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As U.S. politics heats up, companies seek to avoid controversy

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By Jessica DiNapoli

(Reuters) - A record number of U.S. companies are either banning political spending or making sure they disclose it, as they seek to steer clear of controversy ahead of the Nov. 3 election, a new study has found.

While many U.S. companies donate to political candidates and campaigns, some do not disclose it. This can put them in the crosshairs of customers and suppliers who can accuse them of a lack of transparency.

President Donald Trump has also criticized some companies, including tire manufacturer Goodyear Tire & Rubber Co [GT.O](#) and drugmaker Merck & Co Inc [MRK.N](#) for taking political stands.

The Center for Political Accountability, a non-profit that advocates for corporate transparency, found that 332 companies in the S&P 500 prohibited some kind of political spending, like funding political committees, or disclosed some or all of their election-related spending in 2020, up roughly 9% from 2016.

The Center also found that 162 companies implemented board oversight for political spending, up 46% since 2016. Without board oversight, companies' lobbyists and local managers are left to handle the spending on their own.

"Companies have realized the increased risk in political spending as the political environment has become more hyperpolarized and toxic," said Bruce Freed, the co-founder of the Center for Political Accountability.

The study did not look at corporate lobbying on legislative bills.

Healthcare real estate investment trust Welltower Inc [WELL.N](#) was one of the companies that changed its practices this year. It adopted a policy prohibiting donations to political incumbents, candidates or parties, unless approved by the CEO and general counsel, and instructed its trade associations that its contributions should not be used to support candidates or parties.

Corteva Inc [CTVA.N](#), an agricultural provider and spinout of chemical conglomerate DowDuPont, disclosed its political spending for the first time, revealing that in 2019 it spent roughly \$686,000 on trade associations.

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