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INSTITUTIONAL INVESTORS CONTINUE TO PRESS COMPANIES FOR DISCLOSURE OF LOBBYING

Shareholder resolutions filed with more than 50 companies by more than 65 institutional and individual investors for 2013

BOSTON, Ma. – Investors today announced the filing of shareholder resolutions at more than 50 corporations as part of a 2013 proxy season initiative asking companies to annually report their federal and state lobbying, including any payments to trade associations used for lobbying as well as support for tax-exempt organizations that write and endorse model legislation.

The resolution filers believe that shareholders need better, more complete disclosure of how companies in which they invest use resources to affect both elections and legislation. The lobbying disclosure initiative is a natural extension of ongoing shareholder efforts for greater corporate political spending transparency and accountability. Specifically, enhanced lobbying disclosure will enable shareholders to better evaluate whether a company's lobbying expenditures and actions advance the company's interests and do not present risks to company value.

A recent report by the US SIF Foundation found that disclosure of lobbying and political spending has emerged as the "greatest single concern of shareholders among environmental and social issues," with more than 100 resolutions being filed annually on the subject in 2011 and 2012.¹ Reflecting investors' interest in enhanced disclosure, the S.E.C. announced on Dec. 21, 2012, that it is considering a rule to require public companies to disclose their spending on politics and lobbying.

¹ "Report on Sustainable and Responsible Investing Trends in the United States 2012," [US SIF Foundation](#).

While the U.S. Supreme Court's *Citizens United* decision and the unprecedented amount of political spending in the 2012 elections have attracted a great deal of media attention, company expenditures on federal lobbying far exceed political election contributions by approximately a nine-to-one ratio. A 2011 study by Si2, funded by the IRRC Institute, found that in 2010, S&P 500 companies spent a total of \$1.1 billion on political contributions and lobbying, of which \$979.3 million was spent on federal lobbying². These figures do not include state level lobbying expenditures by companies, where there is incomplete disclosure and yearly spending exceeds \$1 billion.

Moreover, lobbying by trade associations is indirectly supported by corporate contributions that are substantial and largely unreported. For example the Chamber of Commerce spent more than \$500 million on lobbying since 2009, making it the country's largest lobbying spender. The majority of companies do not disclose the portions of their trade association payments used for lobbying. These payments can create reputational risks for companies. Lobbying disclosure proponents believe companies need to manage these risks by assessing whether their memberships in trade associations accurately represent their corporate interests and policy positions, and that shareholders need to understand their companies' expenditures for trade association lobbying and the risks they might represent.

The resolutions therefore also ask companies to disclose support for and membership in tax-exempt organizations that write and endorse model legislation, which includes the American Legislative Exchange Council (ALEC). ALEC approved model legislation based on Florida's Stand Your Ground law that gained national attention after the tragic killing of Trayvon Martin. In response to investor and grassroots pressure, 42 companies, including Amgen, Bank of America, Coca-Cola, General Electric, Johnson & Johnson, Kraft, McDonald's, Pepsi, Walgreens and Yum! Brands, evaluated the risk to their corporate reputations, compared to the benefits, of continuing membership, and made the decision to leave ALEC.

² Heidi Welsh and Robin Young, "*Corporate Governance of Political Expenditures: 2011 Benchmark Report on S&P 500 Companies*," Sustainable Investments Institute & IRRC Institute, November 2011 (www.irrcinstitute.org)

Thomas DiNapoli, comptroller of the state of New York and an active proponent of corporate disclosure of both political spending and lobbying, stated, “As a fiduciary, it’s important that companies in which the New York State Common Retirement Fund invest are open, transparent and demonstrate high standards of governance.” Mr. DiNapoli’s office oversees the \$133.8 billion state fund. “Thus we have joined once again in 2013 filing resolutions urging companies to report to their investors about their lobbying priorities, oversight and corporate dollars spent.”

Lee Saunders, president of AFSCME and chair of the AFSCME Employees Pension Plan’s Pension Committee, stated, “These proposals are based on the simple principle that what gets disclosed gets managed. Corporate payments for lobbying are a use of shareholder assets. Disclosure will help ensure these expenditures are in the company and shareholders’ best interest.”

Timothy Smith, director of environmental, social and governance (ESG) shareowner engagement at Walden Asset Management and one of the coordinators of this initiative, stated, “Over the last six years, investors increasingly have urged companies to disclose their spending aimed at influencing elections. This year investors have once again taken a logical next step and asked companies to disclose their direct and indirect lobbying activities. Whether the issue is environmental impact, consumer protection, financial reform or shareholder rights, it is important for investors to understand how company dollars are spent to influence our laws and regulations by lobbying activities. While many companies have modest government affairs budgets, others spend tens of millions of dollars annually on lobbying directly and through trade associations. In addition, many companies work through lobbying organizations like the American Legislative Exchange Council (ALEC) to influence legislation and regulation at the state level. We believe it is timely and appropriate for companies to be much more transparent.”

More than 60 investors joined in filing and co-filing the resolution seeking comprehensive disclosure of corporate lobbying, among them are the AFL-CIO; the AFSCME Employees Pension Plan; Benedictine Sisters of Virginia; Boston Common Asset Management; Christopher Reynolds Foundation; CtW Investment Group; Dignity Health; First Affirmative Financial Network; Green Century Funds; Mercy Investments; Missionary Oblates of Mary Immaculate; Nathan Cummings; Needmor Fund; New York State Common Retirement Fund; Province of St. Joseph of the

Capuchin Order; Responsible Endowments Coalition; Sisters of St. Francis; Trillium Asset Management; UAW Retiree Medical Benefits Trust; Unitarian Universalist Association; United Steelworkers and Walden Asset Management. This unique investor network is organized by the AFSCME Employees Pension Plan and Walden Asset Management, a division of Boston Trust & Investment Management Company.

Specifically, the resolution asks for disclosure of:

1. Company policy and procedures governing lobbying, including that done on our company's behalf by trade associations.
2. Payments used for lobbying as well as grassroots lobbying communications.
3. Membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Decision-making processes and oversight by management and the Board.

AMONG companies receiving lobbying disclosure resolutions for 2013 are:

3M (MMM)	Dupont (DD)	PepsiCo (PEP)
Abbott Laboratories (ABT)	EBay Inc. (EBAY)	Pfizer (PFE)
Accenture (ACN)	Endo Health Solutions (ENDP)	Philip Morris (PM)
Allergan (AGN)	Energy (ETR)	Reynolds American (RAI)
Alliance One International (AOI)	Equity Lifestyle Properties (ELS)	SLM Corporation (Sallie Mae) (SLM)
Alliant Techsystems (ATK)	ExxonMobil Corporation (XOM)	Time Warner Cable (TWC)
Allstate (ALL)	General Dynamics (GD)	Union Pacific (UNP)
Altria Group (MO)	GEO Group (GEO)	United Parcel Service (UPS)
American Electric Power (AEP)	Goldman Sachs (GS)	UnitedHealth Group (UNH)
AT&T (T)	IBM (IBM)	Universal Corporation (UVV)
Bristol-Myers Squibb (BMY)	JPMorgan Chase (JPM)	Verizon Communications (VZ)
Chevron (CVX)	Lockheed Martin (LMT)	VISA U.S.A. (V)
Cigna (CI)	Lorillard (LO)	Walgreen (WAG)
Citigroup -C-	Marathon Oil (MRO)	Wells Fargo (WFC)
ConocoPhillips (COP)	Norfolk Southern Corporation (NSC)	WellPoint (WLP)
Corrections Corporation of America (CXW)	Northrop Grumman (NOC)	Xcel Energy (XEL)
CVS Caremark (CVS)	Nucor Corporation (NUE)	
DaVita (DAV)	Peabody Energy (BTU)	
Devon Energy (DVN)		

Filers of Lobbying Disclosure Resolutions

Pension Funds

New York State Common Retirement Fund

Labor

AFSCME Employees Pension Plan
AFL-CIO
CTW Investment Group
Service Employees International Union
UAW Retiree Medical Benefits Trust
United Steelworkers

Asset Management Companies

Boston Common Asset Management
First Affirmative Financial Network
Green Century Funds
Jantz Morgan
PAX World Fund
Sustainability Group, Loring Wolcott & Coolidge
Trillium Asset Management
Walden Asset Management
Zevin Asset Management

Foundations

Brainerd Foundation
Center for Community Change, Washington, DC
Edward W. Hazen Foundation
The Funding Exchange
Haymarket Foundation
Lemmon Foundation
LKMC Aquinas Funds
Max and Anna Levinson Foundation
Merck Family Fund
Nathan Cummings Foundation
Needmor Fund
Oneida Tribe of Indians Trust Fund
Oxfam America
Responsible Endowments Coalition
Christopher Reynolds Foundation
Russell Family Foundation
Swift Family Foundation

Tides Foundation

Non-Profit Institutional Investors

Manhattan Country School

Religious Filers

Benedictine Sisters of Baltimore
Benedictine Sisters of Virginia
Catholic Health East
Catholic Health Initiatives
Community Church of New York
Congregation of Benedictine Sisters, Boerne, Texas
Congregation of Divine Providence, San Antonio, Texas
Congregation of St. Joseph of Carondelet, St. Paul Province
Congregation of the Sisters of St. Agnes
Congregation of the Sisters of St. Joseph of Brighton
Congregation of the Sisters of the Holy Cross, Indiana
Convent Academy of the Incarnate Word
Dignity Health
First Parish Unitarian Church, Cambridge, Ma.
Glenmary Home Missioners
Marianist Province of the United States
Mercy Investment Services
Missionary Oblates of Mary Immaculate
Monasterio Pan Vida
Province of St. Joseph of the Capuchin Order
School Sisters of Notre Dame
Sisters of Charity of St. Elizabeth, New Jersey
Sisters of the Holy Family
Sisters of Notre Dame de Namur, Boston
Sisters of Notre Dame
Sisters of Providence, Mother Joseph Providence
Sisters of St. Francis of Philadelphia

Sisters of St. Francis, Academy of Our Lady
of Lourdes, Rochester
Trinity Health
Unitarian Universalist Association
Unitarian Universalist Service Committee
United Church Foundation

Individuals
Daniel Altschuler
Gwendolen Noyes
Gun Denhart
Carol Master

ConocoPhillips Lobbying Disclosure

Whereas, we rely on the information provided by our company to evaluate goals and objectives, and therefore have strong interest in full disclosure of our company's lobbying to assess whether it is in the best interests of shareholders and long-term stockholder value.

Resolved, the shareholders of ConocoPhillips request the Board authorize 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 ConocoPhillips 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. ConocoPhillips' membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of the decision making process and oversight by management and the Board for making payments described in section 2 above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which ConocoPhillips is a member.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committees of the Board and posted on the company's website.

Supporting Statement

As shareholders, we encourage transparency and accountability in the use of staff time and corporate funds to influence legislation and regulation both directly and indirectly.

This resolution received 25 percent voting support in 2011.

ConocoPhillips sits on the Board of the United States Chamber of Commerce, which is noted as “by far the most muscular business lobby group in Washington” (“Chamber of Secrets,” Economist, April 21, 2012). In 2010 and 2011 the Chamber spent \$198 million on lobbying. Yet ConocoPhillips does not disclose its trade association payments nor the portions used for lobbying on its website.

ConocoPhillips spent approximately \$40.2 million in 2010 and 2011 on direct federal lobbying activities, according to disclosure reports (*Senate Records*). These figures may not include grassroots lobbying to directly influence legislation by mobilizing public support or opposition and do not include lobbying expenditures to influence legislation or regulation in states that do not require disclosure.

Also, ConocoPhillips does not disclose its contributions to tax-exempt organizations that write and endorse model legislation, such as a \$10,000 contribution to the American Legislative Exchange Council (“ALEC”) annual meeting.

According to the *Wall Street Journal* (Oct. 26, 2012) the oil industry, including ConocoPhillips, spent “tens of millions of dollars” related to the 2012 election to galvanize employees to support their industry’s agenda and elect sympathetic candidates. We also believe the costs of these programs should also be fully disclosed.