Triodos Investment Management

THE WALT DISNEY COMPANY

MEETING DATE	Thu, 08 Mar 2018 10:00 am	TYPE	AGM	ISSUE DATE	Thu, 01 Feb 2018
MEETING LOCATION	Hobby Center for the Performing Arts, Houston, Texas.				
CURRENT INDICES	S&P500				
SECTOR	Cable and other pay television services				

	PROPOSALS	ADVICE
1a	**Elect Susan E. Arnold** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board.	**For**
1b	**Elect Mary T. Barra** Newly appointed Independent Non-Executive Director.	**For**
1c	**Elect Safra A. Catz** Newly appointed Independent Non-Executive Director.	**For**
1d	**Elect John S. Chen** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is sufficient independent representation on the Board. He is chair of the Audit committee which is not fully independent which Triodos does not support.	**Oppose**
1e	**Elect Francis A. deSouza** Independent Non-Executive Director.	**For**
1f	**Elect Robert A. Iger** Chairman and CEO. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal. Triodos opposes this resolution.	**Oppose**
1g	**Elect Maria Elena Lagomasino** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board.	**For**
1h	**Elect Fred H. Langhammer** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board	**For**
1i	**Elect Aylwin B. Lewis** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is sufficient independent representation on the Board. He is chair of the Remuneration committee which is not fully independent which Triodos does not support.	**Oppose**
1j	**Elect Mark G. Parker** Independent Non-Executive Director.	**For**
2	**Appoint the Auditors** PwC proposed. Non-audit fees represented 20.41% of audit fees during the year under review and 19.72% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than seven years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. Triodos opposes this resolution.	**Oppose**

3 Approval of Material Terms of Performance Goals Under the Amended and Restated 2002 Executive Performance Plan **Oppose**

Shareholders are being asked to approve the the material terms of the performance goals under the Walt Disney Amended and Restated 2002 Executive Performance Plan (the 2002 Plan). The 2002 Plan is available for performance awards made to key employees (including any officer) of the Company who are (or in the opinion of the Compensation Committee may during the performance period covered by an award become) a 'covered employee' for purposes of Section 162(m).

The Compensation Committee may authorise grants to participants of annual incentive bonuses payable in cash, shares of stock, restricted stock, and restricted stock units. Any award payable in, or valued by reference to, the Company's stock is granted as a joint award under an equity incentive plan approved by the Company's shareholders, subject to adjustments for stock splits and certain other changes in corporate capitalization as provided in the applicable equity incentive plan. Currently, such stock-based awards would be made under the Amended and Restated 2011 Stock Incentive Plan.

The targets may be based on one or more of the following business criteria including but not limted to: Net income, Return on equity, Return on assets, Earnings per share (diluted) and Cash flow. Under the 2002 Plan, the maximum annual bonus for any single officer in any fiscal year is $10 million, except that the maximum annual bonus for an officer who is executive chairman, chief executive officer, president or chief operating officer of the Company in any fiscal year is $27.5 million.

It is considered that, as performance conditions may be attached to awards at the Compensation Committee's discretion, there are concerns that awards under the Plan will not necessarily be subject to sufficiently robust performance targets (if any). As a result, shareholders cannot assess whether the Plan will operate to align participants' incentives with shareholders' interests. In addition, maximum award limits are considered excessive. Accordingly, Triodos opposes the resolution.

4 Advisory Vote on Executive Compensation **Oppose**

The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: DED.

The Company has achieved: a poor of disclosure; significant problems in respect of balance for rewards; and a poor approach to contracts with executives.

For fiscal 2017, annual cash awards were considered excessive. The CEO's actual bonus for fiscal 2017 was $15,200,000, representing 608% of his base salary (200% maximum is considered as acceptable practice). His annual bonus target opportunity was $12,000,000 which is excessive.In addition, the CEO is entitled to a cash bonus of $5 million if he is employed by the Company until 2 July 2019. This cash award, with no performance conditions attached is highly inappropriate. With respect to performance-based restricted stock units, no targets were made available to shareholders, which is considered unacceptable and does not allow shareholders the opportunity to assess the challenging nature of targets. Earnings per share is used as a performance metric for the long-term incentives and the annual bonus, allowing executives to be rewarded twice for the same performance. Time-based stock units and stock options vest annually over four years which is not considered sufficiently long-term. Triodos opposes this resolution.

5 Shareholder Resolution: Annual Report on Lobbying Activities **For**

Proposed by: Zevin Asset Management on behalf of David Fenton, Daniel Altschuler, the Center for Community Change, Congregation of St. Joseph, and Missionary Oblates for Community Change for consideration.

The Proponents request the preparation of a report; updated annually; disclosing: 1. Company policy and procedures governing lobbying; both direct and indirect; and grassroots lobbying communications. 2. Payments by the Company used for (a) direct or indirect lobbying or (b) grassroots lobbying communications; in each case including the amount of the payment and the recipient. 3. The Company's membership in and payments to any tax-exempt organisation that writes and endorses model legislation. 4. Description of management's and the Board's decision making process and oversight for making payments described in sections 2 and 3 above.

Proponent's Supporting Argument: The Proponent states that they encourage transparency and accountability in the use of corporate funds to influence legislation and regulation, both directly and indirectly. Disney is a member of the National Restaurant Association(since1922 according to the U.S. Chamber of Commerce website), which spent $8.18 million lobbying in 2015 and 2016. However, Disney does not disclose its membership in, or payments to, trade associations, or the amounts used for lobbying. Disney discloses its non-deductible trade association payments used for political contributions, but this does not include payments used for lobbying.The Proponent concludes that this is a serious disclosure gap, as trade associations generally spend far more on lobbying than on political contributions.

Board's Opposing Argument: The Board recommends shareholders oppose the resolution and argues that the policy of the Company with respect to political giving and the participation in the formulation of public policy is set out the website at www.thewaltdisneycompany.com/citizenship/policies. The Board of Directors believes that it already provides substantial information regarding lobbying activities through filings with the U.S. House of Representatives and the U.S. Senate which are publicly available at http://lobbyingdisclosure.house.gov.

These reports detail the issues the Company lobbied on, the houses of Congress and federal agencies lobbied and the total amounts expended during each calendar quarter on lobbying activities. By law, the amount disclosed by the Company contains the portion of any trade association payments that are used for lobbying as disclosed to the Company by the trade associations. The Company also files extensive lobbying disclosure reports as required by state law, which are also publicly available. The Board is also against this proposal as they believe it puts the Company at a disadvantage in advancing shareholder interests through political activities by compelling disclosure of information about the Company's priorities and methods to the advantage of its adversaries on policy issues and without providing meaningful new information to the shareholders.

6 Shareholder Resolution: Proxy Access Amendment **For**

Proposed by: James McRitchie.

The Proponents request that the Board amend its bylaws on Proxy Access as follows: 1) No limitation shall be placed on the number of stockholders that can aggregate their shares to achieve the 3% of common stock required to nominate directors under the Company's proxy access provisions, 2) No limitation shall be imposed on the re-nomination of stockholder nominees based on the number or percentage of votes received in any election and 3)The number of stockholder nominees eligible to appear in proxy materials shall be one quarter of the directors then serving or two, whichever is greater.

Proponent's Supporting Argument: The Proponent concludes that although the Company's Board adopted a proxy access bylaw, it contains troublesome provisions that significantly impair the ability of shareholders to participate because of the large average amount of common shares each is required to hold for three years given the current aggregation limit of 20, the ability of shareholder nominees to run again, and the ability of shareholder nominees to effectively serve if elected.

Board's Opposing Argument: The Board is against this proposal as the current limit of 20% of the Board or two Directors for stockholder nominees through the proxy access provision ensures that stockholders have a meaningful right without overly disrupting the balance of characteristics the Board seeks to achieve through the regular nomination process

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 4 - Advisory Vote on Executive Compensation

The Company has achieved: an average level of disclosure; a poor balance for rewards; and below average approach to contracts with executives.

Disclosure: D- It is noted that the Company received 84% support for its say-on-pay vote at the last AGM. The Company disclosed that it conducted shareholder outreach however no concrete change has resulted. The annual bonus is based on qualitative 'objective performance criteria' 70%, and qualitative individual performance 30%. The Company granted long-term incentives in the form of performance-based restricted stock units, time-vesting restricted stock units and stock options. Performance-based restricted stock units are based on total shareholder return relative to S&P 500 and on earnings per share relative to S&P 500.The Company has disclosed the financial target ranges for its short-term incentives however targets for individual performance factors are not disclosed. There is no disclosure of the targets for the performance-based restricted stock units.

Balance: E- For fiscal 2017, annual cash awards were considered excessive. The CEO's actual bonus for fiscal 2017 was $15,200,000, representing 608% of his base salary (200% maximum is considered as acceptable practice). His annual bonus target opportunity was $12,000,000 which is excessive.In addition, the CEO is entitled to a cash bonus of $5 million if he is employed by the Company until 2 July 2019. This cash award, with no performance conditions attached is highly inappropriate. With respect to performance-based restricted stock units, no targets were made available to shareholders, which is considered unacceptable and does not allow shareholders the opportunity to assess the challenging nature of targets. Earnings per share is used as a performance metric for the long-term incentives and the annual bonus, allowing executives to be rewarded twice for the same performance. Time-based stock units and stock options vest annually over four years which is not considered sufficiently long-term.

Contract: D- Cash severance is considered excessive. A provision of 'good reason' is the reduction in the named executive officer's annual target bonus opportunity, which is not considered appropriate.

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