Bailard

Corporate political giving disclosure: Why transparency matters for investors

How Bailard's NFI Capture framework evaluates political transparency in a post-Citizens United world

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Historically, corporate political giving was a bi-partisan affair. But like many aspects of society in the past decade, it is becoming less so. Corporate political giving has also been supercharged by the Supreme Court's decision in the Citizens United v Federal Elections Commission in 2010, which left Corporations unconstrained in how much they give to PACs and Super PACs. The decision immediately increased the influence of corporate political spending on elections (especially local and state elections) while at the same time making it more difficult to track this spending. In response to Citizens United, Bailard's sustainable and responsible investment scoring framework for non-financial information (NFI Capture) has always included a factor measuring corporate political spending disclosure. The issue was relatively "under the radar" until the aftermath of January 6, 2021 when scrutiny on corporate political giving became a focus of responsible investing and shareholder engagement.

Why political spending disclosure matters to investors

We focus on the disclosure of political giving policies and procedures because, in a world of so-called "Dark Money", it is so difficult to "follow-the-money" from an individual big donor or corporation to a candidate. The use of 501(c)(4)s, for example, has grown in prominence since *Citizens United*, and their donors are totally untraceable. This was not the court's intention, but this is what has transpired.

Opaqueness always makes the job of a sustainable and responsible investor more difficult. That is why transparency in corporate political spending has always been the focus of corporate engagement work—pressing for voluntary disclosure or advocating for the development of standardized ESG reporting and political spending disclosure standards. In order to "score" an activity or pattern of behavior, you need to be able to track data reliably, not just for a moment in time, but quarter after quarter, year after year. Corporate political giving in our current environment is not a category where this kind of consistent, comparable disclosure is possible.

Why political spending disclosure matters to Bailard

> *As long-term investors, we try to build a framework that focuses on disclosure because we want a stable framework over time.*
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> *We feel our approach provides a consistent feedback loop on the political spending of portfolio companies, and our suitability assessment process gives us the latitude to deal with the political activities of a CEO on a case-by-case basis.*

NFI Capture political giving framework

Our proprietary NFI scoring framework's Political Disclosure score can increase or decrease the overall NFI Capture score for a company. We believe this is a directional feedback loop to signal whether a company is moving in a positive direction towards transparency.

CEO political giving and shareholder risk

A related area of political spending that we view as a less reliable indicator is individual CEO political giving. Historically, shareholders and investors paid little attention to CEOs' personal political contributions, which were generally understood to reflect individual beliefs, socio-economic interests, or personal relationships rather than the interests of the company or its shareholders. However, as political polarization has intensified and social media has amplified public scrutiny, CEOs have increasingly come to be viewed through a political lens, elevating the visibility and perceived significance of their personal political activities.

As a firm, we address exclusions of companies that fall into this category on a case-by-case basis through a suitability assessment process. For practical and philosophical reasons, this is why we focus on measuring a company's level of political spending disclosure.

> In our approach, evaluating the personal political giving of CEOs would only be appropriate if those actions were inextricably linked to the company, and there appears to be a deliberate risk associated with the behavior of the CEO (either reputational, legal, or ethical).

501(c)(4) political spending and disclosure standards

As mentioned previously, politically active nonprofits organized under Section 501(c)(4) of the Internal Revenue Code are another significant recipient of corporate political contributions. 501(c)(4)s may engage in unlimited spending and political campaigning as long as such activity is not their primary focus (although this definition is not concretely defined). Contributions to these organizations are subject only to voluntary political spending disclosure, and there is no way to confirm whether a company gives to a 501(c)(4) unless the company itself discloses that information. Additionally, there is limited oversight over how payments are ultimately deployed, leaving it virtually impossible to trace dark money contributions back to their source.

Some 501(c)(4)s maintain websites listing some or all of their supporters, but for the most part, those organizations are less likely to be involved in election-related spending than the more opaque 501(c)(4)s that dominate this space.

We look for companies with a clear political spending disclosure policy that either prohibits the tax-exempt groups they contribute to from using those payments for election-related purposes, or prohibits such contributions entirely. Full credit is awarded to companies that provide itemized political spending disclosures — naming the politically active tax-exempt groups they support and the amounts given to each. Partial credit is awarded to companies offering partial disclosure, and no credit is given to companies that do not disclose this corporate political spending or that report only a single aggregate figure.

> *"The scale of the political spending is immense. SuperPACs spent $2.7 billion on the 2024 election."*

Conclusion

While *Citizens United* took the lid off of political spending, it was supposed to do so in a manner transparent to society. That is not how it has played out. Various loopholes and the widespread use of 501(c)(4) conduits into PACs and SuperPACs have made it nearly impossible to track corporate political giving. The scale of the political spending is immense. SuperPACs spent $2.7 billion on the 2024 election.

In the post-*Citizens United* environment, making consistent, comparable analysis of direct political spending has become increasingly difficult. Our approach emphasizes the quality of corporate policies, governance, and disclosure—rather than attempting to track the relatively small political spending that takes place outside the opaque super-structure of 501(c)(4)s, PACs, and SuperPACs.

Like many issues, how an activity is viewed in society depends on multiple factors, and it changes over time. As long-term investors, we try to build a framework that focuses on disclosure because we want a stable framework over time. We feel our approach provides a consistent feedback loop on the political spending of portfolio companies, and our suitability assessment process gives us the latitude to deal with the political activities of a CEO on a case-by-case basis.

BLAINE TOWNSEND, CIMC®, CIMA®
Executive Vice President | Director, Sustainable, Responsible and Impact Investing

Blaine's commitment to socially responsible investing began in the late 1980s, researching corporate social responsibility with the belief that investment decisions should reflect broader values. In 1991, he joined the Muir Investment Trust, one of the nation's first environmentally screened bond funds.

He went on to open and lead Trillium Asset Management's California office in 1996, spending over a decade expanding its West Coast presence and advancing corporate engagement efforts. Later, as a partner and senior portfolio manager at Nelson Capital Management, he helped develop sustainable strategies for Wells Fargo Private Bank before joining Bailard in 2016.

Today, Blaine is Executive Vice President and Director of Bailard's Sustainable, Responsible, and Impact Investing (SRII) group. He manages multiple strategies and serves on the firm's investment committees while leading corporate engagement initiatives.

Blaine serves on the Advisory Board of *The Journal of Impact and ESG Investing*, and his insights have appeared in Fast Company, Reuters, MarketWatch, and the *San Francisco Chronicle*. He holds a BA from UC Berkeley and carries the CIMC® and CIMA® designations.

ANNALISE DURANTE, CFP®
Vice President | Senior SRII Research Analyst | Investment Counselor

Annalise rejoined Bailard in 2023 and serves as Vice President, Senior SRII Research Analyst, and Investment Counselor for the Sustainable, Responsible and Impact Investing (SRII) group. As a Senior SRII Research Analyst, Annalise contributes to SRI research, thought leadership, and corporate engagement. As an Investment Counselor, Annalise is responsible for managing client relationships and implementing investment strategies.

Prior to originally joining Bailard in 2017, Annalise spent two years at Citi Private Bank working with ultra-high-net-worth clients. She also spent time volunteering for a microfinance organization in Cambodia. Annalise earned a Bachelor's degree in Finance from the University of Miami, as well as her CFP® certification.

MADISON HARDY
Senior SRII Research Analyst

Madison first joined Bailard in 2020 as an intern before returning to the firm in 2025, serving as a Senior Sustainable, Responsible and Impact Investing (SRII) Research Analyst. In this role, Madison contributes to company, portfolio, and industry sustainable and responsible investing research, thought leadership, and corporate engagement.

Prior to rejoining Bailard, they were a Consulting Analyst at Deloitte in the Business Technology sector. Madison holds a Bachelor's degree in Psychology from Columbia University and has authored several articles for Bailard, including a piece on sustainable cryptocurrency practices and *How to Make Your Valentine's Day More Sustainable*.

About Bailard, Inc.

Founded in 1969, Bailard is an independent, values-driven firm serving institutions, families, and individuals. The firm delivers institutional investment strategies and comprehensive wealth management across public and private markets.

Its asset management capabilities span domestic and international equities, fixed income, sustainable and responsible investing, private real estate, and customized solutions designed to meet a diverse range of client needs. Bailard's wealth management offering includes personalized financial and wealth planning, investment portfolio management, and advanced strategies for special situations.

Headquartered in the San Francisco Bay Area, Bailard is a majority employee-owned, woman-led firm with over $8.4 billion in assets under management as of June 30, 2026. A Certified B Corporation™ and a signatory to the UN Principles for Responsible Investing, Bailard is proudly independent—built to put clients first, with clear values, extensive experience, and a long-standing commitment to accountability.

Disclosures

The information in this publication is based primarily on data available as of September 2026 and has been obtained from sources believed to be reliable, but its accuracy, completeness, and interpretation are not guaranteed. We do not think it should necessarily be relied on as a sole source of information and opinion.

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