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## TARGET, BEST BUY RECEIVE SHAREHOLDER PROPOSALS ADDRESSING CONTROVERSIAL POLITICAL CONTRIBUTIONS

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August 19, 2010 – Three leading sustainability investing firms have filed shareholder proposals this week at **Target (NYSE: TGT)** and **Best Buy (NYSE: BBY)**, which are under fire for making sizable political contributions to a group channeling funds to a Minnesota gubernatorial candidate known for his opposition to lesbian, gay, bisexual and transgender (LGBT) rights.

Boston-based investment firms Walden Asset Management (“Walden”) and Trillium Asset Management Corporation (“Trillium”), and Calvert Asset Management Company, Inc. (“Calvert”) of Bethesda, MD, joined together to file a [proposal at Target Corporation](#) that asks the company’s independent board members to undertake a “comprehensive review of Target’s political contributions and spending processes including the criteria used for such contributions” and “oversight processes by management and the Board.” Calvert and Trillium have filed a similar [resolution at Best Buy](#) this week, Trillium on behalf of the Equity Foundation, which works to eradicate prejudice towards the sexual and gender minority communities of Oregon. Collectively, the shareholders control more than 1.1 million shares of common stock in Target worth \$57.5 million, and 344,000 shares of Best Buy worth \$11.3 million.

The proposals call attention to the misalignment between the donations and the companies’ corporate values. Both Target and Best Buy have exceptionally strong workplace policies for LGBT employees, and have supported LGBT community activities in Minnesota.

The candidate for governor, Minnesota state representative Tom Emmer, has adopted a highly adversarial stance toward the LGBT community. He opposes same-sex marriage and led an [effort to deny LGBT couples full parental rights](#)<sup>1</sup> in Minnesota. In addition, his campaign [made a contribution](#)<sup>2</sup> to a Christian hard rock ministry that [praised Muslim countries that execute their citizens](#)<sup>3</sup> for homosexuality as being “more moral than even the American Christians.”

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<sup>1</sup> <http://minnesotaindependent.com/3915/after-lively-debate-surrogate-pregnancy-bill-passes-at-lege>

<sup>2</sup> <http://minnesotaindependent.com/58393/gop-linked-punk-rock-ministry-says-executing-gays-is-moral>

<sup>3</sup> See fn. 2.

Target and Best Buy have made apologetic statements acknowledging objections to their contributions, but neither has asked the pro-business group, Minnesota Forward, to return any funds. Both companies are facing boycott campaigns. This week, Target decided not to contribute to groups supporting gay-rights candidates in Minnesota, a request of the Human Rights Campaign (HRC), the nation's largest LGBT advocacy group. The HRC is also currently in discussions with Best Buy.

The Supreme Court's *Citizens United* decision earlier this year opened the floodgates for millions of corporate dollars being directly and indirectly injected into political contests and races.

Tim Smith, senior vice president at Walden, commented, "It is unclear how frequently companies will decide to spend shareholder monies in controversial political races. But if the Best Buy and Target contributions are any indication, imprudent donations can potentially have a major negative impact on company reputations and business if they don't carefully and fully assess a candidate's positions. Funding ballot initiatives or "issue ads" can similarly backfire."

Shelley Alpern, vice president at Trillium, said, "Tom Emmer has made it no secret that as governor he would deny members of the LGBT their full civil rights. No company can credibly claim that it continues to support the LGBT community if at the same time it is financing a deliberate effort to keep it in second-class citizenship." Trillium has already been asked by one client, the Equity Foundation of Portland, Oregon, to [fully divest](#) its portfolio of Target shares.

[Thirteen companies](#)<sup>4</sup> have donated \$1,095,000 to MN Forward, including **Pentair (NYSE:PNR)**, **Polaris (NYSE:PII)**, a maker of snowmobiles, and **Regis (NYSE:RGS)**, the parent corporation of SuperCuts, Hair Club for Men, and other hair care franchises. In 2008, Trillium filed a shareholder proposal at Pentair that resulted in the company's adoption of a sexual orientation nondiscrimination policy. Alpern said Trillium will pursue the topic of political contributions with Pentair.

"Shareholder resolutions at Target and Best Buy should serve to alert companies of the importance of a careful and comprehensive review of their contributions policies, oversight, risk assessment and disclosure as they consider earmarking shareholder funds for political purposes," said Tim Smith of Walden.

"A good corporate political contribution policy should prevent the kind of debacle Target and Best Buy walked into," Alpern added. "We expect companies to evaluate candidate based upon the range of their positions – not simply one area -- and assess whether they are in alignment with their core values. But these companies' policies are clearly lacking that."

"We continue to call for increased transparency and disclosure of corporate political spending. The absolutely wrong conclusion for companies to draw from this controversy is that everything will be all right as long as they conceal their political contributions."

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<sup>4</sup> <http://www.cfbreport.state.mn.us/pdfStorage/2010/CampFin/B/41035.pdf>

Stu Dalheim, Director of Shareholder Advocacy at Calvert Asset Management Company said, “Instead they must ensure that they have a transparent governance framework that ensures they align their political spending with their business interests and stated policies.”

About the shareholder proposal proponents

Walden Asset Management has been a leader in socially responsive investing since 1975, managing our clients' assets to achieve their specific financial and social objectives.

Trillium Asset Management Corporation is the oldest and largest independent advisor devoted exclusively to sustainable and responsible investing.

Calvert Asset Management Company is a leader in Sustainable and Responsible Investments (SRI), offering investors among the widest choice of SRI strategies of any investment management company in the United States.

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