

**Corporate Political Disclosure Votes Hit Record High In 2021**

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*By*[*Sue Reisinger*](https://www.law360.com/pulse/articles/1450343)*| Dec 20, 2021, 4:48 PM EST ·*

Vanguard and Black Rock helped push through a record high percentage of investor votes in 2021 for the Center for Political Accountability's resolution seeking corporate disclosure of political spending.

Support for the resolution jumped from 75.7% last year to 83.5% in 2021, according to an analysis based on shareholder voting data from Proxy Insight. The center is a nonprofit and nonpartisan advocacy organization that aims to get companies to disclose their political spending.

Vanguard for the first time cast its proxy votes in favor of the resolution at three of 12 annual corporate meetings where it was up for a vote. The investment company did not respond to a request for an interview with its legal department on Monday but did point to it its written guidelines on evaluating political activity shareholder proposals.

The 2021 guidelines state, "Although the absolute amount of a company's political spending may not be considered a material capital expenditure, there can be material risks related to this giving. Poor governance of corporate political activity, coupled with misalignment to a company's stated strategy or a lack of transparency about the activity, can manifest into financial, legal, and reputational risks that can affect long-term value for Vanguard funds."

BlackRock, which has not supported the resolution in the past, cast its proxies in support of it at six companies' annual meetings. The asset manager also did not allow an interview and pointed to its 2021 voting rights report.

That report states, "This year many U.S. based companies received shareholder proposals that requested additional disclosures related to companies' political spending and lobbying. [We agree] that this is an important issue and regularly engage with companies to understand how their activities and disclosures on political spending and lobbying are consistent with a company's overall strategy and long-term shareholder value creation [and] that they address instances where significant inconsistencies between publicly stated priorities and affiliated group views on major policy positions could create reputational risk."

Bruce Freed, co-founder and president of the Center for Political Accountability, told Law360 Pulse on Monday that the Vanguard and BlackRock votes were highly significant.

The two investment management companies have "now recognized that political spending does pose a risk, and one that companies need to adopt disclosure and accountability policies to manage," Freed said. "It sends a very powerful message to companies that political disclosure and accountability policies at this point are a must."

An earlier study this year said that 295 companies have enacted policies for general board oversight of political spending, up from 259 companies in 2020.

If the resolution gets a majority vote of the shareholders, the company is under advisement to make the disclosures. But even with the support of the two large institutional investors, proxy votes in favor of the resolution did not always top 50%.

In a different report, [The Conference Board](https://www.law360.com/companies/the-conference-board-inc) said this year, "Political activity can pose increasingly significant risks for companies, including the perception that political contributions — and other forms of activity — are at odds with core company values."

The Conference Board issued guidelines based on the CPA's model code, which is a framework for responsible corporate spending on elections. The key elements of the code involve aligning any political donations with the company's core values and transparency on spending.

Freed said those elements are especially important as companies adopt environmental, social and governance, or ESG, policies, to assure "that a company's election spending does not undercut its ESG policies and commitments." Undercutting can happen, he said, if a company supports a politician who opposes ESG policies.

"Folks at the [[U.S. Securities and Exchange Commission](https://www.law360.com/agencies/u-s-securities-and-exchange-commission)] are clearly concerned about alignment when they talk about election-related spending," he said.

The center said six additional investment companies managing at least $1 billion each supported its disclosure proposal with increased frequency in 2021: [JPMorgan Chase](https://www.law360.com/companies/jpmorgan-chase-co), Capital Group, [BNY Mellon](https://www.law360.com/companies/the-bank-of-new-york-mellon-corp), [Northern Trust Investments](https://www.law360.com/companies/northern-trust-corp), [Morgan Stanley Investment Management Inc](https://www.law360.com/companies/morgan-stanley). and [Norges Bank Investment Management](https://www.law360.com/companies/norges-bank-investment-management). Norges Bank is the central bank of Norway.