

November 12, 2021

The Honorable Chris Van Hollen
Chairman
Senate Appropriations Subcommittee on
Financial Services and General Government
Washington, D.C. 20510

The Honorable Cindy Hyde-Smith
Ranking Member
Senate Appropriations Subcommittee on
Financial Services and General Government
Washington, D.C. 20510

The Honorable Patrick Leahy
Chairman
Senate Appropriations Committee
Washington, D.C. 20510

The Honorable Richard Shelby
Vice Chairman
Senate Appropriations Committee
Washington, D.C. 20510

Dear Senators,

The undersigned organizations and experts urge you to ensure that language is not included in any government funding vehicle that would limit the Securities and Exchange Commission's (SEC) ability to finalize, issue, or implement a rule requiring public companies to disclose their political spending to investors.

Since the U.S. Supreme Court's decision in *Citizens United v. FEC* was decided in 2010, corporations have been allowed to spend unlimited undisclosed amounts of money to influence American elections and in turn affect policy outcomes. Noting the danger of "dark money" for both American democracy and the shareholders of the companies that are spending in secret, a strong coalition of diverse allies has been working together since the decision to bring corporate spending in politics into the light.

We, the undersigned organizations and experts, believe the SEC should be allowed to and encouraged to move forward with the rulemaking that would require public companies to disclose to their shareholders and the public how they spend money in politics. This information is material to investors-- the constituency the SEC is responsible for protecting.

The Supreme Court's decision to give corporations the right under the First Amendment to spend unlimited funds from their corporate treasuries to support or attack candidates is troubling for several reasons, and investors concerned about the value of their investments and citizens concerned about the future of American democracy are looking to the SEC to take the action that so many investors have demanded and require disclosure of political spending.

A company's political activity--both its election spending and lobbying--is relevant to its shareholders because it can present significant reputational risk if not disclosed and managed properly. Many customers and the purchasing public are paying close attention to whether a company's political activity lines up with its corporate values. If there is a disconnect, companies can face bad press, boycotts, or targeted social media campaigns. Following the attack on the U.S. Capitol on January 6th, 2021, many large corporations made the decision to suspend donations from their political action committees (PACs). The Conference Board [surveyed](#) corporations to learn more about their responses to the insurrection. Of the 84 firms that responded, "46% cited the belief that a stable democracy is necessary for a stable business environment," and 44.94% cited concerns about the company's reputation.

Corporate political activity remains a top priority for investors. According to the [Proxy Preview](#) report for 2021, "concern about undue corporate political influence remains the biggest single issue of concern for

shareholder proponents, even though total filings are down from their 2014 apex. Proponents have filed more than 1,000 proposals over the last 10 years.” In a record shattering year, 14 political activity shareholder proposals [received majority support](#) as of June 24, 2021.

Without direction from the SEC, there are no rules or procedures established in the United States to ensure that shareholders—those who actually own the wealth of corporations—are informed of decisions on spending their money on politics. Investors want more disclosure in order to make sound investment decisions. That is why 1.2 million comments—the most in the agency’s history—have come into the SEC in support of the political spending disclosure rulemaking petition from diverse stakeholders including the founder of Vanguard, John Bogle; five state treasurers; a bi- partisan group of former SEC chairs and commissioners; and investment professionals representing \$690 billion in assets. Additionally, a significant number of comments that called for corporate political activity disclosure were submitted to the SEC’s recent [request for public input](#) on climate and environmental, social, and governance (ESG) disclosure.

We believe that the existing rider blocking the SEC from making progress on this rulemaking was inappropriately included in the Appropriations process and that the budget should be free of any poison pill policy riders. The rider language remained out of the FY2022 FSGG Appropriations bill that passed the House this year. We urge you to ensure that the language stopping the SEC from finalizing this important rule is kept out of any government funding vehicle.

We are grateful for your leadership and appreciate your consideration of this request to restore transparency and accountability to our democracy.

Sincerely,

American Sustainable Business Council

Americans for Financial Reform

Boston Common Asset Management

Boston Trust Walden

Campaign Legal Center

Change the Chamber

Clean Elections Texas

Common Cause

Congregation of St. Joseph

Consumer Action

Daughters of Charity, Province of St. Louise

Decode Democracy

Democracy 21

End Citizens United / Let America Vote Action Fund

Friends Committee on National Legislation

Government Accountability Project

Greenpeace USA

Harrington Investments, Inc.

Impax Asset Management LLC

Interfaith Center on Corporate Responsibility

Investor Advocates for Social Justice

League of Women Voters of the United States

Lisa H. Nicholson, Professor of Law, University of Louisville Louis D. Brandeis School of Law

Mercy Investment Services, Inc.

New Jersey Association on Correction

Oxfam America

Public Citizen

Public Justice Center

RepresentUs New Mexico

The Workers Circle

Thomas P. DiNapoli, New York State Comptroller

Transparency International — U.S. Office

U.S. Partnership for Education for Sustainable Development

Union of Concerned Scientists

Unitarian Universalist Association

US SIF: The Forum for Sustainable and Responsible Investment

Voices for Progress

Wisconsin Democracy Campaign

Cc:

The Honorable Charles Schumer
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, D.C. 20515