

## **Sign-on Letter Requesting Corporations Disclose Global Corporate Political Activities**

James Quincey, Chairman and Chief Executive Officer, The Coca-Cola Company  
Ramon Laguarta, Chairman and Chief Executive Officer, PepsiCo  
Chris Kempczinski, President and Chief Executive Officer, McDonald's Corporation

April 26, 2022

Dear Mr. Quincey, Mr. Laguarta, and Mr. Kempczinski,

As investors representing more than \$140 billion in assets, we write to request that you assess and prioritize disclosure of your political spending in all its forms, not just in the United States but in all countries in which you operate. For years, investors have raised concerns about the secretive nature of corporate political spending and the need for greater transparency in this area.<sup>1</sup> Recent political events in the U.S.—from the violent attack on the U.S. Capitol in the wake of the presidential election to voter suppression measures gaining traction in state legislatures—have exposed how corporate political activity is fraught with risk. Our community is sounding the alarm.

In March 2021, Vanguard cautioned that “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 in financial, legal, and reputational risks that can affect long-term value.”<sup>2</sup> A recent investor statement from the Interfaith Center on Corporate Responsibility (ICCR), a coalition of investors representing over \$US 4 trillion in assets, noted that “corporate political spending has a destabilizing effect on the broader economic and cultural environment, inhibiting the long-term sustainability of business...”<sup>3</sup>

For food and beverage corporations like Coca-Cola, PepsiCo, and McDonald's which rely heavily on consumer trust and public good will, there is no denying the value of political transparency in a world where public officials, journalists, NGOs, social movements, and even social media can quickly and publicly reveal business practices that are at odds with brand reputation and values. It is why we as investors ask that you publicly disclose detailed data on your political contributions, lobbying expenditures, charitable giving, and scientific funding, all of which are mechanisms for shaping political discourse and policy across all the markets where you have business operations.

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<sup>1</sup> Ciara Torres-Spelliscy, “More Shareholders Seek transparency on Corporate Political Spending and Climate Change.” Brennan Center for Justice, June 16, 2021, <https://www.brennancenter.org/our-work/analysis-opinion/more-shareholders-seek-transparency-corporate-political-spending-and>

<sup>2</sup> Vanguard. “Vanguard Investment Stewardship Insights: How to Evaluate Corporate Political Activity Shareholder proposals.” March 2021, [https://about.vanguard.com/investment-stewardship/perspectives-and-commentary/INVSPOLS\\_032021.pdf](https://about.vanguard.com/investment-stewardship/perspectives-and-commentary/INVSPOLS_032021.pdf)

<sup>3</sup> Interfaith Center on Corporate Responsibility. Investor Statement on the Risks of Corporate political Spending.” February 3, 2021, [https://www.iccr.org/sites/default/files/blog\\_attachments/investor\\_statement\\_on\\_the\\_risks\\_of\\_corporate\\_political\\_spending\\_02.03.21.pdf](https://www.iccr.org/sites/default/files/blog_attachments/investor_statement_on_the_risks_of_corporate_political_spending_02.03.21.pdf)

Measurements such as CPA-Zicklin Index demonstrate the progress your corporations can make in providing greater transparency on corporate spending in the U.S. to influence elections. And while measurements focusing on U.S. lobbying and electioneering provide insight into corporate political activity, it is becoming increasingly important to investors to better understand the full scope of political activities in all your international markets. A recent analysis, Feed the Truth's FACT Index, demonstrates just how little information your corporation publicly discloses about its international political activities considering corporate spending on electioneering and lobbying as well as science and charity. And what disclosures you do offer largely hue to what is required strictly by law versus what is of critical importance to investors. For instance, substantially less information is available or required to be disclosed for corporate political activities outside the U.S. and your disclosures overwhelmingly reflect as much. As a global corporation with operations, investors, employees, and consumers in up to 200 countries, and with 40% - 65% of your annual revenue being generated in these international markets outside the U.S., your corporation would be well served by a full, annual, public accounting of its political activities across all its geographies.

As previously stated, your political activity is not limited to lobbying, campaign donations and other election-related spending. It also encompasses corporate-funded scientific research and charitable giving which serve to shape policymaker perceptions and influence policy-making, regulations and rule-setting. The spending in these areas, too, take little work to declare, particularly if your corporation is not investing in these realms (as all that is required is a statement and/or policy declaring this). For investors, the difference between knowing that scientific studies favorable to your corporation are independent or are paid for by the corporation is not insubstantial. For instance, the former strengthens sales and trust in your corporation; the latter are ignored, scorned, or even become a publicity nightmare, such as when the *New York Times* revealed that Coca-Cola was covertly funding the Global Energy Balance Network based at the University of Colorado, a research network set up to promote the message that sugar sweetened beverages are no more responsible for the rise in obesity levels than any other foods or a lack of physical activity.<sup>45</sup>

The disclosure of charitable donations is important to investors as it can provide insight into what corporations are doing to gain favor and dissuade potential critics, such as when Coca-Cola is deemed the world's top plastic polluter in the same year it makes large donations to the Nature Conservancy and other environmental causes.<sup>67</sup> Charity is also a means for corporations to improve public image, obscure liabilities, and otherwise deflect regulation. One example is Tyson Foods' claim that its corporate grantmaking addresses the most important risks facing the

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<sup>4</sup> Nicole Wettsman, "Coca-Cola funds health research—and can kill the studies it doesn't like," *Popular Science*, May 10, 2019.

<sup>5</sup> Anahad O'Connor, "Coca-Cola Funds Scientists Who Shift Blame for Obesity Away from Bad Diets." *New York Times*, August 9, 2015, <https://well.blogs.nytimes.com/2015/08/09/coca-cola-funds-scientists-who-shift-blame-for-obesity-away-from-bad-diets/>

<sup>6</sup> Matt Franklin, "Coca-Cola, Nestle, and PepsiCo named top plastic polluters for the second year in a row," *Break Free From Plastic*, October 23, 2019, <https://www.breakfreefromplastic.org/2019/10/23/brand-audit-report-2019-press-release/>

<sup>7</sup> The Coca-Cola Foundation Charitable Giving List for 2019: <https://www.coca-colacompany.com/content/dam/journey/us/en/policies/pdf/the-coca-cola-foundation/The-Coca-Cola-Foundation-Charitable-Giving-List-2019.pdf>

communities it operates in as it faces allegations that it knowingly risked the health and lives of employees working in its plants.<sup>89</sup>

Corporations are learning (too often the hard way) that political transparency is part of the 21st century compact they must have with their consumers and the public to do business. And the reality is corporations can pivot quickly—such as Monster Beverage Corporation, which went from a 0% score on the CPA-Zicklin scale in 2019 to a score of 75.7% in 2021.<sup>10</sup> The small act of putting information on your website about global political contributions, charitable giving, research funding trade association memberships, and lobbying expenditures—all of which deeply influence how food and nutrition policies across the world are shaped—can mean the difference between being praised as a leader or criticized as a laggard.

Considering the ease with which a corporation can increase transparency, and decrease the credibility risks of not doing so, we urge you to make the full scope of your political activity across geographies transparent by publicly disclosing this information on your website. Thank you for your consideration.

Sincerely,

Adrian Dominican Sisters, Portfolio Advisory Board  
As You Sow  
CommonSpirit Health  
Dana Investment Advisors  
Daughters of Charity, Province of St. Louise  
Harrington Investments, Inc.  
Maryknoll Sisters  
Mercy Investment Services, Inc.  
Miller/Howard Investments, Inc.  
Natural Investments  
NorthStar Asset Management, Inc.  
Northwest Coalition for Responsible Investment  
Park Foundation  
Reynders, Mcveigh Capital Management LLC  
Sisters of Charity of Saint Elizabeth  
Shareholder Association for Research and Education (SHARE)  
Sisters of St. Francis of Philadelphia  
Sisters of St. Joseph of Carondelet, St. Louis Province  
Stakeholders Capital  
Transformative Wealth Management, LLC  
Trinity Health

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<sup>8</sup> Tyson Foods 2020 ESG Hub: <https://www.tysonustainability.com/people/communities/community-impact>

<sup>9</sup> Associated Press, “Families of 3 dead workers sue Tyson Foods over Coronavirus outbreak,” *Fortune*, June 26, 2020, <https://fortune.com/2020/06/26/tyson-foods-coronavirus-lawsuit/>

<sup>10</sup> Center for Political Accountability, “2021 CPA-Zicklin Index of Corporate Political Disclosure and Accountability,” November 2021, p. 45, <https://www.politicalaccountability.net/wp-content/uploads/2021/11/2021-CPA-Zicklin-Index.pdf>

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Zevin Asset Management