



Corporate governance

US companies agree to lift veil on political donations

Mondelez, Chubb and MSCI among those promising more disclosure after activist pressure

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By Andrew Edgecliffe-Johnson in New York

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Five large US companies have agreed to reveal more details about their political spending in response to rising investor pressure on directors to explain how they use shareholders' funds to influence campaigns and candidates.

The disclosure agreements from Ameriprise Financial, Chubb, Mondelez International, MSCI and Tractor Supply represent a significant step forward for corporate governance campaigners, who have used the threat of votes at annual shareholder meetings to wring extra disclosures from companies.

"I've been involved in many of this season's dialogues and I can attest that companies are concerned about the heightened reputational and business risks from political spending in today's hyper-polarised political environment," said Bruce Freed, president of the Center for Political Accountability.

Corporate spending on elections and lobby groups has become more controversial as attention has been drawn to companies' support for candidates and causes that most divide an increasingly fractured US electorate.

Publix, the supermarket chain, last year suspended its political contributions after protests over its donations to Adam Putnam, a gubernatorial candidate in Florida who had described himself as a "proud NRA sellout" before a deadly shooting at a high school in Parkland.

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Bruce Freed, Center for Political Accountability*

Companies including Intel and Purina similarly cut off their financial support for Steve King, an Iowa congressman, after he expressed support for white nationalism, while Walmart and AT&T were among those who asked for their money back after Mississippi senator Cindy Hyde-Smith appeared to make light of lynching.

Boeing's \$1m contribution to Donald Trump's inauguration attracted fresh headlines last week as the president steered the response to two crashes of the aircraft manufacturer's 737 Max passenger jets, and some large oil and gas groups have found themselves at odds with the trade associations they fund over carbon taxes.

The growing pressure was coming from large institutional investors as well as customers and social media campaigners, Mr Freed said. The disclosure resolutions submitted in the 2018 proxy season received support from 34 per cent of investors on average, up from just 9 per cent in 2005. "You get a strong vote and companies take that as a strong message," Mr Freed said.

The five new disclosure agreements follow similar decisions recently by General Electric and Hilton and mean CPA and the investors it partners with have reached accountability pacts with 173 companies in the S&P 500 over the past 15 years.

All followed shareholder resolutions for inclusion on the ballot at the annual meeting. CPA and its partners have filed 57 such resolutions this proxy season, though they typically withdraw these if companies agree to adopt a full range of disclosure and accountability policies.

The scale of corporate donations to political action committees — three times as much money as donated by labour unions — means "corporations have an inordinate influence on setting the nation's agenda", Mr Freed said.

Some Democrats in contention for the party's 2020 nomination, including Elizabeth Warren and Kamala Harris, have promised to eschew donations from corporate PACs, however.

Republicans have long claimed the lion's share of donations from industries including defence and energy, but the 2018 midterms saw a shift towards the Democrats in many industries.

An analysis last month by the Center for Responsive Politics found that a majority of donations from finance and pharmaceuticals companies went to Democrats in 2018, contrasting with the pattern seen four years earlier.