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INSTITUTIONAL INVESTORS CONTINUE TO PRESS COMPANIES FOR DISCLOSURE OF LOBBYING IN 2015

*Shareholder resolutions filed with 53 companies by
65 institutional and individual investors*

Boston, MA — Corporate lobbying disclosure remains a top shareholder proposal topic for 2015, as more than 60 investors have filed proposals with more than 50 companies asking for lobbying disclosure 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.

In 2014, resolutions relating to corporate political activity of a company were the most common shareholder proposal put forth during the proxy season for the fourth consecutive year, and it is expected that these will be one of the most popular shareholder proposal topics for 2015 proxy season. The bulk of political spending resolutions fall under two categories, either requesting disclosure of lobbying expenditures or seeking disclosure of political contributions.

Reflecting investors' interest in disclosure of corporate political spending, a rulemaking petition at the Securities and Exchange Commission (SEC) to require disclosure of corporate political spending has received a record level of support for SEC rulemaking, with more than 1,100,000 comment letters submitted – the vast majority in support.

Proponents of the lobbying resolution believe that disclosure allows shareholders to evaluate whether lobbying is consistent with a company's expressed goals and being done in the best interests of the company and shareholders. Corporate reputation is an important component of shareholder value, and controversial lobbying activity can pose serious reputational risks.

One large disclosure gap is undisclosed company payments to trade associations used to lobby. Trade associations do not have to disclose their members or source of funds used for lobbying, and the amounts are substantial. Undisclosed trade association payments used to lobby allow companies to influence policy anonymously. The amounts of corporate contributions that trade associations spend on lobbying are very large. For

example, the Chamber of Commerce spent \$124 million to lobby in 2014 and has spent over \$1 billion on lobbying since 1998. To ensure company payments used by trade associations are being monitored, investors are asking companies to disclose all of their payments to trade associations that are used to lobby.

The proposals also continue to focus on reputational risks from involvement in the American Legislative Exchange Council (ALEC). ALEC is a tax-exempt organization that convenes state lawmakers and corporations to approve model legislation that has included controversial bills on Voter ID, anti-immigration, reversing state regulations on renewable energy and blocking EPA regulation. Reflecting the importance of companies managing reputational risks of third party memberships, more than 100 companies have announced leaving ALEC, including Ameren, eBay, Emerson Electric, Facebook, Google, Microsoft, Northrop Grumman, Occidental Petroleum and Yahoo. Prominent continuing ALEC members receiving 2015 proposals include: AT&T, Chevron, Comcast, Dominion Resources, ExxonMobil, Honeywell, Time Warner Cable and United Parcel Service.

Opponents of disclosure, which have included many of the largest trade associations, have claimed that disclosure is a form of silencing speech.¹ Yet disclosure does not prohibit corporate lobbying but instead enables shareholders to evaluate whether the lobbying is in the best interests of the company and shareholders. Undisclosed political spending can present reputational risk, and shareholder proponents are seeking lobbying disclosure to ensure that boards of directors are monitoring this risk.

This is the fifth year proposals asking for lobbying disclosure were filed by investors. In 2014, 60 proponents filed 49 lobbying disclosure proposals, and the 38 proposals went to vote averaging 26 percent support. In 2013, 70 proponents filed 50 proposals, and the 40 that went to vote averaged 25 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 have led many companies to improve their lobbying disclosure, leading to settlements and improved disclosure at more than 35 companies.

Sixty-five investors joined in filing and co-filing the resolution seeking comprehensive disclosure of corporate lobbying. This initiative is coordinated and supported by AFSCME and Walden Asset Management, a division of Boston Trust & Investment Management Company.

¹ Kenneth Doyle, "Chamber Fights Back Against Pressure to Disclose Corporate Political Spending," BNA, December 5, 2014.

Among companies receiving lobbying disclosure resolutions for 2015 are:

Alexion Pharmaceuticals (ALXN)	DuPont (DD)	Monsanto (MON)
Ameren (AEE)	Eastman Chemical (EMN)	Morgan Stanley (MS)
American Express (AXP)	Emerson Electric (EMR)	Motorola Solutions (MSI)
Apple (AAPL)	Exelon (EXC)	Philip Morris (PM)
AT&T (T)	Express Scripts (ESRX)	Pinnacle West Capital (PNW)
Bank of America (BAC)	ExxonMobil Corporation (XOM)	Raytheon (RTN)
BlackRock (BLK)	Facebook (FB)	Spectra Energy (SE)
Boeing (BA)	First Energy (FE)	Time Warner Cable (TWC)
Capital One Financial (COF)	GEO Group (GEO)	Tyson Foods (TSN)
Celgene (CELG)	Goldman Sachs (GS)	United Parcel Service (UPS)
CenterPoint Energy (CNP)	Google (GOOG)	Valero Energy (VLO)
Charles Schwab Corporation (SCHW)	Home Depot (HD)	Wal-Mart (WMT)
Cheniere Energy (LNG)	Honeywell (HON)	Walt Disney Company (The)(DIS)
Chevron (CVX)	IBM (IBM)	Wells Fargo & Company (WFC)
Citigroup -C-	JPMorgan Chase (JPM)	
Comcast (CMCSA)	Lockheed Martin (LMT)	
ConocoPhillips (COP)	Marathon Oil Company (MRO)	
CONSOL Energy (CNX)	Marathon Petroleum (MPC)	
Devon Energy (DVN)	MasterCard (MA)	
Dominion Resources (D)		

Filers of Lobbying Disclosure Resolutions Include:

Public Pension Funds

State of Connecticut Treasurer's Office
New York State Common Retirement Fund
City of Philadelphia Public Employees Retirement System

Labor Pension Plans and Organizations

AFSCME Employees Pension Plan
AFL-CIO
CTW Investment Group
Le Fonds de Solidarité
UAW Retiree Medical Benefits Trust
United Steelworkers

Asset Management Companies

Domini Social Investments
First Affirmative Financial Network
Green Century Funds
Nelson Capital
Pax World Fund
Sonnen Capital
Sustainability Group, Loring, Wolcott & Coolidge
Trillium Asset Management
Walden Asset Management
Zevin Asset Management

Foundations

Brainerd Foundation
Center for Community Change
Edward W. Hazen Foundation
Haymarket People's Fund
Lemmon Foundation
Max and Anna Levinson Foundation
Merck Family Fund
Needmor Fund
New Economy Project
Oneida Tribe of Indians Trust Fund for the Elderly
Russell Family Foundation
Swift Foundation
Tides Foundation

Non-Profit Institutional Investors

As You Sow
Manhattan Country School

Religious Filers

Benedictine Sisters Charitable Trust, Boerne, TX
Benedictine Sisters of Baltimore – Emmanuel Monastery
Benedictine Sisters of Mount St. Scholastica
Benedictine Sisters of Virginia
Community Church of New York
Congregation of Sisters of St. Agnes
Congregation of the Sisters of Charity of the Incarnate Word, San Antonio
Congregation of the Sisters of St. Joseph of Brighton
Convent Academy of the Incarnate Word
Everence Financial
First Parish in Cambridge – Unitarian Universalist
First Unitarian Congregational Society in Brooklyn
Friends Fiduciary Corporation
Glenmary Home Missioners
Maryknoll Fathers and Brothers
Mercy Investment Services
Missionary Oblates of Mary Immaculate

Providence Trust
Province of St. Joseph of the Capuchin Order
Sisters of Notre Dame
Sisters of Notre Dame de Namur-Boston
Sisters of St. Francis of Philadelphia
Sisters of the Holy Family, CA
Trinity Health
Unitarian Universalist Congregation at Shelter Rock
Unitarian Universalist Association
Unitarian Universalist Service Committee

Individuals

Bill Fleming
Gwendolen Noyes
Ronald Trimmer
