



**Walden Asset Management**

*Advancing sustainable business practices since 1975*

## **ConocoPhillips Agrees to Expand Lobbying Disclosure**

### ***Walden and 21 Investor Co-Filers Withdraw Shareholder Resolution***

March 27, 2018 — Walden Asset Management has engaged ConocoPhillips for many years on environmental, social, and governance issues, including disclosure of lobbying and public policy. In 2017, 21 investors joined Walden in co-filing a shareholder resolution asking the company to expand disclosure of its lobbying activities and expenditures (see resolution on next page).

ConocoPhillips convened several in-depth dialogues with sponsors of the resolution. The ConocoPhillips team included representatives from Government Affairs, Sustainability, the Corporate Secretary's Office, and Investor Relations. Co-filers of the resolution are listed below.

In March ConocoPhillips communicated that it will add more information on its lobbying activities to the company's website. Walden and the co-filers agreed to withdraw the resolution and continue an ongoing dialogue.

Walden's Director of ESG Shareholder Engagement, Timothy Smith, said, "We want to thank ConocoPhillips for expanding its reporting on public policy and lobbying. ConocoPhillips recognizes its lobbying activities can affect its business significantly and deserve careful oversight by management and the Board along with expanded transparency. Management has shown that it is committed to reaching out and engaging in constructive dialogue with shareowners. We hope other companies will follow this model of good governance."

A similar proposal was filed with nearly 50 other companies this proxy season.

#### **Shareholder Resolution Co-Filers**

Benedictine Sisters of Baltimore-Emmanuel Monastery  
Brainerd Foundation  
Community Church of New York  
Congregation of St. Joseph  
Congregation of the Sisters of St. Joseph of Boston  
First Parish in Cambridge – Unitarian Universalist  
Glenmary Home Missioners (Home Missioners of America)  
Lemmon Foundation  
Mercy Investment Services  
Rockefeller and Company  
School Sisters of Notre Dame Central Pacific Province  
School Sisters of Notre Dame Cooperative Investment Fund  
Sisters of Notre Dame  
Sisters of Notre Dame de Namur-Boston  
Sisters of the Holy Family  
State of Rhode Island and Providence Plantations  
Tides Foundation  
Walden Equity Fund

## Shareholder Proposal

**Whereas**, we believe in full disclosure of our company's direct and indirect lobbying activities and expenditures to assess whether our lobbying is consistent with ConocoPhillips expressed goals and in shareholders' best interests.

**Resolved**, shareholders request the Board prepare a report, updated annually disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
1. 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.
2. 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 lobbying 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 regarding staff time and corporate funds to influence legislation and regulation, both directly and indirectly. The lobbying by oil and gas companies on climate policy is increasingly under scrutiny globally potentially affecting ConocoPhillips reputation.

ConocoPhillips spent approximately approximately \$18 million between 2012-2016 on direct federal lobbying activities, according to *Senate Records*. These figures may not include grassroots lobbying to directly influence legislation by mobilizing public support or opposition nor lobbying expenditures in states that do not require disclosure.

We appreciate the information on the company website and proxy on both political spending and lobbying. However, the information focuses heavily on political spending which is not the subject of this resolution. And the website disclosure is incomplete, omitting lobbying priorities, specific contributions to trade associations and the percent used for lobbying.

ConocoPhillips is a member of the Business Roundtable which is actively lobbying and campaigning against the right of shareholders to file resolutions. Yet ConocoPhillips prides itself on its outreach and meaningful engagement with investors.

Also ConocoPhillips is on the Board of the United States Chamber of Commerce which is noted as "by far the most muscular business lobby group in Washington" ([Economist](#), April 21, 2012). Since 1998 the Chamber spent approximately \$1.4 billion on lobbying. Yet ConocoPhillips does not disclose its Chamber payments nor portions used for lobbying.

It is an integrity and governance problem for ConocoPhillips when their trade associations lobby actively opposing ConocoPhillips' positions.

We urge ConocoPhillips to evaluate if their direct and indirect public policy advocacy and lobbying is consistent with the company's positions.