

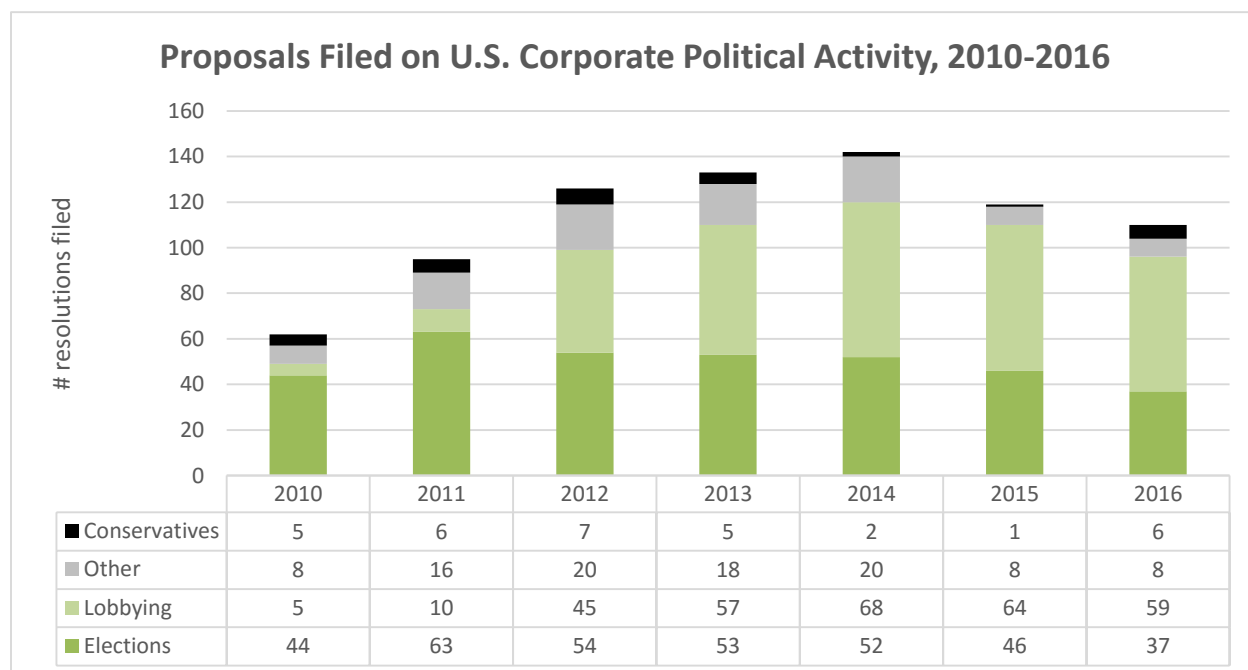


FACT SHEET:

The Investor Campaign for Corporate Political Activity Disclosure

June 2016

Between 2010 and 2016, investors have filed 787 shareholder resolutions about corporate political activity, reflecting widespread public attention to election spending and lobbying. In response to investor pressure, an increasing number of companies have put in place formal board oversight and reporting mechanisms. This fact sheet describes investor support and documents the corporate response.



- Disclosure emphasis:** The vast majority (83 percent) of proposals have asked companies for more board oversight and disclosure of corporate spending on elections or lobbying. Nearly all of the 349 proposals filed since 2010 about *elections* have used a template from the [Center for Political Accountability](#) requesting board oversight and data on both direct spending in political campaigns and indirect spending by trade associations. Since 2013, more of the disclosure proposals have asked about *lobbying* than elections; in all, 308 proposals have asked about this subject—in a campaign led by the social investing firm Walden Asset Management and the American Federation of State, County and Municipal Employees (AFSCME).

Investor support for board oversight and disclosure of election spending—both directly from companies and indirectly through nonprofit intermediaries such as trade associations—reached an all-time high of 33.2 percent in 2016. Lobbying disclosure proposals typically earn support from slightly fewer investors—about 25 percent.

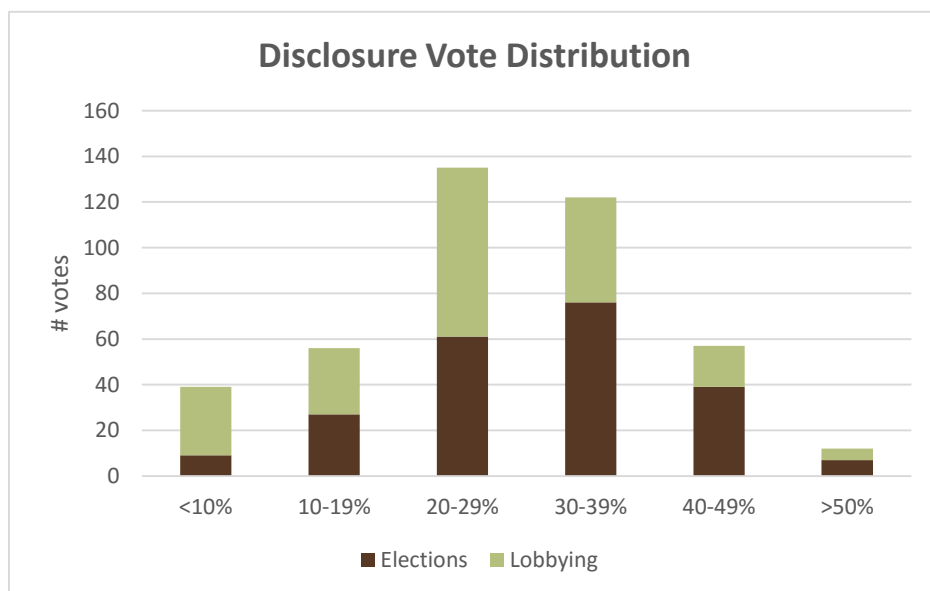
Agreements—Shareholder proponents and companies reach agreements about more disclosure and oversight most commonly about election spending—with 106 withdrawn resolutions to date; additional agreements on disclosure have occurred outside the corporate annual meeting season, however. Proponents also have negotiated agreements on lobbying and have withdrawn 81 proposals. A key stumbling block in negotiations about both types of proposals concerns so-called “dark money”—and the extent to which companies should report on their contributions to trade associations and/or other politically active non-profit groups that are not required by law to disclose their donors. These groups spend on both elections and lobbying.

- **Other proposals:** A minority of proposals (98 in all) have raised other questions about corporate political involvement. Twenty-three of them have asked for bans on spending, but few have done so recently. About the same number of resolution have asked for reports on congruency between corporate values and political spending but just one was filed in 2016. *(See table below for all proposals outside the main campaigns for more disclosure and oversight of lobbying and election spending; none of these has garnered much support.)*

| Resolutions Filed Since 2010 on Corporate Political Activity | | | | | | | | |
|--|-----------|-----------|------------|------------|------------|------------|------------|------------|
| Type of Proposal | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Total |
| Elections | 44 | 63 | 54 | 53 | 52 | 46 | 37 | 349 |
| Review/report on political spending | 44 | 61 | 53 | 49 | 49 | 43 | 34 | 333 |
| Report on indirect political spending | | 2 | 1 | 1 | 3 | 3 | 3 | 13 |
| Adopt/amend policy on indirect political spending | | | | 3 | | | | 3 |
| Lobbying | 5 | 10 | 45 | 57 | 68 | 64 | 59 | 308 |
| Report on lobbying | 3 | 9 | 40 | 53 | 49 | 52 | 47 | 253 |
| Report on political spending and lobbying | 2 | 1 | 5 | 4 | 6 | 4 | 5 | 27 |
| Review/report on climate change advocacy | | | | | 7 | 4 | 5 | 16 |
| Report on indirect lobbying | | | | | 5 | 3 | 2 | 10 |
| Lobby for and implement carbon tax | | | | | 1 | | | 1 |
| Report on lobbying and air pollution | | | | | | 1 | | 1 |
| Other | 8 | 16 | 20 | 18 | 20 | 8 | 8 | 98 |
| End political spending | 2 | 1 | 5 | 7 | 7 | 1 | | 23 |
| Adopt policy on values, political spending | | | | 9 | 8 | 4 | 1 | 22 |
| Adopt advisory vote on political spending | 1 | 5 | 8 | | | | | 14 |
| Require shareholder approval of political spending | 1 | 4 | 2 | | 3 | | | 10 |
| Disclose company official prior government service | 2 | 2 | 3 | | | | | 7 |
| Affirm political non-partisanship | 2 | 2 | 1 | | | | | 5 |
| Prohibit government service golden parachutes | | | | | | | 5 | 5 |
| Disclose political contributions in newspapers | | 2 | 1 | | | | | 3 |
| Adopt board oversight of all political spending | | | | | 1 | 1 | | 2 |
| Report on political spending and values | | | | | | | 2 | 2 |
| Report on charitable and political contributions | | | | 1 | 1 | | | 2 |
| Adopt public policy advocacy principles | | | | | | 2 | | 2 |
| Consider running for political office | | | | 1 | | | | 1 |
| Conservatives | 5 | 6 | 7 | 5 | 2 | 1 | 6 | 32 |
| Report on public policy advocacy | 5 | 6 | 5 | 3 | 1 | | | 20 |
| Report on charitable and political contributions | | | 1 | 2 | | 1 | | 4 |
| Report on political spending and values | | | | | | | 4 | 4 |
| Review indirect lobbying benefits | | | | | | | 2 | 2 |
| Take public policy action to support coal | | | | | 1 | | | 1 |
| Report on board member political activity | | | 1 | | | | | 1 |
| Total | 62 | 95 | 126 | 133 | 142 | 119 | 110 | 787 |

- Conservative groups:** Political conservatives have filed 32 resolutions since the turn of the decade, reflecting a variety of themes, but the Securities and Exchange Commission has determined two-thirds did not conform with its rules and only a dozen have gone to votes, earning scant support from other investors.

High votes: Twelve proposals asking for disclosure on lobbying and elections have earned more than 50 percent of the shares cast for and against since 2010. A look at the distribution of votes shows the depth of investor support, however—in an arena where support of 20 percent or more is deemed significant. Fully 77 percent of these proposals have earned more than this threshold.



| Votes Above 40 Percent | | | | | | | |
|--|------|------|------|------|------|------|------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Review/report on political spending | | | | | | | |
| Anadarko Petroleum | | | 41.3 | | | | |
| Cabot Oil & Gas | | | | | 44.7 | 41.3 | |
| Cardinal Health | | | | 40.2 | 41.0 | | |
| CenturyLink | | | 41.1 | | | | |
| CF Industries Holdings | | | | 66.0 | | | |
| Cisco Systems | | | | | 47.8 | | |
| Coventry Health Care | 46.0 | 44.3 | 48.6 | | | | |
| CVS Health | 41.4 | | 40.9 | | | | |
| Dean Foods | | | | | 51.8 | | |
| Duke Energy | | | | | 49.4 | | |
| Emerson Electric | | | | | 47.4 | | |
| Express Scripts | 42.0 | | | | | | |
| Fluor | | | | | | | 61.9 |
| H&R Block | | | | | 50.6 | | |
| Halliburton | | 46.5 | | | | | |
| Hess | | | | 46.0 | | | |
| Lorillard | | 45.8 | | | | | |
| McKesson | | | | 46.8 | | 43.7 | |
| NextEra Energy | | | | | | | 42.8 |
| NiSource | | | | | | 44.5 | 50.3 |
| PPL Corporation | | | | | 41.0 | 44.6 | |
| R.R. Donnelley & Sons | | 48.7 | | | | | |
| Range Resources | | | | | | | 43.3 |
| Raytheon | | | | | | 45.9 | |
| Sprint | 41.2 | 53.4 | | | | | |

| Votes Above 40 Percent | | | | | | | |
|---|------|------|------|------|------|------|------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| State Street | | 44.1 | | | | | |
| TECO Energy | | | | | 42.7 | | |
| Waste Management | | | | | | 46.7 | |
| WellCare Health Plans | | 42.5 | 52.7 | | | | |
| Western Union | | | | | 42.1 | 41.5 | 41.7 |
| Windstream | | 42.0 | 43.3 | | | | |
| Wyndham Worldwide | | | | | | | 40.1 |
| Report on lobbying | | | | | | | |
| Ameren | | | | | | 41.0 | |
| CenterPoint Energy | | | | | | 41.2 | |
| Chesapeake Energy | | | 44.7 | | | | |
| Darden Restaurants | | | | | 41.1 | | |
| Emerson Electric | | | | | 41.7 | | |
| Lorillard | | | | 44.2 | 53.7 | | |
| Marathon Oil | | | | 42.2 | 43.2 | | |
| Marathon Petroleum | | | | | 47.7 | | |
| Orbital ATK | | | | 64.8 | | | |
| Peabody Energy | | | | 42.8 | | | |
| Raytheon | | | | | | 42.6 | |
| SLM | | | | | 58.6 | | |
| Travelers | | | | | | | 43.9 |
| Valero Energy | | | | | 51.6 | | |
| Report on political spending and lobbying | | | | | | | |
| BB&T | | | | 41.7 | 41.1 | | |
| Equity Lifestyle Properties | | | | 46.3 | 40.3 | | |
| NRG Energy | | | | | | | 49.4 |
| Olin | | | | | 41.0 | | |
| Smith & Wesson Holding | | | | | 55.8 | | |
| Adopt/amend policy on indirect political spending | | | | | | | |
| Valero Energy | | | | 42.9 | | | |
| Votes are calculated from totals in companies' 8-K reports to the SEC, figured as a percentage of shares cast in favor divided by those cast for and against; companies' vote calculations may differ depending on their articles of incorporation. | | | | | | | |

Corporate Response

Since 2010, Si2 has documented the steady increase in corporate policies that address political activity, initially in two reports supported by the IRRIC Institute, [Corporate Governance of Political Expenditure: 2011 Benchmark Report on S&P 500 Companies](#) (2011) and [How Companies Influence Elections –Campaign Spending Patterns and Oversight at the S&P 500](#) (2010). (See table, next page, for key indicators.)

- Electoral spending:** As the table illustrates, it is much more common now for S&P 500 companies to have some kind of political activity policy; only 13 percent do not. Management transparency of political spending, mostly regarding electoral spending, has significantly grown since 2010, although 28 percent of the index does not explain which officials or departments make decisions on spending. Board oversight has steadily grown from only 23 percent in 2010 to 46 percent at the end of 2015. Notably, Si2's review of discernable corporate treasury spending suggests it has dropped off—about two-thirds of companies appeared to make these disbursements in 2015, down from more than three-quarters in 2011. At least some of the “dark mon-

ey” in elections does come from corporate coffers, but the total remains unknown. Stated policies on independent expenditures have grown from non-existent to being in place at 29 percent of the index—a big jump even though this still leaves a large gap in investors’ understanding of whether firms are availing themselves of their new allowance to electioneer directly. Disclosure to investors of treasury spending has jumped, as well, to 37 percent, up from 15 percent.

| Campaign Spending and Lobbying Governance in the S&P 500, 2010-2015 | | | | | |
|--|------|------|------|------|------|
| Key Performance Indicator | 2010 | 2011 | 2013 | 2014 | 2015 |
| Has any political activity policy? | 78% | 85% | 88% | 88% | 87% |
| Electoral Spending Policies and Disclosures | | | | | |
| Management transparency on decisions? * | 58% | 64% | 70% | 71% | 72% |
| Board oversight of political activity? | 23% | 31% | 42% | 46% | 46% |
| Spends from treasury on elections? | NA | 76% | 73% | 68% | 64% |
| Policy on independent expenditures? | 1% | 16% | 18% | 25% | 29% |
| Discloses treasury election \$ to investors? | 15% | 20% | 29% | 35% | 37% |
| Lobbying Policies and Disclosures | | | | | |
| Lobbying included in policy? | NA | 36% | 53% | 57% | 61% |
| Lobbying governance disclosed? | NA | NA | 39% | 44% | 47% |
| Board oversight of lobbying? | NA | NA | 16% | 19% | 23% |
| Reports on lobbying \$ to investors? | NA | 3% | 7% | 8% | 12% |
| State-specific lobbying report on website: | | | | | |
| Aggregated amount in all states? | | | | | 3% |
| States identified, no \$ amounts? | | | | | 5% |
| State-specific \$ amounts disclosed? | | | | | 0.4% |
| Non-Profit Groups | | | | | |
| Policy on trade association spending? | 14% | 24% | 39% | 46% | 51% |
| Policy on other non-profit groups? | NA | 5% | 11% | 17% | 23% |
| Bans political use of co. \$ by non-profits? | NA | 1% | 4% | 6% | 6% |
| Discloses non-profit memberships? # | NA | 20% | 29% | 36% | 40% |
| Discloses non-profit payments? # | 9% | 14% | 21% | 26% | 29% |
| *Management official making decisions on election spending identified. | | | | | |
| #Yes and Partial | | | | | |

- Lobbying**—A firm majority (61 percent) of S&P 500 companies now include mention of lobbying in their policies, and the number of firms disclosing something about lobbying governance has risen to 47 percent. Board oversight of lobbying also appears to be increasing, growing to 23 percent, up seven points from 2013. But only 12 percent report directly to investors on these expenditures; this has increased from only 3 percent.
- Non-profit groups**—In a major shift, a majority of companies now disclose a policy about trade associations’ political spending: 51 percent do so currently, up from only 14 percent back in 2010. Policies about other non-profit groups like 501(c)4s and non-profit charities such as the American Legislative Exchange Council are still uncommon but nonetheless 23 percent mention these, up from only 5 percent in 2011. It is still the case that almost no companies (just 6 percent) forbid the use of corporate funds for any types of political activity by these groups, however. But 40 percent (up from only 20 percent in 2011) now disclose at least some of the groups in which they are members, and 29 percent make at least some of their payments to politically active non-profits public—a 20-point increase from 2010.

About Si2: The Sustainable Investments Institute (Si2) provides impartial research to investor subscribers. Si2 closely follows shareholder resolutions and conducts related research—most recently an [analysis of climate change risk and political involvement by the largest U.S. electric utilities](#), with funding from the IRRIC Institute.

Contact: Heidi Welsh, Executive Director, heidi@siinstitute.org, tel. 301-432-4721 and cell 240-625-2975.