

# NAMING AND SHAMING

THE ESG MOVEMENT'S EFFORTS TO DEFUND TRADE ASSOCIATIONS AND PUT  
THE ADVOCACY COMMUNITY OUT OF BUSINESS

July 31, 2023

Lead Researcher - Jerome Trankle

## MEMORANDUM

To: Friends of the American Accountability Foundation

From: American Accountability Foundation, Jerome Trankle, Research Director

Date: July 31, 2023

Re: ESG aims to put trade associations, conservative groups, and lobbyists out of business.

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ESG has been in the news a lot the past couple of years. It is unlikely that anyone that works in the public policy space has not at this point at least heard of “ESG,” but many are still unaware of all the policies ESG advocates for. While much of the focus of ESG discourse has been on issues like setting greenhouse gas emissions targets and board diversity quotas, there is an issue that has received comparatively little coverage – ESG’s efforts to put trade associations, conservative groups, and lobbyists out of business.

The “S” in ESG stands for “social.” Under this broad category, ESG proponents have been pushing for increased lobbying, political spending, and “values congruency” disclosure from public companies. While increased disclosure might sound innocuous enough on the surface, the intent is much more sinister. To put it simply, ESG proponents intend to create a chilling effect against companies that make contributions to trade associations, right-of-center think tanks, and other advocacy organizations by forcing companies to disclose detailed lobbying and political spending data.

ESG’s goal is to force companies to **name** trade associations, think tanks, other non-profits, political committees, and candidates they support, so the woke mob can later **shame** companies for supporting them. The end goal (and likely result) of these naming and shaming efforts is to decrease membership in, and contributions to, any organization or individual that the left deems “incongruent” with liberal orthodoxy.

This report details the leftist ESG proponents pushing and organizing these efforts, the plainly and openly stated goals they have set, and the many shareholder resolutions introduced by these leftist ESG proponents that explicitly name and shame trade associations and other right-of-center advocacy groups.

**So, what does ESG *really* stand for? Well, if you are someone reading this report that works in the vast network of trade associations, think tanks, advocacy organizations, and lobbying firms in Washington, DC and in state capitals around the country, what ESG stands for is very clear – ESG stands for defunding corporate lobbying efforts, putting your organization out of business, and putting you out of a job.**



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## THE ESG MOVEMENT ORGANIZATIONS BEHIND NAMING AND SHAMING POLICIES

While any shareholder who meets the requirements can submit a shareholder resolution, there are three groups that have an outsized influence on pushing and organizing lobbying, election spending, and values congruence resolutions – the Corporate Reform Coalition, the *Proxy Preview* triad, and the Center for Political Accountability. Each of these groups are each ideologically motivated to suppress the speech of conservatives and business groups.

### **CORPORATE REFORM COALITION**

The Corporate Reform Coalition is a loosely organized group of 85 investors, non-profits, unions, and academics that support forcing companies to disclose lobbying, trade association, and political spending. The group is not itself an independent entity, but rather housed within the liberal non-profit group, Public Citizen. Public Citizen was founded by Ralph Nader in 1971.

The Corporate Reform Coalition website lists a Public Citizen staffer as the point of contact:<sup>1</sup>

The Corporate Reform Coalition is comprised of investors, academics, and national and state-based nonprofit organizations who are all seeking disclosure of corporate engagement in politics. For more information on the coalition or questions please contact Rachel Curley at coalition member Public Citizen: rcurley@citizen.org.

And IRS 990 data shows contributions flowing to Public Citizen “for its project, the Corporate Reform Coalition,” as seen in the below contribution disclosed by the Rockefeller Brothers Fund:<sup>2</sup>

PUBLIC CITIZEN FOUNDATION INC 1600 20TH STREET NW WASHINGTON, DC 20009	N/A	PC	FOR ITS PROJECT, THE CORPORATE REFORM COALITION	50,000
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Notable members of the Corporate Reform Coalition include a motley crew of organizations that are frequent proponents of liberal, pro-ESG shareholder resolutions, such as:

- AFSCME
- AFL-CIO
- As You Sow
- CalPERS

<sup>1</sup> Corporate Reform Coalition, [“Who We Are” Page](#)

<sup>2</sup> ProPublica Non-Profit Explorer, 2021 IRS Form 990 for the [Rockefeller Brothers Fund](#)



- Green Century Funds
- International Brotherhood of Teamsters
- New York City Comptroller
- SEIU
- Trillium Asset Management
- Zevin Asset Management

*Proxy Preview* also notes that the Corporate Reform Coalition serves as an “umbrella” for organizations that support forcing companies to disclose lobbying and political activity:<sup>3</sup>

...The umbrella Corporate Reform Coalition supports shareholder activity on corporate spending and includes other reformers concerned about preserving American democracy and supporting accountability...

## **PROXY PREVIEW**

*Proxy Preview* is composed of a triad of three liberal, pro-ESG groups – **As You Sow**, the Sustainable Investment Institute, and Proxy Impact. *Proxy Preview* puts out an annual report ahead of proxy voting season each year that outlines the strategy and priorities of the ESG Movement for that proxy season. *Proxy Preview* also lists all of the ESG shareholder resolutions that the ESG Movement plans to file for that year (542 resolutions in 2023). In effect, *Proxy Preview* serves as a centralized clearinghouse of information for the ESG Movement ahead of each annual proxy voting season.

While *Proxy Preview* is a triad of three groups, it appears to be formally housed within **As You Sow**. *Proxy Preview*’s website says that it is a trademark of As You Sow:

© 2023 – PROXY PREVIEW™ IS A TRADEMARK OF AS YOU SOW. [LEGAL / CONTACT US](#)

And IRS 990 data shows that **As You Sow** has been given grants specifically to fund the *Proxy Preview* program, such as disclosed in the 2020 990 of The Nathan Cummings Foundation:<sup>4</sup>

AS YOU SOW 2150 KITTREDGE AVE STE 450 BERKELEY, CA 94704		PC	PROXY PREVIEW 2021 SPONSORSHIP	5,000
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*Proxy Preview* has been dubbed the “Bible for socially progressive foundations, religious groups, pension funds, and tax-exempt organizations”:<sup>5</sup>

<sup>3</sup> Proxy Preview, [2023](#) Report, Page 39

<sup>4</sup> ProPublica Non-Profit Explorer, 2020 IRS Form 990 for [The Nathan Cummings Foundation](#)

<sup>5</sup> ProxyPreview.org





Proxy Preview is the “Bible for socially progressive foundations, religious groups, pension funds, and tax-exempt organizations”

—CHICAGO TRIBUNE

Proxy Preview describes themselves as “the #1 resource for shareholders looking to align their values and corporate engagement”:<sup>6</sup>



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**Proxy Preview is the #1 resource for shareholders looking to align their values and corporate engagement.**

Proxy Preview is the most comprehensive data on hundreds of shareholder resolutions - including **environmental, corporate political spending, human rights, diversity, sustainable governance issues**, and much more.

Shareholder resolutions are a key form of engagement for U.S. investors interested in changing the environmental and social impacts of companies.

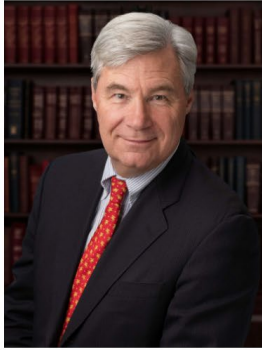
And, unsurprisingly, Proxy Preview boasts of articles written for their website by three liberal Senators – including perhaps the most notorious opponent of conservative and business free speech – Sheldon Whitehouse:<sup>7</sup>

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.



READ CONTRIBUTOR ARTICLES ONLINE INCLUDING...



Sen. Sheldon Whitehouse (D - Rhode Island)



Sen. Martin Heinrich (D - New Mexico)



Sen. Brian Schatz (D - Hawaii)

Read article: [Republican Efforts to Limit ESG Investing are Anti-Capitalist](#)

To put it plainly – *Proxy Preview* makes no effort to hide the fact that they are an arm of the ESG Movement and the organized Left.

## As You Sow

As You Sow is first among equals in the *Proxy Preview* triad. As You Sow is also a particularly radical organization that filed 106 shareholder resolutions during the 2023 proxy season.

As You Sow:

- Supports resolutions to “adopt a policy/report on linking executive compensation to ESG metrics.”
- Supports resolutions to “adopt a policy to establish net-zero GHG reduction targets.”
- Supports resolutions to “report on direct and indirect lobbying included payments, memberships in tax-exempt organization that write legislation, and management decision-making process.”
- Scores companies on a racial justice scorecard “to hold corporations accountable for implementing policies and practices aligned with their corporate statements — or lack thereof — on racial justice.”
- Engages companies “on the egregious income disparity related to CEO pay that has polarized the US economy and created wage injustice.”

Since 2020, As You Sow has received \$1.7 million from **George Soros’** Open Society Foundations:<sup>8</sup>

<sup>8</sup> Open Society Foundations, Awarded Grants, [As You Sow](#)



▼ <b>As You Sow</b>		2021	\$200,000
Description	Theme	Referring Program	
to support As You Sow's program to engage corporate boards using various binding strategies to improve environmental, social and governance standards to improve the health and safety of the workers, consumers, or other stakeholders subject to the negative impact of the companies' current practices	Economic Equity & Justice	Economic Justice Program	
	Term	Region	
	8 months	United States	
	Funder		
	Foundation to Promote Open Society		

▼ <b>As You Sow</b>		2020	\$500,000
Description	Theme	Referring Program	
to support As You Sow's program to engage corporate boards -- using various binding strategies -- to improve environmental, social and governance standards	Economic Equity & Justice	Economic Justice Program	
	Term	Region	
	6 months	United States	
	Funder		
	Open Society Institute		

▼ <b>As You Sow</b>		2020	\$1,000,000
Description	Theme	Referring Program	
to provide general support	Economic Equity & Justice	Economic Justice Program	
	Term	Region	
	6 months	United States	
	Funder		
	Foundation to Promote Open Society		

Other prominent leftwing funders include the **Tides Foundation**, which gave As You Sow \$400,000 in 2021:<sup>9</sup>

(129) AS YOU SOW 2150 KITTREDGE STREET SUITE 450 BERKELEY, CA 94704	94-3169008	501(C)(3)	400,000	0			SUSTAINABLE ENVIRONMENT
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And the **Ford Foundation**, which gave As You Sow \$325,000 in 2022:<sup>10</sup>

<sup>9</sup> ProPublica Non-Profit Explorer, 2021 IRS Form 990 for the [Tides Foundation](#)

<sup>10</sup> Ford Foundation, Awarded Grants, [As You Sow](#)



\$325,000

**As You Sow**

July 2022

General support to promote environmental and social corporate responsibility through shareholder advocacy, coalition building, and innovative legal strategies

## ***CENTER FOR POLITICAL ACCOUNTABILITY***

The Center for Political Accountability (CPA) is another important player in the ESG Movement's efforts to force companies to disclose lobbying and political expenditures.

*Proxy Preview* describes CPA as the forebear of forced political spending disclosure efforts:<sup>11</sup>

...Proponents filing resolutions about corporate political influence started asking companies to be more accountable for their spending in the political arena twenty years ago, with the launch of the Center for Political Accountability (CPA). The initial focus was on board oversight and spending disclosure, but this started to shift significantly three years ago when proponents began to look harder at where company-connected money goes and whether the viewpoints of recipients clash with stated corporate environmental and social policies...

CPA produces the CPA-Zicklin Index, which purports to be a measure of "electoral spending transparency."

The index is based on 24 metrics, most of which are invasive enough to cause a chilling effect on a company's political activities, legislative activities, and association memberships:<sup>12</sup>

#1 Does the company publicly disclose corporate contributions to political candidates, parties and committees, including recipient names and amounts given?

#2 Does the company publicly disclose payments to 527 groups, such as governors associations and super PACs, including recipient names and amounts given?

#3 Does the company publicly disclose independent political expenditures made in direct support of or opposition to a campaign, including recipient names and amounts given?

#4 Does the company publicly disclose payments to trade associations that the recipient organization may use for political purposes?

#5 Does the company publicly disclose payments to other tax-exempt organizations, such as 501(c)(4)s, that the recipient may use for political purposes?

<sup>11</sup> Proxy Preview, [2023 Report](#), Page 36

<sup>12</sup> Center for Political Accountability, [CPA-Zicklin Index](#)



#6 Does the company publicly disclose a list of the amounts and recipients of payments made by trade associations or other tax exempt organizations of which the company is either a member or donor?

#7 Does the company publicly disclose payments made to influence the outcome of ballot measures, including recipient names and amounts given?

#8 Does the company publicly disclose the company's senior managers (by position/title of the individuals involved) who have final authority over the company's political spending decisions?

#9 Does the company publicly disclose an archive of each political expenditure report, including all direct and/or indirect contributions, for each year since the company began disclosing the information (or at least for the past five years)?

#10 Does the company disclose a detailed policy governing its political expenditures from corporate funds?

#11 Does the company have a publicly available policy permitting political contributions only through voluntary employee-funded PAC contributions?

#12 Does the company have a publicly available policy stating that all of its contributions will promote the interests of the company and will be made without regard for the private political preferences of executives?

#13 Does the company publicly describe the types of entities considered to be proper recipients of the company's political spending?

#14 Does the company publicly describe its public policy positions that become the basis for its spending decisions with corporate funds?

#15 Does the company have a public policy requiring senior managers to oversee and have final authority over all of the company's political spending?

#16 Does the company have a publicly available policy that the board of directors regularly oversees the company's corporate political activity?

#17 Does the company have a specified board committee that reviews the company's policy on political expenditures?

#18 Does the company have a specified board committee that reviews the company's political expenditures made with corporate funds?

#19 Does the company have a specified board committee that reviews the company's payments to trade associations and other tax-exempt organizations that may be used for political purposes?

#20 Does the company have a specified board committee that approves political expenditures from corporate funds?

#21 Does the company have a specified board committee, composed entirely of outside directors, that oversees its political activity?



#22 Does the company post on its website a detailed report of its political spending with corporate funds semiannually?

#23 Does the company make available a dedicated political disclosure web page found through search or accessible within three mouse-clicks from homepage?

#24 Does the company disclose an internal process for or an affirmative statement on ensuring compliance with its political spending policy?

CPA is also the author of the CPA “Model Code” resolution template, which “requests that the company require reports from any third party groups to which it makes payments (527s, trade associations, and 501(c)(4) orgs) detailing the groups’ political expenditures and requests that the company publish this information on its website.”

*Proxy Preview* noted that CPA’s Model Code resolution template had been used as the basis for eight shareholder resolutions in 2023.<sup>13</sup>

CPA has received financial support from several prominent leftwing foundations, among them the Ford Foundation, which has given CPA \$515,000 since 2021. Importantly, the Ford Foundation said the “quiet part out loud” when disclosing their 2021 payment to CPA – explicitly noting that their contribution was to support CPA’s efforts to “change company political spending behavior”.<sup>14</sup>

Amount	Grantee	Approval date ▾
\$265,000	<b>Center for Political Accountability</b> General support to promote corporate political disclosure and accountability to ensure greater transparency concerning company political spending behavior	June 2023
\$250,000	<b>Center for Political Accountability</b> General operating support for its mission to promote corporate political disclosure and accountability and change company political spending behavior	April 2021

<sup>13</sup> Proxy Preview, [2023](#) Report, Page 41

<sup>14</sup> Ford Foundation, Awarded Grants, [Center for Political Accountability](#)



## THE ESG MOVEMENT’S STATED EFFORTS TO DEFUND BUSINESS AND CONSERVATIVE GROUPS

In *Proxy Preview’s* 2023 report, they note that the intent of the lobbying and political spending disclosure resolutions is to expose “dark money” that flows through trade associations and other non-profits.<sup>15</sup>

... The initial focus was on board oversight and spending disclosure, but this started to shift significantly three years ago when proponents began to **look harder at where company-connected money goes and whether the viewpoints of recipients clash with stated corporate environmental and social policies.** Oversight and at least some disclosure of direct spending is now routine for almost all large companies—even though they remain reluctant to explain how much cash flows into the political system indirectly via “dark money” channels. **This support often comes from politically active intermediaries such as trade associations and so-called “social welfare” nonprofit groups.** But the “values congruency” proposals present a new frontier and companies this year continue to grapple with a growing number of proposals on reproductive rights, as well as many on climate change policy influence...

*Proxy Preview* noted in their report the specific type of spending they are trying to expose – spending that “disproportionately support[s] Republicans in red states” – and that “these states” “reflect the increasingly radicalized agenda of the American right wing”:<sup>16</sup>

...Research by Si2 and others has established that companies spend in a deeply partisan fashion in statehouse elections; **they disproportionately support Republicans in red states,** where more corporate money flows than to any other U.S. region. It is these states which reflect the **increasingly radicalized agenda of the American right wing,** clashing with the priorities of many investors and companies about the bottom-line importance of **diversity, equity and inclusion,** but also measures to **mitigate climate change.** Also at issue are company contributions to **politicians who deny the 2020 election results** and **seek to restrict voting rights,** thus undermining our democracy. While some companies announced they would pause spending to **election deniers,** they largely have shelved that idea now...

*Proxy Preview* included a note in their report from John Keenan with AFSCME Capital Strategies. In it, Keenan specifically called out ALEC for “promoting bills that undermine regulations on climate change, raising the minimum wage and workplace safety.” Keenan also celebrated that “more than 100 companies have cut ties” with ALEC:<sup>17</sup>

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<sup>15</sup> Proxy Preview, [2023](#) Report, Page 36

<sup>16</sup> Ibid.

<sup>17</sup> Ibid. Page 39



[proxypreview]<sup>TM</sup>



## WAR ON ESG HIGHLIGHTS THE NEED FOR LOBBYING DISCLOSURE

JOHN KEENAN

Corporate Governance Analyst, AFSCME  
Capital Strategies

For 2023, proponents have filed at least 30 proposals asking for lobbying disclosure reports that include federal and state lobbying amounts, payments to trade associations and 501(c)(4) social welfare groups used for lobbying, and payments to tax-exempt organizations that write and endorse model legislation.

### Dark Money Attack on ESG

The ongoing attack on ESG demonstrates why investors need disclosure of corporate lobbying, especially payments to third parties, including nonprofit groups writing model legislation. The American Legislative Exchange Council (ALEC) has drafted [two anti-ESG model bills](#). ALEC was already controversial for promoting bills that undermine regulations on climate change, raising the minimum wage and workplace safety, and more than [100 companies have cut ties](#). Yet, hundreds of companies essentially remain represented by their trade associations as the U.S. Chamber of Commerce, PhRMA and NetChoice each sit on ALEC's [Private Enterprise Advisory Council](#).

### Risky Spending

Undisclosed, unlimited third-party spending remains an unknown risk area for investors. Risks include reputational damage for lobbying that contradicts company positions or payments to controversial groups, as well as financial fines and regulatory sanctions for illegal payments. Company payments to trade associations and social welfare groups have no restrictions, allowing companies to give unlimited amounts secretly to third party groups that spend millions on lobbying.

advocacyposition

Keenan continued to note that utility companies, in particular, were a target for increased forced disclosures by the ESG Movement. Additionally, Keenan called out tech companies for supporting conservative groups like the Federalist Society and the Independent Women's Forum:<sup>18</sup>

<sup>18</sup> Ibid.





#### Utilities Using Dark Money Groups

**FirstEnergy's** trial about \$60 million of dark-money payments led a prosecutor to conclude a social welfare group is "a perfect entity to receive a secret bribe." S&P notes the bribery scandal has increased [scrutiny of how utilities use 'dark money' groups](#). For example, **NextEra Energy** faces a complaint about secret spending in a [Florida ghost candidate scandal](#), while **DTE Energy** is under scrutiny for undisclosed payments to a social welfare group that supported [repeal of COVID emergency powers in Michigan](#). Given the number of utility dark money scandals, it is a clear risk for shareholders when utilities fail to disclose their payments to social welfare groups.

#### Demand for Tech Companies to Disclose

In 2022, shareholder proposals at Alphabet, **Amazon**, **Meta** and **Netflix** all received majority support from independently-owned shares. Proponents have refiled at Alphabet, Amazon and Meta, which together list more than 1,000 trade associations, social welfare groups and non-profit groups that get company support but do not disclose how much of these payments are used for lobbying. Support goes to controversial groups like the Federalist Society, which is [linked](#) to the war on ESG, and the Independent Women's Forum, which [reportedly has promoted "anti-trans fear mongering"](#) and assailed masking and vaccine requirements. Meta is the [sole funder of American Edge](#), a social welfare group that has received millions to fight antitrust regulation.

#### 2023 Lobbying Disclosure Campaign – Misalignments Abound

In addition to dark money risks, shareholders have ongoing concerns about cases where company lobbying contradicts publicly stated corporate positions, for both direct and indirect activity via trade associations. The 2023 proposals highlight lobbying misalignments on issues including climate change, product safety, drug pricing, workers' rights, corporate taxation, net neutrality and voting rights. Pharmaceutical, fast food, tech, telecom and utility sector companies are among the recipients of proposals.

Proxy Preview included another note by Bruce Freed and Dan Carrol of the Center for Political Accountability (CPA). They cited "climate change," "voting," "women's reproductive rights," and "guns" as issues at the forefront of corporate political spending. They noted that the media, employees, and consumers are scrutinizing corporate political spending, and that companies must "connect the dots to the ultimate destination of their money" because "if they don't, someone else will":<sup>19</sup>

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<sup>19</sup> Ibid. Page 41





## A FRAMEWORK FOR EVALUATING GOALS AND RISKS OF CORPORATE POLITICAL SPENDING

**BRUCE FREED**

*President, Center for Political Accountability*

**DAN CARROLL**

*Vice President for Programs and Counsel, Center for Political Accountability*

Companies today face a high-risk landscape for their political spending and its impact. The crisis that confronts U.S. democracy and the gridlock blocking action on a broad range of issues from [climate change](#) to [voting](#), women's reproductive rights, guns and even [democracy](#) itself has put front and center the role of company political spending in contributing to the breakdown.

It's not just investors who are closely scrutinizing a company's use of its political money but also the media, employees and consumers. How a company spends can affect its bottom line. This makes it incumbent upon management and directors to take a hard look at the consequences of their company's election-related spending, the immediate and broad risks that it poses and whether or how it should engage in political spending.

To address this, the [Center for Political Accountability](#) (CPA) has a new "[Model Code](#)" proposal that requests companies to report on their websites any election-related spending by third party groups, such as trade associations, 501(c)(4)s, super PACs or 527 groups, to which they make payments out of corporate treasury funds. The proposal has been filed at eight companies so far this proxy season with more to come.

The proposal is based on a provision in the [Model Code of Conduct for Corporate Political Spending](#) that calls on companies to fully report third-party giving. The Model Code provides a framework for companies to evaluate the goals and risks of their election-related spending, and in doing so, to align spending with both core company values and a needed commitment to democratic institutions.

The purpose of the resolution is to get companies to connect the dots to the ultimate destination of their money. If they don't, someone else will, heightening the risk they face. In the language of business, this requires that companies conduct due diligence with regard to political spending. It's a necessary implementation step to build on the disclosure that CPA has called for and to mitigate escalating risk.

Regarding the Model Code, CPA is actively speaking with companies to adopt it. The goal is to get a beachhead group to take that step and open the way for broader company adoption of the Code. This is the trajectory that has made political disclosure and accountability the norm through "private ordering."

CPA is focusing on companies that are top scoring Trendsetters or in the upper first tier in the [CPA-Zicklin Index](#). They have the robust policies that provide a strong foundation for taking the next step of adopting a framework for approaching and governing their election-related spending.

Why is this crucial today? It's incumbent that companies create an internal culture that resists the pressures and reinforces a commitment to ethical and accountable participation in our politics. It is not just a question of abiding by the law, but of acting to protect and strengthen a well-functioning democracy. The Model Code and the resolution were developed to guide that effort, to give companies greater control over their spending and serve as a heat shield to protect them.


*Proxy Preview* also included a note by Tracey Rembert of the Interfaith Center on Corporate Responsibility. Rembert laid bare the ideological intent of the ESG Movement to force more corporate lobbying disclosure. Rembert stated that due to climate change, that "a hodge-podge of voluntary efforts no longer suffices" and that "we have fewer than seven years to turn things around."

Rembert called out the energy industry explicitly, stating "one place to start is ending corporate lobbying and misinformation campaigns largely funded by the fossil fuel industry and its trade groups, which aim to thwart climate-forward legislation and regulation." She even specifically celebrated the demise of the Global Climate Coalition (GCC), after leftwing bullying forced companies to leave the association – leaving no doubt about the intent of the ESG Movement – to put trade associations and pro-business groups out of business.



Finally, Rembert threatened that “we hope companies understand that scrutiny of their political activity will only keep growing and those that continue to work against productive climate policy will likely see legal action to hold them accountable for the damage they are causing”:<sup>20</sup>

advocacyposition



**CORPORATE EFFORTS ON CLIMATE MUST INCLUDE LOBBYING**

**TRACEY C. REMBERT**  
*Associate Director, Climate Change and Environmental Justice, Interfaith Center on Corporate Responsibility*

While climate change always seems to bring troubling news, few reports in the past year are more compelling than those from scientists saying our ability to reach the Paris Agreement’s goal of 1.5°C above pre-industrial levels is pretty much out of reach. Those alarm bells have enormous implications for investors and, combined with new data on rising emissions in hotspots like the United States, mean that a hodge-podge of voluntary efforts no longer suffices. We have fewer than seven years to turn things around, and we must deploy multiple strategies to get us there.

One place to start is ending corporate lobbying and misinformation campaigns largely funded by the fossil fuel industry and its trade groups, which aim to thwart climate-forward legislation and regulation. As EDF President Fred Krupp has noted, companies should “unleash the most powerful tool they have to fight climate change: their political influence.”

Members of the Interfaith Center on Corporate Responsibility (ICCR) and other investors began engaging companies on their climate lobbying and funding of the Global Climate Coalition (GCC), whose mission was to kill the 1992 Kyoto Protocol. While the GCC ultimately succeeded in scuttling Kyoto, ICCR members succeeded in convincing GCC members like **Ford Motor** to quit the association, presaging its ultimate demise.

In recent years, ICCR members began meeting with and filing proposals on climate lobbying, asking companies to align their political activity with their stated net-zero emission goals. Shareholder concern about climate lobbying continues to increase and engagements have gone far beyond high-emitting companies to include banks, insurers, tech, logistics, advertising and other sectors.

In 2021, the shot over the bow of CEOs’ desks was several first-year resolutions that earned majority support, including at **ExxonMobil** and **Norfolk Southern**. As a result, in 2022, over three-fourths of the proposals filed were withdrawn after company commitments. In 2023, of the 20 proposals filed and tracked by both Ceres and ICCR members, fewer than half are going to a vote, and companies are still negotiating withdrawals.

The [Global Standard on Responsible Climate Lobbying](#), backed by investors and networks representing \$130 trillion in assets, provides reporting guidelines, particularly about evaluating and mitigating misalignment on climate policies.

Beyond engaging companies, investors are outlining their expectations to trade groups and helping companies to hold these groups accountable for any misalignments that would delay needed global climate policy. ICCR recently issued [guidance](#) that illustrates best practices in corporate climate lobbying to help us get to the 1.5°C goal. We hope companies understand that scrutiny of their political activity will only keep growing and those that continue to be work against productive climate policy will likely see legal action to hold them accountable for the damage they are causing.

The window to address the climate crisis may be closing; companies that choose to listen to their shareholders and unleash their power and influence to support true net-zero goals can make one of the most important contributions possible to address the climate crisis that negatively affects all their stakeholders.

## THE ESG MOVEMENT’S LOBBYING DISCLOSURE CAMPAIGNS ARE A REAL, TANGIBLE THREAT

The ESG Movement is having some degree of success in pushing for more forced lobbying and political spending disclosures, showing that these campaigns are a real threat to companies and to the advocacy community. *Proxy Preview 2023* noted that during the 2022 proxy season, the ESG Movement achieved outright majority votes at

<sup>20</sup> Ibid. Page 42



five companies to force more disclosure. Those companies were Dollar General, Gilead Sciences, Netflix, Travelers, and Twitter:<sup>21</sup>

Corporate Political Influence			
Dollar General	Review/report on election spending	John Chevedden	57.0
Gilead Sciences	Report on lobbying values congruency	Maryknoll Sisters	50.2*
Netflix	Review/report on lobbying	Boston CAM	60.4
Travelers	Review/report on lobbying	FAFN	52.7
Twitter	Review/report on election spending	NYSCEF	53.4

The ESG Movement has also been able to bully companies to reach agreements on forced disclosures before bringing the issue to a proxy vote – akin to two parties settling a lawsuit before it gets to trial. *Proxy Preview* noted that many agreements were reached in the 2022 proxy season:<sup>22</sup>

...Most of the two dozen proposals about climate lobbying were withdrawn given a plethora of agreements and high votes the year before...

...

...Investors have considered proposals about election spending oversight and disclosure since 2003 but voted on only nine in 2022, with two majorities—57 percent at Dollar General and 53.4 percent at Twitter. Thirteen of 15 withdrawals came after agreements...

And similar agreements were reached in the 2023 season:<sup>23</sup>

...Proponents have reached deals at Apple, Travelers, Visa and Walt Disney, where investors have voted annually since 2016 and the 2022 vote was 34.2 percent; the company recently expanded its reporting on trade group spending used for political purposes...

...

... James McRitchie withdrew at ServiceNow after it implemented the proposal; it will publish its first report this year. The company also had argued at the SEC that the resolution was moot...

...

... Trillium withdrew after EOG Resources agreed to provide more information about its trade associations. Mercy Investments withdrew at UPS after another agreement. UPS has received 16 proposals since 2010 about political influence, mostly on lobbying, and a somewhat more general climate lobbying proposal there received 33.2 percent in 2022. The proponent also withdrew at Kinder Morgan after an agreement, according to Ceres...

Several of these agreements were reached by the New York State Comptroller’s Office, removing any doubt that the push for forced lobbying disclosure is politically motivated:<sup>24</sup>

<sup>21</sup> Ibid. Page 85

<sup>22</sup> Ibid. Page 86

<sup>23</sup> Ibid. Page 50

<sup>24</sup> Pensions & Investments, “New York State Common wins push for disclosure of political spending,” [June 21, 2023](#)



New York State Common Retirement Fund, Albany, has withdrawn shareholder resolutions from seven companies after they agreed to disclose political spending, Thomas P. DiNapoli, the state comptroller and sole trustee of the \$242.3 billion pension fund, announced Wednesday.

The resolutions, which would have been offered for a vote at the companies' annual meetings, were withdrawn between mid-March and early May, according to information provided by the pension fund to Pensions & Investments. "In today's political climate, corporations that engage in political spending risk damaging their reputations," Mr. DiNapoli said in a news release.

"Shareholders need transparency to be able to assess whether corporate political donations align with shareholders' interests, he said. "It is imperative that companies, at a bare minimum, proactively disclose all corporate funds spent on political causes."

The companies are Match Group, Penn Entertainment, Paramount Global, Warner Bros. Discovery, Zillow Group, Zoom Video Communications and the Travelers Companies.

For all except Travelers, the companies agreed to make public all monetary and non-monetary contributions and expenditures to campaigns for or against candidates, or to influence public opinion on an election or referendum, the news release said.

Travelers agreed to publicize the information about trade associations and social welfare organizations to which Travelers pays dues of \$25,000 or more as well as the lobbying payments associated with those contributions, the news release said.





## NAMING AND SHAMING RESOLUTIONS FILED BY THE ESG MOVEMENT

In this chapter we outline the shareholder resolutions introduced by ESG proponents at companies that name and shame specific organizations, either explicitly or through citations.

In addition to these specific naming and shaming resolutions included in this chapter, **there were many more forced disclosure resolutions filed at companies this year that, while not naming groups specifically, if passed, would have the same chilling effect on corporate free speech and association.**

### ***ABBOTT LABORATORIES***

Proponents: The Province of Saint Joseph of the Capuchin Order, Proxy Impact, and Hilary E. Van Dusen

Groups named and shamed:

- Business Roundtable
- National Association of Manufacturers
- Chamber of Commerce
- Alliance for Aging Research
- Caregivers Voice United
- Infant Nutrition Council of America

Votes in support: 22.97%

Below is the resolution and supporting statement:<sup>25</sup>

Whereas, we believe in full disclosure of Abbott's lobbying activities and expenditures to assess whether Abbott's lobbying is consistent with its expressed goals and stockholder interests.

Resolved, the stockholders of Abbott request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Abbott used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Abbott's membership in and payments to any tax-exempt organization that writes and endorses model legislation.

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<sup>25</sup> SEC EDGAR, Abbott Laboratories, Proxy Statement filed [March 17, 2023](#)



4. Description of management's decision-making process and the Board's oversight for making payments described in sections 2 and 3 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 Abbott 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 Public Policy Committee and posted on Abbott's website.

#### Supporting Statement

Abbott spent \$46,140,000 from 2010 – 2021 on federal lobbying. This figure does not include state lobbying, where Abbott lobbied in at least 19 states in 2020 and spent \$1,116,882 on lobbying in California from 2010 – 2021.

Abbott fails to disclose its payments to trade associations and social welfare organizations, or the amounts used for lobbying, to stockholders. Companies can give unlimited amounts to third party groups that spend millions on lobbying and undisclosed grassroots activity. These groups may be spending "at least double what's publicly reported."<sup>1</sup> Abbott belongs to the [Business Roundtable](#), [National Association of Manufacturers \(NAM\)](#) and [Chamber Commerce](#), which together spent \$110,830,000 on lobbying for 2021. Abbott also supports social welfare groups like the [Alliance for Aging Research](#), which lobbies and ran Facebook ads opposing drug pricing legislation,<sup>2</sup> and [Caregivers Voice United](#), which backed a secret letter campaign in Oregon.<sup>3</sup>

We are concerned Abbott's lack of disclosure presents reputational risk when its lobbying contradicts company public positions. For example, Abbott and its trade association [Infant Nutrition Council of America](#) have attracted scrutiny for lobbying to weaken bacteria safety testing for baby formula.<sup>4</sup> Abbott believes in addressing climate change, yet the [Business Roundtable](#) lobbied against the Inflation Reduction Act<sup>5</sup> and the [Chamber](#) opposed the Paris climate accord. And while Abbott does not belong to the controversial American Legislative Exchange Council ([ALEC](#)), it is represented by its trade associations, as the [Chamber](#) and [NAM](#) each sit on its Private Enterprise Advisory Council.

We urge Abbott to expand its lobbying disclosure.

## **ABBVIE**

### **Political Spending Resolution**

Proponents: As You Sow, on behalf of Eliana Fishman, and co-filers Leslie Oelsner Bene IRA of S Berman, and PCR Children's Tr FBO Ellen Remmer

Groups named and shamed:



- U.S. Chamber of Commerce
- PhRMA
- RSLC (in citation)
- RGA (in citation)

Votes in support: 14.95%

Below is the resolution and the supporting statement:<sup>26</sup>

WHEREAS: The political expenditures of AbbVie Inc. ("AbbVie") appear to be misaligned with the Company's publicly stated values and vision across a number of issue areas.

AbbVie states that it believes climate change is impacting human health and has committed to joining the Science Based Targets initiative, which requires companies to align their emissions with the Paris Climate Agreement's goal of limiting global temperature rise to no more than 1.5°C.<sup>1</sup> Yet, AbbVie is a member of the **U.S. Chamber of Commerce**, which has consistently lobbied to roll back U.S. climate regulation and promotes regulations that would slow the transition towards a low carbon energy mix.

AbbVie has stated, "We are committed to equity, equality, diversity and inclusion ("EED&I"). It's fundamental to who we are and it's just how we 'do good business.'" AbbVie has also written, "EED&I is good for our people and patients, and also for our business—strengthening performance, helping us innovate and understand our customers, and retaining the best talent."<sup>2</sup> Yet, AbbVie contributed to multiple trade associations that have supported and promoted voter suppression laws.<sup>3</sup> Further, in the 2020-2022 election cycles, AbbVie and its employee PACs donated at least \$1,604,250 to politicians and political organizations working to weaken women's access to reproductive health care. Reductions in access to reproductive health care may also put at risk future sales for AbbVie subsidiaries Allergan and Odyssea Pharma, which both manufacture birth control.

AbbVie has stated, "[W]e believe patients need access to quality and affordable medicines. Improving health outcomes for patients around the world is one of AbbVie's corporate responsibility commitments and is integral to our core business strategy."<sup>4</sup> However, AbbVie contributes to **PhRMA**, which supports numerous organizations opposing efforts to reform drug pricing.

To minimize possible missteps and risk to the firm's reputation and brand, AbbVie should establish clear policies and report on corporate electioneering and political spending that conflicts with its stated healthcare, social, and environmental objectives.

RESOLVED: Shareholders request that AbbVie annually analyze and report, at reasonable expense, the congruence of its political, lobbying, and electioneering expenditures during the preceding year against its publicly stated company values and policies, listing and explaining instances of incongruent expenditures, and stating whether the identified incongruencies have or will lead to a change in future expenditures or contributions.

SUPPORTING STATEMENT: Proponents recommend, at management discretion, that the report also contain an analysis of risks to our company's brand, reputation, and

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<sup>26</sup> SEC EDGAR, Abbvie, Proxy Statement Filed on [March 20, 2023](#)





shareholder value of expenditures in conflict with publicly stated Company values. "Expenditures for electioneering communications" means spending, from the corporate treasury and from its PACs, during the year, directly or through third parties, in printed, internet, or broadcast communications, which are reasonably susceptible to interpretation as being in support of or in opposition to a specific candidate.

## Lobbying Resolution

Proponents: Dana Investment Advisers and co-filer Dominican Sisters of Springfield Illinois

Groups named and shamed:

- PhRMA
- Chamber of Commerce
- Alliance for Patient Access
- ALEC
- American Action Network

Votes in support: 35.73%

Below is the resolution and supporting statement:<sup>27</sup>

Whereas, full disclosure of AbbVie's lobbying activities and expenditures to assess whether AbbVie's lobbying is consistent with its expressed goals and stockholder interests.

Resolved, the stockholders of AbbVie request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by AbbVie used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. AbbVie's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management's decision-making process and the Board's oversight for making payments described in section 2 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 AbbVie 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 Public Policy Committee and posted on AbbVie's website.

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<sup>27</sup> SEC EDGAR, Abbvie, Proxy Statement Filed on [March 20, 2023](#)



## Supporting Statement

AbbVie spent \$55,650,000 from 2013 – 2021 on federal lobbying. AbbVie’s lobbying “to kill lower drug prices during pandemic” attracted negative scrutiny.<sup>1</sup> AbbVie lobbies at the state level, spending \$2,421,703 on lobbying in California from 2013 – 2021. And AbbVie lobbies abroad, spending between €1,000,000 – 1,249,999 on lobbying in Europe for 2021.

AbbVie fails to disclose its payments to trade associations and social welfare groups (SWGs), or the amounts used for lobbying, to stockholders. Companies can give unlimited amounts to third party groups that spend millions on lobbying and undisclosed grassroots activity.<sup>2</sup>

AbbVie sits on the board of the Pharmaceutical Research and Manufacturers of America (PhRMA) and belongs to the Chamber of Commerce, which together have spent over \$2.2 billion on lobbying since 1998, and supports SWGs that lobby, like the Alliance for Patient Access.<sup>3</sup> And while AbbVie does not belong to the controversial American Legislative Exchange Council, it is represented by the Chamber and PhRMA, which each sit on its Private Enterprise Advisory Council.

AbbVie’s lack of disclosure presents reputational risk when its lobbying contradicts company public positions or evades disclosure of third party payments. AbbVie states it supports more affordable medicines, yet has drawn congressional scrutiny for hiking drug prices<sup>4</sup> and media attention for funding dark money “ads attacking prescription drug bill — after hiking prices up to 470%.”<sup>5</sup> And PhRMA gives millions to “dark money” SWGs like the American Action Network, which “has consistently advocated policies favored by drugmakers.”<sup>6</sup>

We believe AbbVie’s failure to disclose third party lobbying payments is a risk and urge AbbVie to expand its disclosure.

## **ALPHABET**

### **Lobbying Resolution**

Proponent: United Church Funds

Groups named and shamed:

- Chamber of Commerce
- Business Roundtable
- National Taxpayers Union
- Taxpayers Protection Alliance
- Federalist Society
- Independent Women’s Forum
- ALEC
- NetChoice



Votes in support: 17.74%

Below is the resolution and supporting statement:<sup>28</sup>

United Church Funds has advised us that it intends to submit the proposal set forth below for consideration at our Annual Meeting.

Whereas, full disclosure of Alphabet's lobbying activities and expenditures to assess whether its lobbying is consistent with Alphabet's expressed goals and stockholders' best interests.

Resolved, stockholders request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Alphabet used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Description of management's and the Board's decision-making process and oversight for making payments described in sections 2 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 Alphabet 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 Nominating Committee and posted on Alphabet's website.

#### Supporting Statement

Alphabet spent \$105,845,000 on federal lobbying from 2015 – 2021. This does not include state lobbying. Alphabet lobbied in at least 38 states in 2021. Alphabet also lobbies abroad, "being accused of shady lobbying"<sup>1</sup> and spending between €6,000,000 – 6,499,999 on lobbying in Europe for 2021.

Companies can give unlimited amounts to third party groups that spend millions on lobbying and undisclosed grassroots activity.<sup>2</sup> Alphabet lists support of 369 trade associations (TAs), social welfare groups (SWGs) and nonprofits for 2022, yet fails to disclose its payments, or the amounts used for lobbying. Alphabet belongs to the **Chamber of Commerce** and **Business Roundtable**, which have spent over \$2.1 billion on lobbying since 1998, supports SWGs that lobby like **National Taxpayers Union**<sup>3</sup> and **Taxpayers Protection Alliance**,<sup>4</sup> and funds controversial nonprofits like the **Federalist Society**<sup>5</sup> and **Independent Women's Forum**, which "routinely pushes policy positions that are highly favorable to its corporate donors."<sup>6</sup>

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<sup>28</sup> SEC EDGAR, Alphabet, Proxy Statement filed on [April 21, 2023](#)



Alphabet's lack of disclosure presents reputational risks when its lobbying contradicts company public positions or hides payments to SWGs. Alphabet has drawn attention for funding "dark money groups" to oppose antitrust regulation.<sup>7</sup> Highlighting dark money risks, utility FirstEnergy was fined \$230 million for funneling \$60 million through **SWG Generation Now** in a bribery scandal.<sup>8</sup> On company positions, Alphabet believes in addressing climate change, yet the **Business Roundtable** lobbied against the Inflation Reduction Act.<sup>9</sup> And while Alphabet does not belong to the **American Legislative Exchange Council**, which is attacking so called woke capitalism,<sup>10</sup> it is represented by the **Chamber, NetChoice and National Taxpayers Union**, which all sit on its Private Enterprise Advisory Council.

Last year, this proposal received majority support from outside shareholders.

## Climate Lobbying Resolution

Proponents: Boston Trust Walden Company and Zevin Asset Management, as lead filers, and the Benedictine Sisters of Virginia and the Benedictine Sisters of Mount St. Scholastica, as co-filers

Groups named and shamed:

- US Chamber of Commerce
- Competitive Enterprise Institute (in footnote)
- American Enterprise Institute (in footnote)
- Heritage Foundation (in footnote)

Votes in support: 14.14%

Below is the resolution and supporting statement:<sup>29</sup>

Boston Trust Walden Company and Zevin Asset Management, as lead filers, and the Benedictine Sisters of Virginia and the Benedictine Sisters of Mount St. Scholastica, as co-filers, along with a number of other co-filers, whose names, addresses, and stockholdings will be provided by us upon request, have advised us that they intend to submit the proposal set forth below for consideration at our Annual Meeting.

Whereas: Regular examination of the alignment of lobbying activities (direct and indirect) with corporate public commitments and policies is an increasingly important requirement of strong corporate governance.

Resolved: Shareholders request the Alphabet Inc. Board of Directors within the next year conduct an evaluation and issue a report (at reasonable cost, omitting proprietary information) describing its framework for identifying and addressing misalignments between Alphabet's lobbying (directly and indirectly through trade associations and social welfare and nonprofit organizations) and Alphabet's commitments to mitigate climate impact and its support of the Paris Agreement, which seeks to limit average global warming to no more than 1.5 degrees Celsius by 2030. The report should include essential elements, such as the criteria used to assess alignment; the strategies used to address any misalignment; and circumstances under which these strategies are implemented.

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<sup>29</sup> SEC EDGAR, Alphabet, Proxy Statement filed on [April 21, 2023](#)



Supporting Statement: Corporate lobbying activities inconsistent with meeting the goals of the Paris Agreement present regulatory, reputational, and legal risks to companies. Such policy engagement also presents systemic risks to economies and markets, as delays in implementation of the Paris Agreement increase the physical risks of climate change, undermine economic stability, and introduce uncertainty and volatility into our investment portfolios. We believe Paris-aligned climate lobbying helps mitigate these risks and contributes positively to the long-term value of companies.

Alphabet publicly supports the goals of the Paris Agreement, advocates for specific science-based climate policies, leads investment in carbon-free energy, and maintains a policy for Google advertisers, publishers and YouTube creators “that will prohibit ads for, and monetization of, content that contradicts well-established scientific consensus around the existence and causes of climate change.”<sup>1</sup> Alphabet also discloses an extensive list of its memberships in trade associations and policy-focused non-profits.

Alphabet does not, however, disclose whether its lobbying practices (directly and indirectly) align with the Paris Agreement’s aims or Alphabet’s own carbon-free energy target, nor company actions to address instances of misalignment.

Of particular concern are industry and policy groups that represent business but too often present obstacles to global emissions reductions, and regulation or legislation addressing climate risk. A review of Alphabet’s disclosed memberships<sup>2</sup> reveals inconsistencies with Alphabet’s actions on, and commitments to, the Paris Agreement and the prevailing science.<sup>3,4,5</sup> For example, Alphabet discloses it is a member of the **US Chamber of Commerce**, which has spent nearly \$1.8 billion on federal lobbying since 1998.<sup>6</sup> The Chamber lobbied strongly against the Inflation Reduction Act, the most ambitious climate policy in U.S. history.<sup>7</sup>

An alignment assessment can help to identify and address risks presented by misalignment and protect the credibility of Alphabet’s leadership efforts on climate.

Thus, we urge the Board and management to conduct a comprehensive review of Alphabet’s lobbying and public policy activity, assessing the degree of alignment with the Paris Agreement’s objectives, and detailing clear plans for action to address any misalignment. This proposal was introduced with Alphabet last year and earned 55.6% of the outside vote.

## **ALTRIA**

Proponent: Trinity Health

Groups named and shamed:

- U.S. Chamber of Commerce
- ALEC
- RAGA (in cited report)
- RSLC (in cited report)
- CLF (in cited report)
- SLF (in cited report)
- Arizona Republican Legislative Victory Fund (in cited report)



Votes in support: 10.88%

Below is the statement in support of the resolution:<sup>30</sup>

Resolved: Shareholders request that Altria annually analyze and report on the congruence of its political and lobbying expenditures during the preceding year against its publicly stated company values and policies, listing and explaining instances of incongruent expenditures, and stating whether the identified incongruencies have or will lead to a change in future expenditures or contributions.

Whereas: A New York Times article, "Big Tobacco Heralds a Healthier World While Fighting Its Arrival",<sup>1</sup> reported: "Major cigarette companies, like Altria and R.J. Reynolds, acknowledge that cigarettes are dangerous and addictive, and they are heralding their investments in electronic cigarettes and other less-harmful alternatives to cigarettes. But, with much less fanfare, they are taking steps to slow the very smokeless future they claim to want: The companies have submitted letters protesting the proposed menthol ban in traditional cigarettes, and they have signaled they will similarly resist any efforts to lower nicotine levels."

Altria has set science-based greenhouse gas reduction targets, yet is a member of the **U.S. Chamber of Commerce** and the **American Legislative Exchange Council (ALEC)**, both of which have lobbied to roll back specific US climate regulations and promote regulatory frameworks that would slow the transition towards a lower-carbon economy. This raises questions about whether Altria is also supporting efforts that conflict with its environmental commitments.

In addition, while Altria has articulated its support for the right to vote, the Company was one of the recipients of a letter sent by the League of Women Voters and over 300 organizations to corporations to stop funding ALEC because of its voter restriction efforts.<sup>2</sup>

Altria does not disclose its payments to trade associations (TAs) and social welfare groups (SWG). Companies can give unlimited amounts to TAs and SWGs that spend millions on lobbying and undisclosed grassroots activity. The federal Lobbying Disclosure Act does not require reporting of grassroots lobbying, and disclosure is uneven or absent in states. Investors have repeatedly sought greater transparency because a company's political activity can contradict its stated goals, posing reputation risk.

The Center for Political Accountability's (CPA) report, "Practical Stake: Corporations, Political Spending and Democracy" provides "a framework for companies to evaluate their political spending and align it with core company values and core democracy values, mitigating risks to their self-interests and Democracy."<sup>3</sup> One of the report's findings is that "political spending by companies totaling millions of dollars too often conflicts with their public commitments. Companies contributed heavily to a partisan political group tied to robocalls one day before Jan. 6, 2021. That same group helped elect state attorneys general who went to court to get the 2020 election results from key states thrown out. At the state level, companies gave millions of dollars to groups supporting the election of officeholders who worked for new laws to restrict or suppress voting."<sup>4</sup> Altria's expenditures are cited numerous times in the report.

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<sup>30</sup> SEC EDGAR, Altria Group, Inc., Proxy Statement filed on [April 6, 2023](#)



## **AMAZON**

Proponents: Eric and Emily Johnson and Mercy Rome, represented by Newground Social Investment

Groups named and shamed:

- California Chamber of Commerce (in footnotes)
- American Enterprise Institute (in footnotes)

Votes in support: 23.54%

Below is the resolution and supporting statement:<sup>31</sup>

Assess Alignment of Lobbying with Company's Climate Goals

RESOLVED: Shareholders of Amazon.com Inc. ("Amazon") request that the Board report to shareholders (at reasonable cost, omitting confidential/proprietary information) on its framework for identifying and addressing misalignments between Amazon's lobbying and policy influence activities and positions, both direct and indirect through trade associations, coalitions, alliances, and social welfare organizations ("Associations"), and its Net Zero (emissions) climate commitments, including the criteria used to assess alignment, the escalation strategies used to address misalignments, and the circumstances under which escalation strategies are used (e.g., timeline, sequencing, degree of influence over an Association).

### SUPPORTING STATEMENT

Critical gaps persist between national climate commitments and the actions necessary to meet them. A 2022 global assessment makes it clear that nations are not doing enough to limit global warming to 1.5 degrees Celsius<sup>1</sup> and that this goal is now almost entirely out of reach unless immediate and dramatic changes are implemented.<sup>2</sup>

Voluntary initiatives are insufficient to meet the Paris Agreement's goals without robust climate public policy. Major companies have enormous influence and bipartisan credibility to help establish a policy environment that will avert the most dire climate consequences and take advantage of the opportunity of this generational economic shift. Corporate lobbying that is inconsistent with the Paris Agreement poses significant escalating risks to companies and investors. Investors need clear information on how companies' direct and indirect policy advocacy efforts align with their own climate targets, as companies may tout their climate efforts but often fail to account for their support for organizations and initiatives that work to block critical climate policies.

Amazon notes that its lobbying and advocacy activities are "aligned with the Paris Agreement goals"<sup>3</sup> and that it "advocate[s] in support of public policy that advances . . . access to and the expansion of clean energy, sustainable transportation, and other decarbonizing solutions."<sup>4</sup> But Amazon also acknowledges that its "membership in

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<sup>31</sup> SEC EDGAR, Amazon, Proxy Statement filed on [April 13, 2023](#)



certain organizations may . . . be viewed as indirectly funding positions that are inconsistent with [its] views on climate change and the Paris Agreement goals.”<sup>5</sup>

Amazon reports considering the reputational risks of potential misalignment between its policy positions and those of third parties representing it, but claims that the benefits of such memberships may outweigh the risks,<sup>6</sup> without analyzing the trade-offs. Amazon says that it communicates with third parties representing it when the company disagrees with their climate policy positions,<sup>7</sup> but insufficient detail is provided to allow investors to evaluate the robustness of Amazon’s responses.

Additionally, Amazon’s trade association and other memberships<sup>8</sup> reveal inconsistencies with its actions on, and commitments to, its own Net Zero ambitions, including support for organizations consistently doubting the scientific consensus on climate change.<sup>9</sup>

While Amazon has publicly outlined examples of positive direct lobbying efforts aligned with the Paris Agreement, it has not disclosed the policy positions, actions, assessment framework, and escalation considerations needed for investors to properly analyze and address misaligned activities, and the consistency of aligned positions.

## **AT&T**

Proponent: As You Sow

Groups named and shamed:

- U.S. Chamber of Commerce

Votes in support: Resolution withdrawn, agreement reached.

Below is the statement in support of the resolution:<sup>32</sup>

**WHEREAS:** AT&T Inc. (“AT&T”) sponsors a federal employee political action committee (PAC) and numerous state PACs whose “decisions are based on AT&T’s public policy positions and the best interests of the business and our employees.”<sup>[1]</sup>

AT&T’s politically-focused expenditures appear to be misaligned with its public statements on Company values, views, and operational practices. As examples, AT&T states it:

Has a “history of commitment to gender equality,”<sup>[2]</sup> yet the Proponent estimates that in the 2020-2022 election cycles, AT&T and its employee PACs made political donations totaling at least \$8.0 million to politicians and political organizations working to weaken women’s access to reproductive health care. Since 2021, it has donated over \$325,000 to sponsors of a national abortion ban.<sup>[3]</sup>

Is committed to achieving carbon neutrality, yet is a member of the **U.S. Chamber of Commerce**, which has consistently lobbied to roll back climate regulations and slow the transition toward a low- carbon energy mix.

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<sup>32</sup> As You Sow, “AT&T Inc: Alignment of Stated Corporate Values with Political and Electioneering Expenditures,” [November 18, 2022](#)





Is committed to “stand for equality as one of our core values,” including dedicating resources to “overcoming systemic barriers and ensuring civil rights for all people.”<sup>[4]</sup> Yet, between June 1, 2020 and March 25, 2021, AT&T or its PACs contributed at least \$228,000 to state lawmakers who introduced or sponsored legislation restricting public protests.<sup>[5]</sup>

Believes “the right to vote is sacred and we support voting laws that make it easier for more Americans to vote in free, fair and secure elections,”<sup>[6]</sup> yet, in June 2021, AT&T or its PACs contributed \$132,500 to Texas state lawmakers who had supported bills that raise voter suppression concerns.<sup>[7]</sup> It also donated to federal lawmakers who opposed voting rights legislation during the 2023 election cycle, who objected to certifying the 2020 presidential election, and who opposed creating a Congressional January 6th investigation.<sup>[8]</sup>

**BE IT RESOLVED:** Shareholders request that AT&T publish a report, at reasonable expense, analyzing the congruence of the Company’s political and electioneering expenditures during the preceding year against publicly stated company values and policies, listing and explaining any instances of incongruent expenditures, and stating whether the Company has made, or plans to make, changes in contributions or communications to candidates as a result of identified incongruencies.

**SUPPORTING STATEMENT:** Proponents recommend, at Board and management discretion, that the report also include management’s analysis of risks to the Company brand, reputation, or shareholder value associated with expenditures in conflict with its publicly stated company values. “Expenditures for electioneering communications” means spending, from corporate treasury and from the PACs, directly or through a third party, at any time during the year, on printed, internet, or broadcast communications, which are reasonably susceptible to interpretation as being in support of or opposition to a specific candidate or cause.

After reaching an agreement on increased political spending transparency with AT&T, As You Sow released the following press release:<sup>33</sup>

BERKELEY, CALIFORNIA—APRIL 4, 2023—AT&T, a trusted telecommunications brand providing phone and internet service to millions of Americans, made an important commitment to greater transparency of its political activities for the benefit of shareholders, customers, and all stakeholders as part of a shareholder resolution withdrawal agreement with As You Sow.

AT&T has committed to try a new approach to political spending transparency. The company will make public aggregated information that will provide investors assurance it is managing its intentional political engagement and monitoring activity on other priorities on which it doesn’t engage politically. These metrics will convey the extent to which its political contributions align with the company’s stated political engagement priorities, as well as its key priorities identified in the company’s annual Sustainability Summary.

Investors have been asking that companies show that they are strategically managing the complexity associated with being involved in the political process. They seek assurance that companies understand the risks they are taking in supporting certain

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<sup>33</sup> As You Sow, “AT&T Commits to Political Spending Transparency for Shareholders and Customers,” [April 4, 2023](#)



politicians, and that the companies are also able to identify the benefits they are receiving for these risks.

“This agreement assures that AT&T will provide shareholders with increased transparency on political spending,” said As You Sow’s CEO Andrew Behar. “It is important that shareholders see the congruence between corporate goals and how capital is spent. Political spending should be no different than any capital expenditure, an ROI is critical to see if the expenditure resulted in impact aligned with corporate priorities.”

AT&T states its priorities and goals in its “Political Engagement Report” and annual “Sustainability Summary.” Issues important to its customers and its employees shape those priorities, including expanding access for underserved and remote communities, using technology to help find climate solutions, and opportunities for meaningful employment.

Many companies are facing increased scrutiny from shareholders, the media, and consumers about perceived misalignment between corporate values and political spending and lobbying activities. More than 295 shareholder resolutions have been filed at companies asking for greater transparency on political spending over the past three years.

“Our political system is complex and nuanced, and it is challenging for companies to navigate within a highly polarized political environment,” said Meredith Benton, workplace equity program manager at As You Sow and founder of the consultancy Whistle Stop Capital. “No legislator will vote with a company 100% of the time — that’s not the expectation. But a company is expected to have a process in place to identify and respond if a legislator is consistently voting against its goals.”

Investors believe that AT&T’s increased disclosure will allow for a better understanding of the company’s practices and oversight — as well as allow for greater nuance and additional data in broader conversations about how our democracy works, what it means for companies, investors, and American citizens.

## **BOEING**

Proponents: The Province of St. Joseph of the Capuchin Order

Groups named and shamed:

- Business Roundtable
- National Association of Manufacturers
- US Chamber of Commerce
- American Action Network
- ALEC
- EU Reporter

Votes in support: 36.58%



Below is the resolution and supporting statement:<sup>34</sup>

The Province of St. Joseph of the Capuchin Order, 1820 Mt. Elliott Street, Detroit, MI 48207, owner of 100 shares of Boeing common stock, has advised us that they intend to present the following resolution at the annual meeting.

Whereas, we believe in full disclosure of Boeing's lobbying activities and expenditures to assess whether Boeing's lobbying is consistent with its expressed goals and shareholder interests, Resolved, the shareholders of Boeing request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Boeing used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Boeing's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management's decision-making process and the Board's 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 Boeing 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 GPP Committee and posted on Boeing's website.

#### Supporting Statement

Boeing spent \$192,880,000 from 2010 – 2021 on federal lobbying. This does not include state lobbying, where Boeing also lobbies but on which disclosure is uneven or absent. For example, Boeing spent \$1,202,691 on lobbying in California from 2010 – 2021. Boeing also lobbies abroad, attracting scrutiny for funding the [EU Reporter](#), described as "EU lobbying dressed up as journalism."<sup>1</sup>

Boeing fails to disclose its payments to trade associations and social welfare organizations, or the amounts used for lobbying, to shareholders. Companies can give unlimited amounts to third party groups that spend millions on lobbying and undisclosed grassroots activity. These groups may be spending "at least double what's publicly reported."<sup>2</sup> Boeing belongs to the [Business Roundtable](#) (BRT), [National Association of Manufacturers](#) (NAM) and [US Chamber of Commerce](#), which together spent \$110,830,000 on lobbying for 2021, and supports controversial "dark money" social welfare organizations like the [American Action Network](#).<sup>3</sup>

We are concerned that Boeing's lack of disclosure presents reputational risk when its lobbying contradicts company public positions. For example, Boeing believes in

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<sup>34</sup> SEC EDGAR, Boeing, Proxy Statement filed on [March 3, 2023](#)



addressing climate change, yet the **BRT** lobbied against the Inflation Reduction Act<sup>4</sup> and the **Chamber** opposed the Paris climate accord. While Boeing has previously drawn scrutiny for avoiding federal taxes,<sup>5</sup> the **BRT** lobbied against raising corporate taxes to fund health care, education and safety net programs.<sup>6</sup> And while our company does not belong to the **American Legislative Exchange Council**, which is attacking “woke capitalism,”<sup>7</sup> Boeing is represented by its trade associations, as the **Chamber** and **NAM** each sit on its Private Enterprise Advisory Council.

## **CATERPILLAR**

Proponent: Myra K. Young

Groups named and shamed:

- Business Roundtable
- National Association of Manufacturers
- Chamber of Commerce
- ALEC

Votes in support: 28.85%

Below is the resolution and supporting statement:<sup>35</sup>

Whereas full disclosure of Caterpillar’s direct and indirect lobbying activities and expenditures to assess whether Caterpillar’s lobbying is consistent with its expressed goals and in stockholders’ best interests:

Resolved, stockholders request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Caterpillar used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case, including the amount of the payment and the recipient.
3. Caterpillar’s membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management’s and the Board’s decision-making process and oversight for making payments described in sections 2 and 3 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 regulations, (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 Caterpillar is a member.

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<sup>35</sup> SEC EDGAR, Caterpillar, Proxy Statement filed on [May 1, 2023](#)



Both “direct and indirect lobbying” and “grassroots lobbying communications” include local, state, and federal efforts.

The report shall be presented to the Public Policy and Governance Committee and posted on Caterpillar’s website.

Caterpillar spent \$42,850,000 from 2010 - 2020 on federal lobbying. This does not include state lobbying, where Caterpillar also lobbies, but disclosure is uneven or absent. For example, Caterpillar’s lobbying against right-to-repair laws in states like New York has drawn attention<sup>1</sup>. Caterpillar also lobbies abroad, spending between €100,000 - 199,000 on lobbying in Europe for 2020.

Companies can give unlimited amounts to third-party groups that spend millions on lobbying and undisclosed grassroots activity. These groups may be spending “at least double what’s publicly reported.”<sup>2</sup> Caterpillar fails to disclose any of its payments to trade associations and social welfare organizations, nor amounts used for lobbying, including grassroots.

Caterpillar belongs to the **Business Roundtable, National Association of Manufacturers, and Chamber Commerce**, which together spent \$108,148,000 on 2020 lobbying and drew attention for a “massive lobbying blitz” against raising corporate taxes to pay for infrastructure.<sup>3</sup> Caterpillar does not disclose its contributions in tax-exempt organizations that write and endorse model legislation, such as the **American Legislative Exchange Council (ALEC)**.

Caterpillar’s lack of disclosure presents reputational risks when its lobbying contradicts company public positions. For example, Caterpillar supports diversity and inclusion, yet groups have asked companies to leave **ALEC** “because of its voter restriction efforts.”<sup>4</sup> Caterpillar supports mitigating climate change, yet the **Chamber and Business Roundtable** lobby to block climate action<sup>5</sup>. Caterpillar supports government investments to modernize infrastructure, yet its trade associations lobbied against raising corporate taxes to pay for it.

This topic won 44% of the vote last year.

## **CHARTER COMMUNICATIONS**

Proponent: The Service Employees International Union Pension Plans Master Trust (“SEIU”)

Groups named and shamed:

- NCTA
- Broadband for America
- ALEC
- Alliance for Quality Broadband (in cited article)

Votes in support: 31.86%

Below is the resolution and supporting statement:<sup>36</sup>

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<sup>36</sup> SEC EDGAR, Charter Communications, Proxy Statement filed on [March 16, 2023](#)



This proposal was submitted by The Service Employees International Union Pension Plans Master Trust (“SEIU”), the beneficial owner of at least \$2,000 worth of shares of our Class A common stock. The proposal from SEIU reads as follows:

“Whereas, we believe in full disclosure of Charter’s lobbying activities and expenditures to assess whether Charter’s lobbying is consistent with its expressed goals and stockholder interests.

Resolved, stockholders request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Charter used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Charter’s membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management’s decision-making process and the Board’s oversight for making payments described in sections 2 and 3 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 Charter 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 Charter’s website.

#### Supporting Statement

Charter spent \$80,765,000 from 2010 – 2021 on federal lobbying. This does not include state lobbying expenditures, where Charter lobbied in at least 31 states in 2021 and spent \$2.9 million on lobbying in California from 2015 – 2021.

Charter fails to disclose its payments to trade associations and social welfare groups, or the amounts used for lobbying, to stockholders. Companies can give unlimited amounts to third party groups that spend millions on lobbying and undisclosed grassroots activity. These groups may be spending “at least double what’s publicly reported.”<sup>1</sup> Charter serves on the board of **NCTA** - The Internet & Television Association, which spent \$189,720,000 on lobbying from 2010 – 2021, and belonged to **Broadband for America**, a social welfare group which spent \$4.2 million to submit 8.5 million fake comments to the FCC opposing net neutrality.<sup>2</sup> And Charter does not disclose its contributions to groups which write and endorse model legislation, like the **American Legislative Exchange Council (ALEC)**.



We believe Charter's lack of disclosure presents reputational risks when its lobbying contradicts company public positions. For example, Charter states that it is committed to an open internet, yet **NCTA and Broadband for America** lobbied against net neutrality. While Charter is committed to diversity and inclusion, groups have asked Charter to leave **ALEC** because of its voter restriction efforts.<sup>3</sup> And Charter has attracted negative scrutiny for "running a fake consumer group in Maine that's killing community broadband."<sup>4</sup>

In the last two years, this proposal received majority support of outside stockholders. We urge Charter to expand its lobbying disclosure.

## **COCA-COLA**

### **Global Transparency Report Resolution**

Proponent: John C. Harrington/Harrington Investments

Groups named and shamed:

- International Life Sciences Institute
- Calorie Control Council

Votes in support: 13.61%

Below is the statement in support of the resolution:<sup>37</sup>

RESOLVED: Shareholders request the Company annually issue a transparency report on global public policy and political influence, disclosing company expenditures and activities outside of the United States. Such report should disclose company funding and in-kind support directed to candidates or electioneering, lobbying, and any charitable donations directed to public policy research or influence for the preceding year including:

- Recipients and amounts.
- The Company's membership in or payments to nongovernmental organizations including trade and business associations, scientific or academic organizations and charities.
- The rationale for these activities.

The Board and management may, in its discretion, establish a de minimis threshold, such as contributions to an individual or organization totaling less than \$250, below which itemized disclosures would not be required.

Supporting statement:

Coke statements indicate they value transparency:

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<sup>37</sup> SEC EDGAR, The Coca-Cola Company, Proxy Statement filed on [March 10, 2023](#)



“Public Disclosures: We strive to be as transparent as possible, in all aspects of our business. This includes our public policy engagement activity.”

However, Coke’s spending to influence and engage on public policy outside the United States is minimal and inconsistently disclosed. A truly global corporation, Coke is the world’s largest beverage company and operates in approximately 200 countries.<sup>1</sup> As of 2019, Coke products were sold in all countries but Cuba and North Korea.<sup>2</sup>

Despite the global scope of operations, our company does not currently comprehensively disclose its involvement in politics and advocacy on public policies outside of the United States.

Coke scores low regarding international disclosures of corporate political activities, according to a recent transparency index.<sup>3</sup> Despite the corporation’s expansive global operations, there is minimal disclosure of and transparency around international political activity. In most cases, regional and country web pages offer codes of conduct in lieu of disclosures. When there are limited disclosures, details requested in this resolution, such as amounts paid and for what explicit purpose are absent.

Vanguard recently cautioned “poor governance of corporate political activity, coupled with misalignment to a company’s stated strategy or a lack of transparency about the activity, can manifest into financial, legal, and reputational risks that can affect long term value”.<sup>4</sup>

In the food industry, a particular arena of abuse is support for scientific advocacy intended to shape policy maker perceptions and influence policy making, regulations and rule setting. Coke funded the global industry lobby group **International Life Sciences** Institute to produce research that has helped slow, or stall altogether, public health policy in India, Mexico, China, and Brazil.<sup>5</sup> And as of 2021, Coke funded entities like the **Calorie Control Council**, which has a history of leveraging covert public relations tactics.<sup>6</sup>

Food corporations like Coke rely heavily on consumer trust, brand affinity and public goodwill. These days, public officials, journalists, nongovernmental organizations, and social media can quickly and publicly reveal corporate activity that seems highly oppositional to a company’s image, brand or stated values.

Vote “YES” – Adopting this resolution would ensure the corporation inhabits its values.

## **Report on Risks from State Policies Restricting Reproductive Rights Resolution**

Proponent: As You Sow

Groups named and shamed (all were named in an article<sup>38</sup> included in a citation):

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<sup>38</sup> MS Magazine, “The Dark Money Behind Abortion Bans,” [July 20, 2022](#)





- NRSC
- RGA
- RSLC
- Zeno

Votes in support: 13.12%

Below is the statement in support of the resolution:<sup>39</sup>

WHEREAS: While the Coca-Cola Company (“Coke”) has stated “[t]here is overwhelming evidence that achieving equality and empowerment for women has broad ripple effects that are good for society,” in the 2020-22 election cycles, the Proponent estimates that Coke has given more than \$1.8 million to politicians and political organizations seeking to limit women’s reproductive rights.<sup>1</sup>

States have introduced nearly 600 laws restricting abortion access,<sup>2</sup> and 14 states have banned most abortions at six weeks of pregnancy, including Georgia. Other states have protected abortion access.<sup>3</sup>

This patchwork of laws adds complexity for Coke. Coke and its independent bottling partners operate in states where reproductive rights have been limited. Employees of Coke and its partners now face challenges accessing reproductive healthcare, including abortion services, for themselves or family members.

Employers, as well as employees, bear the cost of restricted access to reproductive health care. For example, women who cannot access abortion are three times more likely to leave the workforce than women who have access to abortion.<sup>4</sup> The Institute for Women’s Policy Research estimates that state-level abortion restrictions may annually keep more than 500,000 women aged 15 to 44 out of the workforce.<sup>5</sup>

Coke may find it more difficult to recruit employees to Georgia or to the other states that have outlawed abortion.<sup>6</sup> According to a 2022 survey, more than 50 percent of women under 40, regardless of political affiliation, would prefer to work for a company that supports abortion access.<sup>7</sup> This may harm Coke’s ability to meet diversity and inclusion goals, with negative consequences to performance, brand, and reputation.

Surveys have consistently shown that a majority of Americans wanted to keep the Roe v. Wade framework intact.<sup>8</sup> In a 2021 survey of consumers, 64 percent said employers should ensure that employees have access to reproductive health care and 42 percent would be more likely to buy from a brand that publicly supports reproductive health care.<sup>9</sup>

RESOLVED: Shareholders request that Coca-Cola’s Board of Directors issue a public report prior to December 31, 2023, omitting confidential information and at reasonable expense, detailing any known and potential risks or costs to the company caused by enacted or proposed state policies severely restricting reproductive rights, and detailing any strategies beyond litigation and legal compliance that the company may deploy to minimize or mitigate these risks.

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<sup>39</sup> SEC EDGAR, The Coca-Cola Company, Proxy Statement filed on [March 10, 2023](#)



SUPPORTING STATEMENT: Shareholders recommend that the report evaluate any risks and costs to the company associated with new laws and legislation severely restricting reproductive rights and similar restrictive laws proposed or enacted in other states. In its discretion, the board's analysis may include effects on employee hiring, retention, and productivity, and decisions regarding closure or expansion of operations in states proposing or enacting restrictive laws and strategies, such as any public policy advocacy by the company, related political contribution policies, and human resources or educational strategies.

## **COMCAST**

Proponent: Stephen Schewel/Arjuna Capital

Groups named and shamed:

- U.S. Chamber of Commerce

Votes in support: 19.00%

Below is the statement in support of the resolution:<sup>40</sup>

WHEREAS: Comcast Corporation ("Comcast") makes political contributions to numerous individual and organizational recipients from the corporate treasury and through political action committees ("PACs"). Comcast's politically-focused expenditures appear to be misaligned with its public statements on Company values, views, and operational practices.

For example, Comcast has stated, "Voting is fundamental to our democracy. We believe that all Americans should enjoy equitable access to secure elections and we have long supported and promoted voter education, registration and participation campaigns across the country to achieve that goal. Efforts to limit or impede access to this vital constitutional right for any citizen are not consistent with our values."<sup>1</sup> Yet during the 2022 election cycle, Comcast contributed at least 447,500 dollars to members of Congress who opposed federal voting rights legislation.<sup>2</sup>

Comcast's Statement on Political and Trade Association Activities says it seeks candidates who "respect democracy and the rule of law."<sup>3</sup> Yet in the 2022 election cycle, the Company contributed at least 107,000 dollars to members of Congress who rejected certification of the 2020 presidential election on January 6, 2021.<sup>4</sup>

Comcast promotes a number of initiatives designed to advance gender equity within the company, with a goal to have representation within every level of the company reach 50 percent for women. However, according to public records, the Proponent estimates since the beginning of the 2020 election cycle, Comcast has contributed at least 8 million dollars to political recipients working to weaken access to reproductive health care. Limiting access to reproductive health care is shown to reduce women's retention in the workforce, an incongruity with Comcast's representation goals.<sup>5</sup>

Comcast has committed to achieving carbon neutrality in its Scope 1 and 2 emissions across global operations by 2035. However, Comcast is a member of the **U.S. Chamber**

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<sup>40</sup> SEC EDGAR, Comcast, Proxy Statement filed on [April 28, 2023](#)



of Commerce, which has long and consistently lobbied to constrain U.S. climate regulations.

RESOLVED: Shareholders request that Comcast publish a report, at reasonable expense, analyzing the congruence of the Company's political and electioneering expenditures during the preceding year against publicly stated company values and policies, listing and explaining any instances of incongruent expenditures, and stating whether the Company has made, or plans to make, changes in contributions or communications to candidates as a result of identified incongruencies.

SUPPORTING STATEMENT: Proponents recommend, at Board and management discretion, that the report also include management's analysis of risks to the Company brand, reputation, or shareholder value associated with expenditures in conflict with its publicly stated company values. Incongruent expenditures may include donations to political recipients working to reduce abortion access, eliminate climate regulations, or reduce voting rights, amongst others. "Electioneering expenditures" means spending, from the corporate treasury and from the PACs, directly or through a third party, at any time during the year, which are reasonably susceptible to interpretation as in support of or opposition to a specific candidate.

## ***DTE ENERGY***

Proponents: The Service Employees International Union Master Trust (SEIU)

Groups named and shamed:

- Clean and Sustainable Energy Fund
- Michigan Energy First
- National Association of Manufacturers

Votes in support 29.68%

Below is the resolution and statement of support:<sup>41</sup>

The Company expects the following shareholder proposal to be presented for consideration at the annual meeting by The Service Employees International Union Master Trust. The proposal, along with the supporting statement, is included below.

Whereas, we believe in full disclosure of DTE Energy's ("DTE's") lobbying activities and expenditures to assess whether DTE's lobbying is consistent with DTE's expressed goals and in shareholder interests.

Resolved, the shareholders of DTE request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.

2. Payments by DTE used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.

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<sup>41</sup> SEC EDGAR, DTE Energy, Proxy Statement filed on [March 23, 2023](#)



3.DTE's membership in and payments to any tax-exempt organization that writes and endorses model legislation.

4.Description of management's decision-making process and the Board's oversight for making payments described in sections 2 and 3 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 DTE 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 Public Policy and Responsibility Committee and posted on DTE's website.

#### Supporting Statement

DTE fails to provide an annual report breaking out its lobbying by federal amounts, individual states and payments to social welfare groups (SWGs), as requested. DTE spent \$13,830,000 from 2010 – 2021 on federal lobbying. This does not include state lobbying, where DTE also lobbies, for example spending \$894,869.33 on lobbying in Michigan from 2019 through 2021.<sup>1</sup>

Companies can give unlimited amounts to third party groups that spend millions on lobbying and often undisclosed grassroots activity. These groups may be spending "at least double what's publicly reported."<sup>2</sup> DTE discloses its payments to trade associations that lobby, but critically fails to disclose its payments to politically active SWGs, like the **Clean and Sustainable Energy Fund** and **Michigan Energy First**. DTE's disclosure is also incomplete for trade associations, failing to disclose any 2021 payments to the **National Association of Manufacturers**, where it sits on the board.

DTE's lack of disclosure presents reputational risk when it hides payments to dark money SWGS or its lobbying contradicts company public positions. Highlighting these risks, DTE's peer FirstEnergy was fined \$230 million for funneling \$60 million through SWG Generation Now in an Ohio bribery scandal.<sup>3</sup> DTE's support for the **Clean and Sustainable Energy Fund** and **Michigan Energy First** has come under scrutiny in California for funding research supporting carbon capture in California.<sup>4</sup>

We believe it is a risk for shareholders that "DTE does not disclose its 501(c)(4) contributions and has urged shareholders for years to reject investor board resolutions that call for transparency."<sup>5</sup>

## **ELI LILLY & Co.**

### **Lobbying Disclosure Resolution**

Proponent: The Service Employees International Union Pension Plans Master Trust (SEIU)



Groups named and shamed:

- PhRMA
- American Action Network
- Chamber of Commerce
- Business Roundtable
- National Association of Manufacturers
- Alliance for Patient Access
- ALEC

Votes in support: 31.39%

Below is the statement in support of the resolution:<sup>42</sup>

The Service Employees International Union Pension Plans Master Trust (SEIU), 1800 Massachusetts Ave. NW, Suite 301, Washington, D.C. 20036-1202, a beneficial owner of shares of our common stock having a market value in excess of \$2,000, has submitted the following proposal:

Whereas, we believe in full disclosure of Lilly's lobbying activities and expenditures to assess whether Lilly's lobbying is consistent with its expressed goals and shareholder interests.

Resolved, the shareholders of Lilly request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Lilly used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Lilly's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management's and the Board's decision-making process and oversight for making payments described in sections 2 and 3 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 Lilly is a member.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, territorial, state and federal levels.

The report shall be presented to the Public Policy and Compliance Committee and posted on Lilly's website.

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<sup>42</sup> SEC EDGAR, Eli Lilly & Co., Proxy Statement filed on [March 17, 2023](#)



## Supporting Statement

Lilly spent \$95,877,000 from 2010 – 2021 on federal lobbying. This figure does not include state lobbying, where Lilly lobbied in at least 46 states in 2021. Lilly also lobbies abroad, spending between €900,000–999,000 on lobbying in Europe for 2021.

Lilly fails to disclose its third-party payments to trade associations and social welfare groups (SWG), or the amounts used for lobbying, to shareholders. Companies can give unlimited amounts to third party groups that spend millions on lobbying and undisclosed grassroots activity. These groups may be spending “at least double what’s publicly reported.”<sup>1</sup> For example, Pharmaceutical Research and Manufacturers of America (PhRMA) has given millions to controversial “dark money” SWGs like the American Action Network.<sup>2</sup>

Lilly belongs to the Chamber of Commerce, Business Roundtable, National Association of Manufacturers (NAM) and PhRMA, which together have spent over \$2.8 billion on lobbying since 1998, and supports SWGs that lobby, like the Alliance for Patient Access (AfPA), “which claims to be pro-consumer but consistently advocates against policies to lower drug prices.”<sup>3</sup>

We believe Lilly’s lack of disclosure presents reputational risk when its lobbying contradicts company public positions. For example, Lilly states it supports more affordable medicines, yet funds PhRMA and AfPA’s opposition to lower prescription drug prices.<sup>4</sup> Lilly opposed Indiana voter restrictions, yet groups have asked Lilly to cut ties with the American Legislative Exchange Council (ALEC) “because of its voter restriction efforts.”<sup>5</sup> Lilly is also represented at ALEC by its trade associations, as the Chamber, NAM and PhRMA each sit on its Private Enterprise Advisory Council.

## Values Congruency Resolution

Proponent: CommonSpirit Health

Groups named and shamed:

- Ferox Strategies (named in cited article)
- PhRMA
- ALEC

Votes in support: 22.48%

Below is the statement in support of the resolution:<sup>43</sup>

Resolved: Shareholders request that the Board of Directors commission and publish a third party review within the next year (at reasonable cost, omitting proprietary information) of how Eli Lilly and Company (“Lilly”) reconciles the strong commitments to both innovation and patient access, reflected in Lilly’s statement that it “strike[s] a balance between access and patient affordability, while sustaining investments to research innovative life-changing treatments for some of today’s most serious diseases”<sup>20</sup>--when lobbying and engaging in other policy advocacy activities (both direct and through trade associations).

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<sup>43</sup> SEC EDGAR, Eli Lilly & Co, Proxy Statement filed on [March 17, 2023](#)



Supporting Statement:

Lilly states that it “is committed to ensuring you can afford your Lilly insulin,”<sup>21</sup> and says it wants to “help those with diabetes get the medication and care they need.”<sup>22</sup> Though Lilly has a patient access program, there is not solid evidence that these programs reach the most vulnerable patients, with one study finding “limited evidence ... that co-pay assistance was associated with improved treatment persistence/adherence across various diseases...”<sup>23</sup> In March 2021, Lilly also made headlines for “deceptive trade practice claims” associated with “insulin price-gouging.”<sup>24</sup> Lilly states, “Now more than ever, it’s vitally important that we demonstrate accountability and trustworthiness so we can continue to earn the confidence of patients, healthcare providers and other customers, as well as society as a whole.”<sup>25</sup> However, Lilly has directly lobbied against drug pricing reform that advances affordability,<sup>26</sup> hiring three lobbyists in March 2021 to defeat Democratic drug pricing proposals even while Lilly was under intense scrutiny for insulin price hikes.<sup>27</sup> Lilly’s CEO Dave Ricks is a recent Board Chair for Pharmaceutical Research and Manufacturers of America (“PhRMA”), which raised nearly \$527 million in 2020 and spent roughly \$506 million, including donating millions to numerous other organizations for use in opposing congressional drug pricing reform efforts.<sup>28</sup> PhRMA also sits on the Private Enterprise Advisory Council of the American Legislative Exchange Council, which has actively opposed bills to lower the costs of pharmaceuticals (H.R. 3 and its moderate counterpart S. 2534 (both 116th Congress)).<sup>29</sup>

Lilly spent \$7.5M lobbying in 2021 and \$5.3M in 2022 (through October 24).<sup>30</sup> Given Lilly’s extensive direct and indirect lobbying against measures that would make drugs more affordable, investors need to better understand the balance Lilly is striking between its commitments to innovation, on the one hand, and access and affordability, on the other. For these reasons, we urge shareholders to support the proposal.

## **GOLDMAN SACHS**

Proponent: John Chevedden

Groups named and shamed:

- American Bankers Association
- Business Roundtable
- Financial Services Forum
- Managed Funds Association
- Securities Industry and Financial Markets Association
- ALEC

Votes in support: 35.32%

Below is the statement in support of the resolution:<sup>44</sup>

John Chevedden, 2215 Nelson Avenue, No. 205, Redondo Beach, California 90278, beneficial owner of at least \$2,000 in market value of the company’s Common Stock for at least three years, is the proponent of the following shareholder proposal. The

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<sup>44</sup> SEC EDGAR, Goldman Sachs, Proxy Statement filed on [March 17, 2023](#)



proponent has advised us that a representative will present the proposal and related supporting statement at our Annual Meeting.

Whereas, full disclosure of Goldman Sachs Group's lobbying activities and expenditures to assess whether Goldman's lobbying is consistent with its expressed goals and shareholders' interests.

Resolved, the shareholders of Goldman request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Goldman used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Goldman's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management's and the Board's decision-making process and oversight for making payments described in sections 2 and 3 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 Goldman 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 Public Responsibilities Committee and posted on Goldman's website.

#### Supporting Statement

Goldman spent \$41 million from 2010 — 2021 on federal lobbying. This does not include state lobbying, where Goldman also lobbies. Goldman also lobbies abroad, spending between €800,000 — 899,999 on lobbying in Europe for 2021 and previously drawing scrutiny for "allegedly trying to lobby members of the European Commission."<sup>1</sup>

Companies can give unlimited amounts to third party groups that spend millions on lobbying and undisclosed grassroots activity. These groups may be spending "at least double what's publicly reported."<sup>2</sup> Goldman fails to disclose its memberships in or payments to trade associations and social welfare organizations, or the amounts used for lobbying, to shareholders. Goldman belongs to the **American Bankers Association (ABA)**, **Business Roundtable**, **Financial Service Forum (FSF)**, **Managed Funds Association** and **Securities Industry and Financial Markets Association**, which together spent \$55 million on lobbying for 2021.

Goldman's lack of disclosure presents reputational risks when its lobbying contradicts company public positions. For example, Goldman publicly supports addressing climate change, yet the **Business Roundtable** opposed the Inflation Reduction Act and its





historic investments in climate action<sup>3</sup> and **FSF** lobbied the Securities and Exchange Commission to weaken proposed climate disclosure rules.<sup>4</sup> And while Goldman does not belong to or support the **American Legislative Exchange Council**, which is attacking “woke capitalism,”<sup>5</sup> one of its trade associations does, as **ABA** supported its 2022 annual meeting.<sup>6</sup> According to the 2022 Harris Corporate Reputation Survey, Goldman ranked 80<sup>7</sup> of the 100 most visible US companies.<sup>7</sup>

Reputational damage stemming from these misalignments could harm shareholder value, and I urge Goldman to expand its lobbying disclosure.

## **HEWLETT PACKARD**

Proponent: John Chevedden

Groups named and shamed:

- Chamber of Commerce
- Business Roundtable
- ALEC

Votes in support: 25.44%

Below is the statement in support of the resolution:<sup>45</sup>

We received the following stockholder proposal (the “Proposal”) from John Chevedden, 2215 Nelson Avenue, No. 205, Redondo Beach, California 90278, the beneficial owner of 150 shares of HPE common stock. The proponent has requested we include the Proposal and supporting statement in this proxy statement and, if properly presented, the Proposal will be voted on at the annual meeting. This Proposal and supporting statement, as submitted by Mr. Chevedden, are quoted verbatim in italics below. The Company and the Board disclaim any responsibility for the content of the Proposal and the supporting statement.

The Board opposes adoption of the Proposal and asks stockholders to review the Board’s response, which follows the proponent’s Proposal.

Whereas, we believe in full disclosure of Hewlett Packard Enterprise's lobbying activities and expenditures to assess whether HPE's lobbying is consistent with its expressed goals and stockholder interests.

Resolved, the stockholders of HPE request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by HPE used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. HPE's membership in and payments to any tax-exempt organization that writes and endorses model legislation.

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<sup>45</sup> SEC EDGAR, Hewlett Packard Enterprise Co, Proxy Statement filed on [February 15, 2023](#)



4. Description of management's decision-making process and the Board's oversight for making payments described in sections 2 and 3 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 HPE 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 Nominating and Governance Committee and posted on HPE's website.

#### Supporting Statement

HPE spent \$26,505,000 from 2015 - 2021 on federal lobbying. This does not include state lobbying, where HPE also lobbies but disclosure is uneven or absent. For example, HPE spent \$763,519 on lobbying in California from 2015 - 2021. HPE also lobbies abroad, spending between €200,000 - 299,999 on lobbying in Europe for 2021.

Companies like HPE can give unlimited amounts to third party groups that spend millions on lobbying and undisclosed grassroots activity, and these groups may be spending "at least double what's publicly reported."<sup>1</sup> HPE is reportedly a member of the **Chamber of Commerce** and belongs to the **Business Roundtable**, which together have spent over \$2.1 billion on federal lobbying since 1998. HPE does not disclose its memberships in, or payments to, trade associations and social welfare organizations, or the individual amounts used for lobbying.

HPE's lack of disclosure presents reputational risk when its lobbying contradicts company public positions. For example, HPE publicly supports addressing climate change, yet the **Business Roundtable** opposed the Inflation Reduction Act and its historic investments in climate action.<sup>2</sup> And HPE issued a statement opposing state voter restrictions,<sup>3</sup> yet the **Chamber** lobbied against protecting voting rights.<sup>4</sup> And while HPE does not belong to the **American Legislative Exchange Council**, which is attacking "woke capitalism,"<sup>5</sup> HPE is represented by its trade association, as the **Chamber** sits on its Private Enterprise Advisory Council.

## **HOME DEPOT**

Proponent: Tara Health Foundation

Groups named and shamed:

- U.S. Chamber of Commerce

Votes in support: 31.30%

Below is the statement in support of the resolution:<sup>46</sup>

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<sup>46</sup> SEC EDGAR, Home Depot, Proxy Statement filed on [April 3, 2023](#)



## POLITICAL SPENDING MISALIGNMENT

Whereas:

The Home Depot's Political Activity and Government Relations Policy states that it "actively participates, and encourages its associates to participate, in the political process," in an effort to ensure that governments of countries "in which we conduct business act responsibly and in the best interest of our customers and associates." Home Depot sponsors a political action committee (PAC) which "supports public officials and candidates who understand the issues affecting Home Depot and promote a favorable business climate for the Company."

However, The Home Depot's politically focused expenditures appear to be misaligned with its public statements of its views and operational practices. For example, The Home Depot has committed to achieving a 50% reduction in carbon emissions by 2035, yet is a member of the **U.S. Chamber of Commerce**, which has long and consistently lobbied to constrain US climate regulations.

In addition, The Home Depot has evidenced a strong commitment to gender diversity through its support of a women's employee resource group, a "Women in Leadership" curriculum, and other actions, including the provision of strong reproductive health and maternity benefits. Yet based on public data, the proponent estimates that in the 2010-2022 election cycles, The Home Depot and its employee PAC made political donations of more than \$4.65 million to politicians and political organizations working to weaken access to abortion.

Shortly after the Capitol insurrection, The Home Depot paused donations to the members of Congress who voted against certifying the 2020 election results. Since then, it has donated more than \$540,000 to candidates for office who continue to deny or question the election results.

Corporate political activity that misaligns with organizational values has been subjected to widespread media coverage, some of which has focused on or included mention of The Home Depot. (See, for example, "Georgia Faith Leaders Urge Boycott of Home Depot Over Voting Law," New York Times, 4.20.21.)

Proponents believe The Home Depot should establish policies and reporting systems that minimize risk to the firm's reputation and brand by addressing possible missteps in corporate electioneering and political spending that contrast with its stated diversity and environmental policies.

Resolved:

Shareholders request that The Home Depot publish, at least annually, a report, at reasonable expense, analyzing the congruence of political and electioneering expenditures during the preceding year against publicly stated company values and policies and disclosing or summarizing any actions taken regarding pausing or terminating support for organizations or politicians, and the types of incongruent policy advocacy triggering those decisions.

Supporting Statement:

Proponents recommend that such report also contain management's analysis of risks to our company's brand, reputation, or shareholder value of expenditures in conflict with company values. "Expenditures for electioneering communications" means



spending, from the corporate treasury and from the PAC, directly or through a third party, at any time during the year, on printed, internet or broadcast communications, which are reasonably susceptible to interpretation as in support of or opposition to a specific candidate.

## ***HUNTINGTON INGALLS***

Proponent: John Chevedden

Groups named and shamed:

- Business Roundtable
- National Association of Manufacturers
- ALEC

Votes in support: 36.47%

Below is the statement in support of the resolution:<sup>47</sup>

Whereas, full disclosure of Huntington Ingalls direct and indirect lobbying activities and expenditures to assess whether HII lobbying is consistent with its expressed goals and in stockholder interests.

Resolved, the stockholders of HII request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by HII used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. HII' membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management's and the Board's decision-making process and oversight for making payments described in sections 2 and 3 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 HII 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 and posted on HII's website.

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<sup>47</sup> SEC EDGAR, Huntington Ingalls Industries, Proxy Statement filed on [March 20, 2023](#)



## Supporting Statement

HII spent \$52 million from 2011 – 2021 on federal lobbying. This does not include state lobbying expenditures, where HII also lobbies but disclosure is uneven or absent. HII's 2020 federal lobbying put it in the top ten for federal contractor lobbying.<sup>1</sup>

Companies can give unlimited amounts to third party groups that spend millions on lobbying and undisclosed grassroots activity, and these groups may be spending “at least double what’s publicly reported.”<sup>2</sup> HII belongs to the **Business Roundtable** (BRT), which has spent over \$365 million on federal lobbying since 1998, and sits on the board of the **National Association of Manufacturers** (NAM), which spent \$15 million on lobbying in 2021. HII does not disclose its memberships in, or payments to, trade associations and social welfare organizations, or the amounts used for lobbying.

HII's lack of disclosure presents reputational risks when its lobbying contradicts company public positions. For example, while our company notes “actions to reduce the federal debt and resulting pressures on federal spending could adversely affect the total funding of individual contracts” as a business risk in its 2021 annual report, the **BRT** and **NAM** lobbied against raising corporate taxes.<sup>3</sup> And while our company does not belong to the **American Legislative Exchange Council**, which is attacking “woke capitalism,”<sup>4</sup> HII is represented by its trade association, as **NAM** sits on its Private Enterprise Advisory Council.

Reputational damage stemming from these misalignments could harm stockholder value. Thus, I urge HII to expand its lobbying disclosure.

## **IBM**

Proponent: John Chevedden

Groups named and shamed:

- Business Roundtable
- US Chamber of Commerce
- ALEC

Votes in support: 48.10%

Below is the statement in support of the resolution:<sup>48</sup>

**Whereas**, full disclosure of IBM’s lobbying activities and expenditures to assess whether IBM’s lobbying is consistent with IBM’s expressed goals and stockholder interests.

**Resolved**, the stockholders of IBM request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.

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<sup>48</sup> SEC EDGAR, International Business Machines, Proxy Statement filed on [March 6, 2023](#)



2. Payments by IBM used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Description of management's decision-making process and the Board's 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 IBM 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 and posted on IBM's website.

### **Supporting Statement**

IBM spent \$61 million from 2010-2021 on federal lobbying. This does not include state lobbying expenditures, where IBM lobbied in at least 20 states in 2021 and spent over \$810,000 on lobbying in California from 2010-2021. IBM also lobbies abroad, spending between €1,750,000—1,999,999 on lobbying in Europe for 2021.

Companies can give unlimited amounts to third party groups that spend millions on lobbying and often undisclosed grassroots activity, and these groups may be spending "at least double what's publicly reported."<sup>1</sup> IBM fails to disclose its third-party payments to trade associations and social welfare organizations, or the amounts used for lobbying to stockholders.

IBM belongs to the **Business Roundtable**, and **US Chamber Commerce**, which together have spent over \$2.1 billion on federal lobbying since 1998. And while IBM does not belong to the controversial **American Legislative Exchange Council**, which is attacking "woke capitalism,"<sup>2</sup> it is represented by its trade association, with the **Chamber** sitting on its Private Enterprise Advisory Council.

IBM's lack of disclosure presents reputational risk when its lobbying contradicts company public positions. IBM believes in addressing climate change, yet the **Business Roundtable** lobbied against the Inflation Reduction Act<sup>3</sup> and the **Chamber** opposed the Paris climate accord. IBM is committed to diversity and inclusion, yet the **Chamber** lobbied against protecting voting rights.<sup>4</sup>

And while IBM has attracted scrutiny for avoiding federal income taxes,<sup>5</sup> the **Business Roundtable** has lobbied against raising corporate taxes to fund health care, education and safety net programs.<sup>6</sup> Reputational damage stemming from these misalignments could harm stockholder value. Thus, I urge IBM to expand its lobbying disclosure.

## **JPMORGAN**

Proponent: James McRitchie

Groups named and shamed:



- Chamber of Commerce
- Business Roundtable
- State Financial Officers Foundation

Votes in support: 31.61%

Below is the statement in support of the resolution:<sup>49</sup>

WHEREAS: JPMorgan Chase (“Chase”) states that it “believes that responsible corporate citizenship demands a strong commitment to a healthy and informed democracy through civic and community involvement,” and that it, therefore, engages in lobbying and other public policy advocacy. The issues that Chase identifies as particularly important to its business include:

- Inclusive economic growth;
- Diversity, equity, and inclusion, including racial, gender, and gay and transgender (“LGBTQ+”) rights; and
- Environmental, social, and corporate governance (“ESG”).<sup>1</sup>

However, Chase’s political expenditures appear to be misaligned with its public statements on company values, views, and operational practices.

For example, Chase states that its employee Political Action Committee (PAC) “support(s) candidates, parties and committees whose views on specific issues are consistent with the Firm’s priorities,”<sup>2</sup> but it has contributed hundreds of thousands of dollars to state and federal lawmakers with extreme anti- LGBTQ+ voting records.<sup>3</sup> Likewise, Chase has extensively contributed to sponsors of legislation that restricts access to reproductive healthcare.<sup>4</sup> Chase’s support for these lawmakers come despite its warning that “candidates who advance positions or exhibit behaviors that are in conflict with the Firm’s ethos may be ineligible for PAC donations.”<sup>5</sup>

Chase also trumpets its commitment to “supporting the transition to a low-carbon economy,”<sup>6</sup> yet funds industry associations like the **Chamber of Commerce** and the **Business Roundtable** that oppose meaningful climate action.<sup>7</sup> Similarly, while Chase claims that supporting ESG is a core tenet of its political engagement, Chase sponsors the **State Financial Officers Foundation** (“SFOF”), an organization that works to prevent investor consideration of climate risk and other ESG factors, despite a recent pledge to end its sponsorship of this controversial group.<sup>8</sup> **SFOF** has, in turn, promoted anti-ESG investigations directly targeting Chase and its ability to conduct business with certain states.<sup>9</sup>

Finally, while Chase claims to support voting rights,<sup>10</sup> it is among the top corporate contributors to sponsors of anti-voting legislation.<sup>11</sup>

RESOLVED: Shareholders request the Board publish a report, at reasonable expense, analyzing the congruence of Chase’s political and electioneering expenditures during the preceding year against Chase’s publicly stated company values and policies; listing and explaining any instances of incongruent expenditures; and stating whether the company has made, or plans to make, changes in contributions or communications to candidates as a result of identified incongruencies.

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<sup>49</sup> SEC EDGAR, JPMorgan Chase, Proxy Statement filed on [April 4, 2023](#)



SUPPORTING STATEMENT: Shareholders recommend, at Board and management discretion, that the report include an analysis of risks to the Company brand, reputation, or shareholder value associated with expenditures in conflict with its publicly stated values.

As used in this resolution, “political and electioneering expenditures” means spending, from corporate treasury and from any associated PACs, directly or through a third party, at any time during the year, which are either direct lobbying expenditures or which are reasonably susceptible to interpretation as being in support of or in opposition to a specific candidate, piece of legislation, or regulation, including payments made pursuant to membership in trade associations or politically active nonprofits.

## **L3HARRIS TECHNOLOGIES**

Proponent: John Chevedden

Groups named and shamed:

- Business Roundtable
- Corcoran Partners (named in cited article)

Votes in support: 37.28%

Below is the statement in support of the resolution:<sup>50</sup>

**Whereas**, I believe in full disclosure of L3Harris’ direct and indirect lobbying activities and expenditures to assess whether L3Harris lobbying is consistent with its expressed goals and in shareholder interests.

**Resolved**, the shareholders of L3Harris request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by L3Harris used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. L3Harris’ membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management’s and the Board’s decision-making process and oversight for making payments described in sections 2 and 3 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 L3Harris is a member.

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<sup>50</sup> SEC EDGAR, L3Harris Technologies, Proxy Statement filed on [March 10, 2023](#)





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 and posted on L3Harris’ website.

#### Supporting Statement

L3Harris spent \$46,671,673 from 2010-2021 on federal lobbying. This does not include state lobbying expenditures, where L3Harris also lobbies but disclosure is uneven or absent. For example, L3Harris’ lobbying over first responder communication systems in Florida has drawn media attention.<sup>1</sup>

Companies can give unlimited amounts to third party groups that spend millions on lobbying and undisclosed grassroots activity, and these groups may be spending “at least double what’s publicly reported.”<sup>2</sup> L3Harris belongs to the Business Roundtable, which has spent over \$365 million on federal lobbying since 1998. Unlike many of its peers, L3Harris does not disclose its memberships in, or payments to, trade associations and social welfare organizations, or the amounts used for lobbying.

L3Harris’ lack of disclosure presents reputational risks when its lobbying contradicts company public positions. For example, L3Harris believes in addressing climate change, yet the **Business Roundtable** lobbied against the Inflation Reduction Act.<sup>3</sup> And while our company notes the “U.S. Government’s budget deficit and the national debt” as a business risk in its 2021 annual report, the **Business Roundtable** lobbied against raising corporate taxes to fund health care, education and safety net programs.<sup>4</sup>

Reputational damage stemming from these misalignments could harm shareholder value. Thus, I urge L3Harris to expand its lobbying disclosure.

## **MASTERCARD**

### **Lobbying Disclosure Resolution**

Proponent: John Chevedden

Groups named and shamed:

- American Bankers Association
- Business Roundtable
- US Chamber of Commerce
- State Financial Officers Foundation
- ALEC

Votes in support: 28.30%

Below is the statement in support of the resolution:<sup>51</sup>

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<sup>51</sup> SEC EDGAR, Mastercard, Proxy Statement filed on [April 28, 2023](#)



WHEREAS, full disclosure of Mastercard's lobbying activities and expenditures to assess whether Mastercard's lobbying is consistent with its expressed goals and stockholder interests.

RESOLVED, the stockholders of Mastercard request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.

2. Payments by Mastercard used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.

3. Mastercard's membership in and payments to any tax-exempt organization that writes and endorses model legislation.

4. Description of management's decision-making process and the Board's oversight for making payments described in sections 2 and 3 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 Mastercard 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 Nominating and Corporate Governance Committee and posted on Mastercard's website.

#### Supporting Statement

Mastercard spent \$43 million on federal lobbying from 2010 – 2021. This does not include state lobbying, where Mastercard lobbied in at least 18 states in 2021. Mastercard also lobbies abroad, spending approximately €900,000 on lobbying in Europe for 2021. Mastercard's lobbying over swipe fees amid surging inflation has attracted media scrutiny.<sup>1</sup>

Companies can give unlimited amounts to third party groups that spend millions on lobbying and undisclosed grassroots activity.<sup>2</sup> Mastercard fails to disclose its payments to trade associations and social welfare groups, or the amounts used for lobbying, to stockholders.

Mastercard belongs to the **American Bankers Association** (ABA), **Business Roundtable**, and **US Chamber of Commerce**, which together spent \$105 million on lobbying for 2021, and has drawn attention for funding the controversial nonprofit **State Financial Officers Foundation**,<sup>3</sup> which is attacking so-called woke capitalism.<sup>4</sup> And while Mastercard does not belong to the **American Legislative Exchange Council**, which has drafted anti-woke boycott bills,<sup>5</sup> **ABA** supported its 2022 annual meeting<sup>6</sup> and the **Chamber** sits on its Private Enterprise Advisory Council.



Mastercard's lack of disclosure presents reputational risk when its lobbying contradicts company public positions. Mastercard supports addressing climate change, yet the [Business Roundtable](#) lobbied against the Inflation Reduction Act<sup>7</sup> and the [Chamber](#) opposed the Paris climate accord. Mastercard is committed to diversity, equity and inclusion, yet the [Chamber](#) lobbied against protecting voting rights.<sup>8</sup>

I believe it is a risk our company does not disclose its third-party payments, and I urge Mastercard to expand its lobbying disclosure.

## Values Congruency Resolution

Proponent: As You Sow

Groups named and shamed:

- Business Roundtable
- State Financial Officers Foundation

Votes in support: Resolution withdrawn, agreement reached

Below is the statement in support of the resolution:<sup>52</sup>

**WHEREAS:** Mastercard states that it is “committed to doing well by doing good,”<sup>[1]</sup> a vision that inspires “everything” the company does.<sup>[2]</sup> This includes striving to engage in the political process and policy arena “in the most responsible and ethical way.”<sup>[3]</sup>

However, Mastercard’s political expenditures appear to be out of alignment with its public statements on company values, views, and operational practices.

For example, Mastercard trumpets its commitment to “mobilizing against climate change,” including adopting a net-zero by 2040 goal.<sup>[4]</sup> Mastercard has particularly proclaimed its efforts to address its Scope 3 greenhouse gas emissions.<sup>[5]</sup> Yet, the company funds industry associations like the [Business Roundtable](#) that opposes meaningful climate action.<sup>[6]</sup> The [Business Roundtable](#) has “spent millions of dollars” to stop climate legislation and, in particular, has opposed efforts to require companies to disclose their Scope 3 emissions.<sup>[7]</sup>

Likewise, while Mastercard promotes environmental, social, and governance (ESG) practices, both internally and externally,<sup>[8]</sup> it nonetheless sponsors the [State Financial Officers Foundation](#) (“SFOF”), an organization that promotes government policies punishing companies that take ESG factors into consideration in their investment decision making.<sup>[9]</sup>

Mastercard sponsors [SFOF](#) even though policies promoted by [SFOF](#) will harm Mastercard’s business. For example, while Mastercard is working to eliminate its greenhouse gas emissions,<sup>[10]</sup> [SFOF](#)-promoted legislation would prohibit states from contracting with companies whose greenhouse gas reduction policies are claimed to affect fossil fuel companies.<sup>[11]</sup> Government contracts are a significant line of business for Mastercard.<sup>[12]</sup> Weighing the benefits of maintaining membership in an

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<sup>52</sup> As You Sow, “Mastercard Inc: Disclosure of Incongruent Lobbying Activity,” [December 29, 2022](#)



organization whose policies may negatively impacts its business, are likely to increase climate risk, and are out of alignment with its own climate-related policies, would benefit the Company and investors.

Other companies, such as Federated Hermes, which supported SFOF prior to its anti-ESG work, have withdrawn their membership with the organization.<sup>53</sup>

**BE IT RESOLVED:** Shareholders request the Board publish a report, at reasonable expense, analyzing the misalignment of Mastercard's political and electioneering expenditures during the preceding year against Mastercard's publicly stated company values and policies, listing and explaining any instances of incongruent expenditures and stating whether the Company has made, or plans to make, changes in contributions as result of identified incongruencies.

**SUPPORTING STATEMENT:** Shareholders recommend, at Board and management discretion, that the report include an analysis of risks to the Company brand, reputation, or shareholder value associated with expenditures in conflict with its publicly stated values.

As used in this resolution, "political and electioneering expenditures" means spending, from corporate treasury and from any associated PACs, directly or through a third party, at any time during the year, which are either direct lobbying expenditures or which are reasonably susceptible to interpretation as being in support of or in opposition to a specific candidate, piece of legislation, regulation, or political or policy agenda, including payments made pursuant to membership in trade associations or politically active nonprofits.

## **McDONALD'S**

### **Lobbying Disclosure Resolution**

Proponent: SOC Investment Group

Groups named and shamed:

- International Franchise Association
- Business Roundtable
- National Restaurant Association

Votes in support: 49.75%

Below is the statement in support of the resolution:<sup>53</sup>

Whereas, we believe in full disclosure of lobbying activities and expenditures of McDonald's Corporation ("Company") to assess whether the Company lobbying is consistent with its expressed goals and stockholder interests.

Resolved, Company stockholders request the preparation of a report, updated annually, disclosing:

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<sup>53</sup> SEC EDGAR, McDonald's Corporation, Proxy Statement filed on [April 14, 2023](#)



1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by the Company used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Description of management's decision-making process and the Board's 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 the Company 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 Governance Committee and posted on the Company website.

#### Supporting Statement

McDonald's does not currently report on the full extent of its lobbying efforts. We do know that McDonald's spent \$21,330,000 from 2012-2022 on federal lobbying. The company spent \$5,748,941 in California, largely to oppose AB 257 in 2022, a state law that creates a council to set minimum standards on working conditions, and that industry groups now seek to overturn. The company also spent \$100,805 in lobbying activities in 2021 for New York City alone.

Beyond that, there is not a complete picture of the world's largest fast food restaurant's lobbying activities.

- State level lobbying disclosures are uneven, incomplete or absent. For example, in Florida McDonald's spent anywhere between \$1-\$9,999 on lobbying for each of Q1-Q3 in 2022, a figure that does not provide investors with meaningful information.
- McDonald's does not disclose donations to third party groups that spend millions on lobbying and often undisclosed grassroots activity; these groups may be spending "at least double what's publicly reported."<sup>1</sup>

While McDonald's discloses a list of trade association memberships, it does not disclose indirect lobbying expenditures through groups like the **International Franchise Association**, **Business Roundtable**, or the **National Restaurant Association** (NRA), all of which McDonald's is a member. In 2022, the **NRA** spent \$2,110,000 and previously lobbied Congress against paid sick leave during the Covid-19 pandemic.

McDonald's states that the "backbone of our Brand is, and always has been, a commitment to a core set of values," that includes integrity and community.<sup>2</sup> Complete reporting would shed light on how that commitment operates in practice.

## Values Congruency Resolution



Proponent: John Harrington

Groups named and shamed:

- International Food Information Council

Votes in support: 18.11%

Below is the statement in support of the resolution:<sup>54</sup>

RESOLVED: Shareholders request the Company annually issue a transparency report on global public policy and political influence, disclosing company expenditures and activities outside of the United States. Such report should disclose company funding and in-kind support directed to candidates or electioneering, lobbying, and any charitable donations directed to public policy research or influence for the preceding year including:

- Recipients and amounts.
- The Company's membership in or payments to nongovernmental organizations including trade and business associations, scientific or academic organizations and charities.
- The rationale for these activities.

The Board and management may, in its discretion, establish a de minimis threshold, such as contributions to an individual or organization totaling less than \$250, below which itemized disclosures would not be required.

Supporting statement:

In 2021, international media reported that McDonald's "paused all of our political giving while we review our policies and procedures" and that moving forward McDonald's "will ensure that all contributions continue to align with our values and the purpose of our business."<sup>1</sup> This raises significant concerns regarding the global extent of McDonald's political activity given increased public scrutiny and demand for transparency.

A truly global corporation, McDonald's employs approximately 200,000 people and operates in 119 countries.<sup>2</sup> While McDonald's discloses some information about U.S. political activities, spending to influence public policy internationally is almost entirely undisclosed. Currently shareholders receive minimum information on corporate funds expended globally to influence policies.

Vanguard cautioned "poor governance of corporate political activity, coupled with misalignment to a company's stated strategy or a lack of transparency about the activity, can manifest into financial, legal, and reputational risks that can affect long-term value."<sup>3</sup>

Consequently, industry support for scientific advocacy intended to shape policymaking is receiving heightened scrutiny. For example, McDonald's is listed as a member of the **International Food Information Council** (IFIC),<sup>4</sup> a food and agrochemical industry group that conducts promotion and research to advance industry interests that often contradict public health. IFIC's communications actively defend numerous unhealthy products including sugar, processed foods, artificial sweeteners, and toxic pesticides.<sup>5</sup>

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<sup>54</sup> SEC EDGAR, McDonald's Corporation, Proxy Statement filed on [April 14, 2023](#)



Among many blind spots for investors around McDonald's political activities, the European Union Commission intends to propose a mandatory European nutrition label for food in 2022 potentially impacting our Company's and suppliers' products.<sup>6</sup> Concurrently, McDonald's received legal notice for failing to manage the impacts of its plastic waste as required by French law.<sup>7</sup>

Awareness regarding our products' environmental and health impacts increases across countries. A McDonald's executive recently highlighted, "...effective policy advocacy, and strong partnerships add up to a powerful response [to such issues]..."<sup>8</sup>. It is imperative to utilize the highest transparency standards regarding policy advocacy, partnerships, and all corporate political activities globally.

McDonald's, minimally discloses these relationships online, raising transparency and credibility concerns regarding controversies, including ties to **IFIC**.<sup>9</sup> Media and public scrutiny may quickly reveal corporate advocacy that appears at odds with a company's stated values, on which our business depends.

## ***META PLATFORMS***

### **Lobbying Disclosure Resolution**

Proponent: United Church Funds

Groups named and shamed:

- Chamber of Commerce
- American Edge Project
- National Taxpayers Union
- Competitive Enterprise Institute
- Federalist Society
- NetChoice
- ALEC

Votes in support: 14.56%

Below is the statement in support of the resolution:<sup>55</sup>

**Whereas**, we believe in full disclosure of Meta's lobbying activities and expenditures to assess whether its lobbying is consistent with Meta's expressed goals and shareholders' best interests.

**Resolved**, shareholders request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.

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<sup>55</sup> SEC EDGAR, Meta Platforms, Proxy Statement filed on [April 14, 2023](#)



2. Payments by Meta used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Description of management's and the Board's decision-making process and oversight for making payments described in sections 2 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 Meta 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 and posted on Meta's website.

### **Supporting Statement**

Meta's lobbying continues to attract scrutiny amidst antitrust concerns.<sup>1</sup> In 2021, Meta spent \$20.07 million on federal lobbying, its largest amount ever and more than any other company.<sup>2</sup> Meta also lobbies abroad, being accused of shady lobbying<sup>3</sup> and spending between €6,000,000 lobbying in Europe for 2021.<sup>4</sup>

We believe investors have a right to know the amounts of Meta's payments, including amounts used for lobbying, to 197 trade associations, social welfare groups (SWGs) and nonprofits for 2021. This includes the [Chamber of Commerce](#), SWGs that lobby like the [American Edge Project](#)<sup>5</sup> and [National Taxpayers Union](#),<sup>6</sup> and controversial nonprofits like the [Competitive Enterprise Institute](#) (CEI)<sup>7</sup> and [Federalist Society](#).<sup>8</sup>

Meta's lack of disclosure presents reputational risk when it hides payments to dark money SWGs or contradicts company public positions. One of Meta's core principles is to promote economic opportunity by leveling the playing field yet has drawn attention for funding “dark money groups” to oppose antitrust regulation.<sup>9</sup> Meta supports data privacy in public statements<sup>10</sup>, but has also been found to support lobbyists who seek to defeat privacy bills in the states.<sup>11</sup> Meta has set ambitious goals to reduce its carbon footprint but continues to contribute to the [Competitive Enterprise Institute](#) (CEI), a strong critic of climate science and climate legislation. And Meta says that it cares about the “environmental and social issues of the day” with attention to diversity and inclusion<sup>12</sup> but also supports the [Chamber](#), [NetChoice](#) and [National Taxpayers Union](#), which all sit on [ALEC's](#) Private Enterprise Advisory Council and [ALEC](#) is attacking so called “woke capitalism.”<sup>13</sup>

It is a risk for shareholders that Meta does not disclose its third-party payments, and we urge Meta to expand its lobbying disclosure. Last year, this proposal received majority support from outside shareholders.

## **Climate Lobbying Disclosure Resolution**

Proponents: Presbyterian Church (USA) and Portico Benefit Services

Groups named and shamed:

- American Enterprise Institute (in citation)





- US Chamber of Commerce (in citation)

Votes in support: 9.80%

Below is the statement in support of the resolution:<sup>56</sup>

**RESOLVED:** Shareholders of Meta Platforms Inc. (“Meta”) request that the Board of Directors report to shareholders (at reasonable cost, omitting confidential/proprietary information) on its framework for identifying and addressing misalignments between Meta’s lobbying and policy influence activities and positions--both direct and indirect through trade associations, coalitions, alliances, and social welfare organizations (“Associations”) and Meta’s Net Zero emissions commitment across its value chain by 2030, including the criteria used to assess alignment; the escalation strategies used to address misalignments; and the circumstances under which escalation strategies are used (e.g., timeline, sequencing, degree of influence over an Association).

#### **SUPPORTING STATEMENT**

Research continues to highlight critical gaps between the climate commitments made by national governments and the actions necessary to prevent the worst effects of climate change on society. A 2022 global assessment makes it clear that nations are not doing enough to limit global warming to 1.5 degrees Celsius<sup>1</sup> and that this goal is now almost entirely out of reach unless immediate and dramatic changes are implemented to limit fossil fuel use, and re-envision energy, transport, and land development.<sup>2</sup>

Companies like Meta have a crucial role to play in both empowering policymakers to close these gaps and in addressing the rising energy demands of its own sector. Investors need clear information on how companies are addressing these challenges, including an analysis of the alignment between companies’ direct and indirect policy advocacy efforts and their own climate targets.

Companies may tout their climate efforts, but often fail to account for their support for organizations and initiatives that work to block critical climate policies needed on a broader scale. As Unilever succinctly notes, “Progress on our own climate change targets means nothing in an overheated world.”<sup>3</sup>

Corporate lobbying that is inconsistent with the goals of the Paris Agreement further poses mounting systemic risks to our financial systems and infrastructure, as delays in curbing greenhouse gases increase physical threats from extreme weather, weaken regional economic stability, and heighten portfolio volatility.<sup>4</sup> Proponents view climate scenarios of 3 degrees Celsius or more as economically destabilizing, and are therefore more critically scrutinizing the potential misalignment between companies’ climate strategies and their policy advocacy efforts.<sup>5</sup>

A review of Meta’s disclosed trade association and other memberships<sup>6</sup> reveals concerning inconsistencies with Meta’s actions on, and commitments to, its own Net Zero ambitions.<sup>7</sup> <sup>8</sup> Meta further supports the direction of some of these potentially misaligned organizations by serving on their boards.<sup>9</sup>

While Meta’s recent policy record includes statements supporting climate science, the need for renewable energy leadership, and the importance of new business alliances tackling gaps in policy, Meta continues to underperform its peers on the strength of its

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<sup>56</sup> SEC EDGAR, Meta Platforms, Proxy Statement filed on [April 14, 2023](#)



climate policy engagement<sup>10</sup> its governance and oversight of political influence activity<sup>11</sup> and in its addressing of widespread climate policy disinformation on its platforms.<sup>12</sup>

## ***NORTHROP GRUMMAN***

Proponent: The School Sisters of Notre Dame Cooperative Investment Fund

Groups named and shamed:

- Center for a New American Security
- American Defense International/Michael Herson (in cited article)

Votes in support: 20.03%

Below is the statement in support of the resolution:<sup>57</sup>

Resolved: Shareholders request the Board of Directors annually conduct an evaluation and issue a Public report, at reasonable cost and omitting proprietary information, describing the alignment of Its political activities (including direct and indirect lobbying and political and electioneering expenditures) with its Human Rights Policy. The report should:

- list and explain instances of misalignment, and state whether and how the identified incongruencies have or will be addressed.

Whereas: Northrop Grumman (Northrop), in its Human Rights Policy, states its “deep respect for Individuals and human rights” and recognizes the UN Guiding Principles on Business and Human Rights as important guidance for companies to meet their human rights responsibilities. However, Northrop’s political activities suggest it actively lobbies, makes political contributions, and Otherwise pushes for government sales of its defense products and services to customers linked to Irremediable human rights impacts, especially in conflict-affected and high-risk areas. Shareholders lack sufficient disclosure to analyze whether there is alignment with the Company’s Stated policies.

Northrop has high-risk business activities in the areas of controversial arm trade, military training, nuclear weapons, and border militarization.<sup>1</sup> Investors lack assurance Northrop’s lobbying activities are not encouraging weak regulation of its sales and products that present significant human rights risks. For example, the Air Force awarded Northrop a \$13.3 billion nuclear missile contract in 2020.<sup>2</sup> Nuclear weapons are illegal under international law due to their indiscriminate and disproportionate impacts on civilians.<sup>3</sup> Before the contract was approved, Northrop lobbied against an amendment which would have required the Pentagon explore alternatives to these missiles.<sup>4</sup>

Research organizations have recorded defense manufacturers exerting “deep influence through Money in politics.”<sup>5</sup> In 2022, Northrop has spent \$8,690,000 on federal lobbying, much of which Focused on defense appropriations, export control reform, and foreign military sales.<sup>6</sup> Investors lack disclosure on these lobbying activities, particularly how they align with the Company’s Human Rights Policy.<sup>7</sup> Additionally,

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<sup>57</sup> SEC EDGAR, Northrop Grumman, Proxy Statement filed on [March 31, 2023](#)



Northrop's significant contributions to think tanks, such as the [Center for a New American Security](#), lack transparency.<sup>8</sup>

Although Northrop commits to declining business opportunities with clients, "regardless whether it is legally permissible," if human rights risks are "unacceptable,"<sup>9</sup> its political activities appear misaligned with its human rights commitments. For example, in 2020, a notable lobbyist allegedly lobbied for Northrop while simultaneously contacting congressional and State Department officials on behalf of the United Arab Emirates (UAE) regarding arms sales for use in Yemen.<sup>10</sup> Northrop has long-standing arms and services dealings with the UAE and Saudi Arabia, who have repeatedly targeted civilians as part of their military operations in Yemen, and are complicit in a wide range of gross human rights violations.<sup>11</sup>

Shareholders have an interest in ensuring Northrop's political activities are aligned with its stated human rights commitments. Establishing clear policies and reporting on misalignment can help mitigate material risks that harm shareholders value.

## **PEPSICO**

Proponent: John C. Harrington

Groups named and shamed:

- ConMexico
- Action Alliance for Recycling Beverage Cartons

Votes in support: 18.51%

Below is the statement in support of the resolution:<sup>58</sup>

### GLOBAL TRANSPARENCY REPORT

RESOLVED: Shareholders request the Company annually issue a transparency report on global public policy and political influence, disclosing company expenditures and activities outside of the US. Such report should disclose company funding and in-kind support directed to candidates or electioneering, lobbying, scientific advocacy, and charitable donations for the preceding year including:

- recipients and amounts
- date and timeframe of the activity taking place
- the Company's membership in or payments to NGOs including trade and business associations, scientific or academic organizations and charities.
- the rationale for these activities.

The Board and management may, in its discretion, establish a de minimis threshold, such as contributions to a recipient totaling less than \$250, below which itemized disclosures would not be required.

Supporting Statement:

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<sup>58</sup> SEC EDGAR, PepsiCo, Proxy Statement filed on [March 21, 2023](#)



Food corporations rely heavily on consumer trust, brand affinity and public goodwill. Today, public officials, journalists, NGOs, and even social media often spotlight corporate advocacy that drastically contradicts a company's image, brand or stated values.

The food industry is vulnerable to contradictory company support for scientific advocacy that thwarts policymaking and for sponsoring trade associations may undercut public health policies.<sup>i</sup> For instance, **ConMexico**, a PepsiCo supported trade association, lobbied the Mexican government to postpone food labeling regulations generating widespread criticism due to negative impacts on public health.<sup>ii</sup>

Pepsi scores low regarding disclosures of international corporate political activities, according to recently published transparency index.<sup>iii</sup> In 2021, Vanguard cautioned:

"Poor governance of corporate political activity, coupled with misalignment to a company's stated strategy or a lack of transparency about the activity, can manifest into financial, legal, and reputational risks that can affect long term value".<sup>iv</sup>

Foremost, our Company's contradictory behavior on plastics demonstrates the need for transparency. In 2018 our Company endorsed a Global Commitment to eliminate the plastic items we don't need, and to innovate so all plastic we do need is designed to be safely reused, recycled, or composted.

Yet according to 2022 reporting, our Company supported the **Action Alliance for Recycling Beverage Cartons** (AARC), which lobbied against India's single use plastic ban.<sup>v</sup> Such support of **AARC** is seemingly absent in Pepsi's trade association membership list.<sup>vi</sup>

Claims of Pepsi recently increasing virgin plastics produced hurts our brand credibility.<sup>vii</sup>

A truly global corporation, PepsiCo operates in over 200 countries and territories,<sup>viii</sup> with approximately 291,000 global employees.<sup>ix</sup> In 2020, 42% of PepsiCo operating profits came from outside the US.<sup>x</sup> While our Company discloses fragmentary information relating to US political activities, spending to influence and engage on public policy outside the US is even more poorly disclosed.

## **PFIZER**

Proponent: Tara Health Foundation

Groups named and shamed:

- PhRMA

Votes in support: 14.13%

Below is the statement in support of the resolution:<sup>59</sup>

Whereas:

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<sup>59</sup> SEC EDGAR, Pfizer Inc., Proxy Statement filed on [March 16, 2023](#)



Pfizer has stated “political contributions are made to support the election of candidates, political parties and committees that support public policies important to the industry, such as innovation and access to medicines,” and “[w]e aim to end discrimination against women, ensure equal opportunities for leadership and access to reproductive health.”

However, Pfizer’s political expenditures appear to be misaligned with the company’s stated values and interests.

Pfizer has stated that “Expanded access to health insurance coverage will help ensure that patients with under-diagnosed and undertreated conditions are able to address them; and that those who will benefit from Pfizer medicines are better able to have access to them.” Yet in 2018, Pfizer was a top contributor to a 527 organization leading efforts to strike down the Affordable Care Act, which has made prescription drugs more accessible for millions, and contributes to **PhRMA**, which donates to numerous organizations opposing congressional efforts to reform drug pricing.

Pfizer manufactures contraceptives and a drug commonly prescribed for medication abortion. Yet the proponent estimates that since the beginning of the 2020 election cycle, Pfizer and its employee PACs have donated at least \$5 million to politicians and political organizations working to weaken women’s access to reproductive health care. In the South during this period, Pfizer’s contributions to anti-choice state candidates exceeded those to other candidates by a ratio of 3:1, and its contributions to anti-choice federal candidates exceeded those to other candidates by a ratio of 2:1. For example, Pfizer contributed to multiple sponsors of bills passed in 2022 in Tennessee and Louisiana that will restrict access to medication abortion.

This pattern spending has drawn scrutiny from STAT, Bloomberg News, Huffington Post, The Minnesota Daily, CQ ESG Briefing, Agenda (a Financial Times publication) and Forbes.

Proponents believe Pfizer should establish policies and reporting systems that minimize risk to reputation and brand by addressing possible missteps in corporate electioneering and political spending that contrast with its stated healthcare objectives.

Resolved:

Resolved: Pfizer publish an annual report, at reasonable expense, analyzing the congruency of political, lobbying, and electioneering expenditures during the preceding year against publicly stated company values and policies, including Pfizer’s stated goal to “end discrimination against women, ensure equal opportunities for leadership and access to reproductive health.” Such a report should list and explain any instances of incongruent expenditures, and state whether the identified incongruencies have led to a change in future expenditures or contributions.

#### SUPPORTING STATEMENT

Proponents recommend that such report contain management’s analysis of risks to our company’s brand, reputation, or shareholder value of expenditures in conflict with publicly stated company values. “Electioneering expenditures” means spending, from the corporate treasury and from the PACs, directly or through a third party, at any time during the year which are reasonably susceptible to interpretation as in support of or opposition to a specific candidate.



## **UNITEDHEALTH GROUP**

Proponent: Educational Foundation of America

Groups named and shamed:

- U.S. Chamber of Commerce

Votes in support: 27.61%

Below is the statement in support of the resolution:<sup>60</sup>

Whereas:

It is the policy of UnitedHealth Group (“UHG”) to make political contributions “to advance policy solutions that focus on achieving universal coverage, improving health care affordability, enhancing the health care experience, and achieving better health outcomes.” However, UHG’s political expenditures appear to be misaligned with the company’s values and policies.

- After the attack on the Capital, UHG said it would pause political donations to federal candidates “to ensure they continue to align with our company’s values,” but contributed nearly \$100,000 in 2021 to 31 House candidates who denied election certification on that day.
- Since 2019, UHG has contributed \$100,000 to an organization leading efforts to strike down the Affordable Care Act.
- UHG products insure abortion, but based on publicly available records, the proponents estimate that in the last two election cycles, the company and its employee PAC have donated at least \$5.3 million to politicians and political organizations working to weaken abortion access. This includes approximately \$100,000 to legislators who voted for Texas SB 8, which made it illegal to insure in-state abortions beyond 6 weeks of pregnancy. At least 80% of UHG’s contributions in the South went to anti-abortion politicians (\$1.2 million) in the 2020-22 election cycles.
- UHG has stated “Reducing carbon emissions has been a long-standing priority for our company.” Yet it is a member of the **U.S. Chamber of Commerce**, which has consistently lobbied to roll back climate regulations and promote regulatory frameworks that would slow the transition towards a lower-carbon economy. Additionally, a Bloomberg analysis found that between 2018 and 2020, for every dollar UHG contributed to climate-friendly members of Congress, it donated \$1.67 to members characterized as “ardent obstructionists” of proactive climate policy.
- UHG boasts a perfect score on the Corporate Equality Index, which rates companies on LGBTQ workplace policies. Yet the company has been a top supporter of state attorneys general seeking to revoke LGBTQ civil rights.

Proponents believe that UHG should establish policies and reporting systems that minimize risk to the firm’s reputation and brand by addressing possible missteps in

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<sup>60</sup> SEC EDGAR, UnitedHealth Group, Proxy Statement filed on [April 21, 2023](#)



corporate electioneering and political spending that contrast with its stated healthcare and environmental objectives.

Resolved:

Shareholders request that UHG publish an annual report, at reasonable expense, analyzing the congruency of political, lobbying, and electioneering expenditures during the preceding year against publicly stated company values and policies, listing and explaining any instances of incongruent expenditures, and stating whether the identified incongruencies have led to a change in future expenditures or contributions.

Supporting Statement:

Proponents recommend that such report also contain management's analysis of risks to our company's brand, reputation, or shareholder value of expenditures in conflict with publicly stated company values. "Electioneering expenditures" means spending, from the corporate treasury and from the PACs, directly or through a third party, at any time during the year, which are reasonably susceptible to interpretation as in support of or opposition to a specific candidate.

## **VERIZON**

Proponent: Trillium ESG Global Equity Fund

Groups named and shamed (named in cited articles):

- RGA
- RSLC
- NRSC

Votes in support: 6.25%

Below is the statement in support of the resolution:<sup>61</sup>

Trillium ESG Global Equity Fund, owner of 141,090 shares of Verizon's common stock, proposes the following:

### **Cease Political Contributions**

Former chief justice of the Delaware Supreme Court Leo Strine argued in the Harvard Business Review: "Because political donations are controlled by managers, and because no corporate stakeholders, including shareholders, base their relationship with a company on the expectation that it will use its entrusted capital for political purposes, corporate political spending cannot reflect the diverse preferences and views of those stakeholders. Even the classic justification that corporate donations maximize shareholder wealth is on shaky ground: Emerging evidence suggests that they can destroy value by suppressing innovation and distracting managers from more-pressing tasks." <https://hbr.org/2022/01/corporate-political-spending-is-bad-business>

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<sup>61</sup> SEC EDGAR, Verizon Communications Inc., Proxy Statement filed on [March 27, 2023](#)



A study of corporate political activity in the form of lobbying and PAC spending by S&P 500 companies from 1998 to 2004 found that it was strongly and negatively related to company value. This suggests that ceasing political spending does not necessarily put a company at a competitive disadvantage. [https://dash.harvard.edu/bitstream/handle/1/30064396/Coates\\_684.pdf](https://dash.harvard.edu/bitstream/handle/1/30064396/Coates_684.pdf)

Political contributions by one company can take the form of rent-seeking which may lead to externalities that weigh on other companies, taxpayers, and consumers – possibly slowing real overall economic growth. This may raise concerns for widely diversified investors who are more exposed to the broader economy and suggests that they should support a cessation of political contributions.

Companies such as IBM, Nvidia, ADP, Boeing, Verisign, and fifteen others have adopted policies prohibiting contributions of political funds to influence elections. <https://www.politicalaccountability.net/wp-content/uploads/2022/10/2022-CPA-Zicklin-Index.pdf>

We believe Verizon has reputational risk as it has repeatedly been called out for political contributions which appear to be inconsistent with its corporate values. In 2022, Verizon recognized Women’s History Month by highlighting how “Verizon ‘focus[es] on breaking down bias and stereotypes while continuing progress on women’s equality and gender equality.” But between 2016 and May 2022, Verizon reportedly contributed \$901,150 to anti-abortion political committees. <https://popular.info/p/these-13-corporations-have-spent>

Verizon claims it is “proud to foster an inclusive environment” and that it is “committed to LGBTQ+ equality across the board.” From January 2021 to May 2022 Verizon reportedly contributed at least \$504,812 to the campaigns and leadership PACs of members of Congress that have received a zero rating from the Human Rights Committee. <https://popular.info/p/lgbtq2022>

We believe that business needs a healthy democracy, yet it appears that “Verizon has donated \$123,000 to 54 different 2020 election deniers.” [gizmodo.com/amazon-election-deniers-2020-midterms-pacs-1849706425](https://gizmodo.com/amazon-election-deniers-2020-midterms-pacs-1849706425)

Given potential risks and potential negative impact on shareholder or portfolio value, we believe Verizon should adopt a policy to refrain from using corporate treasury funds in the political process. Adopting such a policy would not prohibit Verizon from lobbying spending or other activities where it can participate in the policy making process.

Resolved: shareholders request that the board of directors adopt a policy prohibiting political and electioneering expenditures.

Supporting Statement: “political and electioneering expenditures “ means spending, from the corporate treasury and from the PAC, directly or through a third party, at any time during the year, on printed, internet or broadcast communications, which are reasonably susceptible to interpretation as in support of or opposition to a specific candidate.

## **WELLS FARGO**

### **Congruency of Political Spending Resolution**





Proponent: Harrington Investments

Groups named and shamed:

- State Financial Officers Foundation
- Republican Attorneys General Association
- NRCC (in cited article)
- NRSC (in cited article)
- RAGA (in cited article)

Votes in support: 28.25%

Below is the statement in support of the resolution:<sup>62</sup>

Our Company published statements demonstrating that it monitors and works toward progress on Environmental Social Governance (ESG) challenges, stating it:

- “regularly assesses ESG and sustainability themes...monitors ESG trends ...which inform its strategies, goals, and reporting priorities ....”<sup>1</sup>
- “believes that it has a role to play in addressing social, economic, and environmental sustainability,”<sup>2</sup>
- “believe[s] that climate change continues to be one of the most urgent environmental and social issues of our time, and [is] working...to help accelerate the transition to a low carbon economy...”<sup>3</sup>

Yet, Wells Fargo supports organizations working against ESG investing and climate related financial risk management, including the [State Financial Officers Foundation \(SFOF\)](#) and the [Republican Attorneys General Association](#).

[SFOF](#) has advanced model legislation in at least five states directing state lawmakers and treasurers to cancel state contracts with companies that address climate risk, stating those institutions are “boycotting” fossil fuel companies.<sup>4</sup>

Evident conflict for our Company has not gone unnoticed. Congressman Casten and Senator Schatz wrote our CEO, requesting confirmation of Company plans to withdraw its sponsorship of [SFOF](#), emphasizing [SFOF](#)'s approach misrepresents valid steps banks and asset managers are taking to minimize exposure to climate risks.<sup>5</sup>

Wells Fargo Political Action Committee (PAC) “Transparency Report” leaked, detailing its contribution criteria. The report notes the PAC aims to support candidates who “are willing to work in a bipartisan manner... and support diversity, equity, and inclusion.”<sup>6</sup> Yet, some of the PAC's political contributions contradict this goal.

For example, the PAC donated to members of Congress that voted against certifying the Electoral College, including Kevin McCarthy, Blaine Luetkemeyer, and David Kustoff.<sup>7</sup> Additionally, Texas Governor Abbott received \$20,000 from the PAC, despite launching child abuse investigations into parents of trans youth.<sup>8</sup>

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<sup>62</sup> SEC EDGAR, Wells Fargo & Company, Proxy Statement filed on [March 15, 2023](#)



Resolved: Shareholders request that Wells Fargo report to shareholders annually, at reasonable expense and excluding confidential information, a congruency analysis between corporate values as defined by Wells Fargo's stated policies and Company contributions on electioneering and to any organizations dedicated to affecting public policy. The report should include a list of any such contributions occurring during the prior year misaligned with stated corporate values, stating the justification for such exceptions.

Supporting Statement: Proponents recommend, at Board and management discretion, the report also include management's analysis of risks to the Company brand, reputation, or shareholder value associated with incongruent expenditures. "Electioneering expenditures" means spending, from corporate treasury and from the PAC, directly or through a third party, at any time during the year, on printed, internet, or broadcast communications, which are reasonably susceptible to interpretation as being in support of or opposition to a specific candidate.

## Climate Lobbying Resolution

Proponent: The Sisters of St. Francis Dubuque Charitable Trust

Groups named and shamed:

- State Financial Officers Foundation
- U.S. Chamber of Commerce
- Business Roundtable
- California Chamber of Commerce

Votes in support: 32.03%

Below is the statement in support of the resolution:<sup>63</sup>

Whereas: A 2022 assessment by the Intergovernmental Panel on Climate Change<sup>1</sup> stated that nations and fossil-fuel users have fallen short<sup>2</sup> of the Paris Agreement goals and that sudden and dramatic changes are required. The Financial Stability Oversight Council identified climate change as an emerging and increasing threat to the financial system.<sup>3</sup>

Wells Fargo & Company ("Company") CEO Charlie Scharf stated, "Climate change is one of the most urgent environmental and social issues of our time, and Wells Fargo is committed to aligning our activities to support the goals of the Paris Agreement and to helping transition to a net zero carbon economy."<sup>4</sup> Consistent with this pledge, the Company joined the Net Zero Banking Alliance.<sup>5</sup>

Voluntary initiatives are insufficient to meet the Paris Agreement goals without robust climate public policy. Major companies have enormous influence and bipartisan credibility to help establish a policy environment that will avert the most dire climate risks and take advantage of the opportunity of this generational economic shift. Corporate lobbying that is inconsistent with the Paris Agreement poses escalating material risks to companies and investors.<sup>6</sup>

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<sup>63</sup> SEC EDGAR, Wells Fargo & Company, Proxy Statement Filed on [March 15, 2023](#)



The Company committed to advocate for policies that enable client transitions to net zero emissions.<sup>7</sup> However, the Company's positions on and details of engagement with policymakers are unclear.<sup>8</sup> A recent letter submitted to the Municipal Advisory Council of Texas shows evidence of the Company's continued support for investing in fossil fuels.<sup>9</sup> The Company's sponsorship of the [State Financial Officers Foundation](#), which has been weaponizing state treasurers' offices against climate-related financial risk management, has been called out by members of Congress.<sup>10</sup>

Of increasing concern are trade associations and other policy organizations that speak for business but too often present major obstacles to addressing the climate crisis. The Company is a member of financial industry associations which are opposing emerging sustainable finance policy, including the [U.S. Chamber of Commerce](#), the [Business Roundtable](#), and the [California Chamber of Commerce](#).<sup>11</sup>

RESOLVED: Shareholders of Wells Fargo and Company request that the Board of Directors analyze and report to shareholders annually (at reasonable cost, omitting confidential and proprietary information) on whether and how it is aligning its lobbying and policy influence activities and positions, both direct and indirect through trade associations, coalitions, alliances, and other organizations, with its public commitment to achieve net zero emissions by 2050 including the activities and positions analyzed, the criteria used to assess alignment, and involvement of stakeholders, if any, in the analytical process.

SUPPORTING STATEMENT: In evaluating the degree of alignment between the Company's emissions goals and its lobbying, the Company should disclose its direct and indirect policy positions and lobbying actions with regard to climate provisions of key international, federal and state legislation and regulation. The Company should consider investor expectations described in the Global Standard on Responsible Climate Lobbying<sup>12</sup> as a useful resource for implementation.

## **WENDY'S**

Proponent: SOC Investment Group

Groups named and shamed:

- International Franchise Association
- National Restaurant Association

Votes in support: 35.11%

Below is the statement in support of the resolution:<sup>64</sup>

Whereas, we believe in full disclosure of lobbying activities and expenditures of The Wendy's Company ("Company") to assess whether the Company lobbying and that of its franchisees is consistent with its expressed goals and stockholder interests.

Resolved, Company stockholders request the preparation of a report, updated annually, disclosing:

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<sup>64</sup> SEC EDGAR, Wendy's Co., Proxy Statement filed on [March 30, 2023](#)



1. Company policy and procedures governing its own lobbying and that of its franchisees, both direct and indirect, and grassroots lobbying communications.
2. Payments by the Company or its franchisees used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Description of management's decision-making process and the Board's oversight of this process.

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 the Company or its franchisees 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 Nominating and Corporate Governance Committee and posted on the Company website.

#### Supporting Statement

Wendy's does not currently report on the full extent of its lobbying efforts. We do know that Wendy's did report spending \$460,000 from 2012-2022 on federal lobbying. The company also spent \$50,000 to oppose AB 257 in 2022, a California law that creates a council to set minimum standards on working conditions, a law that industry groups now seek to overturn. Beyond that, there is not a complete picture of the company's lobbying activities:

- State level lobbying disclosures are uneven, incomplete or absent.
- Wendy's does not report lobbying by its franchisees, which account for 93% of Wendy's restaurants in the U.S.
- Wendy's does not disclose donations to third party groups that spend millions on lobbying and often undisclosed grassroots activity; these groups may be spending "at least double what's publicly reported."<sup>1</sup>

Wendy's does not disclose indirect lobbying expenditures through trade associations like the [International Franchise Association](#), of which Wendy's is a member and which in 2022, spent \$950,000 on federal lobbying. Wendy's does not disclose whether it is a member of other trade associations like the [National Restaurant Association](#).

We are concerned that lack of disclosure could present reputational risk that could harm shareholder value from lobbying that is not aligned with the Company's public positions. Wendy's states that nothing is "more important" than the "health, safety and well-being of our Wendy's family members and customers."<sup>2</sup> Complete reporting would shed light on how that commitment operates in practice.

## ***FULL FORCED DISCLOSURE RESOLUTION LIST***



Below is the full list of resolutions in favor of forced disclosure by ESG proponents, as identified in *Proxy Preview 2023*.<sup>65</sup> Many of these are detailed above in this chapter. The ones not included were either withdrawn or did not specifically name and shame organizations. But even if organizations were not specifically named and shamed, the intention is the same – to impose a chilling effect on companies that support groups that dare challenge liberal orthodoxy.

Lobbying Oversight/Disclosure	Proposal	Proponent
Abbott Laboratories	Report on lobbying	Midwest Capuchins
AbbVie	Report on lobbying	Zevin Asset Management
Alphabet	Report on lobbying	United Church Funds
Amazon.com	Report on lobbying	Zevin Asset Management
Apple	Report on lobbying	Boston Common Asset Management
Boeing	Report on lobbying	Midwest Capuchins
Caterpillar	Report on lobbying	James McRitchie
Charter Communications	Report on lobbying	SEIU Master Trust
Chipotle Mexican Grill	Report on lobbying	SOC Investment Group
Douglas Emmett	Report on lobbying	SEIU Master Trust
DTE Energy	Report on lobbying	SEIU Master Trust
Eli Lilly	Report on lobbying	SEIU Master Trust
Goldman Sachs	Report on lobbying	John Chevedden
Hewlett Packard Enterprise	Report on lobbying	John Chevedden
Huntington Ingalls Industries	Report on lobbying	John Chevedden
International Business Machines	Report on lobbying	John Chevedden
L3 Harris Technologies	Report on lobbying	John Chevedden
Mastercard	Report on lobbying	John Chevedden
McDonald's	Report on lobbying	SOC Investment Group
Meta Platforms	Report on lobbying	United Church Funds
NextEra Energy	Report on lobbying	SEIU Master Trust
NiSource	Report on lobbying	SEIU Master Trust
Travelers	Report on lobbying	First Affirmative Financial Network
Uber Technologies	Report on lobbying	Teamsters
United Airlines Holdings	Report on lobbying	John Chevedden
Ventas	Report on lobbying	SEIU Master Trust
Visa	Report on lobbying	Boston Common Asset Management
Walt Disney	Report on lobbying	Mercy Investment Services
Wendy's	Report on lobbying	SOC Investment Group
Yum Brands	Report on lobbying	SOC Investment Group
Election Oversight/Disclosure		
Amazon.com	Require indirect political spending reporting	Investor Voice
Amphenol	Review/report on election spending	John Chevedden
Bio-Rad Laboratories	Review/report on election spending	James McRitchie
Caesars Entertainment	Review/report on election spending	New York State Common Retirement Fund
CDW	Review/report on election spending	John Chevedden

<sup>65</sup> Proxy Preview, [2023](#) Report, Page 37 - 38



Charles River Laboratories International	Review/report on election spending	James McRitchie
Coca-Cola	Require indirect political spending reporting	New York State Common Retirement Fund
Colgate-Palmolive	Review/report on election spending	Boston Common Asset Management
Elevance Health (formerly Anthem)	Require indirect political spending reporting	Nathan Cummings Foundation
Eli Lilly	Require indirect political spending reporting	Change Finance
HCA Healthcare	Review/report on election spending	John Chevedden
Match Group	Review/report on election spending	New York State Common Retirement Fund
Merck	Require indirect political spending reporting	Boston Common Asset Management
PayPal	Require indirect political spending reporting	Change Finance
PENN Entertainment	Review/report on election spending	New York State Common Retirement Fund
ServiceNow	Review/report on election spending	James McRitchie
SoFi Technologies	Review/report on election spending	New York State Common Retirement Fund
Stericycle	Review/report on election spending	John Chevedden
Stryker	Review/report on election spending	Myra K. Young
Tesla	Review/report on election spending	John Chevedden
Travelers	Require indirect political spending reporting	New York State Common Retirement Fund
Walgreens Boots Alliance	Require indirect political spending reporting	Myra K. Young
Warner Bros. Discovery	Review/report on election spending	New York State Common Retirement Fund
Zillow Group	Review/report on election spending	New York State Common Retirement Fund
Zoom Video Communications	Review/report on election spending	New York State Common Retirement Fund
Verizon Communications	End political spending	Trillium Asset Management
<b>Values Congruency</b>		
AbbVie	Report on all political influence spending values congruency	<i>As You Sow</i>
Alphabet	Report on Paris-aligned public policy influence efforts	Zevin Asset Management
Altria	Report on all political influence spending values congruency	Trinity Health
Amazon.com	Report on lobbying alignment with net-zero GHG goals	Newground Social Investment
AT&T	Report on political spending values congruency	<i>As You Sow</i>
Boeing	Report on Paris-aligned public policy influence efforts	John Chevedden
Chubb Limited	Report on lobbying alignment with net-zero GHG goals	Zevin Asset Management
CIGNA	Report on all political influence spending values congruency	Clean Yield Asset Mgt.
CNX Resources	Report on Paris-aligned public policy influence efforts	Proxy Impact
Coca-Cola	Report on all global influence spending	Harrington Investments
Coca-Cola	Report on political spending values congruency	Clean Yield Asset Mgt.
Comcast	Report on political spending values congruency	Arjuna Capital
Coterra	Report on Paris-aligned public policy influence efforts	Proxy Impact
Devon Energy	Report on lobbying alignment with net-zero GHG goals	Vermont State Treasurer
Eli Lilly	Report on lobbying values congruency	CommonSpirit Health
EOG Resources	Report on lobbying alignment with net-zero GHG goals	Trillium Asset Management
Home Depot	Report on political spending values congruency	Tara Health Foundation
JPMorgan Chase	Report on political spending values congruency	James McRitchie
Kinder Morgan	Report on Paris-aligned public policy influence efforts	Vermont State Treasurer
Mastercard	Report on political spending values congruency	<i>As You Sow</i>



McDonald's	Report on all global influence spending	Harrington Investments
Meta Platforms	Report on lobbying alignment with net-zero GHG goals	Presbyterian Church (USA)
Northrop Grumman	Report on all political influence spending values congruency	School Srs. of N. Dame Coop Investment Fund
PACCAR	Report on Paris-aligned public policy influence efforts	Calvert Investment Management
PepsiCo	Report on all global influence spending	Harrington Investments
Pfizer	Report on all political influence spending values congruency	Tara Health Foundation
Phillips 66	Report on Paris-aligned public policy influence efforts	United Church Funds
United Parcel Service	Report on all political influence spending values congruency	Boston Trust Walden
United Parcel Service	Report on Paris-aligned public policy influence efforts	Mercy Investment Services
UnitedHealth Group	Report on all political influence spending values congruency	Education Foundation of America
Walt Disney	Report on political spending values congruency	Education Foundation of America
Wells Fargo	Report on lobbying alignment with net-zero GHG goals	7th Generation Interfaith CRI
Wells Fargo	Report on political spending values congruency	Harrington Investments

