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Pro-Trump supporters storm the U.S. Capitol following a rally with President Donald Trump on January 6, 2021. Shareholder pressure is mounting around corporate donations related to election spending in the wake of the riots.

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Activist Shareholders Score Wins on Election Spending After Riot

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- ‘Dark money’ disclosures targeted by activist shareholders
- Boards trying to balance political involvement, transparency

Duke Energy Corp.'s investors seemed content with what the company said about the money it spent on federal elections—until rioters stormed the U.S. Capitol this year.

The utility’s investors twice voted down New York State Comptroller Thomas DiNapoli’s proposals to expand the company’s political spending disclosures with details on payments made to third-party groups for elections. Investor support for the shareholder proposals was less than 40% in both 2019 and 2020.

That was before the Jan. 6 Capitol riot put a spotlight on corporate money in politics, with Duke Energy and scores of other companies [pledging to pause](#) political contributions to individuals and groups that objected to certifying the 2020 presidential election results. This year, Duke Energy's shareholders approved the comptroller's [proposal](#) with 51.9% of the vote, a win that DiNapoli attributes to outside forces.

"Increased political polarization, the 2020 Election, and the January 6th attack on the Capitol, have shown companies that spending corporate dollars on political causes is risky business," DiNapoli said in a statement to Bloomberg Law.

The trend is expected to continue as activist shareholders vow to make sure that companies stay true to their post-Jan. 6 pledges. Proposals targeting Duke Energy and others are worded to capture a broad range of corporate political expenditures, especially undisclosed donations to tax-exempt "dark money" groups like political nonprofits, trade groups, and unions.

Like Duke Energy, shareholders at Netflix Inc., United Airlines Holdings Inc., and Royal Caribbean Cruises Ltd., and others have endorsed political spending disclosures in the sixth months since the riot, according to Bloomberg's Proxy Tracker. The Netflix proposal received more than 80% shareholder support and the United proposal secured nearly 68% support.

The Capitol riot "exacerbated a risk that was already there" to corporate bottom lines, said Bruce Freed, president of the Center for Political Accountability, a non-profit group that advocates for and partners with activist shareholders on transparency proposals.

That's seen in this proxy season's numbers, he said. Political spending proposals that manage to get votes at annual shareholder meetings are increasingly likely to get approved. Nearly 40% of the proposals were approved in 2021, compared to just 20% in 2020.

More Disclosures

Corporations must report their political action committee donations and those from individual employees to the Federal Election Commission and state authorities in

elections. [Duke Energy](#) and some other companies release details on this money on their websites.

But shareholder pressure is mounting around dark money related to election spending, which few companies disclose. The 2020 election netted more than \$1 billion in dark money that made its way toward campaign ads and other political purposes, [according](#) to OpenSecrets, which tracks the spending.

The proposals approved this year seek information on the corporate policies and procedures behind political spending and a detailed accounting of donations that could be used for a broad range of political purposes.

The Duke Energy proposal, for example, requests disclosures on contributions to candidates, parties, committees, and 501(c)(4) organizations, which include the National Rifle Association and Planned Parenthood. It also seeks payments made to trade associations and other tax-exempt organizations for electioneering.

Feeling the Pressure

[Duke Energy](#), [Netflix](#), [United](#), and [Royal Caribbean](#) urged no votes on the proposals in proxy statements sent to shareholders ahead of their annual meetings, noting that the public can already review their campaign donations and some of their other political spending online. Investors might not get a good understanding of a company's political activities from its payments to trade associations and other organizations, the companies said.

Despite the shareholder approval, the companies will have the final say on implementing the proposals, which are non-binding. None have publicly committed to doing so yet, though they face new pressure to act.

"We appreciated the feedback we received from our shareholders this year during our annual meeting, and our Board will evaluate our disclosures in light of this feedback," Duke Energy spokesman Neil Nissan told Bloomberg Law.

Boards are taking the issue seriously in the wake of the Capitol insurgency, after many companies decided to speak out about pausing or altering their political giving, said Katayun Jaffari, chair of Cozen O'Connor's corporate governance & securities practice.

Boards “believe it’s important to be part of the political process,” Jaffari said.

But they’re also speaking with shareholders to get a better understanding about what type of transparency they’re looking for on political spending, she said.

Representatives of Netflix, United, and Royal Caribbean didn’t respond to requests for comment.

Persistent Activists

The shareholders filing the proposals are familiar faces to the companies facing pressure to make political spending disclosures and other types of reporting on environmental, social, and governance issues.

New York’s comptroller, trustee of the New York State Common Retirement Fund, filed proposals with Royal Caribbean and Duke Energy for three consecutive years. DiNapoli also was behind political spending proposals at [Molson Coors Beverage Co.](#) and [FirstEnergy Corp.](#) that he withdrew after they agreed to improve political spending disclosures this year.

The Netflix proposals came from Myra Young, a longtime activist investor. She and her husband, James McRitchie, have worked on hundreds of ESG proposals over the years. He also is [suing](#) the Securities and Exchange Commission over rules limiting shareholder activism.

Investors can’t see whether Netflix is spending its money appropriately on political matters without better disclosure, McRitchie told Bloomberg Law.

“There’s not a whole lot that’s more important than political contributions that companies make and where that money goes and where it’s led our country,” he said.

Another prolific resolution filer, John Chevedden, successfully brought four political spending disclosure resolutions this season, two at Chemed Corp., which both received 80% and 90% support, and one each at Omnicom Group and United. He said he expects to file even more next year.

Chevedden hopes the strong shareholder support and continued disclosure demands will eventually lead to required disclosures from the SEC. Democrats at the SEC [have](#)

[called](#) for corporate political spending disclosures, but can't mandate them without authorization from Congress.

"I can just get the good votes that show there's a lot of support and hopefully someone will carry the ball from there," he said.