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## Support for Abortion-Related Risk Disclosure Wanes This Year

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Reporter

- Coca-Cola, UPS investors among those rejecting abortion bids
- Growing awareness of risks from political, lobbying donations

Shareholder support for abortion-related proposals this proxy season has slipped sharply amid an increasingly divisive landscape, but proposals seeking to ferret out details on corporate political lobbying remain relatively popular with investors.

Companies have faced dozens of shareholder votes in recent months over sensitive topics, including how they're evaluating the risks that limited abortion access will have on their businesses, or how they're protecting data that law enforcement officials could use to link a consumer to an abortion.

The dozen or so abortion proposals that went to a vote, [at companies](#) including UPS, PepsiCo and Coca-Cola, averaged 11.8% shareholder support this proxy season, cut in half from 25.1% a year ago, according to research by Heidi Welsh, who tracks proxy season data at the Sustainable Investments Institute.

The slump in support surprised some, considering that abortion rights were on the corporate ballot for the first time since the Supreme Court overturned *Roe v Wade* last summer in *Dobbs v Jackson Women's Health Organization*. Some proxy experts say a growing backlash against environmental, social and governance efforts is dulling shareholder support for proposals like those raising abortion-risk concerns.

“While this year’s votes are a setback, it’s a minor one,” said Shelley Alpern the director of shareholder advocacy at Rhia Ventures, who works on abortion-related proposals. “It takes time for the business community to catch up to social norms, even as they help set social norms. We’ll just keep making our case. I really do feel that eventually our business case will change minds.”

But it was a different story for political spending disclosures. Political spending proposals more broadly seek to unveil which candidates or organizations companies are backing or how those donations align with their stated policies and values. There were about 50 political spending-related proposals that went to a vote this year including at Comcast Corp. and Home Depot Inc. Some were tied to abortion, as investors sought details on corporate donations to politicians and organizations that have worked to restrict abortion access.

So far, lobbying transparency proposals average 32.9%, proposals on other political activity average 24.9%, and proposals on indirect political spending or election spending average 20%, according to Welsh’s research. A year ago, similar proposals on lobbying, other political activity and election spending secured 32.1%, 30.1%, and 34.6%, respectively, the research shows.

Despite the dip in results, Welsh said the political spending votes are actually holding strong and are “somewhat of an accomplishment” amid an overall drop in support for ESG proposals this proxy season.

Bruce Freed, co-founder and president of the Center for Political Accountability, which wrote model shareholder proposals on political spending, said the typical company line that it gives to both sides doesn’t hold up in what has become a hyper-polarized environment. “The nation’s politics have changed; the political environment has changed,” he said. “That was understandable in the past, but it’s very different from the environment that you have today.”

## Investor Votes

### Political spending and abortion-related proposals

Proposal type	Average support in 2023	Average support in 2022
Lobbying	32.9%	32.1%
Other political activity	24.9%	30.1%
Election spending	20%	34.6%
Abortion	11.8%	25.1%

## Abortion Concerns

The UPS, Pepsi and Coca-Cola proposals dealt with how new bans on abortion could impact their workforces. Other companies, like Alphabet, Meta, and American Express, were pushed by shareholders to disclose how they protect users' private information, for example geolocation data, browsing history and financial activity.

None of those proposals got much traction, though similar proposals last year at other companies, including Lowe's and TJX, secured up to 40% backing.

"All things being equal, we would have expected votes to go up after *Dobbs*, because last year at this time investors had demonstrated an increasing understanding of the risks of companies not going all out to protect their employees," Alpern said.

The tides changed on abortion proposals this year when proxy advisory firm ISS [recommended investors](#) vote against the PepsiCo and Coca-Cola proposals asking for reports on how abortion restrictions impact their business, according to proxy advice documents obtained by Bloomberg Law. ISS said the companies could face legal and reputational risk if they explicitly detail strategies they might deploy for employees who are seeking abortions.

That was a significant shift from proxy advice ISS gave Walmart Inc. investors last year on a similar proposal before the Supreme Court overturned *Roe*. The Pepsi and Coca-Cola proposals secured approximately 16.1% and 13% of the votes, respectively, at annual meetings in early May and late April.

Presenting the proposal at Coca-Cola's meeting, As You Sow noted that the beverage giant's headquarters is in Georgia, where a 2019 law bans abortion after six weeks of pregnancy. Coca-Cola said in [its proxy statement](#) that its "robust risk management processes" are sufficient to address potential risks raised in the proposal.

A proponent of the PepsiCo proposal, Ivan Frishberg, chief sustainability officer at Amalgamated Bank, said the anti-ESG sentiment and politicization of ESG itself were having an impact on these types of proposals.

But he said he won't back down on how he thinks companies should approach abortion risk, climate risk and more. "Whether it's the type of healthcare coverage employees have access to, or climate alignment or other risks, none of

those things have changed and none of them are going away,” Frishberg said. “I think we’ll just have to keep doing what we’re doing.”

Political spending proposals that mentioned abortion still received a steady level of support, however. For example, a proposal at Disney said that, between 2017 and March 2022 in Florida, 86% of the Disney’s political contributions went to politicians who opposed abortion access before the state passed new abortion restrictions. The proposal, which asked Disney to report how its political spending aligns with its values, secured 36% of the investor [vote in April](#).

There are some shareholder activists that don’t think companies should be speaking up about abortion at all, including Scott Shepard, a fellow at the National Center for Public Policy. The organization has been an increasingly vocal conservative proponent in the shareholder activism space, which has historically been predominantly liberal. Companies should pay more attention to the risk that talking openly about abortion policies could cost them customers, he said.

“Stay out of the public policy debate,” he said.

## Money Talks

Political spending proposals have ranged from requests for transparency about electoral donations to concerns about how a company’s political spending aligns with its values, and even questions about donations to third-party organizations.

Companies in general are providing more political spending transparency, Freed said, but disclosing information about their third-party spending—to political action committees, for example—is the next frontier. “The risk level has risen in this hyper-polarized environment,” he said.

Companies that push back against political spending proposals often say their donations don’t equate to an endorsement of every position a candidate or organization has taken. But shareholder activists and researchers argue that businesses need to take more responsibility for where their money ends up.

“When their money is supporting a candidate, they’re supporting a whole package of issues,” Freed said. “They really can’t disaggregate.”

Another source of contention is that some companies resumed donations they initially paused to members of Congress who voted against certifying the 2020 presidential election results after the Jan. 6 Capitol Hill riot. In a proposal at Home Depot, for example, shareholders said that the company briefly stopped

such donations, but has since donated more than \$540,000 to candidates who continue to deny or question the election results. That proposal, which asked the company to report how its political spending lines up with its publicly stated values or policies, secured 31% of [investor support in May](#).

In its [proxy statement](#), Home Depot said: “We believe that this proposal is aimed not at more transparency, but instead at diverting the company’s focus from core business priorities to issues on which we do not have expertise and that are not central to our business, with the practical impact, whether intended or not, of limiting our bipartisan participation.”

Some companies are making changes before the proposals even make it to a vote. Warner Bros. Discovery, for example, recently reached an agreement with the New York State comptroller over a political spending proposal. The comptroller withdrew the proposal because Warner Bros. [agreed to make disclosures](#) of its state and local political contributions and more, according to a May letter it sent to the New York State Common Retirement Fund obtained by Bloomberg Law.

New York State Comptroller Thomas DiNapoli said at the time that the topic was especially pertinent in this political landscape. “Corporations that contribute to political causes are facing increased risks to their reputations in the current political climate,” he said.

Whether the proposals are about political spending, abortion, or both, the question of the proper role of corporations in politics or political issues remains a thorny one, said Welsh.

“It’s gotten to be very problematic,” she said. “It’s a ‘Which side are you on?’ kind of moment. I think they’re going to have to choose; I don’t think you can cut it down the middle.”