

Corporate political spending scrutinized amid state controversies

[Corporate political spending scrutinized amid state controversies \(cq.com\)](#)

Sept. 22, 2021 – 1:49 p.m. By Keith Lewis, CQ

Companies that say they're committed to considering their impact on people other than shareholders are facing pressure from environmental, social and governance investors to respond to controversial laws in states they operate in.

Advocacy groups and independent stakeholders alike have been poring over campaign contribution data from companies that have taken stances on issues including racial justice, the environment and gender equity. Lately, they are checking to see if any company donations went to lawmakers behind the Texas abortion ban and other controversial state laws.

AT&T Inc. and UnitedHealth Group, which made commitments to gender equality and the empowerment of women, were among seven companies that gave the Texas bill's sponsors more than \$100,000 in campaign contributions, according to an analysis of public records by women's advocacy group, Ultraviolet.

Although the companies took no position on the law itself, which bans abortions as early as six weeks after conception and allows Texans to sue anyone who aids, abets or performs the procedures, including doctors and nurses and even people who drive women to clinics, they are confronting investor and stakeholder scrutiny from those who view the law as too extreme.

“Companies are under serious pressure and are facing a moment of truth right now,” said Bruce Freed, president of the Center for Political Accountability. “They are discovering it’s no longer business-as-usual when it comes to corporate political spending.”

UnitedHealth didn't respond to a request for comment from CQ Roll Call.

“Our employee PACs contribute to policymakers in both major parties and will not agree with recipients on every issue,” AT&T said in a statement emailed to CQ Roll Call. The company also said it has never taken a position on abortion.

Other companies have publicly criticized the Texas law or are taking steps to shield workers from its reach.

Ride-sharing services Uber Technologies Inc. and Lyft Inc. said they will cover legal expenses if their drivers are sued under the law. Lyft also said it would donate \$1 million to Planned Parenthood.

Salesforce Inc. said it will help relocate its employees out of Texas if they wish.

Bumble, a women-led matchmaking company based in Austin, Texas, indicated it will start a relief fund to support reproductive rights.

Houston-based biotech startup Solugen Inc. said it won't continue to hire in Texas.

Web-hosting company GoDaddy Inc. dropped hosting services for a tip website to report abortions.

“Texas has made itself inhospitable to companies who care about their workforce,” Shelley Alpern, director of shareholder advocacy for Rhia Ventures, said in an

interview. The organization manages a fund called RH Capital which invests in companies that offer strong reproductive and maternal health benefits.

Alpern works with institutional investors to encourage them to adopt comprehensive reproductive and maternal health care policies and to act consistently in their lobbying and political activities.

“It comes from a business perspective,” Alpern said. “We are investors in those companies and believe strong maternal and reproductive healthcare is a good investment for both employees and the bottom line.”

A common complaint in the ESG investment community is that social metrics can be harder to quantify compared to environmental ones, Alpern said. The addition of a few yes-or-no questions to ESG surveys could shed light on the relative strengths of companies’ commitments, she said.

She wants companies to report on matters such as contraceptive and abortion coverage, the length of paid parental leave, and the benefits available to part-time or contract employees. It could improve the metrics around social factors, which have been harder to quantify compared to environmental ones, Alpern explained.

“We are making business-case arguments for why companies should support maternal health from pre-pregnancy to post-delivery, which can also help round out the social aspect of the ESG movement,” Alpern said. “Nearly all companies make claims about how much they value employees. It’s much harder to actually measure. Healthcare can be a huge indicator.”

Social pressure

Reproductive rights are just one example of growing pressure on companies from investors to address social issues.

Shareholders are also reviewing companies' public statements on racial justice alongside their spending on candidates who supported voting reforms in states such as Texas and Georgia that were sharply criticized by civil rights groups.

Under pressure from ESG investors, some companies could be caught in a bind and be forced to wade into issues they'd rather avoid, say experts who track the sustainable investing movement.

"For companies, the question is how a policy affects all of their stakeholders," Heidi Welsh, executive director of Sustainable Investments Institute, said in an interview.

Si2 is a Washington, D.C.-based non-profit that monitors shareholder resolutions and has organized efforts to influence companies on environmental and social issues, including political spending alignment.

"For nationwide brands, it's an issue," Welsh said.

Under growing scrutiny, companies must decide if they want to ensure their political activities aren't misaligned with stakeholder interests, Welsh said, noting the Jan. 6 insurrection at the Capitol and recent state laws surrounding voting rights.

Following the 2020 presidential election, 147 members of Congress voted against the certification of the electoral votes, based on unfounded allegations of widespread voter fraud that were rebuffed by multiple federal courts.

In the aftermath of the Jan. 6 attack on the Capitol amid the electoral certification process, dozens of companies including AT&T, Amazon.com Inc. and Facebook

Inc. issued statements condemning political violence. Many indicated they would suspend political contributions until they could assess the situation.

Toyota Motor Corp. encountered public pressure in June when it was revealed that the Japanese automaker contributed \$55,000 to 37 Republicans who voted against certifying the election in some states.

“We are actively listening to our stakeholders, and at this time, we have decided to stop contributing to those members of Congress who contested the certification of certain states in the 2020 election,” the company said in a July 8 statement. A Toyota spokesperson declined to comment for this story.

Companies bankroll politicians to gain power and not necessarily because of policy positions, according to Si2's Welsh.

"Businesses want to be friendly to everybody," but it becomes very difficult if they are perceived to be aligned with radical positions, she said. "These are radical positions."

Greater disclosure and accountability surrounding corporate political activities are growing trends at large companies, according to Freed of the Center for Political Accountability, which was involved in 28 resolutions in the 2021 proxy season asking companies to adopt oversight and disclosure measures.

Ten companies agreed to the shareholder resolution before a vote and several others were withdrawn based on a partial agreement, he said. A dozen resolutions went to a vote, earning an average of 48 percent support. Most companies consider measures approved when they earn between 30 percent to 40 percent, Freed said.

Two proposals garnered 80 percent and others passed with high levels of support, he said.

“This proxy season was a wake-up call for political accountability,” Freed said.

“While companies are becoming more cautious in their spending, it remains to be seen how this trend might effect public policy.”