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## TARGET & BEST BUY ANNOUNCE NEW POLICIES ON POLITICAL SPENDING FOLLOWING CONTROVERSY ABOUT MINNESOTA FORWARD CONTRIBUTIONS

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**Target Corporation (NYSE: TGT) and Best Buy (NYSE: BBY)** have revised their policies on political spending in the aftermath of the nationwide controversy that erupted following last summer’s contributions to MN Forward, an independent political committee that funneled money to a gubernatorial candidate known for his extreme opposition to lesbian and gay civil rights. The new policies culminate months of review by both companies.

Target and Best Buy made contributions of \$150,000 and \$100,000, respectively, to MN Forward. After the contributions were disclosed in state filings, Target in particular drew the ire of retail consumers, gay rights organizations, and those concerned with the proliferation of corporate political spending in the aftermath of the US Supreme Court’s *Citizens United* decision in 2010. A nationwide boycott ensued. Target’s CEO Gregg Steinhafel issued an apology, but the company did not ask for its funds to be returned.

The contributions also disturbed the company’s shareholders. Trillium Asset Management (“Trillium”), Walden Asset Management (“Walden”), the Calvert Group and Domini Social Investments, quickly filed shareholder proposals at Target, Best Buy and Pentair and 3M as well\*, two other companies that gave large donations to MN Forward. Numerous shareholders joined in co-filing the resolutions, including foundations, religious investors, additional investment firms and individuals.

“Political spending and corporate lobbying deserves full and complete disclosure since companies are increasingly proactive in influencing public policy and impacting elections”, said Timothy Smith, Senior Vice President at Walden Asset Management. Smith stated.

### The Target Proposal

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\* Trillium, Walden and 21 other shareholder groups filed at Target. Trillium, Calvert, the Sisters of St. Francis and Domini filed at Best Buy. Trillium and Walden are the lead filers at 3M. Trillium is the sole filer of the Pentair proposal.

Led by Walden and Trillium, 21 investors sponsored a shareholder resolution at Target urging the Board to institute a comprehensive review of Target's political contributions, including criteria for donations to candidates and how such donations might have a negative impact on Target's reputation. The resolution asked about direct and indirect contributions to political candidates, including those passed through by trade associations to recipients like U.S. Chamber of Commerce, and also urged oversight by the Board.

In January the Board completed its review and adopted the [new policy](#) which is now on the Target website (see the "Civic Activity" section of the company's 2010 Corporate Responsibility report at <http://hereforgood.target.com/civic-activity/>)

The investors responded to the new policy by withdrawing their shareholder resolution, while urging additional transparency and reporting by Target.

Commenting on the new policy, Smith stated, "The Target board has completed its review of Target policies, oversight and reporting on political spending. While the new policy defends future political spending of company money for elections and lobbying, it does set up new checks and balances."

The shareholders remain concerned that the revised policy may not sufficiently ensure that Target will weave consideration of its stated core values -- such as respect for the environment, an inclusive culture, and fair treatment of workers -- into its criteria for making political contributions. Shelley Alpern of Trillium Asset Management stated, "Word for word, this new policy does not prohibit a repeat contribution to a candidate or organization that espouses an extreme anti-gay agenda. But we believe that Target could not fail to have learned from its mistake."

### The Best Buy Proposal

The investors who filed a similar proposal at Best Buy -- Trillium Asset Management, Domini Social Investments, Calvert Asset Management and the Sisters of St. Francis of Philadelphia -- also withdrew it this week after a dialogue with the company, and after viewing changes to the company's policy that satisfied many of their concerns. Alpern commented: "Best Buy has built more accountability into its political spending governance mechanisms. The new policy also explicitly states that alignment with the company's 'core values' will be a criteria in considering whether it will fund a candidate or a cause. Those are the safeguards we are looking for."

Alpern continued, "We will continue our discussions with Best Buy to press for additional transparency of trade association payments that are used for political purposes. This is an area where more improvement is needed."

Adam Kanzer of Domini Social Investments, a co-filer of the Best Buy proposal, commented: "The MN Forward episode highlights the significant risks companies take on when they engage in political spending without sufficient safeguards in place. We are impressed by the thorough and thoughtful review Best Buy conducted in response to our proposal, and some of the new mechanisms they have put in place to review future contributions. MN Forward is only one of many, many organizations that were set up to serve as conduits for corporate political spending. This is a cautionary tale that applies to every corporation that engages in political spending."

#### Other Proposals at 3M, Pentair

Walden and Trillium are spearheading a similar political spending proposal at **3M (NYSE: MMM)**, co-filed by a dozen investors. "While 3M has been open in discussing the issue with investors, they have not seen fit to initiate a board review of policy nor make any updated changes in its policy or reporting," Smith commented. Thus the resolution will be voted on at 3M's annual stockholder meeting. He continued: "Of particular concern is the fact that 3M sits on the Board of the U.S. Chamber of Commerce, which has aggressively attacked healthcare reform, channeled \$75 million into the last election, and fights vigorously against climate change solutions. Yet 3M supports these Chamber attacks even while they publicly portray the company as a leader on the environment and corporate responsibility."

A Trillium proposal at **Pentair (NYSE: PNR)** calls for expanded disclosure and tighter governance of political spending. Alpern said that Trillium's dialogue with the company had been "disappointing," and that her firm was unwilling to withdraw its proposal and would continue to press for more stringent policies.

#### About the Shareholder Propopents

Walden Asset Management has been a leader in socially responsive investing since 1975, managing our clients' assets to achieve their specific financial and social objectives.

Trillium Asset Management Corporation is the oldest and largest independent advisor devoted exclusively to sustainable and responsible investing.

Domini Social Investments manages funds for individual and institutional investors who wish to integrate social and environmental standards into their investment decisions.

Calvert Asset Management Company is a leader in Sustainable and Responsible Investments (SRI), offering investors among the widest choice of SRI strategies of any investment management company in the United States.

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