



Investors Ask Members Of BRT To Evaluate How Their Political Activities May Reinforce Or Undermine Democratic Institutions

Letter presses corporations to align election spending with core corporate values.

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By [Anna Peel](#)

Published on Aug 10, 2023, 2:00 pm

NEW YORK, NY, THURSDAY, AUGUST 10, 2023 – Today members of the Interfaith Center on Corporate Responsibility (ICCR) announced they had sent [letters](#) to members of the Business Roundtable urging them to align political spending with their stated core values, to mitigate both reputational risks to the company, and broader risks to [democracy](#).

Investors have long called for the alignment between a company's political engagement and its stated values and mission arguing that any misalignment represents a source of both firm-level and systems-level risk that redounds to all corporate stakeholders.

ICCR members, a cross-section of faith-based investors, asset managers, pension funds, foundations, and other long-term institutional investors, have over 50 years of experience engaging with companies on environmental, social, and governance issues that are critical to long-term value creation, including political spending.

Investors Question The Impact Of Corporate Political Donations On Democracy

The investors question how corporate [political donations](#) may contribute to the degradation of democratic systems including free and fair elections at both the federal and state levels and a healthy civic discourse that supports free speech and tolerance for diverse viewpoints.

According to the letter: “Companies and investors both depend on a resilient democracy and strong rule of law to provide the economic and legal certainty that facilitates long-term market stability and allows companies to compete on the merits of their products and services. For decades, investors have sounded alarms about the strains that corporate political spending puts on our democratic institutions...”

According to a [study](#) released by the Center for Political Accountability (CPA), public companies “are pouring millions of their dollars into political spending that ultimately bankrolls the attack on democracy from Washington, D.C. to state capitals nationwide.”

Said Tim Smith, ICCR’s Sr. Policy Advisor, “Company’s election-oriented political spending or lobbying is both direct and indirect through its

trade associations and their contributions to politically active nonprofits. Companies face reputational risk when they publicly promote one position while their trade associations actively promote an opposite position.

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The insurrection at the U.S. Capitol on January 6th, 2021 offers a fresh example of the seriousness of these risks when the press quickly and forcefully called out corporations that had supported the legislators who, under false pretenses, failed to certify the 2020 Presidential election. As leaders in their respective sectors, we are pleased to offer these tools to help BRT companies better navigate these risks and thereby model best practices for their peers.”

The first key resource is the [Erb Principles for Corporate Political Responsibility](#), released in March after a lengthy, deliberative stakeholder process by the Erb Institute of the University of Michigan. Developed as a complement to the BRT’s statement on the Purpose of the Corporation and the BRT’s actions to support the peaceful transfer of power in 2021, the Erb Principles propose a practical, non-partisan, and comprehensive definition of corporate political responsibility (CPR) as a first step in establishing CPR as a new norm that will reduce business risk, strengthen civic trust and foster collaborative problem-solving.

“BRT members believe that creating [long-term value](#) for shareholders requires creating value for customers, employees, and society,” said Elizabeth Cody, Director, Corporate Political Responsibility Taskforce, at The Erb Institute at the University of Michigan. “But their ability to deliver on this “license to operate” depends on well-functioning markets, a

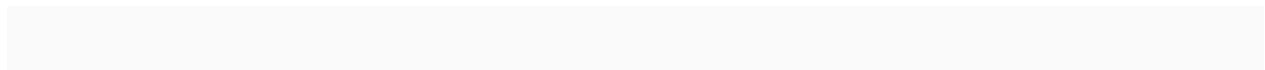
stable regulatory environment, strong civic institutions, a healthy civil society, and a flourishing natural environment.

“We developed the Erb Principles for CPR to clarify what their conviction means for responsible corporate political influence and how companies can contribute to the conditions for shared prosperity. We were delighted to discover that business leaders and stakeholders with diverse views on issues, agreed on these foundational, non-partisan principles.”

The second important resource is the [CPA-Zicklin Model Code of Conduct for Corporate Political Spending](#), developed by the Center for Political Accountability and The Wharton School’s Zicklin Center for Governance and Business Ethics, with extensive input from corporate governance experts, investors, and companies.

The Model Code provides a broad framework for companies to approach and govern their election-related spending with treasury funds. Among other things, the Model Code recommends that companies have policies for their spending, ensure robust board oversight, disclose all expenditures, and analyze societal impacts and alignment of expenditures with stated values.

Said Bruce Freed, Director of the Center for Political Accountability, *“We are pleased that ICCR calls on companies to adopt the Model Code. This is an important action for protecting companies and our democracy. The Model Code provides companies with a framework for approaching and governing their election-related spending. Beyond that, it gives corporate leadership greater control over their political spending and a clear justification to “just say no.”*



Added Smith, "In its March 2021 statement following the Jan 6th attack on Congress, the BRT said, 'The right to vote is the essence of a democratic society... Business Roundtable members believe state laws must safeguard and guarantee the right to vote'. Our intention in sending this letter is to remind BRT members that regular scrutiny of their corporate political activities is imperative should this statement ring true."

About the Interfaith Center on Corporate Responsibility (ICCR)

The Interfaith Center on Corporate Responsibility ([ICCR](#)) is a broad coalition of more than 300 institutional investors collectively representing over \$4 trillion in invested capital.