

## Shareholder Statement at the Dupont AGM on April 24, 2013 re: Lobbying Expenditure Disclosure on behalf of ICCR Shareholders

Fellow shareholders and members of the board, my name is Tom McCaney, and I'm representing the Missionary Oblates of Mary Immaculate and co-filers Congregation of Divine Providence, Benedictine Sisters of Virginia and Benedictine Sisters of Baltimore. I hereby move Item 5, the shareholder proposal asking our company to provide a report on its state and federal lobbying expenditures, including indirect funding of lobbying through trade associations, and support for tax-exempt organizations that write model legislation. I would like to note the proponents appreciated the dialogue with our company over the proposal.

Transparency and accountability in corporate spending to influence public policy are in the best interests of Dupont shareholders. Oversight of lobbying is a board responsibility under Sarbanes-Oxley.<sup>1</sup>

Without a clear system ensuring accountability, corporate assets can be used to promote public policy objectives which may pose risks to Dupont and its shareholders.

Our company spent more than \$8.7 million in 2011 and 2012 on federal lobbying activities, according to federal disclosure reports. But there is incomplete disclosure about spending at the state level, where disclosure is not comprehensively required by law. Through internal research, we found more than \$780,000 in 2012 state lobbying expenditures by our company in 15 states, but this disclosure was patchwork and presents only a partial picture.

Corporations can easily contribute corporate resources to trade associations or other organizations that lobby indirectly on their behalf without specific disclosure or accountability. Lobbying by trade associations and the corporate contributions that fund it are not broken down and reported. Dupont does not comprehensively disclose its trade association memberships and contributions, and without full disclosure of all payments to trade associations, shareholders cannot know whether or not the company is making payments that ultimately are used for lobbying contrary to shareholders' interests.

This proposal also asks for payments to tax-exempt organizations that write model legislation, which includes ALEC, a non-profit that convenes state lawmakers and

corporate representatives to write and endorse model legislation. ALEC approved legislation based on Florida's Stand Your Ground law that gained national attention after the tragic death of Trayvon Martin. ALEC's corporate members are facing negative scrutiny,<sup>ii</sup> and our company has been named as an ALEC supporter in the past.<sup>iii</sup>

Support for lobbying disclosure is part of emerging governance best practice. The International Corporate Governance Network, representing institutional investors with more than \$18 trillion in assets, supports lobbying disclosure as best practice, and supports disclosure of any amounts over \$10,000, including trade association payments.<sup>iv</sup>

**Proxy advisors** ISS and Glass Lewis support this proposal:

- ISS notes that “shareholders would benefit from full disclosure of the company's lobbying activities.”<sup>v</sup>
- Glass Lewis notes that “shareholders could benefit from increased disclosure.”<sup>vi</sup>

Publicly available data does not provide a complete picture of Dupont's lobbying expenditures. Dupont's Board and its shareholders need complete disclosure to be able to evaluate the use of corporate assets for direct and grassroots lobbying and the risks the spending poses to shareholders. We urge shareholders to vote FOR this proposal.

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<sup>i</sup> Repetto, Robert, “Best Practice in Internal Oversight of Lobbying Practice,” Yale Center for Environmental Law

<sup>ii</sup> Gabriel Rey-Goodlatte, "Tell Coca-Cola to Stop Funding ALEC," Color of Change, April 4, 2012; David Halperin, "Honor Trayvon: Call on Corporations To Quit ALEC, Backer of 'Stand Your Ground' Law," Huffington Post, March 27, 2012.

<sup>iii</sup> **Defenders of Wildlife and the Natural Resources Defense Council**, “Corporate America's Trojan Horse in the States: The Untold Story Behind the American Legislative Exchange Council,” 2003.

<sup>iv</sup> ICGN Statement and Guidance on Political Lobbying and Donations, ICGN, June 2011.

<sup>v</sup> ISS 2013 Dupont Proxy Analysis, p. 1.

<sup>vi</sup> Glass Lewis 2013 Dupont Proxy Analysis, p. 1.