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INVESTORS PUSH TO END CORPORATE POLITICAL SPENDING

Resolutions Call for an End to Political Contributions at Chevron, Bank of America, 3M, Target, Starbucks, ExxonMobil and EQT

January 22, 2013 // Responding to the unprecedented level of outside spending in last year's election cycle, a coalition of investors stepped up their campaign to press companies to refrain entirely from making political contributions.

"The value of corporate political spending to shareholders is highly questionable, even as the risk it poses to our democracy is self-evident. It's time for companies to reverse course and simply exit this activity," said Shelley Alpern, Director of Social Research and Advocacy at Clean Yield Asset Management, one of the investment firms behind the proposals. "A number of leading companies refrain from using particular vehicles for political spending from general treasury funds. These seven shareholder proposals call for a halt to **all** political spending from general treasury funds, both direct and indirect."

Clean Yield Asset Management filed proposals at EQT Corporation, a natural gas company involved in hydraulic fracturing, and 3M. The proposal at Chevron was filed by Green Century Capital Management. Zevin Asset Management filed at ExxonMobil. Harrington Investments sponsored the proposal at Starbucks. The proposals at Target Corporation and Bank of America were filed by individual shareholders affiliated with Responsible Wealth, a project of the nonprofit organization United for A Fair Economy. This is the second year for the Bank of America, 3M, Starbucks and Target filings.

"In 2012, Chevron gave $2.5 million dollars of company funds to a Super PAC -- the single largest corporate donation to a Super PAC ever," stated Leslie Samuelrich, Senior Vice President of Green Century Capital Management. "Shareholders don't want to pay for Chevron's political preferences or contribute to the untamed spending unleashed by the *Citizens United* ruling. It's time for Chevron to listen to its shareholders and stop throwing millions of dollars into the wind."

Mike Lapham, Director of the Responsible Wealth project in Boston, said, "The 500 members of Responsible Wealth recognize that corporate money is corrupting our democracy and drowning out the voice of citizens, who are the real stakeholders in our federal, state and local government. The richest 10% of households own over 80% of all stock, so Responsible Wealth members have a particular opportunity *and* responsibility to ask companies like Bank of America and Target to cease their political giving."

Sonia Kowal, Director of Socially Responsible Investing at Zevin Asset Management, LLC, commented, "By the sheer volume of money involved, dollar democracy by corporations is drowning out individual political voices and undermining the essence of the American political system. ExxonMobil's huge political donations are symptomatic of this corrosion of democracy, so as shareholders, we have a responsibility to put a stop to this dangerous behavior."

According to the Center for Responsive Politics, so-called "independent" or outside spending in federal elections – made in support of candidates by groups with no supposed connections to their campaigns – increased nearly fivefold in 2012 from 2010, the year of the *Citizens United* decision, from nearly $300 million to $1.3 billion. "Billion-Dollar Democracy," a report released this week from Demos and the U.S. PIRG Education Fund, estimates that for-profit corporations were responsible for at least $101 million in political spending in 2012 elections, although the actual amount could be up to four times that amount, said the authors, due to vagaries in reporting requirements.

At the same time, public opposition and backlash to corporate influence in the democratic process is on the rise. In February 2010, immediately following the court's decision, an ABC News/Washington Post poll found that 80% opposed *Citizens United* across partisan lines. In October 2012, between 80-90% respondents in a Bannon Communications poll agreed, across party lines, with the following statements: there is "too much money in politics"; corporate political spending "drowns out the voices of average Americans"; corporations and corporate CEOs have "too much political power and influence"; and corporate political spending has made federal and state politics more negative and corrupt.

Several academic studies suggest campaign contributions represent a diversion of resources that may stunt the long-term growth of the company. A 2012 University of Minnesota study found that companies contributing to political action committees and other outside political groups between 1991 and 2004 grew more slowly than other firms, invested less and spent less on R&D, and were linked to poor corporate governance. A 2012 study by Professor John Coates of Harvard Law School concluded that corporate political activity results in lower corporate value, and that some CEOs appear to be spending shareholder money to advance their own future political aspirations regardless of the best interests of the company.

Dale Wannen, Portfolio Manager and Director of ESG Research at Harrington Investments, stated, "Regardless of how much is being contributed, companies simply should not be able to take investors' dollars and use them to sway political campaigns. The mere fact that this is allowed is atrocious. Companies who step up and become transparent about not retaining the option to do so will become leaders and set an example to their peers."

Some variations exist between the proposals. The Target, Bank of America, ExxonMobil, 3M, and EQT proposals call for the companies' directors to conduct a study examining the feasibility of adopting a no-spending policy, whereas the Chevron proposal call for a complete stop to political contributions. The

Starbucks proposal also calls for a complete end to political spending from treasury funds, while also calling for the company to pledge not to establish a political action committee, a vehicle for raising and spending money from employees and shareholders.

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About the Resolution Proponents

Green Century Capital Management (www.greencentury.com) is an investment advisory firm focused on environmentally responsible investing. Founded by a partnership of non-profit environmental advocacy organizations in 1991, Green Century's mission is to provide people who care about a clean, healthy planet the opportunity to use the clout of their investment dollars to encourage environmentally responsible corporate behavior. Green Century believes that shareholder advocacy is a critical component of responsible investing and actively advocates for greater corporate environmental accountability.

Clean Yield Asset Management (www.cleanyield.com) is an SEC-registered investment advisory firm working exclusively with social investors. Since its founding in 1984, Clean Yield's goal has been to invest to promote a sustainable society while achieving competitive financial returns. Its hallmark is working closely with clients to ensure that it is responsive to their unique financial requirements and personal values.

Zevin Asset Management, LLC (www.zevin.com) Zevin's first objective is to minimize losses rather than seeking to maximize gains. The firm's proprietary model of asset allocation, based on scenario forecasting, has been refined over 40 years and has resulted in strong investment results by avoiding exposure to excessive risk. Zevin's focus on environmental, social, and governance factors has also helped improve the risk/return profile of client portfolios.

Responsible Wealth (www.responsiblewealth.org) is a network of business leaders, investors, and inheritors in the richest five percent of wealth and/or income in the U.S. who believe that growing inequality is not in their best interest, nor in the best interest of society. As beneficiaries of economic policies tilted in their favor, Responsible Wealth members feel a responsibility to join with others in examining and changing the corporate and government policies that are widening the economic gap.

Harrington Investments, Inc. (www.harringtoninvestments.com) has been a leader in socially responsible investing and shareholder advocacy since 1982. The firm is dedicated to managing portfolios for individuals, foundations, nonprofits, and family trusts to maximize financial, social and environmental performance.