

2014 Shareholder Proposal to Google Calls for Greater Lobbying Disclosure

April 16, 2014 – This resolution asks Google to expand disclosure on policies and procedures governing lobbying activities, as well as expenditures for direct and indirect lobbying through trade associations and tax exempt organizations. Walden Asset Management (Walden), a division of Boston Trust & Investment Management Company, is the primary sponsor of the shareholder proposal (item #5 in Google's 2014 proxy statement). Co-sponsors include, among other investors: Connecticut Retirement Plans and Trust Funds; The Sustainability Group of Loring, Wolcott & Coolidge; and the Unitarian Universalist Association.

The resolution is not a criticism of Googles' lobbying activities, but rather a call for more transparency and leadership. The proponents believe that comprehensive lobbying disclosure is necessary for investors to fully assess the risks and opportunities associated with the use of shareholder funds to influence public policy.

While we commend Google for enhancements to its reporting on lobbying and political expenditures, important gaps remain, such as:

- Details of trade association payments, including the portion of dues used for lobbying and other public policy purposes;
- Lobbying expenditures by Google's Motorola Mobility subsidiary, representing an additional \$1.7 million in both 2012 and 2013; and,
- An evaluation of the strategic importance of its public policy advocacy, or how it assesses the success of these efforts related to the Internet as well as other issues they lobby on (e.g. immigration, taxes, renewable energy, and STEM education).

Lobbying transparency is essential for Google, one of the top five corporate lobbyists in the past two years with federal lobbying expenditures exceeding \$30 million (*OpenSecrets.org*). Over the last five years, Google's federal lobbying expenditures increased approximately 250 percent. The company has also hired more than one hundred lobbyists and plans to open a new Capitol Hill office comparable to the size of the White House¹.

Like most companies, Google states that membership in a trade organization does not equate to an endorsement of all of its positions. Nonetheless, such relationships can pose business and reputational risks to Google. In 2011, for example, the proposed Stop Online Piracy Act (SOPA) endangered Google's business model. Yet Google is a member of the U.S. Chamber of Commerce, which vigorously supported SOPA.

¹ http://www.washingtonpost.com/politics/how-google-is-transforming-power-and-politicsgoogle-once-disdainful-of-lobbying-now-a-master-of-washington-influence/2014/04/12/51648b92-b4d3-11e3-8cb6-284052554d74 story.html

Google, a recognized leader on corporate social responsibility, sometimes funds organizations with positions that are contrary to its own policies and commitments. For example, Google has a high profile and commendable goal to power its company entirely with renewable energy. However, the American Legislative Exchange Council (ALEC), a prominent and controversial organization that Google helps fund, has drafted and promoted legislative roadblocks to renewable energy through its opposition to Renewable Portfolio Standards bills. Additionally, the U.S. Chamber has actively lobbied against climate legislation and continues to not embrace the scientific consensus that <u>climate change is caused by human forces</u>. These commitments send a mixed message to all stakeholders, particularly since Google has not spoken out in opposition to the Chamber's positioning on climate change policy.

This shareholder resolution calls on Google, one of the largest corporate lobbyists in the U.S., to extend its leadership in the public policy arena by enhancing disclosure of lobbying decision-making and activities.

Annual Meeting Information

The Annual Meeting of the Stockholders of Google Inc. will be held at the office of the Company, 1600 Amphitheatre Parkway, Mountain View, California 94043 on Tuesday, Wednesday, May 14, 2014 at 2:00 p.m. Pacific Standard Time.

Link to Google's 2014 proxy containing the company's statement of opposition on page 55: http://www.sec.gov/Archives/edgar/data/1288776/000130817914000114/lgoogle2014_def14a.htm

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About Walden Asset Management

Walden is the sustainable and responsible investment (SRI) practice of Boston Trust & Investment Management Company, an employee-owned investment management company. Walden has been a leader since 1975 in integrating environmental, social and governance (ESG) research and engagement into the investment process. Walden advocates for improved corporate policies and practices on behalf of clients through shareholder engagement strategies and public policy advocacy. For more information, please visit www.waldenassetmgmt.com.

Text of Lobbying Disclosure Resolution

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:

- 1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
- 2. 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.
- 3. Google's 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 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.