



# In Election Year, Shareholders Tackle Politics

Alyce Lomax, March 2, 2012

Politics and investing shouldn't mix. This election year, many [shareholder](#) advocates are pushing hard for corporate political spending disclosure.

Shareholder activists [As You Sow](#), Sustainable Investments Institute, and Proxy Impact have released their [annual Proxy Preview](#), revealing that corporate political spending resolutions make up nearly one-third of all social and environmental shareholder proposals this year. This is an increase from last year, when just a quarter of such proposals dealt with political spending issues.

## The people vs. the corporate people

Political spending's influence on the marketplace has been a brewing issue since the Citizens United case in 2010. That Supreme Court decision opened the floodgates for companies and unions to direct money toward attempts to skew elections to their own benefit. Lobbying is a [market-distorting use of capital](#), too.

The anger demonstrated by the Occupy Wall Street movement touched on the unholy alliance between corporations and politicians. On the other side of the political fence, take bankrupted solar company Solyndra, which was not only a bad "investment" of taxpayer money, but also spent \$1.9 million on lobbying between 2008 and 2011. TV personality and financial journalist Dylan Ratigan has started a campaign to [get money out of politics](#), too.

The controversy hasn't died down, and investors of all styles and political beliefs should be paying close attention to shareholder resolutions in their proxy statements.

## Shining a spotlight on spending

Many of the politically tinged shareholder resolutions this year simply [ask](#) companies to fully disclose their political spending. As it stands now, political spending can be hidden or obscured through the use of trade associations or "social welfare" groups. About 47 companies have seen proposals asking for a full report of political spending, disclosing both direct and indirect spending.

There are a few new, interesting plot twists in the political spending resolutions this year, though. Trillium Asset Management is recommending that a couple companies stop political spending completely. It's filed resolutions to block such expenditures at **3M** and **Bank of America**, and Green Century has sponsored a similar proposal at **Target**.

3M and Target are in the hot seat due to major donations to a controversial conservative political candidate in Minnesota several years ago.

Bank of America's in the crosshairs because Trillium believes "the company's participation in political spending, in combination with its sizable lobbying activities, could expose the company's already highly battered brand to further risk." Further, Trillium cites this observation by *The New York Times*: Bank of America "is often held up as a symbol of all that's wrong with banking, from stick-it-to-'em fees to dubious home foreclosures."

NorthStar Asset Management has brought an interesting idea to the table, too: Shareholders should be able to vote on their companies' political spending. It's got resolutions to that effect pending at major companies like **Home Depot**, **Google**, and **Intel**.

## The true meaning of merit

Long-term investors should demand their companies compete on their own merits, not on how much they sling at poli-

ticians in order to bend policies in their favor. Meanwhile, it's difficult to make solid, informed [investment decisions](#) when the marketplace is being so badly distorted by political spending and its twisted influence.

At the very least, we shareholders deserve disclosure and transparency about this expenditure.

Given the looming elections this year, political spending resolutions in corporate proxy statements are more relevant than ever. In 2012, your vote counts, not only at the polls, but on your proxy ballot, too.