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INSTITUTIONAL INVESTORS PRESS COMPANIES FOR DISCLOSURE OF LOBBYING IN 2014

*Shareholder resolutions filed with 48 companies by
60 institutional and individual investors*

Boston, Mass. – Investors today announced the filing of shareholder resolutions at 48 corporations as part of a 2014 proxy season initiative asking companies to annually report their federal and state lobbying. That includes any payments to trade associations used for lobbying as well as support for tax-exempt organizations that write and endorse model legislation.

The lobbying disclosure initiative is a natural extension of ongoing shareholder efforts seeking 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 2014 report by Glass Lewis found that 2013 resolutions relating to political spending of a company were the most common shareholder proposal put forth during the proxy season for the third consecutive year.¹ Reflecting investors' interest in enhanced disclosure, a rulemaking petition at the Securities and Exchange Commission (SEC) requiring public companies to disclose their political spending to shareholders attracted a record level of support for SEC rulemaking, with more than 700,000 comment letters submitted – the vast majority in support.

While the U.S. Supreme Court's *Citizens United* decision and the unprecedented amount of political spending in the 2012 elections attracted a great deal of media attention, company expenditures on federal lobbying far exceed political election contributions, often by more than a 10-to-1 ratio. For example, a 2013 Stanford study found that during the 2010 election, \$3.6 billion was spent on federal elections while \$7.5 billion was spent on federal lobbying, out of which corporations spent \$246 million on federal campaign expenditures but spent at least \$5.1 billion on federal lobbying. During the same period, the Chamber of Commerce spent \$33 million

¹ "Political Contributions – A Glass Lewis Issue Report," [Glass Lewis](#), 2014.

on political contributions and \$302 million on lobbying.² 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 supported by corporate contributions that are substantial and largely unreported. For example the Chamber of Commerce spent more than \$1 billion on lobbying since 1998, 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 and lobbying through 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 can represent.

The resolutions also ask companies to disclose payments to 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 teenager Trayvon Martin. In response to investor and grassroots pressure, more than 70 companies, including Amgen, Bristol-Myers Squibb, Coca-Cola, Darden Restaurants, Endo Health Solutions, General Electric, Johnson & Johnson, Kraft, Pepsi, Sallie Mae, Unilever, Visa, 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.

New York State Comptroller Thomas P. DiNapoli, an active proponent of corporate disclosure of both political spending and lobbying, stated, "Transparency is fundamental to strong corporate governance and key to the New York State Common Retirement Fund's engagement with our portfolio companies." DiNapoli's office oversees the \$160.7 billion state fund. "We need sunlight on lobbying operations so we can evaluate potential risks to our investments. Any political spending, including lobbying, made with shareholder dollars should be disclosed."

Lee Saunders, president of AFSCME and chair of the AFSCME Employees Pension Plan's Pension Committee, stated, "Lobbying disclosure is in both companies' and shareholders' best interests and will help ensure corporate assets are used in the best interest of the company and its shareholders. There's a saying that if you're ashamed to talk about it, then maybe you shouldn't be doing it. Companies already have this lobbying information so disclosure wouldn't be difficult."

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 10 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

² Adam Bonica, "Avenues of Influence: On the Political Expenditures of Corporations and Their Directors and Executives," December 3, 2013.

Exchange Council (ALEC) to influence legislation and regulation at the state level such as their attack on renewable energy regulation. We believe it is timely and appropriate for companies to be much more transparent.”

This is the fourth year proposals asking for lobbying disclosure were filed by investors. In 2013, 70 proponents filed 50 proposals, and the 40 that went to vote averaged 26 percent support. For 2012, 46 proponents filed 38 proposals, and the 20 that went to vote averaged 24 percent. And in 2011, the AFSCME Employees Pension Plan filed six proposals and the five that went to vote averaged 24 percent. The proposals led many companies to improve their lobbying disclosure, leading to settlements and improved disclosure at more than 25 companies, including 3M, Accenture, Amgen, Bristol-Myers Squibb, Endo Health Solutions and St. Jude Medical.

Sixty investors joined in filing and co-filing the resolution seeking comprehensive disclosure of corporate lobbying. 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 the company’s behalf by trade associations.
2. Payments used for lobbying and 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 2014 are:

Abbott Laboratories (ABT)	Dominion Resources Services (D)	Philip Morris International (PM)
Accenture (ACN)	EBay Inc. (EBAY)	Raytheon (RTN)
Alliant Techsystems (ATK)	Emerson Electric (EMR)	Reynolds American (RAI)
Allstate (ALL)	ExxonMobil Corporation (XOM)	Sallie Mae (SLM Corporation)(SLM)
Altria Group (MO)	Facebook (FB)	Time Warner Cable (TWC)
Ameren (AEE)	FirstEnergy (FE)	United Parcel Service (UPS)
Amgen (AMGN)	General Dynamics (GD)	United Technologies (UTX)
AT&T (T)	Google (GOOG)	UnitedHealth Group (UNH)
Bank of America (BAC)	Honeywell (HON)	Verizon Communications (VZ)
BlackRock (BLK)	IBM (IBM)	VISA U.S.A. Inc. (V)
Boeing (BA)	JPMorgan Chase (JPM)	Wal-Mart (WMT)
Celgene (CELG)	Lorillard (LO)	Yahoo (YHOO)
Chevron (CVX)	Marathon Oil Company (MRO)	
Citigroup (C)	Marathon Petroleum (MPC)	
Comcast (CMCSA)	Morgan Stanley (MS)	
ConocoPhillips (COP)	Norfolk Southern (NSC)	
CVS Caremark Corporation (CVS)	Peabody Energy (BTU)	
Devon Energy (DVN)		

Filers of Lobbying Disclosure Resolutions

Public Pension Funds

State of Connecticut Treasurer's Office
New York State Common Retirement Fund

Labor Pension Plans and Organizations

AFSCME Employees Pension Plan
AFL-CIO
CTW Investment Group
United Steelworkers

Asset Management Companies

Boston Common Asset Management
Domini Social Investments
First Affirmative Financial Network
Green Century Funds
Rockefeller and Co.
Sustainability Group, Loring, Wolcott & Coolidge
Trillium Asset Management
Walden Asset Management
Zevin Asset Management

Foundations

Brainerd Foundation
Center for Community Change
Christopher Reynolds Foundation
Edward W. Hazen Foundation
Haymarket People's Fund
Lemmon Foundation
Max and Anna Levinson Foundation
Merck Family Fund
Needmor Fund
Oneida Tribe of Indians Trust Fund
Russell Family Foundation
Tides Foundation

Non-Profit Institutional Investors

Manhattan Country School

Religious Filers

Benedictine Sisters Charitable Trust,
Boerne, TX

Benedictine Sisters of Baltimore –
Emmanuel Monastery
Benedictine Sisters of Mount St. Scholastica
Catholic Health East
Community Church of New York
Congregation of Divine Providence, San Antonio, TX
Congregation of Divine Providence, San Antonio, TX
Congregation of Sisters of St. Agnes
Congregation of the Sisters of the Holy Cross
Congregation of the Sisters St. Joseph of Brighton
Dignity Health
Episcopal Church
First Parish Unitarian Universalist, Cambridge, MA
First Unitarian Congregational Society in Brooklyn
Friends Fiduciary Corporation
Glenmary Home Missioners
Marianist Province of the United States
Maryknoll Fathers and Brothers
Mercy Investment Services
Missionary Oblates of Mary Immaculate
Monasterio Pan de Vida
Providence Trust
Province of St. Joseph of the Capuchin Order
Sisters of Charity of the Blessed Virgin Mary
Sisters of Notre Dame
Sisters of Notre Dame de Namur, Boston
Sisters of the Holy Family, CA
Sisters of the Holy Spirit and Mary Immaculate
Unitarian Universalist Association

Individuals

Gun Denhart
Gwendolen Noyes
Ronald Trimmer

Proposal Example – Google

Whereas, we believe it is important that Google’s lobbying positions, and processes to influence public policy, are transparent. Public opinion is skeptical of corporate influence on Congress and public policy and controversial lobbying activity may pose risks to our company’s reputation.

Google spent approximately \$31.35 million in 2010, 2011 and 2012 on federal lobbying, according to Senate reports. But this figure may not include grassroots lobbying to influence legislation by mobilizing public support or opposition. Also, not all states require disclosure of lobbying expenditures. The reports also do not include contributions to tax-exempt organizations which write and endorse model legislation.

Resolved, the shareholders of Google request the Board authorize the preparation of a report, updated annually, and disclosing:

2. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
3. Payments by Google used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
4. Google’s membership in and payments to any tax-exempt organization that writes and endorses model legislation.
5. Description of the decision making process and oversight by management and the Board for making payments described in sections 2 and 3 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 Google 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 Board oversight committees and posted on the company’s website.

Supporting Statement

We encourage transparency about the ways corporate funds influence legislation and regulation, directly and indirectly. We commend Google for updating disclosure on its website on political spending and lobbying but the company still does not disclose details about lobbying through trade associations, maintaining secrecy about its payments used for lobbying by these associations.

For example, the U.S. Chamber of Commerce spent over \$1 billion in lobbying since 1998, yet any Google funding of the Chamber is secret. The Chamber has also sued the EPA for its work on climate regulation.

In addition, Google reportedly sits on a task force of the American Legislative Exchange Council (ALEC) which has launched a “high priority campaign” to repeal renewable energy standards in states.

In contrast, Google’s website publicly affirms its commitment to “protecting the environment.”

It is in Google’s best interests to review its public policy advocacy and oversight and expand its public disclosure about third party lobbying.