

Shareholder Value Erosion Due to Anti-Competitive Actions

WHEREAS: Corporations have colluded with government agencies and each other, to spend advertising dollars only on politically preferred media and platforms, while excluding many they have alleged to disseminate disfavored views, which their coalition advisers broadly characterize as “hate speech” or “disinformation.”

SUPPORTING STATEMENT: The Walt Disney Company (“Company”) is a member of the World Federation of Advertisers,¹ “a global association that represents over 150 of the world’s biggest brands,” to “create a peer-to-peer network of the world’s best marketers.”² In June 2019 WFA formed the Global Alliance for Responsible Media, which was ostensibly created to “[work] towards a media environment where hate speech, bullying and disinformation is challenged ... and where everyone is, especially children, better protected online. Alliance members acknowledge their collective power to significantly improve the health of the media ecosystem.”

But this noble-sounding initiative trafficked more nefarious practices: arguably illegal anticompetitive behavior and censorship. A July 2024 investigation by the United States House Judiciary Committee revealed how GARM “has collectively used its immense market power to demonetize voices and viewpoints the group disagrees with....”³ According to the committee’s report:

Through GARM, large corporations, advertising agencies, and industry associations participated in boycotts and other coordinated action to demonetize platforms, podcasts, news outlets, and other content deemed disfavored by GARM and its members. This collusion can have the effect of eliminating a variety of content and viewpoints available to consumers.

Among those harmed by this collusion was X, formerly Twitter. Following Elon Musk’s acquisition, with his pledge to make it a free-speech platform keeping with Democratic principles, X saw massive declines in advertising revenues because GARM “recommended members halt their ad spending on the site.”⁴

Disney was among the WFA members that cut ad spending on X.⁵ X and others sued WFA over GARM’s “cartel-like behavior.”⁶ Recognizing the legal vulnerabilities, GARM was immediately dissolved, but WFA still functions as a cooperative advertising advisory organization, with all its members intact, including the Company.

Disney is especially vulnerable to further brand devaluation and litigation, for its anticompetitive behavior. As one of the few WFA members that is also a media company, Disney benefits even

¹ <https://wfanet.org/about-wfa/our-members/global-brands>

² <https://wfanet.org/about-wfa/who-we-are>

³ <https://www.scribd.com/document/749383259/2024-07-10-GARMs-Harm-How-the-Worlds-Biggest-Brands-Seek-to-Control-Online-Speech-38>

⁴ <https://qz.com/twitter-x-ad-revenue-tumbles-elon-musk-grok-1851624340>

⁵ <https://www.cnn.com/2023/11/17/tech/lionsgate-suspends-advertising-x-musk/index.html>

⁶ <https://reclaimthenet.org/x-rumble-file-lawsuit-against-pro-demonetization-advertiser-cartel>

more from the destruction and censorship of competitors like X that are disfavored by WFA. Arguably worse is that Disney hypocritically participates in WFA advertising initiatives to protect online users, “especially children,” when its own kid-targeted programming is polluted with adult-themed transgender ideology and drag queen presentations.⁷

Disney is also being sued for its sports programming collaborations, being credibly accused of anticompetitive behavior.⁸

RESOLVED: Shareholders request the Audit Committee of the board of directors investigate anticompetitive and collusive censorship conduct by the Company, and the litigative, reputational and fiduciary risks attributable to that conduct, with the findings to be reported to shareholders by Dec. 31, 2025. The report should be prepared at reasonable cost, and omit proprietary and private information, litigation strategy, and legal compliance information.

⁷ <https://ew.com/tv/disney-pride-special-nina-west-interview/>

⁸ <https://www.hollywoodreporter.com/business/business-news/fubotv-block-disney-fox-warner-sports-streaming-platform-1235976026/>