Fiduciary Responsibility in Corporate Political Spending

GOVERNANCE, TRANSPARENCY, & ACCOUNTABILITY

NorthStar Asset Management, Inc., based in Boston, is a wealth management company with a focus on socially responsible investing.

March 2014

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Julie Goodridge, CEO
Christine Jantz, CFA

www.northstarasset.com
PO Box 301840
Boston, MA 02130

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EXECUTIVE SUMMARY

"Demonstrating greater disclosure and accountability can help corporations build public trust and investor confidence—and strengthen their relationships with the people they count on to support their business and contribute to their success."

-The Conference Board, "Corporate Political Spending" (2011)

Since the U.S. Supreme Court's decision in *Citizens United v. Federal Election Commission* in 2010, corporate support for political candidates and causes has greatly increased. Unfortunately, this has led to some significant missteps, with poorly placed financial contributions causing public embarrassment and in some cases, inciting litigation against the corporation. Both shareholders and consumers have begun to take note, calling on corporations to be transparent in their decisions about whom and what to support – and to explain their rationale for distributing shareholder dollars to candidates and causes seemingly at odds with brand image and mission.

Currently, more than half of the "top echelon" of the Fortune 500 now retroactively disclose details on their corporations' political contributions.[1] Disclosure of this sort is critical because, as stated in the quote from the Conference Board above, this kind of disclosure and accountability can serve to increase consumer trust and investor confidence. However, when a corporate political contribution is made to a candidate whose views oppose those stated in that corporation's key policies and values, this contribution exposes the company to significant criticism and public backlash.

While companies have a long history of making tactical decisions with their lobbying dollars and support of federal candidates through company PACs, they are now beginning to understand the broader implications of making these contributions in an era of newly heightened public scrutiny. It is no longer sufficient to cite "business interests" as the rationale for electioneering contributions; management must illustrate **fully-informed** decisions on whom to support, especially in cases where contributions could appear to contradict stated company policies and values. We believe that preemptively acknowledging and explaining discrepancies between contributions and company policies - and engaging in conversations with the funds' recipients to explain the discrepancy - will help management protect their company from harm.

NorthStar Asset Management, Inc. has filed shareholder proposals at two corporations—**EMC Corporation** and **Facebook**—whose political action committees have made contributions that contradict their own company policies, values, and/or public statements, as well as directly conflict with their company's business interests. This document serves to demonstrate our argument against such incongruence, and also illustrates the immediate need for improved oversight of corporate electioneering expenses.

[1] www.politicalaccountability.net

INTRODUCTION

When the U.S. Supreme court handed down the *Citizens United v. Federal Election Commission* decision on January 21, 2010, which allowed corporations to make electioneering contributions previously prohibited, the court also created a higher standard for corporate governance necessary to manage the risks associated with corporate political giving and activities. With this "ruling in favor of a formal but fervent embrace of a broad interpretation of free speech rights,"[2] political contributions by corporations were dubbed "free political speech" and protected by the First Amendment. We believe that the full implication of what the *Citizens United* decision means for corporate governance has not yet been fully realized, understood or addressed by corporations and fiduciaries.

The Opinion of the Court raised issues of transparency of electioneering contributions when it wrote that a "campaign finance system that pairs corporate independent expenditures with effective disclosure has not existed before today."[3] But the Opinion also stated that "shareholder objections raised through the procedures of corporate democracy…can be more effective today because modern technology makes disclosures rapid and informative." This indicated to us that corporate electioneering behavior was understood to be within the bounds of shareholder/stakeholder comment.

NorthStar is concerned that corporations are not prepared for higher levels of transparency surrounding their political contributions and activities. Greater scrutiny by shareholders, especially scrutiny of candidates' positions regarding existing corporate policies, values, and statements will lead to greater risk, with dissenting shareholders seeking a remedy from seemingly incongruent electioneering activity through "corporate democracy," or worse, by undertaking litigation. Publicity surrounding such activity will further call into question corporate governance as shareholders seek to understand how discrepancies between the company's own publicly stated brand values are violated through misaligned contributions.

In December 2013, Stephen Silberstein, an Aetna Inc. shareholder, sued the insurance company claiming that Aetna sent "false and misleading proxy statements" to shareholders about political contributions in 2012 and 2013 "that hid millions of dollars of political donations."[4] Among the donations that were not disclosed, according to a *Connecticut Mirror* article, include "$3.3 million Aetna gave to the American Action Network, a conservative group fighting the Affordable Care Act, and $4.5 million to a Chamber of Commerce's political fund in 2012."[5] The lawsuit's proponents claim that Aetna's proxy statements included inaccurate information and omitted information about

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[2] Adam Liptak. "Justices, 5-4, Reject Corporate Spending Limit." *New York Times.* 21 January 2010. <http://www.nytimes.com/2010/01/22/us/politics/22scotus.html?pagewanted=all&_r=0>

[3] see SupremeCourt.gov: http://www.supremecourt.gov/opinions/09pdf/08-205.pdf

[4] Howard French. "Aetna sued over 'misleading' political contribution disclosures." *Journal Inquirer.* <http://www.journalinquirer.com/business/aetna-sued-over-misleading-political-contribution-disclosures/article_ec9ffdc4-6282-11e3-9911-001a4bcf887a.html>

[5] Ana Radelat. "Aetna sued over disclosure of political contributions." *Connecticut Mirror.* <http://www.ctmirror.org/story/2013/12/10/aetna-sued-over-disclosure-political-contributions>

the company's political activities in an effort to convince shareholders to oppose proposals presented by the Service Employees International Union Master Trust (SEIU) in 2012 and by the Unitarian Universalist Association of Congregations (UUAC) in 2013. Should these allegations hold true, it must be speculated that the company's management recognized that disclosing political contributions which are at odds with the firm's interests would be a risk to company brand and shareholder value.

This most recent news story bolsters arguments that corporations need to be aware of potential ramifications of the company's political contributions when supported candidates have positions on significant issues of public import that contradict the firm's own stance. The first such issue came in July 2010 when Target Corporation donated $150,000 to the political group Minnesota Forward, which ignited a major national controversy with demonstrations, petitions, threatened boycotts, and substantial negative publicity.[6] Shareholders cannot allow management to put their company at risk of boycotts and shareholder lawsuits, nor can they allow management to subject the brand to reputational risk through their acts of ill-considered political largesse.

Furthermore, the corporate standard advocated by The Conference Board (TCB) in the "Handbook on Corporate Political Activity" published March 31, 2011 recommends corporations review their political expenditures to "examine the proposed expenditures to ensure that they are in line with the company's values and publicly stated policies, positions, and business strategies and that they do not pose reputational, legal, or other risks to the company." [7]

Currently, the burden of making appropriate political contribution decisions from both the general company treasury (state, local and private political committee giving) and the company PAC (state, local, federal and PAC) are at the discretion of management despite the fact that poorly used funds ultimately impact <u>shareholder</u> value. Corporations are permitted to contribute to federal elections only via PAC contributions.

Mitigating these new risks will require the establishment of policies governing the evaluation and reporting of political contributions, as well as guidelines for communicating to shareholders the rationale for spending that is inconsistent with established company policies and values. As the *Citizens United* decision opinion notes, "modern technology" makes this disclosure that much more important and possible – candidates' votes and policy stances are publically available and easily accessible, raising the bar for corporations to be fully transparent, not just about the amounts and recipients of gifts, but about how the corporations' own policies, values, and positions are reflected in those political gifts. We believe that corporate accountability for political spending requires that corporations conduct their own evaluations of the candidates' positions in advance of the contribution to ensure that spending decisions have been given adequate time and attention. This

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[6] Martiga Lohn. "Target CEO defends Minn. GOP contributions." <u>MSNBC.com</u> <http://www.msnbc.msn.com/id/38434618/ns/business-consumer_news/t/target-ceo-defends-minn-gop-contributions/>

[7] Paul DeNicola, Bruce F. Freed, Stefan C. Passantino, and Karl J. Sandstrom. "Handbook on Corporate Political Activity." <u>Conference-Board.org.</u> http://www.conference-board.org/governance/index.cfm?id=2385

research should help the company avoid undermining its own public policy priorities, internal company policies, and corporate values. Corporations can further mitigate potential damage from inconsistent contributions by reporting on the decision-making rationale, and by informing the candidate of apparent discrepancies in strongly held corporate values.

DISCLOSURE IS NOT ENOUGH

The Handbook on Corporate Political Activity: Emerging Corporate Governance Issues written by The Conference Board may say it best:

> ...the corporation is at risk with respect to compliance with applicable laws and regulations, its reputation, its business strategies, and its culture and values. **Beyond meeting minimal regulatory requirements, companies must consider how to steer clear of any unanticipated consequences attached to their political activities.** [emphasis added]

For several years, shareholder activists have engaged companies regarding their corporate political spending. Since the *Citizens United v. Federal Election Commission* ruling in 2010[8], corporate exposure around political giving has been reported on widely and in some cases has led to public scrutiny, criticism and diminished shareholder value.[9]

Historically, shareholder resolutions have asked exclusively for disclosure of political spending.[10] These resolutions are essential, but just as shareholder rights around issues of compensation progressed from disclosure to votes, increasing "accountability, transparency, and performance linkage of executive pay,"[11] *governance, transparency*, *and accountability* link corporate political contributions to company values and provide **much needed** checks and balances. Given concerns and fiduciary duty to protect our clients' assets, and because of the close relationship between company *value* and a company's corporate *values*, management must take greater responsibility to ensure that shareholder value is not diminished through corporate political spending.

Many of our colleagues believe that seeking *disclosure* of political contributions is sufficient.[12] Given that disclosure is rapidly increasing – at least 104 companies in the Fortune 500 disclose their

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8 "Citizens United v. Federal Election Commission." Supreme Court of the United States. <http://www.supremecourt.gov/opinions/09pdf/08-205.pdf>

9 John Coates. "What Effect Will Citizens United Have on Shareholder Wealth?" Harvard Law and Economics Discussion Paper No. 684. <http://ssrn.com/abstract=1680861>

10 James Hyatt. "Shareholders Press for Political Spending Disclosure." Business-Ethics.com <http://business-ethics.com/2010/06/29/1624-shareholders-press-for-political-spending-disclosure/>

11 Baird and Stowasser (2002) qtd in Fabrizio Ferri and David Maber. "Say on Pay Votes and CEO Compensation: Evidence from the UK" <http://web-docs.stern.nyu.edu/old_web/emplibrary/Ferri_SayOnPay_June09.pdf>

12 Evidenced by communications between CalPERS (California Public Employees' Retirement System) and NorthStar Asset Management in the summer of 2011.

electioneering contributions[13] and all Fortune 500 companies disclose their PAC contributions as required by law – but a careful examination of contributions (on a company by company basis) will show serious violations of their (same company's own) corporate policies, we contend that *disclosure* has proven to be insufficient to safeguard shareholder value. An ounce of prevention screening candidates' positions for congruency with ALL of the firm's policies is worth a pound of cure when disclosure of corporate support of candidates' holding extreme positions results in public outcry and backlash against the company.

The singular focus of past shareholder resolutions on *disclosure* has led to a phenomenon in which companies believe that disclosure is the most stringent requirement by which they must abide. It appears that corporations believe that if management or company political action committees (PACs) simply *disclose in arrears* the extent of their political giving, then this is sufficient for shareholder and consumer satisfaction. Our firm's engagement with corporations and correspondence with the Securities and Exchange Commission (SEC) indicates that a prevalent misconception regarding NorthStar's shareholder proposals is that that we are simply requesting disclosure.[14] Clearly, the confusion arises from the fact that few have considered the question – after disclosure, what comes next?

WHAT COMES AFTER DISCLOSURE?

Greater oversight of political contributions by corporations is necessary. For 2014, NorthStar created a resolution which asks the Board of Directors *to create and implement a policy using consistent incorporation of corporate values as defined by each company's publically stated policies and affirmations, and requests reports to shareholders regarding contributions which may appear incongruent with the company's values and policies, including justification for any such exceptions.*

After careful examination of underlying values as self-described by corporations in public media and publicly stated policies, and of their political contributions through both treasury (where available) and PAC funds, we found glaring inconsistencies between corporate values and the values expressed by support of various candidates for political office. This was true not only in corporations who disclose their treasury contributions, but even in those companies who denounce treasury contributions in favor of PAC contributions.[15] In each case, while well-meaning management teams supported candidates who were deemed to be working in the best interest of the company, corporate values relating to employment non-discrimination policies, environmental standards, support for the Affordable Care Act, and immigrant rights were consistently violated when contributions were made.

[13] www.politicalaccountability.net
[14] No-action letter: http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2011/northstarasset072111-14a8.pdf
[15] In particular, here we are referring to our engagement with Procter & Gamble, who does not make treasury contributions, preferring to rely upon a PAC.

WHAT IS THE SOLUTION?

Increasingly, shareholders are asking for more *accountability* and even *evidence of value received* for corporate political expenditures. As has been made clear by recent controversies, contributions made to candidates through corporate treasury funds or through PAC funds that violate the same corporation's policies and values, shareholder value is put at risk. While disclosure is absolutely essential, how can a corporation protect itself from these controversies?

NorthStar Asset Management, Inc. presents a three-pronged strategy of best practices:

1. ***Governance***: Corporations need to have in place a well-conceived and well-articulated policy which encourages decision makers to take into account company policies, public policy stances, and internal corporate values. Such a policy will help mitigate the risks associated with contributions by the company treasury or PAC that may undermine company values and policies.

2. ***Accountability.*** Due to the potential risk exposure of disclosure, it is crucial that company management research candidate positions through publically available data and evaluate candidates' worthiness of receiving funds based on support or opposition of the comprehensive goals and values of the business. This may include, but is not limited to, research on candidates' stances on the environment, health care reform, immigration reform, or LGBT equality, depending upon the existing values and policies of the contributing corporation.

3. ***Transparency****:* NorthStar recognizes that in many cases, certain interests may outweigh others, resulting in corporations choosing to make political contributions to candidates that contradict company stated values and policies. In these cases, it is critical that corporations report on incongruent expenditures in political spending to shareholders (at a minimum) and publically (at best). These reports should include rationale as to *why* these contributions were made. Through such reporting, the corporation may help shield itself from naysayers who argue that the corporation chose to make incongruent or controversial contributions in secret. Furthermore, when company management has conducted a thorough analysis of candidates' positions and concluded that there is a business reason to make a political contribution though the candidate may support policies incongruent with the corporation's brand, public statements, and closely held values, then management should act as a *steward* of the firm's brand name and reputation, and inform the recipient of the incongruence of the candidates' positions with those of the firm.

Why are these three facets important? Failure to acknowledge, for example, that an environmentally-friendly company has knowingly chosen to give company or PAC funds to a candidate that has voted against numerous pro-environment bills (or has supported bills that may lead to environmental harm) opens that company to potential for reputational damage. By disclosing that the company has made this contribution because of a compelling business interest, while providing this rationale to stakeholders, and reiterating the company values to the recipient of the funds, the company will present itself as transparent and well governed.

Currently, there is no process to hold management accountable for actual disclosed contributions to candidates working against company values. Shareholder reaction or public outcry against particularly egregious violations is happenstance, but increasing in frequency. The focus of shareholder resolutions solely on disclosure is insufficient – implies that the company (management and the board) can spend shareholder resources promoting its views of what constitutes corporate "interest," when in most cases, the company has not considered that these candidates uphold political policies divergent from company values. Companies may agree to disclose where the company contributions have been sent, but making uniformed decisions that contradict company policy is risky business.

NORTHSTAR'S PROPOSALS FOR 2014

NorthStar's resolutions specifically address incongruities between corporations' business interest and public policies, including Equal Employment Opportunity policies, environmental policies, and health care policies; and it should be recognized that compensation, pension, and benefit issues might also expose shareholder value to risk due to incongruence with these company policies and political candidates' support of specific candidates, public policy, and government regulation.

EMC Corporation (expected proxy release: March)

Our firm, NorthStar Asset Management, Inc. reviewed EMC's business interests and corporate values in comparison to the company's political contributions, uncovering patterns of political activity that were inconsistent with the company's policies of non-discrimination based on sexual orientation, gender identity or expression, and statements regarding environmental sustainability and practices. EMC has a long, public history of providing financial and moral support to the movement for marriage equality. As recently as September 2012, EMC publically supported Washington State's existing equal marriage law, stating that "our support of the state's legislation that provides same-sex couples with the right to civil marriage is another example of our commitment to supporting – and delivering – benefits for domestic partners." In this way, EMC acknowledges that the ways in which it spends its political contribution dollars should be coordinated with the company values, beliefs, and policies.

Furthermore, EMC has clearly made its environmental stance known, stating that "as a global enterprise, EMC recognizes and embraces our role in helping mitigate the impacts of climate change" and that "it is in the interests of the health of our economy, our society, and our business that we act swiftly – as individuals, as an industry, and as a country." EMC's official Policy Position on National Climate Legislation even goes on to specify that:

EMC supports and encourages action that will:

1. Price greenhouse gas emissions in appreciation of its cost to our economy and our society.
2. Set national short-term and long-term GHG-emission reduction targets.
3. Execute on these commitments.
4. Provide incentives to consumers for implementation of energy-efficient technologies and practices.
5. Provide incentives to the private sector to encourage technological and business innovation for mitigation.

Despite this, EMC has recently made numerous political contributions that compete with the congruent contributions the company and its PAC make. These include:

- Over 30% of EMCPAC contributions to politicians voting against hate crimes legislation and against the repeal of Don't Ask Don't Tell, and/or sponsoring the Federal Marriage Amendment Act, which would eliminate equal marriage rights across the nation.
- At least 23% of EMCPAC contributions to politicians voting against the American Clean Energy and Security Act of 2009 (H.R. 2454) and voting to deregulate greenhouse gases (H.R. 910)

These include specific contributions to politicians such as Senators Saxby Chambliss and Charles Grassley, who have repeatedly voted in an anti-EPA and anti-environmental manner. Furthermore, EMC supported Paul Ryan, who not only voted to ban equal marriage rights and against repealing the "don't ask, don't tell" ban on gay servicemen and women serving openly in the military, but also voted to deny to gay couples the privilege of adopting a child.

Facebook (expected proxy release: April)

As with EMC, our firm compared internal Facebook policies and publically stated affirmations with the company's PAC contributions to politicians. At Facebook, we also found concerning patterns of the company making contributions that are in direct contrast to firm policies. Facebook's PAC made contributions to politicians that directly contradict the company's values and policies of non-discrimination, as well as the company's public stance on equal marriage rights and internet freedom.

As our proposal illustrates (see appendix B for full text), Facebook has a strong non-discrimination policy, and Facebook has gone as far as to publically support the recent ruling in the Supreme Court which overturned the Defense of Marriage Act:

> Approximately 70% of people on Facebook in the U.S. are connected to a friend who has expressly identified themselves as gay, lesbian or bisexual on their timeline. #PrideConnectsUs

As this quote illustrates, Facebook's prime constituency feels strongly in favor of equal marriage rights. In fact, a Gallup poll revealed recently that 53% of Americans believe that the law should recognize same-sex marriages, including 70% of 18-29 year olds and 53% of 30-49 year olds sharing this belief; while a *Washington Post*/ABC News Poll found that 81% of voters under 30 (regardless of political affiliation) support the freedom to marry. A Pew Research study in 2013 found that 73% of all internet users have Facebook accounts, and Facebook's prime customer base remains the 18-29 and 30-49 crowds (with 90% and 78% of each group using Facebook respectively). In other words, Facebook's primary user groups strongly support equal marriage rights, *and* Facebook itself supports the freedom to marry, so it is exceedingly concerning that the company would make incongruent contributions to politicians that work against what the company and its users believe in so strongly.

Furthermore, Facebook's PAC **provided significant support to politicians that sponsored or cosponsored SOPA (the Stop Online Piracy Act) and/or PIPA (the Protect IP Act)**. Not only has Facebook Founder and CEO Mark Zuckerberg stated that "Facebook opposes SOPA and PIPA," but he went as far as to say that "the world today needs political leaders who are pro-internet." Given that if SOPA and PIPA had passed, Facebook "could cease to exist as you know [it] today,"[16] it is quite worrisome that Facebook's PAC would contribute at least $80,000 to politicians that put forward this legislation.

It is important that the corporation put in place a process that would mitigate risk and avoid contributions to politicians that work in opposition to the best interests of the company.

CONCLUSION

Corporate contributions that contradict company business interests and values pose a direct and immediate risk to shareholder value. A company's EEO policy, non-discrimination policy, public statements regarding policy issues, and values statements comprise the company's set of **public values**, therefore all corporate political activity and contributions should reflect these values whether contributions are made to political organizations or directly to political candidates. To avoid unnecessary litigation faced by Aetna and others, we must ensure that management makes transparent, targeted political contributions that uphold company values. Disclosure of political contributions does not repair the problem created by inconsistent actions.

[16] http://www.wisebread.com/what-is-sopa-and-how-will-it-affect-you-0

Appendix A: EMC Proposal (2014)

Congruency between Corporate Values and Political Contributions

Whereas, the Supreme Court ruling in *Citizens United v. Federal Election Commission* interpreted the First Amendment right of freedom of speech to include certain corporate political expenditures involving "electioneering communications," which resulted in greater public and shareholder concern about corporate political spending;

Whereas, proponents believe EMC Corporation should establish policies that minimize risk to the firm's reputation and brand through possible future missteps in corporate political contributions;

Whereas, in EMC's 2011 Sustainability Materiality Assessment, "climate change mitigation" was ranked as one of the highest priority items to both external stakeholders and EMC. EMC's website states that "we believe that addressing the potential impacts of climate change and energy use will help EMC reduce our risks, enhance shareholder value, and strengthen our business." Despite this, since 2009 the EMC Political Action Committee (EMCPAC) designated 23% of its contributions to politicians voting against the *American Clean Energy and Security Act of 2009* (H.R. 2454) and voting to deregulate greenhouse gases (H.R. 910);

Whereas, EMC has a strong commitment to diversity, stating that "EMC does not discriminate on the basis of . . . sexual orientation, marital status, gender identity or expression . . ." In fact, in 2012 EMC has made its support of LGBT individuals clear when it publically supported the efforts of Washington United for Marriage, the bipartisan statewide coalition of organizations working together to defend Washington State's existing marriage equality law. Yet since 2009, EMCPAC designated over 30% of its contributions to politicians voting against hate crimes legislation and against the repeal of Don't Ask Don't Tell, and/or sponsoring the Federal Marriage Amendment Act, which would eliminate equal marriage rights across the nation.

Resolved: Shareholders request that the Board of Directors create and implement a policy with consistent incorporation of corporate values as defined by EMC's stated policies and affirmations (including our Commitment to Diversity, our Equal Opportunity Plan, our Environmental Strategy, and our Climate Change and Energy Strategy) into Company and EMCPAC political and electioneering contribution decisions; and report to shareholders, at reasonable expense and excluding confidential information, any electioneering or political contribution expenditures which raise an issue of congruency with corporate values, and stating the justification for these exceptions.

Supporting Statement: Proponents recommend that the report contain management's analysis of risks to our company's brand, reputation, or shareholder value. "Expenditures for electioneering communications" means spending 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. Proponents recommend that a policy encouraging consistent incorporation of corporate values include: transparency, congruence of giving with company values, accountability to shareholders, and stewardship of values to funds recipients.

Appendix B: Facebook Proposal (2014)

Congruency between Corporate Values and Political Contributions

Whereas, the Supreme Court ruling in *Citizens United v. Federal Election Commission* interpreted the First Amendment right of freedom of speech to include certain corporate political expenditures involving "electioneering communications," which resulted in greater public and shareholder concern about corporate political spending;

Whereas, proponents believe Facebook should establish policies that minimize risk to the firm's reputation and brand through possible future missteps in corporate political contributions;

Whereas, Mark Zuckerberg, our Company's CEO, has spoken out on his personal Facebook page on behalf of our company to state that "Facebook opposes SOPA and PIPA, and we will continue to oppose any laws that will hurt the internet" and that "the world today needs political leaders who are pro-internet";

Whereas, despite this clear importance of the freedom of the internet to the Company, the Facebook Political Action Committee (FB PAC) designated **over $80,000** to politicians that sponsored or cosponsored SOPA (the Stop Online Piracy Act) and PIPA (the Protect IP Act);

Whereas, our website proclaims that "we're dedicated to creating an environment where people can be their authentic selves and share their own diverse backgrounds, experiences, perspectives and ideas. Facebook is proud to be an Equal Employment Opportunity [employer]." Furthermore, a national poll conducted in March 2013 showed that 81% of young adults ages 18-29, regardless of political affiliation, support the freedom to marry. Clearly, funding politicians that have worked counter to equal marriage rights risks alienating this key Facebook demographic. Despite this, FB PAC has contributed over 41% of its contributions since its inception to politicians voting against hate crimes legislation and the repeal of Don't Ask/Don't Tell, as well as FOR the Marriage Protection Amendment, which sought to prohibit equal marriage rights across the nation.

Resolved: Shareholders request that the Board of Directors create and implement a policy with consistent incorporation of corporate values as defined by Facebook's policies and public affirmations into Company and FB PAC political and electioneering contribution decisions, and requiring reporting to shareholders at reasonable expense and excluding confidential information on a quarterly basis listing any electioneering or political contribution expenditures occurring during the prior quarter, identifying any contributions that raised an issue of congruency with corporate values, and stating the justification for any such exceptions.

Supporting Statement: Proponents recommend that the report contain management's analysis of risks to our company's brand, reputation, or shareholder value. "Expenditures for electioneering communications" means spending 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.