



Action Report

Corporate Political Activity

Range Resources

April 24, 2017

| Ticker | Exchange | Meeting Date | Record Date | Annual Meeting Location |
|--------|----------|--------------|-------------|-------------------------|
| RRC | NYSE | 5-17-2017 | 3-24-2017 | Fort Worth, Texas |

| Agenda | |
|--------|--|
| Item | Proposal |
| 1 | MGT: Elect directors |
| 2 | MGT: Advisory vote on executive compensation |
| 3 | MGT: Advisory vote on the frequency of future advisory votes on executive compensation |
| 4 | MGT: Ratify selection of auditors |
| 5 | SH: Review/report on political spending |

Si2 Briefing [Corporate Political Activity](#)

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Links [Proxy Statement](#); [Political Engagement](#); [Code of Business Conduct and Ethics](#)

Resolved Clause Resolved, that the shareholders of Range Resources (“Company”) hereby request that the Company provide a report, updated semiannually, disclosing the Company’s:

1. Policies and procedures for making, with corporate funds or assets, contributions and expenditures (direct or indirect) to (a) participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office, or (b) influence the general public, or any segment thereof, with respect to an election or referendum.
2. Monetary and non-monetary contributions and expenditures (direct and indirect) used in the manner described in section 1 above, including:
 - a. The identity of the recipient as well as the amount paid to each; and
 - b. The title(s) of the person(s) in the Company responsible for decision-making.

The report shall be presented to the board of directors or relevant board committee and posted on the Company’s website within 12 months of the date of the annual meeting.

Lead Proponent Nathan Cummings Foundation

Vote History This is the second year in a row that this proposal has appeared on the Range Resources proxy ballot. In 2016, the proposal received 43.3 percent support.

Summary

Range Resources discloses policies on corporate political activity and trade association activity, but it still does not provide full disclosure of corporate political contributions, trade association memberships, dues amounts or political and lobbying expenditures made by those associations using Range Resources funds.

I. Range Resources and Political Activity

Range Resources is among the nation's leading independent natural gas companies. It operates primarily in the Appalachian regions of the United States, although the company also has operations in Louisiana, Texas, Oklahoma and Wyoming.

| Financials | | | |
|----------------------|-----------|-----------|----------|
| (\$ millions) | 2015 | 2016 | % Change |
| Total Revenue | \$1,598.1 | \$1,099.9 | (31.2%) |
| Net Income | (\$713.7) | (\$521.4) | 26.9% |

An upstream exploration and production company, its proved reserves were 65 percent natural gas, 31 percent natural gas liquids and 4 percent crude oil at the end of 2016. A substantial portion of the company's drilling inventory consists of unconventional resource plays targeting shale and coal bed methane natural gas reservoirs. Approximately 87 percent of its proved reserves are in the Marcellus Shale in Pennsylvania.

The company's production averaged 1,542.1 million cubic feet of gas equivalent per day in 2016, an increase of 11 percent from 2015. Total natural gas production also increased over by 4 percent from 2015 levels to 375.8 billion cubic feet, while natural gas liquid production rose 37 percent to 27.8 Mmbbls. The Marcellus Shale accounted for 88 percent of total production in 2016.

Range Resources' total proved reserves were 12.1 trillion cubic feet equivalent in 2016. Total proved reserves had a reserve life index of approximately 18 years – based on fourth quarter 2016 production. In 2016, Range Resources drilled 108 gross natural gas and oil wells. It replaced 247 percent of its production through drilling in 2016 and continues to build its drilling inventory.

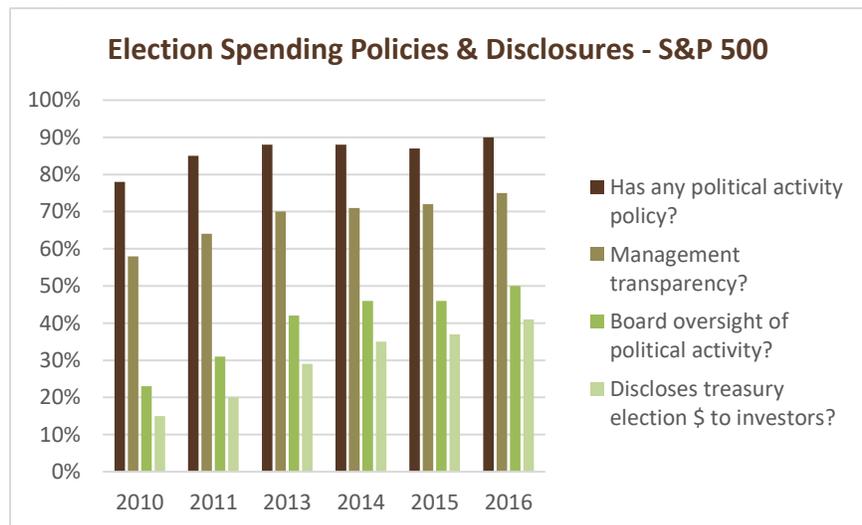
During 2016 Range Resources completed its acquisition of Memorial Resource Development, which adds a premier onshore natural gas resource play in Louisiana to its existing core operations. The company also spent \$33.1 million to acquire unproved acreage, primarily in the Marcellus Shale.

The company reports that it is unclear if natural gas prices will remain depressed in 2017 and that it expects continued volatility during the year.

At the end of 2016 the company had 762 full-time employees, down from 990 at the same time in 2014.

Policies and Disclosures on Political Spending

The bar chart at right and the table below provide comparative data from Si2's benchmarking research and show how company disclosure on corporate political spending has grown in the last several years. Si2's review of S&P 500



| Corporate Political Spending Policies and Governance | | | |
|--|-----------------|---------------------------------|---------|
| | Range Resources | Averages from 2016 Si2 Analysis | |
| | | Energy Sector | S&P 500 |
| Governance | | | |
| Board oversight | Yes | 62% | 50% |
| Management transparency* | Yes | 84% | 75% |
| Policies | | | |
| Campaign spending | Yes | 97% | 90% |
| Independent expenditures | No | 22% | 33% |
| Indirect spending | | | |
| Trade associations | Yes | 65% | 55% |
| Other non-profits | No | 30% | 30% |
| Discloses memberships | No | 54% | 44% |
| Discloses payments | No | 44% | 32% |
| Prohibits trade group use of company \$ for some types of political spending | No | 5% | 7% |
| Spending disclosure to investors | | | |
| Treasury election \$ reported | No | 54% | 41% |

*Identifies corporate officer(s) involved in decision-making

companies’ political activity governance practices in 2016 shows that 90 percent of these companies disclosed at least some form of policy on corporate political activity, up from 78 percent in 2010.

The table below shows how the company’s current spending disclosure policy stacks up against sector peers and the S&P 500, and provides comparative data.

Range Resources' policies and procedures for corporate political spending are found on its [Political Engagement](#) webpage and in the [Code of Business Conduct and Ethics](#). The company states that it "maintains a non-political and non-partisan position."

Board oversight: Range Resources' policy states:

"The board of directors or a committee of the board monitors Range’s political spending, receive regular reports from corporate officers responsible for the spending, supervise policies and procedures for such spending and reviews the purpose and benefits of the expenditures. "

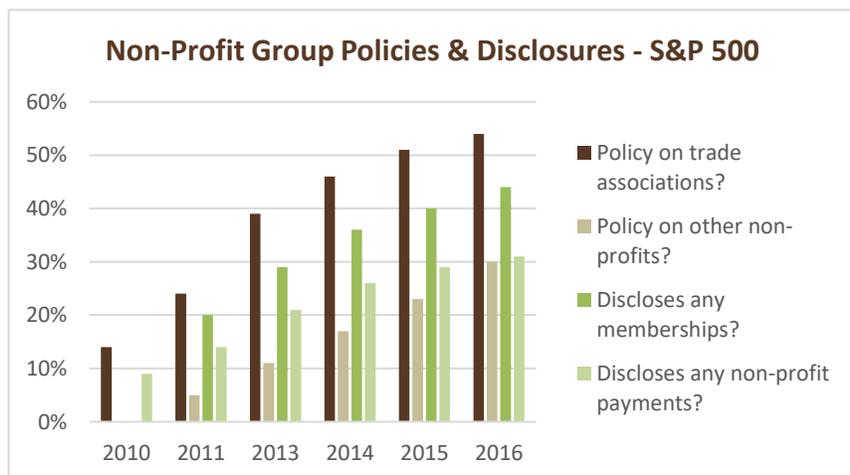
"Range’s Board of Directors receives a report regarding the PAC’s recent activities and other political spending by the Company at each of the Board’s regular meetings."

Management transparency:

Range Resources says the General Counsel and Governmental Affairs Department must give prior approval for all corporate political expenditures.

Prohibited contributions:

Company policy does not explicitly prohibit the use of treasury funds for any legally allowable contribution.



Independent expenditures: Range Resources does not disclose a policy on independent expenditures.

Disclosure of corporate contributions: The company does not independently disclose its corporate political contributions.

Indirect spending: The bar chart above (bottom of previous page) provides comparative data from Si2's benchmarking research and shows how company disclosure on corporate indirect has grown in the last several years. Si2's review of S&P 500 companies' indirect spending governance practices in 2016 shows that 54 percent of these companies disclosed at least some form of policy on corporate trade association activity, up from 14 percent in 2010.

Involvement with trade groups and other non-profit organizations: Range Resources' policy does briefly address the subject of trade association activity and lobbying.

Policy— Range Resources' policy states:

One of the ways Range engages in the policymaking process is by participating in various business and industry forums and trade associations. We believe these activities help to create a positive understanding of, and appreciation for, the oil and natural gas industry and the critical role the industry plays regionally and nationally.

Membership and payment disclosure: On the company website, Range Resources does not disclose a list of its memberships in trade associations or any other tax-exempt organizations that may spend money on political campaigns. However, in the proxy statement it does identify three association membership, but does not commit to listing any memberships independent of the proxy statement in the future. Additionally, the company does not disclose any dues or payments to those organizations or the subset of those dues and payments used for political and lobbying expenditures. Dues paid by the company help underwrite a percentage of each association's political and lobbying expenses. *(See table for available data.)*

| Company Involvement with Trade Associations | | | | | | |
|---|-----------------|--------|--------------------|------------|----------------------|---------------------|
| Organization | Range Resources | | | | Most Recent IRS Data | |
| | On Board | Member | 2016 Contributions | | Total Dues | Political Spending* |
| | | | Dues | Political* | | |
| Marcellus Shale Coalition | X | X | ND | ND | \$7.5 mil. | \$3.9 mil. |
| National Association of Manufacturers | | X | ND | ND | \$58.4 mil. | \$17.3 mil. |
| U.S. Chamber of Commerce | | X | ND | ND | \$165.1 mil. | \$62.5 mil. |

*Political and lobbying expenses non-deductible under Internal Revenue Code Section 162(e)1.

Memberships: Some business groups have taken positions at odds with public policy initiatives supported by leading institutional investor activists and corporate reformers. Organizations supported by Range Resources that may advocate for positions at odds with the company include the National Association of Manufacturers and the U.S. Chamber of Commerce. *(A more detailed description of controversies about those groups appears in Si2's 2017 Briefing Paper on Corporate Political Activity, pp. 30-33.)*

Political Spending Record

Available information from the public record on the company's corporate contributions to national political committees and state candidates, parties and ballot initiatives shows it has given \$1.4 million in the last four election cycles. These amounts exclude contributions that may have been disbursed through intermediaries discussed above.

Like a majority of companies, Range Resources has, since 2007, contributed most of its money to state-level candidates who were incumbents (\$72,040 – 65 percent); as well as to state-level candidates who went on to win the general election (\$94,040 – 85 percent).

CPA-Zicklin Index Rating

Range Resources was rated by the Center for Political Accountability's CPA-Zicklin Index. Most recently [updated](#) in September 2016, the Index assessed the practices of the 493 largest capitalized companies in the S&P 500. It used a scoring system to rate companies' disclosure, policy and oversight. Range Resources' performance on key study indicators is noted below.

Consistent with Si2's research, the CPA determined that relatively smaller companies were less likely to have comprehensive policies and more likely to disclose less information about their spending.

Policies: The Index found that 274 (56 percent) of the 493 companies it examined reported detailed policies on political activity, while another 164 companies (33 percent) were given partial credit for their policies. It judged Range Resources to have disclosed a detailed policy and gave the company full credit.

Oversight: The CPA found that 47 percent of companies profiled had regular board oversight of political spending, not including Range Resources.

| Range Resources Political Contributions 2007-2016 | | |
|--|--------------------|---------------------|
| Election Cycle | 527 Contributions | State Contributions |
| 2007-2008 | \$0 | \$1,500 |
| 2009-2010 | \$5,000 | \$22,020 |
| 2011-2012 | \$350,000 | \$31,020 |
| 2013-2014 | \$625,000 | \$50,500 |
| 2015-2016 | \$315,000 | \$13,000 |
| Total | \$1,295,000 | \$118,040 |
| 527 contributions provided by Congressional Quarterly's CQMoneyLine . State contributions provided by the National Institute on Money in State Politics . Both services may include PAC contributions in their reports. All contributions identified as coming from a PAC were omitted by Si2. | | |

| CPA-Zicklin Index Performance – Key Performance Indicators | | | | |
|--|---|-----------------|-------------------------|---------------|
| Indicator | | Range Resources | Percent of Index | |
| | | | Full/Partial Disclosure | Does Not Give |
| Spending | Direct to candidates/parties/committees | No | 35% | 17% |
| | Direct 527s | No | 32% | 14% |
| | Direct independent expenditures | No | 22% | 19% |
| | Trade associations | No | 40% | 5% |
| | 501(c)4 groups | No | 23% | 8% |
| | Ballot initiatives | No | 32% | 11% |
| | | | Percent of Index Yes | |
| Policy is publicly disclosed? | | Yes | 90% | |
| Semi-annual spending report? | | No | 41% | |
| Archive of spending? (Full or partial) | | No | 36% | |

Source: 2016 CPA-Zicklin Index of Corporate Political Accountability and Disclosure, Center for Political Accountability.

II. Proponent Position

The proposal from the Nathan Cummings Foundation part of the Center for Political Accountability campaign discussed in Si2's [Briefing Paper on Corporate Political Activity](#) (pp. 10-11). It argues that shareholders cannot properly assess the risks that companies may be exposed to from direct and indirect political spending if firms do not disclose all their corporate electoral contributions and their support for trade associations and other tax exempt groups. The proponent believes board oversight is a key element in good spending governance, as well.

Of particular concern to the proponent is the company's lack of disclosure of corporate political contributions and trade associations information. By providing the requested report, Range Resources would join disclosure leaders like **Noble Energy** and **Tesoro**.

III. Management Position

Range Resources opposes the proposal and states that since it considered last year's proposal it has added a number of disclosures to the company website " in order to provide additional substantive details and transparency regarding the Company's approach to political related spending." The company says it believes "it is important to constructively participate in the political process to further the best interests of our stockholders and create long-term stockholder value." The company asserts that even though its political expenditures account for less than 1 percent of total annual expenses, it is still committed to conduct itself ethically and in compliance with all applicable laws.

As for trade association activity, the company acknowledges that it is a member of certain groups, including the Marcellus Shale Coalition, the U.S. Chamber of Commerce and the National Association of Manufacturers, and that those memberships help the company to further its business interests. It notes that membership in such groups also allows the company to engage in "collective and cost-efficient efforts to provide information to the general public and public officials regarding policymaking topics and issues important to [its] business."

The company goes on to say that it is "non-political and non-partisan" and points interested shareholders to the Code of Business Conduct and ethics for more information. It also provides some more detailed information on the administration and activities of the company PAC, which is not the subject of this proposal. The company also reports that the board of directors is "advised on any significant use of corporate funds for political purposes." The company also believes that the requested disclosures would also open the company up to criticism from "partisan or agenda driven persons or organizations."

Range Resources believes that, in light of its existing policies and oversight, expending additional company funds to prepare the requested report "would not be an effective and productive use of the Company's time and limited resources."

IV. Analysis

Key Points at Issue

- Is Range Resources keeping pace with industry best practice?
- Do shareholders have enough information on Range Resources' political spending to assess the risks and opportunities it poses?

Best practices: Range Resources' policies and procedures on corporate political activity contain some elements that watchdog groups consider to be best practice, including board oversight of corporate political activity; disclosure of management/executive positions responsible for the approval of contributions; and a policy on trade association activity.

Disclosure: The company does not independently disclose its corporate political contributions.

As for trade association activity, Range Resources mentions three associations in its proxy, but does not disclose a list of trade association memberships, or provide any information on dues or payments made to the associations or the portion of dues used for political and lobbying purposes.

Relationships with trade associations and other politically active non-profit groups: Given Range Resources' line of business, it would be surprising to see it advocating for strong GHG reduction policies

and goals, but the positions of the U.S. Chamber of Commerce and the National Association of Manufacturers on GHG and global climate change nonetheless may nevertheless give some shareholders pause.

According to the company's [Emission Reduction and Reporting](#) webpage, Range Resources states that "consistent advancement and implementation of specific best practices in the field of emissions monitoring and reduction technologies in various phases of [its] operations" is one of its core values. The [Air Quality Best Practices](#) website contains a list of specific technologies and practices used by the company. It goes on to say that it discloses its emissions totals under federal and state law, including the Environmental Protection Agency's Subpart W, Greenhouse Gas Reporting Program. The website also contains a summary of all company-wide emissions as carbon dioxide equivalents.

Summing up: In short, while the company discloses policies on corporate political activity and trade association activity, it still does not provide full disclosure of corporate political contributions, trade association memberships, dues amounts or political and lobbying expenditures made by those associations using Range Resources funds.

Voting Considerations

Voting in favor: Investors may support the proposal if they want to send a message to management that Range Resources does not provide a comprehensive view of its political activity and related decision-making. Those in favor of more detailed disclosure of direct contributions and more robust oversight are likely to support the proposal. Some shareholders also may use a vote in favor of the resolutions to signal unease with a company's refusal to provide more information that could be used to assess its risk exposure from all political activity, including relationships with trade associations and other politically active non-profit groups.

Voting against: Investors may decide to vote against the resolution for several reasons. They may believe that current publicly available material from the company and other sources is sufficient and provides shareholders with enough information about the company's approach to politics. Some also may vote against the resolution because they do not consider corporate political spending to be relevant enough (either monetarily or from a public relations perspective) to require additional information. Still others may simply oppose further disclosure and vote against the resolutions because they consider existing campaign finance laws and company policies to be adequate.