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INVESTORS ANNOUNCE NEW SHAREHOLDER INITIATIVE SEEKING DISCLOSURE OF COMPANY LOBBYING ACTIVITIES

BOSTON, MA – Investors today announced the filing of shareholder resolutions at 40 corporations, for votes at 2012 shareholder meetings; the resolutions urge the corporations to report on lobbying expenditures, including indirect funding of lobbying through trade associations.

The investors believe that shareholders have the right and need to understand how company resources are spent in efforts to change both elections and public policy; hence, this lobbying disclosure initiative is a natural extension of an ongoing shareholder campaign, which encourages greater political spending transparency and accountability. Specifically, the investors believe that enhanced lobbying disclosure will enable them to better evaluate business risk associated with their companies' efforts to influence regulatory and legislative processes.

This position is consistent with that of U.S. Supreme Court Justice Anthony Kennedy, who, as author of the 5 to 4 majority decision in *Citizens United v. Federal Election Commission* stated that if given prompt disclosure of political expenditures, "Shareholders can determine whether their corporation's political speech advances the corporation's interest in making profits..." While Justice Kennedy spoke of corporate expenditures aimed to influence elections, his logic applies equally to the need for lobbying disclosure.

While *Citizens United* and the focus on political expenditures have attracted a great deal of media attention, corporate lobbying expenditures extend far beyond campaign contributions. A November 2011 study by Si2, funded by the IRRIC Institute, entitled "*Corporate Governance of Political Expenditures*" found that in 2010, S&P 500 companies spent a total of \$1.1 billion on political contributions and lobbying, with \$979.3 million in federal lobbying expenditures comprising 87 percent of this spending¹.

Moreover, lobbying by trade associations to which corporations contribute is substantial, and the corporate contributions are largely unreported. In 2010 the U.S. Chamber of Commerce spent more than \$132 million lobbying, making it the country's largest lobbying group. Yet the Si2 study found that only 14 percent of S&P 500 companies disclose the portion of their trade association dues used to fund lobbying.

Thomas DiNapoli, Comptroller of the State of New York stated, "As a fiduciary, it's important that companies in which the New York State Common Retirement Fund invest are open,

¹ Heidi Welsh and Robin Young, "*Corporate Governance of Political Expenditures: 2011 Benchmark Report on S&P 500 Companies*," [Sustainable Investments Institute & IRRIC Institute](http://www.irrcinstitute.org), November 2011 (www.irrcinstitute.org).

transparent and demonstrate high standards of governance.” DiNapoli’s office oversees the \$133.8 billion state fund. “That’s why we’ve joined this year in filing resolutions urging companies to report to their investors about their lobbying priorities, oversight and corporate dollars spent.”

In fact, most companies do not provide even rudimentary disclosure on their lobbying expenditures and practices to investors. Out of the S&P 500, the IRRRC study found 64 percent of companies make no mention of lobbying activities, policies or oversight. Furthermore, the study found that only 13 companies in the S&P 500 provide investors information on how much they spend on lobbying.

Corporate lobbying has also been used to weaken shareholder rights. For example, in 2010, Chesapeake Energy participated in drafting an Oklahoma law requiring that publicly traded companies have classified boards. In both 2008 and 2009, shareholder proposals calling for the declassification of the board, or annual elections of all directors, had received majority support from shareholders. But instead of declassifying the board, Chesapeake lobbied to change Oklahoma law to require classified boards.²

Gerald McEntee, President of AFSCME stated, “The issue of lobbying and trade association payments by publicly held corporations is serious, and I am committed to pushing for real change.”

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 five years, investors increasingly have urged companies to disclose their spending aimed at influencing elections. This year investors have 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. We believe it is timely and appropriate for companies to be much more transparent.”

More than 40 investors joined in filing and co-filing the resolution seeking comprehensive disclosure of corporate lobbying; among them are New York State Common Retirement Funds; Walden Asset Management; the AFSCME Employees Pension Plan; Needmor Fund; PAX World Fund; Tides Foundation; Funding Exchange and Russell Family Foundation. Also participating are faith-based investors such as CHRISTUS Health; Catholic Health East; Midwest Capuchin Franciscans; Sisters of St. Joseph of Boston; Sisters of Notre Dame Boston; Mercy Investment Services; Glenmary Home Missioners and Sisters of Notre Dame Toledo. 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 direct lobbying as well as grassroots lobbying communications.

² “Oklahoma Board Rule Benefits Chesapeake,” *Wall Street Journal*, July 11, 2011

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 the companies receiving the shareholder resolution are 3M; Altria Group; AT&T; Bank of America; Chevron; Coca-Cola; ConocoPhillips; Devon Energy; Goldman Sachs; Johnson & Johnson; JPMorgan Chase; Occidental Petroleum; PepsiCo; Target; UPS and YUM! Brands.

The companies receiving lobbying disclosure resolutions for 2012 are

3M	ConocoPhillips	Pfizer
Abbott Laboratories	Devon Energy	PG&E
Aetna	Eli Lilly	Southern
Altria Group	General Electric	St. Jude Medical
Amgen	GEO Group	Target
AT&T	Goldman Sachs	Union Pacific
Bank of America	IBM	United Parcel Service
Caterpillar	Johnson & Johnson	UnitedHealth Group
CIGNA	JPMorgan Chase	Verizon
Chesapeake Energy	Kraft Foods	WellPoint
CVS Caremark	Northrop Grumman	Yum! Brands
Chevron	Occidental Petroleum	Zimmer Holdings
Coca-Cola	Peabody Energy	
Comcast	PepsiCo	

Filers of Lobbying Disclosure Resolutions

Pension Funds

New York State Common Retirement Fund

Labor

AFSCME Employees Pension Plan

AFL-CIO

Communications Workers of America

Service Employees International Union

Edward W. Hazen Foundation

Haymarket Foundation

Lemmon Foundation

Nathan Cummings Foundation

Needmor Fund

Russell Family Foundation

The Funding Exchange

Tides Foundation

Asset Management Companies

First Affirmative Financial Network

Green Century Funds

PAX World Funds

Sustainability Group, Loring Wolcott & Coolidge

Walden Asset Management

Zevin Asset Management

Non-Profit Institutional Investors

Manhattan Country School

Religious Filers

Catholic Health East

CHRISTUS Health

Congregation of Benedictine Sisters, San Antonio

Dubuque Franciscans

First Parish Unitarian Church, Cambridge, MA

Foundations

Brainerd Foundation

Franciscan Sisters
Glenmary Home Missioners
Jewish Voice for Peace
JOLT Coalition (Justice Organizers,
Leadership & Treasurers)
Mercy Investment Services
Mount St. Scholastica
Northwest Women Religious Investment
Trust
Province of St. Joseph of the Capuchin
Order
Sisters of Charity, New Jersey
Sisters of Charity of the Incarnate Word,
San Antonio, TX

Sisters of the Holy Names of Jesus & Mary
U.S. Ontario Province
Sisters of Notre Dame de Namur, Boston
Sisters of Notre Dame, Toledo
Sisters of St. Dominic of Tacoma
Sisters of St. Francis, Philadelphia
Sisters of St. Joseph of Boston
Unitarian Universalist Association

Individuals

Daniel Altschuler
Gwendolen Noyes
Gun Denhart

Sample Resolution Language: Devon Energy
Disclosure of Lobbying Policies and Practices

Whereas, businesses, like individuals, have a recognized legal right to express opinions to legislators and regulators on public policy matters,

It is important that our company's lobbying positions, as well as processes to influence public policy, are transparent. Public opinion is skeptical of corporate influence on Congress and public policy and questionable lobbying activity may pose risks to our company's reputation when controversial positions are embraced. Hence, we believe full disclosure of Devon's **policies**, procedures and oversight mechanisms is warranted.

Resolved, the shareholders of Devon Energy Corp. request the Board authorize the preparation of a report, updated annually, and disclosing:

1. Company policy and procedures governing the lobbying of legislators and regulators, including that done on our company's behalf by trade associations. The disclosure should include both direct and indirect lobbying and grassroots lobbying communications.
2. A listing of payments (both direct and indirect, including payments to trade associations) used for direct lobbying as well as grassroots lobbying communications, including the amount of the payment and the recipient.
3. 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 the management and Board for
 - a. direct and indirect lobbying contribution or expenditure; and
 - b. payment for grassroots lobbying expenditure.

For purposes of this proposal, a “grassroots lobbying communication” is a communication directed to the general public that (a) refers to specific legislation, (b) reflects a view on the legislation and (c) encourages the recipient of the communication to take action with respect to the legislation.

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 of the Board or other relevant oversight committees of the Board and posted on the company’s website.

Supporting Statement

As shareholders, we encourage transparency and accountability on the use of staff time and corporate funds to influence legislation and regulation both directly and indirectly as well as grassroots lobbying initiatives. We believe such disclosure is in shareholder’s best interests. Absent a system of accountability, company assets could be used for policy objectives contrary to a company’s long-term interests posing risks to the company and shareholders.

For example, a company may lobby directly or through a trade association to weaken the Foreign Corrupt Practices Act, or stop the Environmental Protection Agency from regulating climate change or trying to limit the Consumer Finance Protection Bureau.

Devon is actively involved in the American Petroleum Institute and National Association of Manufacturers – both very active lobbyists.

Company funds of approximately \$4.45 million for 2009 and 2010 supported direct federal lobbying activities, according to disclosure reports. (*U.S. Senate Office of Public Records*) This figure may not include grassroots lobbying to directly influence legislation by mobilizing public support or opposition. Also, not all states require disclosure of lobbying expenditures.

We encourage our Board to require comprehensive disclosure related to direct, indirect and grassroots lobbying.