



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

February 27, 2019

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## **Institutional Investors Continue to Press Companies for Disclosure of Lobbying In 2019**

*Shareholder resolutions filed with at least 33 companies by 70 investors*

WASHINGTON — Corporate lobbying disclosure remains a pressing shareholder proposal topic for 2019. A coalition of at least 70 investors have filed proposals at 33 companies asking for disclosure reports that include federal and state lobbying payments, payments to trade associations and social welfare groups used for lobbying and payments to any tax-exempt organization that writes and endorses model legislation. This year's campaign highlights the theme of corporate political responsibility, with a focus on climate change lobbying.

Corporate lobbying affects all aspects of the economy, including issues ranging from climate change and drug prices to financial regulation, immigration and workers' rights. Lobbying can provide decision-makers with valuable insights and data, but it can also lead to undue influence, unfair competition and regulatory capture. In addition, lobbying may channel companies' funds and influence into highly controversial topics with the potential to cause reputational harm.

More than \$3.4 billion in total was spent on federal lobbying in 2018. Companies also spend more than \$1 billion yearly on lobbying at the state level, where disclosure is far less transparent than federal lobbying. Additionally, trade associations spend over \$100 million annually, lobbying indirectly on behalf of companies. For example, the U.S. Chamber of Commerce spent \$95 million on federal lobbying in 2018 and has spent over \$1.5 billion on lobbying since 1998.

To address potential reputational and financial risk associated with lobbying, investors are encouraging companies to disclose all their lobbying payments as well as board oversight processes. We believe that this risk is particularly acute when a company's lobbying, done directly or through a third party, contradicts its publicly stated positions and core values. Disclosure allows shareholders to verify whether a company's lobbying aligns with its expressed values and corporate goals.

A major focus for the investor coalition continues to be undisclosed trade association lobbying payments because they are not required to disclose the sources of their funding. In some cases, a trade association may actively lobby for issues that are contrary to a company's public statements and values or take a controversial public stand. If this is the case, investors urge the company to publicly clarify any differences between its position and that of the trade association.

Whether a company's lobbying aligns with its values and goals captures the emerging concept of corporate political responsibility. Many corporations positively portray their climate policies and sustainability goals while their lobbying through trade associations can tell another story. For example, General Motors declares its commitment to reduce greenhouse gas emissions yet its trade association, the Alliance of Automobile Manufacturers, has lobbied to weaken fuel standards. Corporate political responsibility requires companies that embrace sustainability to be transparent about their political activity.

Regarding climate policy, there are many cases of lobbying misalignment. Companies with programs addressing climate change are also funding the Chamber of Commerce, which has lobbied consistently against effective climate change regulations. Drug pricing, net neutrality, sick leave, shareholder rights and tobacco are other areas where lobbying misalignment takes place. A drug company may support access to affordable medicines while belonging to and funding the Pharmaceutical Research and Manufacturers of America, which spends millions lobbying against affordable drug price initiatives. A telecom company that claims support for an open internet may belong to US Telecom, which is actively fighting net neutrality. Many companies belong to the Business Roundtable and National Association of Manufacturers, which lobby against the right to file shareholder proposals.

The proposals for 2019 focus on companies that lobby significantly at the federal and state levels, do not disclose their trade association lobbying payments, or are members of the American Legislative Exchange Council (ALEC), which has a record of opposing climate change policies and regulation.

Since 2011, this coalition that is comprised of religious investors, members of the Interfaith Center for Corporate Responsibility, foundations, public and labor pension funds, asset managers and individual investors has filed nearly 400 shareholder proposals. The campaign has led to more than 75 agreements to provide greater lobbying disclosure. Additionally, coalition members have engaged more than 80 companies that have left ALEC, including notable 2018 departing companies AT&T, ExxonMobil, Honeywell and Verizon. Investors have also written and held conversations with numerous companies on lobbying issues without filing resolutions. This initiative is coordinated and supported by AFSCME and Walden Asset Management, a division of Boston Trust & Investment Management Company.

**Companies Receiving Lobbying Disclosure Resolutions for 2019 are:**

AbbVie (ABBV)	Emerson Electric (EMR)	Morgan Stanley (MS)
Altria Group (MO)	Equifax (EFX)	Motorola Solutions (MSI)
American Water Works (AWK)	Exxon Mobil (XOM)	Nucor Corporation (NUE)
AT&T (T)	FedEx (FDX)	Pfizer (PFE)
Bank of America (BAC)	Ford Motor (F)	Tyson Foods (TSN)
BlackRock (BLK)	General Motors (GM)	United Continental Holdings (UAL)
Boeing (BA)	Honeywell (HON)	United Parcel Service (UPS)
CenturyLink (CTL)	IBM (IBM)	Verizon (VZ)
Chevron (CVX)	JPMorgan Chase (JPM)	Vertex Pharmaceuticals (VRTX)
Comcast (CMCSA)	Mallinckrodt (MNK)	Walt Disney Company (DIS)
Duke Energy (DUK)	MasterCard (MA)	
	McKesson (MCK)	

**Filers of lobbying disclosure resolutions for 2019 include:**

***Public Pension Funds***

State of Connecticut Treasurer's Office  
City of New York Office of the Comptroller  
City of Philadelphia Public Employees Retirement System  
The Employees' Retirement System of Rhode Island  
Seattle City Employees' Retirement Systems  
Vermont Pension & Investment Committee

***International Asset Managers and Pensions***

AP7 Seventh Swedish National Pension Fund

***Labor Pension Plans and Organizations***

AFL-CIO  
International Brotherhood of Teamsters  
United Steelworkers

***Asset Management Companies***

Azzad Asset Management  
Boston Common Asset Management  
Dana Investment Advisers  
Domini Social Investments  
First Affirmative Financial Network  
Harrington Investments  
Pax World Management Corp.  
Sustainability Group, Loring, Wolcott & Coolidge  
Walden Asset Management  
Walden Equity Fund  
Zevin Asset Management

***Foundations***

444S Foundation  
Brainerd Foundation  
Catherine Donnelly Foundation  
Educational Foundation of America  
Haymarket People's Fund  
Lemmon Foundation  
Max and Anna Levinson Foundation  
Needmor Fund  
Swift Foundation  
Tides Foundation

***Non-Profit Institutional Investors***

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

***Religious Filers***

Benedictine Sisters of Baltimore – Emmanuel Monastery  
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 Divine Providence – San Antonio, Texas  
Congregation of Sisters of St. Agnes  
Congregation of St. Joseph

Congregation of the Sisters of St. Joseph of  
Brighton, MA  
Daughters of Charity, Province of St. Louise  
Dominican Sisters of Springfield Illinois  
First Parish in Cambridge – Unitarian  
Universalist  
Friends Fiduciary Corporation  
Glenmary Home Missioners  
Grand Rapids Dominicans  
Maryknoll Sisters  
Mercy Investment Services  
Monasterio De San Benito  
Monasterio Pan de Vida  
Oblate International Pastoral Investment Trust  
Portico Benefit Services (ELCA)  
Providence Trust  
Province of St. Joseph of the Capuchin Order  
School Sisters of Notre Dame Cooperative  
Investment Fund  
Sinsinawa Dominicans  
Sisters of Charity of the Blessed Virgin Mary,  
Dubuque  
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  
Trinity Health  
United Church Funds  
Ursuline Sisters of Tildonk, US Province  
Unitarian Universalist Association

***Individuals***

Gwendolen Noyes

## 2019 Lobbying Disclosure Resolution Filed at Exxon Mobil

**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.
1. 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.
2. Description of management's and the Board's decision-making process and oversight for making payments described 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 in ExxonMobil's use of funds to lobby. ExxonMobil spent \$99.43 million from 2010 – 2017 on federal lobbying. These figures do not include state lobbying expenditures, where ExxonMobil also lobbies but disclosure is uneven or absent. For example, ExxonMobil spent \$3,860,715 on lobbying in California from 2010 – 2017. Exxon also lobbies abroad, reportedly spending between €3.75m and €4m on lobbying in Brussels for 2017 ("Revealed: ExxonMobil's Private Dinner with Cyprus' Top EU Brass," *EU Observer*, August 12, 2018).

We commend ExxonMobil for ending its membership in the American Legislative Exchange Council ("Exxon Mobil Joins Exodus of Firms from Lobbying Group ALEC," *Reuters*, July 12, 2018). However, serious disclosure concerns remain. ExxonMobil belongs to the American Petroleum Institute, Business Roundtable (BRT), Chamber of Commerce and National Association of Manufacturers (NAM), which altogether spent \$260,410,014 on lobbying for 2016 and 2017. Both the BRT and NAM are lobbying against shareholder rights to file resolutions. 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 lobbying disclosure presents reputational risks when its lobbying contradicts company public positions. For example, ExxonMobil supports the Paris climate agreement, yet was named one of the top three global corporations lobbying against effective climate policy, ("When Corporations Take Credit for Green Deeds Their Lobbying May Tell Another Story," *The Conversation*, July 17, 2018), and the Chamber undermined the Paris climate accord ("Paris Pullout Pits Chamber against Some of Its Biggest Members," *Bloomberg*, June 9, 2017). As shareholders, we believe that companies should ensure there is alignment between their own positions and their lobbying, including through trade associations.

### **About Walden Asset Management**

Walden Asset Management, a nationally recognized leader in providing environmental, social and governance (ESG) investment solutions, is the fully integrated sustainable, responsible, and impact (SRI) investment practice of Boston Trust & Investment Management Company, an employee-owned trust company. With business units that focus on institutional strategies and wealth management, Boston Trust and Walden have over \$8 billion in assets under management.