



Election Risks & Business Action

2022

Executive summary

Serious threats to the health and stability of American democracy are on the horizon

- Multi-pronged threats (media, political, legal) are creating risk that legitimate election results could be overturned in 2022+.

Political instability and the decline of our democracy put business at risk

- Business benefits from well-functioning, accountable, and politically stable governments
- Democracies tend to enable these conditions, and are linked to a strong business environment
- 45 of the 50 largest companies in the world (by market cap) founded in democracies

Business is essential to upholding and renewing our democracy

- American democracy is at risk, recently downgraded from full to flawed democracy
- Businesses' political influence and trust make it essential to upholding democracy
- During the 2020 election, Business used its influence to help ensure faith in our elections and a peaceful transfer of power

Business has the opportunity to take concrete actions that could turn the tide

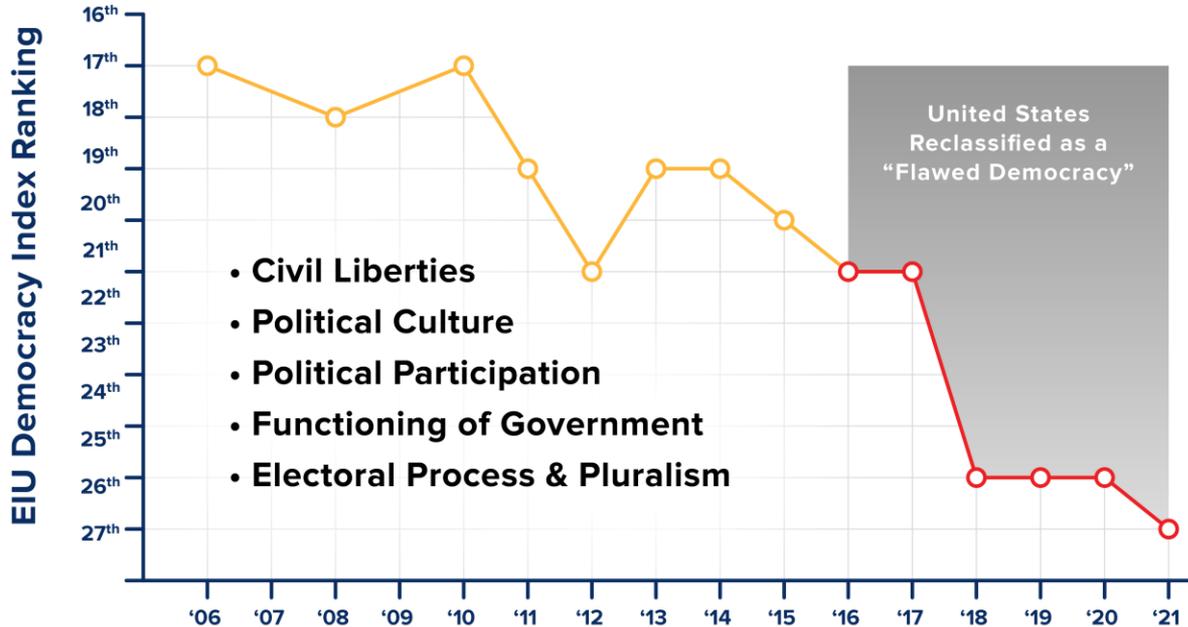
- Support civic engagement
- Support federal and state democracy legislation
- Reduce corporate PAC contribution to election objectors
- Raise awareness of election risks and what that means for business

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Serious threats to the health
and stability of American
Democracy are on the horizon

American democracy is at risk: America downgraded from full to flawed democracy in 2016, and has yet to recover

DEMOCRACY IN THE UNITED STATES



Multi-pronged efforts are creating risk that legitimate election results could be overturned in 2022+

01/ Media

An increasingly politicized media ecosystem is driving the belief that the 2020 election was stolen. Today, nearly one third of Americans believe Biden's victory was the result of voter fraud.

02/ Political

Elected officials have introduced 216 bills to allow state legislatures to politicize, criminalize, or interfere with elections. Far from being an empty threat, these bills are already being acted upon.

03/ Legal

State legislatures have the right to pass laws granting them the ability to appoint electors— even when contrary to popular vote totals in their states.

/02

Political instability and the
deterioration of our democracy
put the business environment
at risk

Business needs well functioning, accountable and politically stable governments to thrive

Political instability is bad for business

“Capitalism can’t work without well-functioning governments that design rules to enable innovation and markets, ensure competition, and address social problems.”

Stanford Economist and Business School
Professor Anat Admati

Cost of capital

Economic policy uncertainty can increase the average weighted cost of capital

Innovation

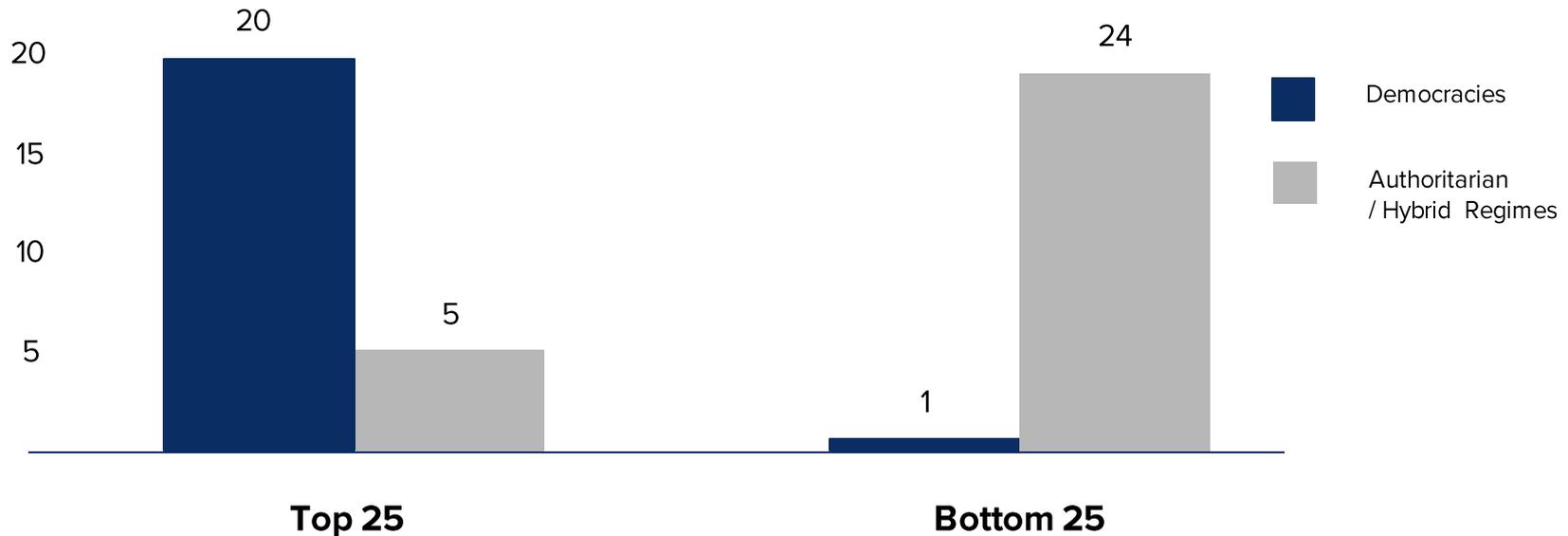
Firms in politically unstable markets file fewer patents

Supply chains

Political instability threatens reliable cross-border flows of goods, services and and labor

Democracies tend to enable these conditions, and support a strong business environment

Performance on World Bank's Doing Business Survey (2020)



45/50 largest market cap companies founded in democracies

1	 Apple AAPL	\$2.525 T	14	 Visa V	\$426.13 B	27	 Mastercard MA	\$320.30 B	40	 Cisco CSCO	\$227.19 B
2	 Saudi Aramco 2222.SR	\$2.189 T	15	 Walmart WMT	\$394.14 B	28	 Pfizer PFE	\$282.74 B	41	 Verizon VZ	\$222.65 B
3	 Microsoft MSFT	\$2.099 T	16	 Samsung 000930.KS	\$384.73 B	29	 AbbVie ABBV	\$263.66 B	42	 Toyota TM	\$218.62 B
4	 Alphabet (Google) GOOG	\$1.724 T	17	 JPMorgan Chase JPM	\$380.58 B	30	 Eli Lilly LLY	\$253.64 B	43	 Pepsico PEP	\$212.67 B
5	 Amazon AMZN	\$1.480 T	18	 Exxon Mobil XOM	\$359.55 B	31	 BHP Group BHP	\$252.98 B	44	 Reliance Industries RELIANCE.NS	\$211.85 B
6	 Tesla TSLA	\$822.00 B	19	 Kweichow Moutai 600519.SS	\$351.55 B	32	 Coca-Cola KO	\$251.19 B	45	 Oracle ORCL	\$207.81 B
7	 Berkshire Hathaway BRK.A	\$723.36 B	20	 Procter & Gamble PG	\$343.28 B	33	 ICBC 1298.HK	\$247.07 B	46	 Thermo Fisher Scientific TMO	\$207.25 B
8	 NVIDIA NVDA	\$550.73 B	21	 Nestlé NESRY	\$335.80 B	34	 ASML ASML	\$241.38 B	47	 Comcast CMCSA	\$204.08 B
9	 TSMC TSM	\$541.92 B	22	 Chevron CVX	\$332.62 B	35	 Walt Disney DIS	\$239.86 B	48	 Abbott Laboratories ABT	\$201.10 B
10	 Meta (Facebook) FB	\$536.37 B	23	 Home Depot HD	\$330.72 B	36	 Novo Nordis NVO	\$238.31 B	49	 L'Oréal OR.PA	\$198.72 B
11	 UnitedHealth UNH	\$454.33 B	24	 Roche ROGNY	\$327.46 B	37	 Broadcom AVGO	\$236.69 B	50	 Merck MRK	\$197.79 B
12	 Johnson & Johnson JNJ	\$445.39 B	25	 Bank of America BAC	\$325.45 B	38	 Costco COST	\$233.79 B			
13	 Tencent TCEHY	\$436.94 B	26	 LVMH LVMUY	\$321.79 B	39	 Alibaba BABA	\$233.01 B			

1. Data pulled 3/15 from companiesmarketcap.com

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Business is essential to upholding
and renewing our democracy

The business community is essential to upholding it

Businesses and their employees are the largest contributors to our political system

62%

Of funding to candidates, parties, PACs and outside spending groups came from business vs. 25% from labor.¹

Business leaders are increasingly concerned with the state of our democracy

69%

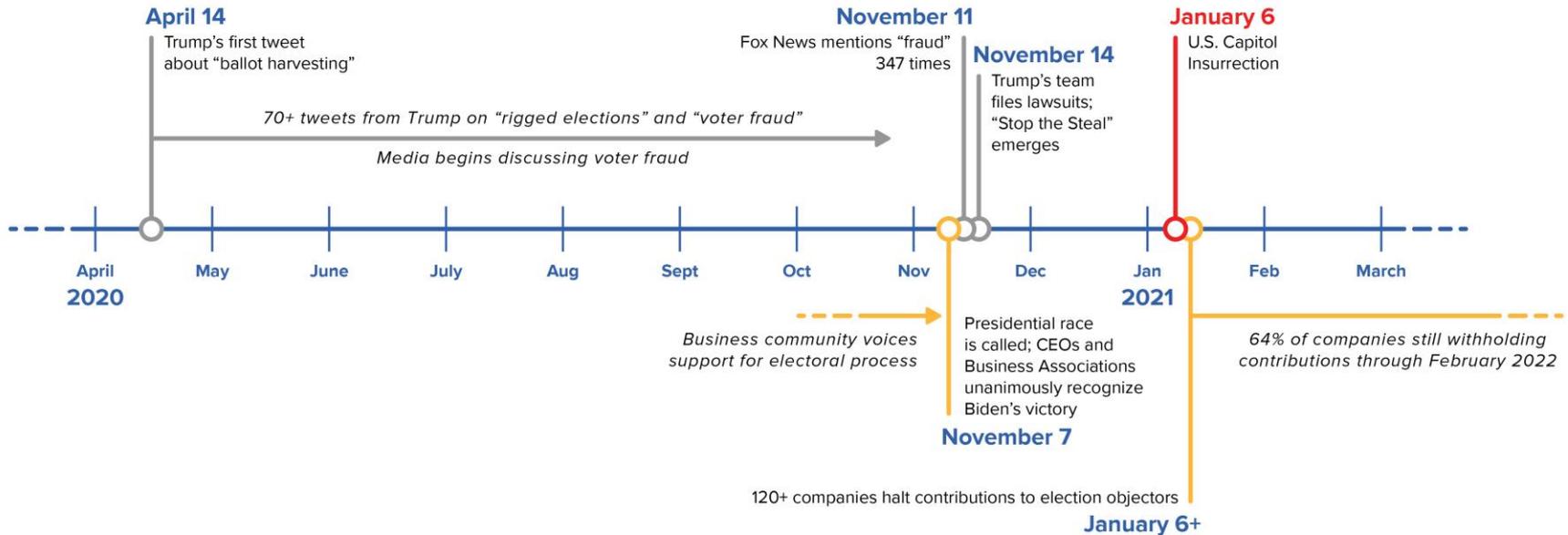
Of business leaders agree that they are concerned with the state of our democracy.²

Business has the opportunity and responsibility to help

54%

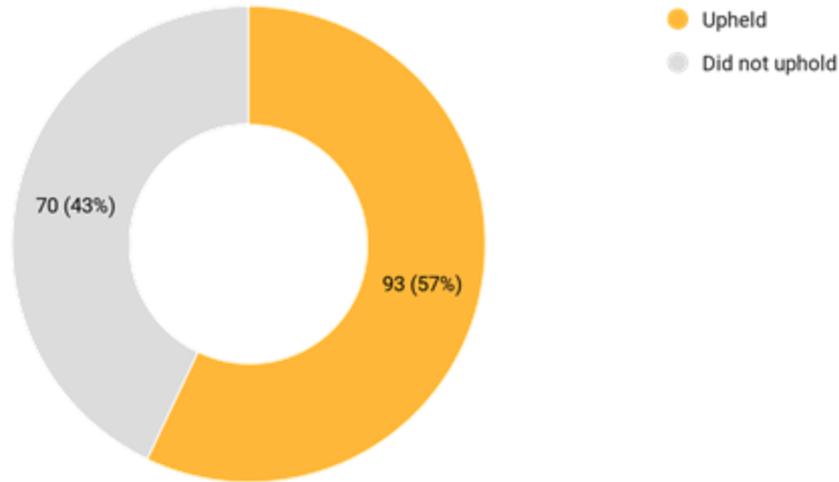
Of Americans Trust business, more than NGOs (50%) government (42%) and media (45%).³

Looking back at 2020: Business used its influence to help ensure faith in our elections and a peaceful transfer of power

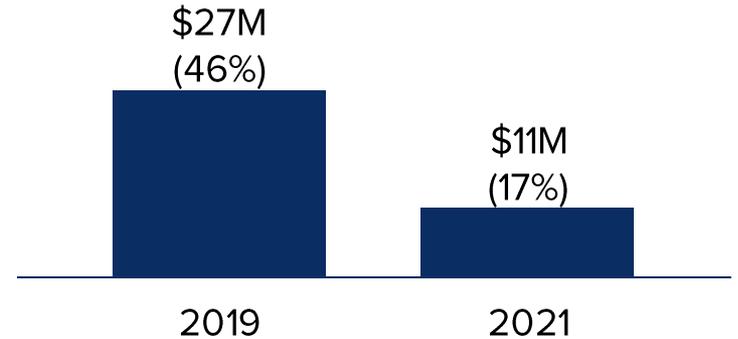


Many companies have continued to withhold PAC spending

Corporate commitments to suspend contributions to Congressional Electoral College objectors



Corporate PAC contributions to members of Congress who voted against certification*



Note: As of March 25, 2022; “Did not uphold” only includes companies that donated directly to Congressional electoral college objectors and does not include those that donated to multi-candidate committees, which in turn may give to Congressional electoral college objectors

Source: [“The January 6 corporate accountability index,” Popular Information](#)

Today: Business has taken action to side with democracy and human rights in Ukraine

Growing pressure for companies to withdraw from Russia

75%

of Americans demand corporations cut business ties with Russia after the invasion of Ukraine¹

450

Companies have withdrawn or suspended key operations in Russia following the invasion of Ukraine²



McDonald's is one of the 370+ brands that has paused operations or exited the Russian market.

/04

Business has the opportunity to
take concrete actions that could
turn the tide

Upholding democracy popular with key stakeholders

76%

of people are more likely to work for a company that promotes democracy.¹

81%

of consumers are more likely to buy a company's products or services if it speaks out against restrictive voting laws.²

79%

of consumers agree that companies should take action on political and social issues.³

Multiple opportunities exist for action by business leaders

OPPORTUNITY	Q2 2022 ACTION OPPORTUNITY	TOOLS / NEXT STEPS
Support civic engagement	November 2022 is a federal election year. Offer time off for employees to vote or work the polls in the primary and general election.	Read the Civic Alliance Playbook (link) for tools and guidance
Support federal and state democracy legislation	Electoral Count Act reforms (which would help prevent a contested presidential election) are under consideration in Congress. Encourage your trade associations and government affairs teams to support it.	Contact Zak Smith at Leadership Now (link here)
Align political engagement with a healthy democracy	163 companies committed to withholding PAC contributions from election objectors in 2021. Review your company's political spending to ensure alignment with democracy.	Leadership Now ESG & Corporate Political Spending Memo (link here)
Raise awareness of what election risks means for business	Share this presentation with your Board, leadership team, or other business association / contacts.	Contact Zak Smith at Leadership Now (link here)

Companies and leaders are taking bold steps across sectors

Support civic engagement



In 2020, Old Navy reached out to its 50k employees and offered to up to 8 hours of PTO for volunteering at polling places. The company also provided up to 3 paid hours to vote and established a “no meetings” day to increase scheduling flexibility on Election Day. Old Navy also invited customers to volunteer as poll workers through their website, recruiting hundreds of individuals across the country.

Support federal and state democracy legislation



American Airlines executives lobbied Texas Lt. Gov. Dan Patrick and other state legislators after restrictive voting bill S.B.1 was introduced.¹

While many businesses stopped there, [American came out publicly against the bill](#) once it was signed into law, stating “we must stand up for the rights of our team members and customers who call Texas home.”

Align political engagement with a healthy democracy



Microsoft redirected its PAC spending away from election objectors and towards democracy reform.

Microsoft suspended all contributions through 2022 to state and federal elected officials and organizations who objected to the election.

Microsoft also created a PAC option to support organizations that work on issues like campaign finance reform, transparency, and voting rights.

Raise awareness of election risks

The name "RAY DALIO" in red, uppercase letters on a black rectangular background.

Chairman Ray Dalio of Bridgewater, a premier asset management firm, wrote an article stating:

“It is entirely possible that neither [political] side will accept losing the 2024 election...**such political clashes hurt productivity and create an inhospitable environment, which hurts capital flows.**”

/05

Annex

/A1

Multi-pronged efforts are creating risk that legitimate election results could be overturned in 2022+

Media

Politicized media ecosystem driving record mistrust in our elections system

38% of Americans say that they don't believe US elections are fair¹

Offline misinformation



18% of frequent Fox News viewers accept the outcome of the election.¹

Online misinformation



203 active Facebook groups (as of 1/3/22) spreading election misinformation, with 240,000 members; 18 specifically mention “Stop the Steal” or “stolen election” in their name.²

1. Americans Lack Confidence in Election Fairness (Northwestern, 2020)

1. National Politics Survey (Civiqs, 2020)

2. Facebook's Failures W/ Misinformation Contributed to Capitol Riot (Media Matters, 2022)

Political

Numerous political threats on the horizon

Voter Suppression

State legislatures are trying to scale back voting access to voting for political gain.

33 laws passed in 19 states restricting voting in 2021.

Contested Election Vote Counters

165 candidates who embrace the contested election narrative are running for statewide office.

Surge in partisan Republican precinct officers signing up at local level.

Threatening Election Officials

1/3 election officials report feeling unsafe because of their job.

State laws threatening independence of election admins.

Legislative Election Control

14 states already have enacted new laws to take power over elections away from career officials and give it to the legislature or its designees.

State laws taking power away from career officials.

Sabotaging the Electoral College

Vagaries of Electoral Count Act still leave risk that VP / congress could subvert the will of voters.

Legal

Independent state legislature doctrine could subvert next presidential election

Doctrine has significant SCOTUS support

The independent State Legislature Doctrine, first articulated by Clarence Thomas, in *Bush V. Gore* (and publicly supported by three other conservative Supreme Court justices), affirms state legislatures' right to pass laws granting them the ability to appoint electors-- even when contrary to popular vote totals in their states.¹

Application could subvert democracy

"[The] scenario goes like this: The [presidential] candidate in 2024 loses...the electoral vote by the margin of a few states. State legislatures, claiming fraud, alter the electoral count vote. The House and Senate [of the same party] accept that altered count. The losing candidate becomes the president. We no longer have "democratically elected government."²



Supreme Court Justices Brett Kavanaugh, Samuel Alito, John Roberts and Clarence Thomas have publicly indicated some form of support for Independent State Legislature Doctrine. Amy Coney Barrett has yet to weigh in.

1. Beware the Independent State Legislature Doctrine ([Salon](#), 2021)

2. Timothy Snyder ([Substack](#), 2021)

/A2

Companies taking action

Support civic engagement

94%

Of voters agree that ensuring all eligible Americans can vote is a nonpartisan issue.¹



OFFER PTO TO VOTE AND WORK POLLS

It's becoming the new norm to offer paid time off for employees to both vote and work polling places.

In 2020, Old Navy reached out to its 50k employees and offered to up to 8 hours of PTO for volunteering at polling places. The company also provided up to 3 paid hours to vote and established a "no meetings" day to increase scheduling flexibility on Election Day. Old Navy also invited customers to volunteer as poll workers through their website, recruiting hundreds of individuals across the country.

IMPACT

- 1000s of hours of poll support
- Old Navy's election program named Employee Benefit of the Year by HR Dive
- More than 2 billion earned media impressions
- Highest social media buzz the brand ever received in a day



RECRUIT YOUNG LEADERS

Find innovative ways to encourage future leaders to get involved in civics.

In fall 2021, Snapchat used their own platform to engage future candidates. The initiative, "Run for Office," made it easy for users to learn about elected positions, informally nominate friends to run, and connect with candidate recruitment organizations.

IMPACT

Snapchat had incredible engagement:

- 2 million "Run for Office" users
- 46k users nominated a friend
- 24k expressed interest in connecting with a candidate recruitment organization

Support federal and state democracy legislation

81%

of consumers are more likely to buy a company's products or services if it speaks out against restrictive voting laws.¹



UNITE EXECUTIVE VOICES

You don't have to go it alone. Find other executives willing to support/combat key legislation with you.

40 CEOs collaborated in support of the Freedom to Vote Act by signing a letter and participating in media interviews.

Signatories included Eric Schmidt, former CEO of Google; Reid Hoffman, LinkedIn founder; and Josh Silver, CEO of Etsy.

IMPACT

The letter received widespread coverage in the press, including pickup in [Fortune](#), [The Hill](#) and other publications.



TAKE A STAND PRIVATELY & PUBLICLY

Use your voice to privately and publicly take a stand on issues that align for/against your corporate mission and values.

American Airlines executives lobbied Texas Lt. Gov. Dan Patrick and other state legislators after restrictive voting bill S.B.1 was introduced.¹

While many businesses stopped there, [American came out publically against the bill](#) once it was signed into law, stating "we must stand up for the rights of our team members and customers who call Texas home."

IMPACT

Corporate and media pressure may have helped strip out some of the most problematic parts of the bill, including the proposed closure of polling precincts on Sunday mornings, when many Black churchgoers vote.

Reduce corporate PAC contributions to election objectors

72%

Of Americans believe the people involved in the attack on the January 6th attack on the Capitol were threatening democracy.¹

120+

Companies halted political contributions to candidates who objected the election.



REALIGN YOUR PACS

Use the power of your PACs to align to your company mission, culture and values.

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ESTABLISH NEW PAC PRINCIPLES

Ensure your PAC have clearly defined guidelines for contributions.

Dell bases political giving decisions on four criteria:

- The impact on Dell's brand and reputation (alignment with core values and past positions)
- The external impact on key constituencies and the positions of peers
- The ramifications for public policy makers
- The ESG sentiment of employees

With these in mind, Dell withdrew all funds to election objectors and clarified its commitment to upholding democracy.

IMPACT

Corporate contributions to election objectors declined by 60% in 2021 vs. a 28% decline for GOP non-objectors and a 19% decline for Democrats.

Raise awareness of election risks

54%

Of Americans trust businesses, which is more than any other sector including NGOs (50%) government (42%) and media (45%).¹

69%

Of business leaders are concerned with the state of our democracy.²

RAY DALIO

EDUCATE FELLOW BUSINESS LEADERS

You can find ways publicly and privately to raise awareness of election risks with colleagues and other executives.

Chairman Ray Dalio of Bridgewater, a premier asset management firm, wrote an article stating:

"It is entirely possible that neither [political] side will accept losing the 2024 election...**such political clashes hurt productivity and create an inhospitable environment, which hurts capital flows.**"

IMPACT

In addition to being extremely influential in the world of finance, Dalio's article received widespread media coverage in broader business press, including [Fortune](#), [Business Insider](#), [Daily Mail](#), and others.



JOIN COALITIONS

Don't go it alone – join organizations taking a public stand for democracy.

On January 6th, Leadership Now released a statement validating the election. It was signed by major business associations, including Black Economic Alliance, American Society of Association Executives, Small Business and Entrepreneurship Council, and Small Business for America's Future.

Other groups like the Business Roundtable, released similar reaffirming statements.

IMPACT

100s of companies came together through coalitions and associations to validate the election. Additionally, these letters garnered media coverage educating the broader public.