

October 3, 2017

To the Chief Executive Officers of Comcast Corporation, Sony Corporation, Time Warner Inc., Twenty-First Century Fox Inc., and Viacom Inc.

Re: Investor Statement on Tobacco Depictions in Movies

The undersigned investors (collectively representing more than \$64 billion in assets under management) are writing to urge your company to eliminate tobacco depictions in youth-rated<sup>1</sup> movies. We believe this is warranted to protect the company's reputation and consumer base and to avoid legal liabilities. As investors we are concerned by the reputational and potential financial risks due to the company being associated with this public health issue.

### **Scientific Consensus of Harm**

Smoking tobacco is the leading cause of preventable death in the United States, killing an estimated 443,000 Americans each year. One billion lives are at stake in the battle against tobacco addiction worldwide in this century,<sup>2</sup> and the World Health Organization describes it as the most devastating, but preventable, epidemic of our time.

According to the landmark U.S. Surgeon General report in 2012, smoking in movies accounts for about 44% of all new smokers.<sup>3</sup> The report concluded that an **R-rating for future movies depicting smoking** would be expected to reduce the number of teen smokers in the U.S. by nearly 18%.<sup>4</sup> This reduction would **prevent one million smoking-related deaths** among American youth alive today.<sup>5</sup>

The Centers for Disease Control and Prevention<sup>6</sup> and the World Health Organization<sup>7</sup> support the Surgeon General's recommendation. In August 2017, 17 leading U.S. health organizations (including American Cancer Society and medical organizations representing more than 630,000 doctors) published an open letter demanding that movie producers, distributors, and exhibitors apply an R-rating to all films that include depictions of smoking or tobacco.<sup>8</sup>

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<sup>1</sup> Youth-ratings are G, PG, and PG-13. For more information see: [www.mpa.org/film-ratings/](http://www.mpa.org/film-ratings/)

<sup>2</sup> "WHO Report on the Global Tobacco Epidemic" World Health Organization. 2008.

[http://apps.who.int/iris/bitstream/10665/43818/1/9789241596282\\_eng.pdf](http://apps.who.int/iris/bitstream/10665/43818/1/9789241596282_eng.pdf)

<sup>3</sup> "Preventing Tobacco Use Among Youth and Young Adults: A Report of the Surgeon General". US Department of Health and Human Services Office of the Surgeon General. 2012.

<http://www.surgeongeneral.gov/library/reports/preventing-youth-tobacco-use/full-report.pdf>.

<sup>4</sup> Ibid.

<sup>5</sup> "Smoking and Tobacco Use: Smoking in the Movies [fact sheet]. US Centers for Disease Control and Prevention. Web July 21 2017. [http://www.cdc.gov/tobacco/data\\_statistics/fact\\_sheets/youth\\_data/movies/index.htm](http://www.cdc.gov/tobacco/data_statistics/fact_sheets/youth_data/movies/index.htm)

<sup>6</sup> Ibid.

<sup>7</sup> "Films showing smoking scenes should be rated to protect children from tobacco addiction." World Health Organization. February 1 2016. <http://www.who.int/mediacentre/news/releases/2016/protect-children-from-tobacco/en/>

<sup>8</sup> "Leading Health Groups Demand Film Industry Give R Rating to Movies That Depict Smoking." American Academy of Pediatrics. August 29, 2017. <https://www.aap.org/en-us/about-the-aap/aap-press-room/Pages/Leading-Health-Groups-Demand-Film-Industry-Give-R-Rating-to-Movies-That-Depict-Smoking.aspx>

Thirty-eight State Attorneys General also acted on the Surgeon General's report by writing to the major studios urging elimination of tobacco depictions in youth-rated movies: "Given the scientific evidence... the [movie] industry cannot justify failing to eliminate smoking from youth-rated movies... each time the industry releases another movie that depicts smoking, it does so with the full knowledge of the harm it will bring children who watch it."<sup>9</sup>

Article 13 of the World Health Organization (WHO) Framework Convention on Tobacco Control, the world's first global health treaty, to which 180 nations and territories are now parties, calls for strong national measures to end exposure of children and adolescents to tobacco promotion in entertainment media.<sup>10</sup>

The United Nations Sustainable Development Goals (SDG) also provide an incentive for media companies to address tobacco depictions in movies. The SDGs were created in 2015 by 190 world leaders to protect human health, end poverty, protect the planet, and ensure prosperity for all. The U.S. Council for International Business notes that the SDGs create "a tremendous opportunity for the private sector to demonstrate the central role it plays in sustainable development and human prosperity". SDG Goal 3 is: "To ensure healthy lives and promote well-being for all at all ages."<sup>11</sup> Goal 3 includes the target: "Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries, as appropriate."<sup>12</sup> The movie industry is a global business with U.S. movie companies dominating the global market, including economically developing countries. Tobacco use is increasing globally, particularly in the developing world.<sup>13</sup> Eliminating tobacco depictions in youth-rated movies is a tremendous opportunity for the movie industry to accelerate sustainable development across the entire globe by preventing tens of millions of preventable deaths from tobacco-related illness.

### **Currents Policies Are Inadequate to Protect Youth**

By 2013, all major<sup>14</sup> movie studios or their parent companies had adopted individual tobacco depiction policies which discourage, but do not formally eliminate, smoking in their youth-rated movies (see chart below).<sup>15</sup> Sizeable loopholes in these policies, such as

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<sup>9</sup> National Association of Attorney Generals. May 10 2012. <http://www.naag.org/naag/media/naag-news/movie-studios-should-stop-depicting-smoking-in-youth-rated-movies.php>

<sup>10</sup> See (a): Guidelines for implementation of Article 13 of the WHO Framework Convention on Tobacco Control (Tobacco advertising, promotion and sponsorship). World Health Organization. 2013.

[http://www.who.int/fctc/protocol/illicit\\_trade/protocol-publication/en/](http://www.who.int/fctc/protocol/illicit_trade/protocol-publication/en/)

(b) Smoke-free movies: from evidence to action: Third Edition. World Health Organization. 2016.

<http://www.who.int/tobacco/publications/marketing/smoke-free-movies-third-edition/en/>

<sup>11</sup> United Nations Sustainable Development Goals (SDG). <https://sustainabledevelopment.un.org/sdgs>

<sup>12</sup> UN SDG Goal 3 Targets: <https://sustainabledevelopment.un.org/sdg3>

<sup>13</sup> <http://publications.iarc.fr/Non-Series-Publications/World-Cancer-Reports/World-Cancer-Report-2014>

<sup>14</sup> "Major" studios refers to the members of the Motion Picture Association of America (MPAA)

<sup>15</sup> "Company tobacco policies." University of California San Francisco (UCSF) Center for Tobacco Control Research and Education (CTCRE). Accessed July 21 2017. <https://smokefreemovies.ucsf.edu/whos-accountable/company-policies>

allowing smoking for “creative” reasons, have prevented smoking incidents in PG-13 films from falling below the low, industry-wide levels seen in 2010.<sup>16</sup>

Disney, which leads the industry in reducing tobacco impressions, strengthened its policy in 2015 to “prohibit smoking in movies across the board [in] Marvel, Lucas, Pixar [and] Disney films.” Even Disney’s policy is not comprehensive; it still allows smoking in movies distributed under its Touchstone label, most recently used to market DreamWorks productions.

Among the major studios, Sony ranks as the most dangerous to youth: 44 percent of Sony’s youth-rated movies from 2013 to 2016 feature smoking. Lionsgate follows with 41 percent of youth-rated movies showing tobacco use. By comparison, Disney and Disney-owned labels showed tobacco use in 12% of their movies (across all ratings) over the past five years. All other major studios featured tobacco in 28-38% of their movies in that timeframe — at least double that of Disney.

### Comparison of Studios By Tobacco Policy And Percentage of New Movies with Tobacco 2013-2016<sup>17</sup>

Parent Company (Studio)	Most Recent Policy	Subjective Exceptions in Tobacco Depiction Policy	Percentage of Youth-Rated Films w/ Tobacco
<a href="#">Disney</a>	<a href="#">2015</a>	Does not include movies purchased for distribution under the Touchstone label*	12% (5/42)
<a href="#">Comcast</a> (Universal)	<a href="#">2007</a>	"importance [from a] factual or creative standpoint... difficulty in removing it"	30% (14/46)
<a href="#">Fox</a>	<a href="#">2012</a>	"historical, biographical or cultural context... important... from a factual or creative standpoint"	29% (14/49)
<a href="#">Sony</a>	<a href="#">2012</a>	"important tie to the creative context of the project or the creative vision of the filmmaker"	44% (19/43)
<a href="#">Time Warner</a> (Warner Bros.)	<a href="#">2007</a>	"compelling creative reason"	28% (12/43)
<a href="#">Viacom</a> (Paramount)	<a href="#">2013</a>	"creative vision...filmmaker believes that the depiction of	41% (11/27)

<sup>16</sup> “Since 2010 there has been no progress in reducing the total number of tobacco incidents in youth-rated movies.” Tynan et al. “Tobacco Use in Top-Grossing Movies — United States, 2010–2016”. US Centers for Disease Control and Prevention (CDC) Morbidity and Mortality Weekly Report (MMWR). July 7, 2017. [https://www.cdc.gov/mmwr/volumes/66/wr/mm6626a1.htm?s\\_cid=mm6626a1\\_w](https://www.cdc.gov/mmwr/volumes/66/wr/mm6626a1.htm?s_cid=mm6626a1_w)

<sup>17</sup> “Company tobacco policies.” University of California San Francisco (UCSF) Center for Tobacco Control Research and Education (CTCRE). Accessed July 21 2017. <https://smokefreemovies.ucsf.edu/whos-accountable/company-policies>

		smoking or tobacco is important to the film"	
<a href="#">Lionsgate</a>	---	No published policy	44% (17/39)
CBS	---	No published policy	50% (2/4)
Open Road	---	No published policy	50% (2/4)
* Disney's policy also allows portrayals of "smoking in an unfavorable light or [that] emphasize the negative consequences" as well as "scenes that depict a historical figure who may have smoked at the time of his or her life." These exceptions in Disney's policy are consistent with recommendations from health authorities.			

## Recommendations

Failure to address the public health impacts of tobacco depictions damages the company's brand and reputation and opens the door to potential litigation. It also risks the future value of the company's film properties in the international marketplace.

To prevent the recruitment of millions of new smokers, and the associated and growing risk of such an outcome, we recommend the following actions:

1. Stipulate in all production agreements that there should be no tobacco imagery in any film intended to be youth-rated, with the possible exception of a film that (i) depicts the tobacco use of an actual historical person (as in a documentary or a biographical drama) or (ii) accurately portrays the serious health consequences of tobacco use;
2. Stipulate in distribution and licensing agreements that exhibition of any film with tobacco imagery will be preceded by a strong anti-tobacco spot announcement, in all media and in all distribution territories;
3. Require each credited producer of a film depicting tobacco imagery to file affidavits stating that nobody associated with the film production entered into any agreement, direct or indirect, written or verbal, relating to the representation of tobacco in the film;
4. Stipulate in all production agreements that the finished film shall not include any tobacco product brand or facsimile; and
5. As a member of the governing board of the Motion Picture Association of America (MPAA), explicitly support updating the rating and advertising standards and guidelines of the MPAA to assign an R-rating to any film with tobacco imagery submitted for classification after **June 1, 2018 (with the possible exceptions stated in #1)**.

We appreciate your attention to this important issue and hope to meet with to further discuss how to end the risk associated with continuing to allow smoking in youth-rated movies.

Sincerely,

As You Sow

Australian Ethical

Azzad Asset Management

Boston Common Asset Management

Calvert Research and Management

CHE Trinity Health

Clean Yield Asset Management

Congregation of St. Basil

Dana Investment Advisors

Dignity Health

Dominican Sisters of Hope

Dominican Sisters of San Rafael

Everence and the Praxis Mutual Funds

Franciscan Sisters of Allegany NY

Friends Fiduciary

Green Century Capital Management

JLens

Maryknoll Fathers and Brothers

Maryknoll Sisters

Natural Investments

Northwest Coalition for Responsible Investment

Region VI Coalition for Responsible Investment

Religious of the Sacred Heart of Mary

Sisters of Charity of Nazareth

Sisters of Charity-Halifax

Sisters of St. Francis of Philadelphia

Sisters of St. Joseph of Orange

Sisters of the Order of St Dominic

Sisters of the Presentation of the BVM

Trillium Asset Management

Trilogy Global Advisors, LP

Ursuline Sisters of Tildonk, U.S. Province

Ursulines of the Roman Union Eastern Province

Walden Asset Management

Zevin Asset Management