median and adjusted gender pay gap, globally and/or by country, where appropriate
- percentage median and adjusted racial/minority/ethnicity pay gap, US and/or by country, where appropriate