

WDI TWDC Entities Procurement Approval Matrix

Implementing effective controls throughout the execution of projects is critical to the success of our business. In an effort to continue enhancing our global control environment, WDI Finance recently partnered with Controllershship on a new Procurement Approval Matrix that establishes enhanced approval controls for all projects managed by WDI and Imagineering-related entities^[1] (sometimes internally referred to as “Parks Imagineers”) except for project contracts held directly by OLC, SHDR and HKDLR, which follow their own approval matrices (e.g., ride contracts in HKITP’s name for HKDLR).

The goal of this effort was to define specific approval thresholds that better suit the dynamics of the Imagineering business and the contractual volumes that coincide with a robust capital menu. The new matrix reflects an approved corporate exception that will serve to govern approval thresholds for all Authorizations for Contract (“AFCs”) for new contracts and change orders effective **March 1, 2020**, at which time the workflow controls in NexGen will adhere to these new approval levels. Below is the new policy, including key process improvements and enhanced controls enabled by the new matrix.

Process Improvements:

- AFC approval levels will no longer be subject to cumulative value; the defined approval levels will apply to both contracts and change orders as unique documents.
- Invoices for new contracts and change orders are no longer subject to the approval matrix guidelines; all invoice processing will require approval by the responsible individual and finance, irrespective of the amount.

Enhanced Policy Controls:

- Contracts or individual change orders in excess of \$30M require approval by corporate leadership, in addition to business unit senior leadership (i.e., WDI or WDI R&D). WDI Finance will facilitate the corporate approval process for any document exceeding \$30M.
- Delegation memos will no longer govern assigned approval levels, subject to limited exceptions as outlined below.

New Policy Guidelines

This matrix outlines the approval thresholds required for all AFCs related to projects managed by “Parks Imagineers”. Approvals are required by two distinct groups within DPEP: (1) the DPEP business leader (e.g., WDI project manager/asst. project manager) and (2) the DPEP Finance division representative. In addition, approval is required by the capital project/division responsible individual (PM, CM, Ride, D+P, Show, Creative, etc.). As the dollar amount of the request increases, so will the level of the responsible individual approving the document. As such, once a document exceeds a defined threshold, the next highest-level individual is required to approve the contract or change order. As noted above, approval values are no longer subject to cumulative contract value, they are per individual document value. Please reference **Exhibit 1** for the thresholds and corresponding approval levels established by the new matrix (effective 3/1/2020).

As a reminder, with respect to projects governed by this matrix, company policy prohibits the authorization of any Notices to Proceed (or equivalent) prior to a fully executed contract, except under exigent business circumstances, subject to the prior approval of the WDI CFO and WDI deputy chief

^[1] See Exhibit 3.

counsel. Any instances where a consultant/vendor has been authorized to begin work without meeting the above requirement will be subject to investigation and disciplinary action.

Delegation of Approval Authority

The delegation of approval authority is no longer available to a delegate below the level of vice president. Such delegations of approval authority must be: (a) within the indicated matrix approval bands and subject to only a single level delegation, (b) documented with a memo, and (c) approved by the WDI CFO and WDI deputy chief counsel to be valid. All existing delegation of approval authority are hereby rendered null and void (effective 3/1/2020).

Execution of Contract Documents

Approval levels as permitted by this matrix do not extend to the execution/signing of contractual documents, such as the contract/agreement itself, change orders, amendments and the like. Authority to execute such contractual documents is generally limited to officers (vice president level and above) of the respective Disney legal entity and is subject to the legal entity's specific policies. Please consult Strategic Sourcing or WDI Legal for details associated with each Imagineering legal entity.

Single/Sole/Preferred Source Requests

Requests for Single/Sole/Preferred Source procurement are subject to different approval requirements as outlined in **Exhibit 2**. Single/Sole/Preferred Source requests should be minimized wherever possible. In the event a proposal is warranted, the responsible individual must: (a) prepare the necessary documentation prior to any procurement /negotiation commencement and (b) provide the completed documentation to Strategic Sourcing for approval routing. For current process/forms associated with Single/Sole/Preferred Source approvals, please contact Strategic Sourcing.

For Single/Sole/Preferred Source requests with a total estimated value less than \$100K, no justification is required. However, the buyer/contract administrator/project estimator must verify the rates, prices, etc., as fair and reasonable, document their verification and file both the verification and contract for future reference. Please note any phased procurement strategy that involves an initial value below \$100K, but a full future estimated value in excess of \$100K, must complete the sole source justification as outlined above.

Exhibit 1: Procurement Approval Matrix – AFCs (Contracts, Change Orders)

TWDC \$ Approval Bands	Approvals Required via AFC Workflows (or via email for Senior Leadership)		
	TWDC	DPEP Business	DPEP Finance
Over \$30M	TWDC CEO, CFO	DPEP Chairman WDI President & WDI EVP	DPEP CFO WDI CFO
\$10M - \$30M	Not Required	WDI President & WDI EVP	WDI CFO
\$5M - \$10M	Not Required	SVP-level Imagineer	Director
\$1M - \$5M	Not Required	VP-level Imagineer	Manager
\$250K - \$1M	Not Required	Director-level Imagineer	Senior Analyst
< \$250K	Not Required	Project Manager or Asst. Project Manager Imagineer	Analyst

Exhibit 2: Single/Sole/Preferred Source Approval Matrix

TWDC \$ Approval Bands	Approvals Required (1)		
	DPEP Business	DPEP Finance	DPEP Sourcing
Over \$5M	WDI Pres/EVP	WDI CFO	VP
\$1M - \$5M	SVP-level Imagineer	VP	VP
\$250K - \$1M	VP-level Imagineer	Director	Director
\$100K - \$250K	Director-level Imagineer	Manager	Manager

(1) Sole source approvals are laddered for all the above groups, requiring cumulative approval from each level.

Exhibit 3: List of Imagineering-Related Entities (1)

Legal Entity	Company Code/d.b.a.
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Disney Research	d.b.a. of 1425
Euro Disneyland Imagineering S.a.r.l.	2088
Live Entertainment	d.b.a. of 1001
Park Place Productions, Inc.	1331
SETEMO Imagineering S.a.r.l.	2237
Theme Park Productions, Inc.	1388
Walt Disney Imagineering, a division of Walt Disney Parks and Resorts U.S., Inc.	d.b.a. of 1001
Walt Disney Imagineering Asia Limited	3132
Walt Disney Imagineering Creative Entertainment	d.b.a. of 1001
Walt Disney Imagineering Japan, Ltd.	3141
Walt Disney Imagineering (Germany) (GmbH)	2214
Walt Disney Imagineering Hong Kong	d.b.a of 3132
Walt Disney Imagineering Research & Development, Inc.	1425
Walt Disney Imagineering (Shanghai) Company Limited	3140
Walt Disney Imagineering Resort Development	d.b.a of 1425

(1) Subject to change upon the approval of the WDI CFO and WDI deputy chief counsel.