



**Walden Asset Management**  
*Advancing sustainable business practices since 1975*

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## **Institutional Investors Continue to Press Companies for Disclosure of Lobbying In 2018**

*Shareholder resolutions filed with 50 companies by 74 institutional and individual investors*

March 9, 2018 — Corporate lobbying disclosure remains a top shareholder proposal topic for 2018. A coalition of at least 74 investors have filed proposals at 50 companies asking for lobbying reports that include federal and state lobbying payments, payments to trade associations used for lobbying, and payments to any tax-exempt organization that writes and endorses model legislation.

Corporate lobbying to influence laws and regulations affect all aspects of the economy, on issues from climate change and drug prices to financial regulation, immigration and workers' rights. Over \$3.3 billion in total was spent on federal lobbying in 2017, with companies spending about \$2.6 billion. And companies also spend more than \$1 billion yearly on lobbying at the state level. State lobbying is far less visible and transparent than federal lobbying. And trade associations spend over \$100 million annually lobbying indirectly on behalf of companies. For example the U.S. Chamber of Commerce has spent over \$1.4 billion on lobbying since 1998.

Investors are concerned lobbying can pose reputational risks if it contradicts a company's publicly stated positions, an example of values incongruity. A company's reputation is an important component of shareholder value. According to the Conference Board, companies with a high reputation rank perform better financially than lower ranked companies, and executives find it is much harder to recover from a reputational failure than to build and maintain reputation. Without openness and transparency, corporate lobbying can be used to promote public policy objectives that can pose reputational risks.

A major focus for the investor coalition is undisclosed payments for trade association lobbying. In some cases, a trade association may actively lobby for issues that are contrary to a company's public statement or values. Investors advancing these resolutions believe management needs to review trade association memberships to assess whether a trade association is accurately representing the company's interests and policy positions and should have procedures in place to manage conflicts when a trade association's position strongly differs from the company on a priority issue. The 2018 lobbying resolutions capture many of these potential trade association value misalignments in the supporting statements.

Climate, drug pricing and tobacco are clear examples of values misalignment risk. Many companies have programs to address climate change, yet are also members of the Chamber of Commerce, which has consistently opposed legislation and regulation to address climate change. Many pharmaceutical companies publicly support a patient's access to affordable medicines, yet also funded the Pharmaceutical Research and Manufacturers of America's \$100 million campaign that defeated a California lower drug price initiative. And many of these companies support smoking cessation, while at the same time funding the Chamber of Commerce, which has lobbied against global antismoking laws.

And trade associations have also lobbied to undermine shareholder rights. Many companies belong to the Business Roundtable, which is lobbying against investors' right to file shareholder resolutions. And a third party group like the American Legislative Exchange Council (ALEC) also presents reputational risks for promoting bills that undermine regulations on climate change, raising the minimum wage and workplace safety.

The 2018 proposals have been filed at companies that have some or all of the following characteristic: significant lobbying spending, lack of trade association disclosure and controversial lobbying. Since 2012, coalition investors have filed over 340 shareholder proposals which have averaged over 25 percent in voting support and at the same time produced nearly 70 mutually agreed settlements for improved disclosure. The investor coalition is comprised of public pension funds, labor funds, asset managers, individual investors, international investors, foundations and religious investors, many whom are members of the Interfaith Center for Corporate Responsibility. This initiative is coordinated and supported by AFSCME and Walden Asset Management, of Boston Trust & Investment Management Company.

**The 50 Companies Receiving Lobbying Disclosure Resolutions for 2018 are:**

AbbVie (ABBV)	Consolidated Edison (ED)	Morgan Stanley (MS)
Aetna (AET)	Devon Energy (DVN)	Motorola Solutions (MSI)
Alkermes Plc (ALKS)	Dicks Sporting Goods (DKS)	Nucor Corporation (NUE)
Alphabet (GOOG)	Duke Energy (DUK)	Pfizer (PFE)
American Water Company (AWK)	Eli Lilly (LLY)	SCANA Corp (SCG)
AT&T (T)	Emerson Electric (EMR)	SNC-Lavalin (SNC)
Atmos Energy (ATO)	Encana (ECA)	Textron (TXT)
Bank of America (BAC)	Exxon Mobil (XOM)	Travelers Companies (TRV)
BlackRock (BLK)	FedEx (FDX)	Tyson Foods (TSN)
Boeing (BA)	FirstEnergy (FE)	United Parcel Service (UPS)
Bombardier Inc. (BBD.D)	Ford Motor (F)	UnitedHealth Group (UNH)
CenturyLink (CTL)	Franklin Resources (BEN)	Verizon (VZ)
Charter Communications (CHTR)	Goldman Sachs (GS)	Vertex Pharmaceuticals (VRTX)
Chesapeake Energy (CHK)	Goodyear Tire & Rubber (GT)	Walt Disney Company (DIS)
Chevron (CVX)	Honeywell (HON)	
Citigroup (-C-)	IBM (IBM)	
Comcast (CMCSA)	Imperial Oil (IMO)	
ConocoPhillips (COP)	McKesson (MCK)	

## **Filers of lobbying disclosure resolutions for 2018 include:**

### ***Public Pension Funds***

New York State Common Retirement Fund  
City of Philadelphia Public Employees  
Retirement System  
The Employees' Retirement System of Rhode  
Island

### ***International Asset Managers and Pensions***

ACTIAM (Netherlands)

### ***Labor Pension Plans and Organizations***

AFL-CIO  
CTW Investment Group  
International Brotherhood of Teamsters  
UAW Retiree Medical Benefits Trust  
United Steelworkers

### ***Asset Management Companies***

Azzad Asset Management  
Boston Common Asset Management  
Dana Investment Advisers  
Domini Social Investments  
First Affirmative Financial Network  
Fresh Pond Capital  
Investor Voice  
Pax World Management Corp.  
Rockefeller and Co.  
Sustainability Group, Loring, Wolcott &  
Coolidge  
Walden Asset Management  
Walden Equity Fund  
Zevin Asset Management

### ***Foundations***

444S Foundation  
Brainerd Foundation  
Daniel Altschuler 1986 Trust  
Lemmon Foundation  
Max and Anna Levinson Foundation  
Merck Family Fund  
Nathan Cummings  
Needmor Fund  
The Oneida Tribe of Indians Trust Fund for the  
Elderly  
Swift Foundation  
Tides Foundation

### ***Non-Profit Institutional Investors***

Center for Community Change  
Dwight Hall Socially Responsible Investment  
Fund at Yale

SHARE (Shareholder Association for Research  
& Education)

### ***Religious Filers***

Benedictine Sisters of Baltimore – Emmanuel  
Monastery  
Benedictine Sisters of Chicago  
Benedictine Sisters of Mount St. Scholastica  
Benedictine Sisters of Virginia  
Benedictine Sisters, Sacred Heart Monastery  
Community Church of New York  
Congregation of Benedictine Sisters, Boerne,  
TX  
Congregation of Sisters of St. Agnes  
Congregation of St. Joseph  
Congregation of the Sisters of the Holy Cross,  
Indiana  
Congregation of the Sisters of St. Joseph of  
Brighton  
Daughters of Charity, Province of St. Louise  
Dominican Sisters of Hope  
First Parish in Cambridge – Unitarian  
Universalist  
Friends Fiduciary Corporation  
Glenmary Home Missioners  
Grand Rapids Dominicans  
Mercy Investment Services  
Missionary Oblates of Mary Immaculate  
Monasterio De San Benito  
Monasterio Pan de Vida  
Northwest Women Religious Investment Trust  
Oblate International Pastoral Investment Trust  
Province of St. Joseph of the Capuchin Order  
School Sisters of Notre Dame Cooperative  
Investment Fund  
Sinsinawa Dominicans  
Sisters of Notre Dame  
Sisters of Notre Dame de Namur-Boston  
Sisters of St. Francis Charitable Trust  
Sisters of St. Francis of Philadelphia  
Sisters of the Holy Family, CA  
Sisters of the Holy Names of Jesus and Mary,  
US Ontario Province  
Trinity Health  
United Church Funds  
Ursuline Sisters of Tildonk, US Province  
Unitarian Universalist Association

### ***Individuals***

Carol Master  
Gwendolen Noyes

## 2018 Lobbying Disclosure Resolution Filed at ExxonMobil

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

**Resolved**, the shareholders of ExxonMobil request 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 ExxonMobil 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. ExxonMobil's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management's and the Board's decision making process and oversight 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 ExxonMobil 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 and posted on ExxonMobil's website.

### Supporting Statement

We encourage transparency and accountability in ExxonMobil's use of corporate funds to influence legislation and regulation. Since 2010, ExxonMobil has spent over \$94 million on federal lobbying. These figures do not include lobbying expenditures to influence legislation in states, where ExxonMobil also lobbies in 33 states ("Amid Federal Gridlock, Lobbying Rises in the States," *Center for Public Integrity*, February 11, 2016), but disclosure is uneven or absent. For example, ExxonMobil has spent over \$3.6 million lobbying in California since 2010, and its lobbying on California's cap and trade bill attracted media attention ("Businesses Spent Millions Lobbying Before Cap-and-Trade Vote," *E&E News*, July 26, 2017).

ExxonMobil is a member of the American Petroleum Institute (API), Business Roundtable and National Association of Manufacturers, which together spent over \$74 million on lobbying for 2015 and 2016. ExxonMobil does not disclose its memberships in, or payments to, trade associations, or the amounts used for lobbying. We are concerned that ExxonMobil's lack of trade association lobbying disclosure presents reputational risks. For example, API and ExxonMobil have drawn scrutiny for lobbying against stricter benzene regulation ("Oil Companies Leaking Benzene Lobbied against Pollution Rules," *International Business Times*, September 6, 2017).

And ExxonMobil is a member of the American Legislative Exchange Council (ALEC), and its ALEC membership has drawn media focus ("Exxon Continued Paying Millions to Climate-Change Deniers under Rex Tillerson," *Huffington Post*, January 9, 2017). Over 100 companies have publicly left ALEC, including BP, ConocoPhillips and Shell.