



Shareholders question corporate dollars supporting abortion restrictions

Pfizer, companies face calls to align political spending with values

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With corporate political power in the spotlight and a more conservative Supreme Court considering whether to take up fresh challenges to abortion, shareholders are pressing companies to align their campaign spending with their stated values.

The addition of Amy Coney Barrett to the Supreme Court increases the likelihood that justices could soon hear challenges related to abortion, legal experts say. The court's new 6-3 conservative majority means a case's fate is less likely to lie in the hands of Chief Justice John G. Roberts Jr., who joined the high court's liberal wing in the past to block restrictions for abortion providers.

Liberals worry that any case that rises to the court may undermine the landmark 1973 Roe v. Wade case, which established a right to abortion, or undercut rights for LGBTQ individuals seeking health care.

Now, investment groups are asking public companies to report on alignment between their stated values on women's health and political spending. Their first proposal for 2021 is up for a vote on Thursday at pharmaceutical company Pfizer Inc.

The advocates view corporate actions as a potential counterweight to a Supreme Court that could soon rule in favor of state anti-abortion laws or even overturn Roe entirely. Some businesses threatened to move out of Georgia after the state legislature passed a law in 2019 making it illegal to obtain an abortion once a fetus's heartbeat is detected. A judge blocked enforcement before the law could take effect.

"In the fairly likely event that Roe vs. Wade gets severely weakened or overturned and states move quickly to ban abortion, companies could find themselves in the position where the general public is looking to them and saying, 'Why did you fund the champions of the anti-choice movement?'" Shelley Alpern, director of corporate engagement at Rhia Ventures, a social impact fund that invests in women's

reproductive health ventures, said in an interview. “It seems like it absolutely can easily turn into an incredible challenge for companies and their employees pretty much overnight.”

Company objectives

Corporations seek to influence government policy by injecting money into U.S. elections through political action committees and trade associations. Many say they focus spending on candidates and groups that support their business objectives on both sides of the aisle. With the rise of environmental, social and governance factors, investors are calling out companies over what they see as conflicting messaging in political spending.

At companies with comprehensive reproductive health benefits for employees, it could be seen as inconsistent to spend on campaigns that support policies or politicians that would put access to certain care at risk, Alpern said. If states in which they operate restrict abortion access, that could also threaten a company’s ability to attract and retain women, she said. Reputation risk is also a focus of shareholders.

Public companies should stop spending on politics entirely or infuse their criteria for donations with ESG values, Alpern said. She’s hoping that fellow investors will expect more consistency from companies than restricting funding from lawmakers that voted to overturn 2020 election results, which she said would be a “low bar.”

“It doesn’t solve the bigger problem they have of championing environmental and social justice for their employees or other areas of public policy and then completely undermining those initiatives through their political giving,” Alpern said. “We’re really just asking for a more consistent and coherent and responsible political spending criteria, rather than the current situation where the left hand is constantly contradicting what the right hand is doing.”

Bad for business

After the Jan. 6 attack on the U.S. Capitol by a pro-Trump mob and 147 Republican lawmakers’ subsequent votes to overturn results of the 2020 presidential election, attention fixed on corporate funding and many corporations paused some or all of their PAC spending and vowed to reevaluate. Corporations’ staying mum as Georgia passed a law that civil rights groups say will restrict voting rights, particularly for people of color in the state, again heightened scrutiny.

The insurrection and voting bills led some investors to reconsider their expectations of corporate political spending and to call companies out in an unprecedented way. Previously, most shareholders addressing the issue demanded transparency on contributions. Now they’re seeking alignment between spending and publicly stated corporate values, or for corporations to get out of politics altogether.

“Everything today is very sharply political,” said Bruce Freed, president of the Center for Political Accountability, a nonprofit that promotes transparency in corporate political spending. “That’s why election-related spending these days is really fraught with so much danger for companies — because of what political spending makes possible.”

Voting rights, racial justice and climate change are also areas with misaligned spending, he said. Freed’s organization created a model request for shareholders to submit to companies asking them to disclose

political spending, which is finding more uptake from corporations this year. In talks with companies, he's found business leaders are concerned that contributions could affect their reputation and bottom line because of reactions by consumers and the public.

Along with statements on democracy and voting rights, shareholders are flagging donations to politicians or political organizations that are anti-abortion as bad for business. It's an extension of a campaign that began in 2019, with investors submitting shareholder proposals asking companies about their reproductive health policies, including those related to abortion.

Late that year, 36 investors managing \$236 billion in assets sent a letter to more than 30 CEOs asking them to discuss their positions on contraception and abortion. Rhia led that letter as the Supreme Court prepared to hear an abortion-related case. While the campaign began under former President Donald Trump, who said he wanted to overturn Roe, it continues with a focus on the highest court and state legislatures. Trump nominated one-third of the court's justices, and state governments regularly consider anti-abortion policies.

The shareholder proposals filed this year will get votes at three companies: the second-largest U.S. drug maker, Pfizer, on Thursday; the biggest U.S. bank, JPMorgan Chase & Co., on May 18; and the fourth-largest retailer in the country, Home Depot Inc., on May 20. Rhia filed one on behalf of a shareholder, and the other two are from Tara Health Foundation, a foundation for women's and girls' health that provided Rhia with \$7 million in funding.

A similar proposal to shipping company FedEx Corp. is up for a vote in the fall, according to Rhia.

Pfizer proposal

The ballot items seek an annual report on the alignment of political spending with company policies and values. Tara Health Foundation says Pfizer gave millions to anti-abortion politicians and funded groups opposing the Affordable Care Act, which the foundation says is at odds with selling contraceptives and a drug often prescribed for medical abortions.

Pfizer is opposing the request, saying in a regulatory filing that it offers enough transparency and rationale about spending already and that contributions align with public policy priorities. Companies can have policy positions that are unrelated to Pfizer's business, it said, adding that donations "do not imply an endorsement of a candidate's position or any social or religious issue."

The JPMorgan and Home Depot proposals cite similar cases of company policies to lower greenhouse gas emissions, support LGBTQ rights or advance women employees, which Tara Health and Rhia argue conflict with giving to candidates or groups that oppose certain climate-related, abortion or LGBTQ equality bills.

JPMorgan and Home Depot are also opposing the proposals, saying their transparency about and oversight of spending is sufficient. Home Depot says in a filing that its PAC backs politicians "on both sides of the aisle who champion pro-business, pro-retail positions that stimulate economic growth."