

Robert A. Iger  
Chairperson and Chief Executive Officer  
The Walt Disney Company  
500 South Buena Vista Street  
Burbank, CA 91521-1030

Dear Mr. Iger:

As investors representing \$556 billion in assets under management, we are writing, first of all, to congratulate the Company for fulfilling its pledge to keep youth-rated films smokefree. In 2014, the U.S. Surgeon General concluded that keeping tobacco depictions out of youth-rated films would reduce the number of teen smokers in the U.S. by 18%; this reduction would **prevent one million smoking-related deaths** in this generation of American young people.

Since 2014, except for two DreamWorks films distributed by Disney's Touchstone label (*Bridge of Spies* and *The Light Between Oceans*), no Disney, Lucasfilm, Marvel, or Pixar film has featured tobacco imagery. Disney's Smoking in Movies policy is evidence of how our Company implements its Healthy Living Commitment: working to engage kids and families to live healthier lifestyles.

This record of responsibility remains unmatched among major motion picture studios in the United States and sets an example that other producer-distributors, including Twentieth Century Fox, should have followed years ago. In the interests of safeguarding public health, however, we seek assurances that The Walt Disney Company will take appropriate measures when it acquires the Fox studio and its film library.

The contrast between tobacco depictions practices at Disney and Fox is striking. According to Breathe California's Onscreen Tobacco Database, for example, from 2010 through 2017 Disney produced and/or distributed a total of ten top-grossing films youth-rated PG or PG-13 by the MPAA. These films feature some 450 tobacco incidents and delivered 9.5 billion tobacco impressions to theater audiences, not including home media exposures.

Over the same recent period, Fox produced and/or distributed twenty-seven top-grossing, youth-rated films with tobacco imagery — nearly three times as many as Disney. Its films feature some 970 tobacco incidents — more than twice as many as Disney's — and delivered 8.8 billion tobacco impressions to domestic theater audiences.

These statistics show that the Disney films with smoking attracted substantially larger audiences than the Fox films did. Less comfortably, they also show that when Disney buys up Fox's films released since 2010, it will nearly quadruple Disney's recent youth-rated tobacco holdings from ten to thirty-seven films.

What is more, Disney, with no recent R-rated films with smoking of its own, will also take on thirty-six top-grossing *R-rated* films released by Fox since 2010 — the first R-rated smoking films Disney has owned since it sold off its heavy-smoking Miramax label in 2010. Many R-rated films are released with youth-ratings outside the United States, so Fox's R-rated films with

smoking may currently be promoted as suitable for adolescents on satellite and cable services worldwide.

Of course, Fox's film holdings go very deep. In the past fifteen years alone, they include more than 150 top-grossing films with smoking, 57 percent of them youth-rated in the US, featuring thousands of tobacco incidents and a history of delivering more than 30 billion tobacco impressions to domestic theater audiences.

With the World Health Organization Framework Convention on Tobacco Control Article 13 propelling governments worldwide to halt cross-border tobacco promotion in films and television, how will Disney handle Fox's many tobacco-contaminated film properties?

We propose the following steps to manage the public health risk posed by the Fox film acquisition, which align with recommendations from global health experts:

- (1) Extend The Walt Disney Company's tobacco depictions policies to all new Fox motion picture productions, including local-language films, as comprehensively and stringently as these policies now cover Disney's Lucasfilm, Marvel and Pixar divisions;
- (2) Responsibly market Disney's existing and acquired films with tobacco imagery by stipulating the following in its future licensing, rental, territorial distribution and retailing agreements:
  - (a) Display graphic health warnings for all Disney and Fox film titles with tobacco imagery on all promotional materials and at point-of-purchase for physical disks and online or other electronic orders;
  - (b) Show age-appropriate 30-second anti-tobacco advertisements, vetted for effectiveness by public health authorities using evidence-based standards, immediately before any Disney or Fox feature with tobacco imagery, in all media, in all markets.
- (3) Hold scripted and unscripted video series and non-theatrical feature films produced and distributed by The Walt Disney Company and its affiliates, including Fox, to the same tobacco depiction standards now applied to the company's theatrical film productions, whether the videos are carried by Disney-owned networks, cable channels or over-the-top services, or on other companies' services.

Again, we applaud the leadership and good faith that Disney has shown in implementing its strong policy on tobacco depictions in films. Yet, amid the myriad details involved in a corporate acquisition of this size and complexity, Disney cannot afford to leave young people's health and lives unprotected. The Fox acquisitions are a grand opportunity for Disney to promote the well-being of kids and families by implementing the steps we proposed above.

The Disney Company has clearly acknowledged the severity of the on-screen smoking problem. It has drawn and honored a bright line against tobacco and, at the same time, made itself into the most successful entertainment company on the planet. We ask you now to follow your convictions, common sense, and experience in keeping kids safe.

We welcome the chance to discuss this question with you, in person. To arrange a meeting, please contact Tom McCaney, Associate Director, Corporate Social Responsibility, Sisters of St. Francis, Philadelphia at (tmccaney@osfphila.org).

Sincerely,

Kathleen Woods  
Co-chair, Portfolio Advisory Board  
Adrian Dominican Sisters Portfolio Advisory Board

Natasha Lamb  
Managing Partner  
Arjuna Capital

Andrew Behar  
CEO  
As You Sow

Phil Vernon  
Managing Director  
Australian Ethical

Abigail Herron  
Global Head of Responsible Investment  
Aviva Investors

Bashar Qasem  
President and CEO  
Azzad Asset Management

Lauren Compere  
Managing Director  
Boston Common Asset Management, LLC

John Streur  
President and CEO  
Calvert Research and Management

Colleen Scanlon, RN JD

Senior Vice President & Chief Advocacy Officer  
Catholic Health Initiatives

Cathy Rowan  
Director, Socially Responsible Investments  
CHE Trinity Health

Jim Frazin  
CEO  
Communitas Financial Planning PBC

Karen Watson, CFA  
Chief Investment Officer  
Congregation of St. Joseph

Ann Roberts  
ESG Analyst  
Dana Investment Advisors

Sister Teresa George, D.C.  
Provincial Treasurer  
Daughters of Charity, Province of St. Louise

Mary Ellen Leciejewski, OP  
VP, Corporate Responsibility  
Dignity Health

Valerie Heinonen, O.S.U.  
Director, Shareholder Advocacy  
Dominican Sisters of Hope

Judy Morris, O.P.  
Justice Promoter  
Dominican Sisters of Peace

Peter Krull  
CEO & Director of Investments  
Earth Equity Advisors

Sr. Gloria Oehl, OSF  
Congregational Delegate  
Franciscan Sisters of Allegany NY

Jeffery W. Perkins  
Executive Director  
Friends Fiduciary Corporation

Joshua Ratner  
Director of Advocacy  
JLens

Cathy Rowan  
Corporate Responsibility Coordinator  
Maryknoll Sisters

Jerry Judd  
Senior VP and Treasurer  
Mercy Health

Donna Meyer  
Director of Shareholder Advocacy  
Mercy Investment Services

Luan Jenifer  
Chief Operating Officer  
Miller/Howard Investments

Mari Schwartzner  
Director of Shareholder Activism and Engagement  
NorthStar Asset Management

Judy Byron, OP  
Director  
Northwest Coalition for Responsible Investment

Catherine Cartier  
National Branch Manager  
Progressive Asset Management

Michael Passoff  
CEO  
Proxy Impact

Josie Chrosniak, HM  
Coordinator  
Region VI Coalition for Responsible Investment

Christopher W. Cox  
Associate Director  
Seventh Generation Interfaith Coalition for Responsible Investment

Vice President

Sangeeta Ayithamattam, SCN  
Sisters of Charity of Nazareth

Marge Clark, BVM  
Coordinator  
Sisters of Charity of the Blessed Virgin Mary, Shareholder Education and Advocacy (SEA)

Mary Burns, SC  
Congregational Representative  
Sisters of Charity-Halifax

Nora M. Nash, OSF  
Director Corporate Social Responsibility  
Sisters of St. Francis of Philadelphia

Sr. Carol Anne Smith, HM  
Treasurer  
Sisters of the Humility of Mary

Ruth Geraets, PBVM  
Congregational Treasurer  
Sisters of the Presentation, Aberdeen SD

Bill Davis  
Managing Director, Portfolio Manager  
Stance Capital

Robert Wotypka, OFM Cap  
Corporate Responsibility Agent  
The Capuchin Franciscan Province of Saint Joseph

Jennifer N. Coombs  
Associate Professor  
The College for Financial Planning

Andy Mims  
Partner and Trustee  
The Sustainability Group at Loring, Wolcott & Coolidge

Mary Beth Gallagher  
Executive Director  
Tri-State Coalition for Responsible Investment

Valerie Heinonen  
Director, Shareholder Advocacy  
Ursuline Sisters of Tildonk, U.S. Province

Patricia Farrar-Rivas  
CEO  
Veris Wealth Partners

Tim Smith  
SVP  
Walden Asset Management

Sonia Kowal  
Director of Socially Responsible Investing  
Zevin Asset Management, LLC