



The Office Of State Treasurer
Denise L. Nappier

News

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TREASURER NAPIER SAYS TRANSPARENCY CRUCIAL FOR LONG-TERM SHAREHOLDER VALUE AT GOOGLE

HARTFORD, CT – At Google Inc.’s annual meeting on May 14 in Mountain View, CA, the Connecticut Retirement Plans and Trust Funds (CRPTF) and a coalition of institutional investors called on the company to disclose its lobbying activities.

“Nothing sows the seeds of mistrust more than secrecy and unwelcomed surprises. Shareholders have every right to know what political expenditures Google is making. It must disclose what it currently does not, including payments to trade associations. Google must also pull together in one document the disparate lobbying and contribution reports it files across the country – so investors don’t need to go on a scavenger hunt. Without proper disclosure, the company is at risk of damaging its reputation and long-term shareholder value,” State Treasurer Denise L. Nappier said.

At the annual meeting, 8.6 percent of shareholders voted in favor of a resolution, filed by the CRPTF, Walden Asset Management and other institutional investors, on disclosure of lobbying expenditures. This is a strong showing, considering that Google’s executive officers and Board members own 62.7 percent of the voting power. The resolution received 34 percent of the votes not controlled by management and the Board.

Google spent approximately \$31.35 million in 2010, 2011 and 2012 on federal lobbying, according to U.S. Senate reports. But this figure may not include grassroots lobbying to influence legislation by mobilizing public support or opposition. Also, not all states require disclosure of lobbying expenditures. The reports also do not include contributions to tax-exempt organizations which write and endorse model legislation.

The resolution asked Google to disclose policies and procedures governing lobbying activities, as well as expenditures for direct and indirect lobbying through trade associations and tax exempt organizations.

The shareholder resolution asked that the Board authorize the preparation of a report, updated annually, that will reveal:

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1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Google 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. Google's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of the decision making process and oversight by management and the Board for making payments described in sections 2 and 3 above.

The CRPTF statement of support for the resolution said, "We commend Google for updating disclosure on its website on political spending and lobbying but the company still does not disclose details about lobbying through trade associations, maintaining secrecy about its payments used for lobbying by these associations. For example, the U.S. Chamber of Commerce spent over \$1 billion in lobbying since 1998, yet any Google funding of the Chamber is secret."

"Lobbying transparency is essential for Google, one of the top five corporate lobbyists in the past two years with federal lobbying expenditures exceeding \$30 million (*OpenSecrets.org*). Over the last five years, Google's federal lobbying expenditures increased approximately 250 percent. The company has also hired more than one hundred lobbyists and plans to open a new Capitol Hill office comparable to the size of the White House," Walden Asset Management, a division of Boston Trust & Investment Management Company, said.

The CRPTF held 185,460 shares of Google with a market value of \$97 million as of May 9.

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