

ELIZABETH WARREN
MASSACHUSETTS

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BANKING, HOUSING, AND URBAN AFFAIRS
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ARMED SERVICES
SPECIAL COMMITTEE ON AGING

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October 3, 2019

Jeffrey Bezos
President, Chief Executive Officer, and Chairman
Amazon.com, Inc.
1200 12th Avenue South, Suite 1200
Seattle, WA 98144

Dear Mr. Bezos:

I write in regard to the Business Roundtable's (BRT) new *Statement on the Purpose of a Corporation* issued on August 19, 2019.¹ This new statement marked a potentially significant change. It reversed the Business Roundtable's troubling position, held since 1997, that "corporations exist principally to serve shareholders,"^{2 3} instead acknowledging that "each of [y]our stakeholders is essential" and committing to "deliver value to all of them, for the future success of our companies, our communities and our country."⁴ You signed the pledge to follow these principles on behalf of Amazon. I write for information about the tangible actions you intend to take to implement the principles, including whether, to make good on your commitment, you will implement the steps laid out in the *Accountable Capitalism Act* I plan to reintroduce in the coming weeks.

For most of our country's history, as corporations succeeded, corporate profits and wages for working families all rose together. In the early 1980s, less than half of the corporate profits from America's biggest companies went to shareholders, but now, as a result of decisions to boost share prices at the expense of workers, consumers, and other stakeholders, more than 90 percent of profits go to shareholders, representing a shift of trillions of dollars.^{5 6} In 2015 alone, American companies paid about \$1 trillion back to investors in the form of buybacks and dividends, even as wages and other investments stayed flat or decreased.⁷ While corporate profits

¹ Business Roundtable, "Business Roundtable Redefines the Purpose of a Corporation to Promote 'An Economy That Serves All Americans,'" August 19, 2019, <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>.

² *Id.*

³ Business Roundtable, "Statement on Corporate Governance," September 1997, <http://www.ralphgomory.com/wp-content/uploads/2018/05/Business-Roundtable-1997.pdf>.

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⁶ The Hill, "Congress can turn the Republican tax cuts into new middle-class jobs," Opinion, William Lazonick, February 7, 2018, <https://thehill.com/opinion/finance/372760-congress-can-turn-the-republican-tax-cuts-into-new-middle-class-jobs>.

⁷ "Makers and Takers", Rana Foroohar, Crown Business, New York, 2017, p. 71

soared and more money flowed upwards, American workers were left behind, producing more wealth for their employers while these companies refused to invest in them.

I am pleased that the Business Roundtable has acknowledged the harm that this trend inflicts on the economy and that you, on behalf of Amazon, have pledged to take steps to reverse it. But commitments are hollow if they are not accompanied by tangible action that provides real benefits to workers and other stakeholders.

The *Accountable Capitalism Act*, which I will reintroduce in the coming weeks, operationalizes the commitments you made to balance the interests of shareholders with other stakeholders, such as employees, customers, and community members. This approach is derived from the thriving benefit corporation model that 35 states and the District of Columbia have adopted – and that companies like Patagonia and Kickstarter have embraced – with beneficial results.^{8 9}

My *Accountable Capitalism Act* would:

- **Require very large American corporations to obtain a federal charter.** Directors of these new companies, known as “United States corporations,” would be obligated to consider the interests of all corporate stakeholders. This is consistent with your commitment to, “delivering value to [your] customers,” “dealing fairly with [your] suppliers,” and “supporting the communities in which [you] work.”
- **Require that worker representatives comprise 40 percent of board directors** to ensure that workers have a meaningful say in substantial decisions made by corporations. Worker representation on corporate boards is associated with higher income equality, less offshoring, more capital investment, greater innovation, and stronger shareholder returns.¹⁰

⁸ Patagonia, “Annual Benefit Corporation Report Fiscal Year 2018,” Accessed September 21, 2019, <https://www.patagonia.com/static/on/demandware.static/-/Library-Sites-PatagoniaShared/default/dw08d0f6ed/PDF-US/2018-B-CorpReport-050919.pdf>.

⁹ Kickstarter, “Kickstarter PBC 2017 Benefit Statement,” Accessed September 21, 2019, https://d3mlfygrfdi2i.cloudfront.net/181119_PBC_Report_PDF_Master.pdf.

¹⁰ Social Europe, “Europe Needs a Pay Rise and Europeans Want Good Jobs,” Steve Coulter, April 18, 2018, <https://www.socialeurope.eu/europe-needs-a-pay-rise-and-europeans-want-good-jobs>. Growth in labor compensation across all occupations in the five largest European nations with codetermination for private companies (France, Germany, Netherlands, Norway, and Sweden) between 2010 and 2017 averaged 7.3 percent after inflation.

¹¹ ¹² ¹³ ¹⁴ ¹⁵ In the five largest European countries with worker representation on private company boards, wages and benefits outpaced those in the United States in recent years,¹⁶ ¹⁷ ¹⁸ ¹⁹ and this co-determination model has helped reduce income inequality while still producing strong growth and reducing outsourcing.²⁰ My bill would build on these successful approaches and give American workers a seat at the table deciding how American corporations are run. These tangible actions could allow you to fulfill your commitment to “investing in [your] employees” in ways that actually have substantial input from those employees.

- **Restrict sales of company shares by the directors and officers.** These protections eliminate the perverse incentives that let corporate executives boost their own pay and funnel money to shareholders through financial engineering tricks that ultimately do not benefit the company at-large and the workers who have been left behind. Because their compensation often includes stock, corporate managers have huge incentives to promote shareholder returns above all else, one reason why the average CEO of a big company makes more than 360 times more than their average worker.
- **Require United States corporations to obtain shareholder and board approval for all political expenditures.** In order to ensure that businesses truly take stakeholder interests into account, my legislation would require large corporations to obtain broad support across shareholders, management, and workers before making any political expenditures. For too long, corporate executives have been spending on elections without restraint. If each of

¹¹ Handelsblatt, “Expansion ins Ausland sichert Jobs in der Heimat,” <http://www.handelsblatt.com/unternehmen/mittelstand/wachstumsmaerkte/globalisierung-in-dax-konzernen-expansion-ins-ausland-sichert-jobs-in-der-heimat/14696124.html>. The largest German firms habitually increase both domestic employment and employment abroad.

¹² Journal of Financial Economics, “Does Good Corporate Governance Include Employee Representation? Evidence from German Corporate boards,” Larry Fauver and Michael Fuerst, December 2006. <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.689.9934&rep=rep1&type=pdf>.

¹³ Eurostat, “Business profit share and investment rate higher in the EU than in the USA,” Denis Leythienne and Tatjana Smokova, April 2009, <https://ec.europa.eu/eurostat/documents/3433488/5280941/KS-SF-09-028-EN.PDF/84273e80-a461-479a-958b-37216b1bde30?version=1.0>. Non-financial firms in the European Union, where co-determination is common, invest at a rate that is 39 percent greater than at comparable American returns.

¹⁴ Mitbestimmungs-Portal, “Weo Arbeitnehmer Mitbestimmen, Wird Mehr Investiert,” Böckler Impuls, June 27, 2016, <https://www.mitbestimmung.de/html/wo-arbeitnehmer-mitbestimmen-wird-mehr-5004.html>.

¹⁵ Cambridge Journal of Economics, “Co-determination and innovation,” Kornelius Kraft, Jörg Stank, and Ralf Dewenter, January 2011, pp. 145-172, <https://academic.oup.com/cje/article-abstract/35/1/145/1730110>.

¹⁶ ETUI, “Board-level Representation,” Accessed October 2, 2019, <http://www.worker-participation.eu/National-Industrial-Relations/Across-Europe/Board-level-Representation2>.

¹⁷ Eurostat, “EU population up to almost 512 million at 1 January 2017,” July 10, 2017, <https://ec.europa.eu/eurostat/documents/2995521/8102195/3-10072017-AP-EN.pdf/a61ce1ca-1efd-41df-86a2-bb495daabdab>.

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¹⁹ Bureau of Labor Statistics, “Employment Cost Index,” July 2019, <https://www.bls.gov/web/eci/ecconstnaics.txt>.

²⁰ While offshoring was a major factor in the net loss of American manufacturing jobs since 2000, German firms have increased both their domestic and international employment while maintaining positive innovation and shareholder returns.

your stakeholders are truly essential, then corporations should not be able to make political contributions in the name of the business without the input of workers. This requirement would help operationalize your commitment to “[generate] long-term value for shareholders” and to “transparency and effective engagement with shareholders.”

If you, and the other 181 corporate executives who signed the BRT’s new *Statement on the Purpose of a Corporation*, plan to live up to the promises you made, I expect that you will endorse and wholeheartedly support the reforms laid out in the *Accountable Capitalism Act* to meet the principles you endorse. I have attached a copy of the bill.

In order to better understand whether you intend to make good on your commitment, I ask that you respond in writing about whether you support the *Accountable Capitalism Act* and answer the following questions no later than Friday, October 25, 2019.

1. The *Statement on the Purpose of a Corporation* that you signed stated that you share a fundamental commitment to all of your stakeholders and made a number of commitments, stating that you “commit to deliver value to all of them, for the future success of [your] companies, our communities and our country.”²¹
 - a. You have committed to “[d]elivering value to [your] customers” and that you “will further the tradition of American companies leading the way in meeting or exceeding customer expectations.”²² Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.
 - b. You have committed to “[i]nvesting in [your] employees,” starting with “compensating them fairly and providing important benefits” and “supporting them through training and education that help develop new skills for a rapidly changing world.”²³ Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.
 - c. You have committed to “dealing fairly and ethically with [your suppliers]” and “serving as good partners to the other companies, large and small, that help [you] meet [your] missions.”²⁴ Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.
 - d. You have committed to “supporting the communities in which [you] work” and stated that you “respect the people in [your] communities and protect the

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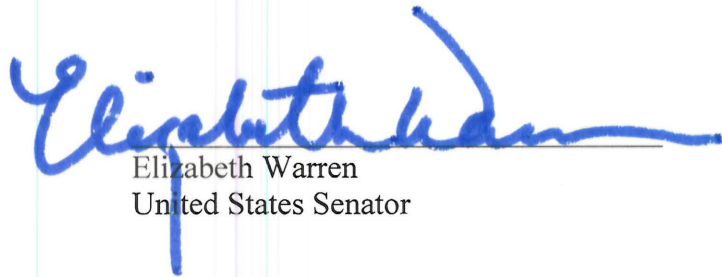
²³ *Id.*

²⁴ *Id.*

environment by embracing sustainable practices across [your] businesses.”²⁵
Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.

- e. You have committed to “generating long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate” and stated that you are “committed to transparency and effective engagement with shareholders.”²⁶ Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.

Sincerely,



Elizabeth Warren
United States Senator

²⁵ *Id.*

²⁶ *Id.*

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October 3, 2019

Randall Stephenson
Chairman and Chief Executive Officer
AT&T Inc.
208 S. Akard Street
Dallas, TX 75202

Dear Mr. Stephenson:

I write in regard to the Business Roundtable's (BRT) new *Statement on the Purpose of a Corporation* issued on August 19, 2019.¹ This new statement marked a potentially significant change. It reversed the Business Roundtable's troubling position, held since 1997, that "corporations exist principally to serve shareholders,"^{2 3} instead acknowledging that "each of [y]our stakeholders is essential" and committing to "deliver value to all of them, for the future success of our companies, our communities and our country."⁴ You signed the pledge to follow these principles on behalf of AT&T. I write for information about the tangible actions you intend to take to implement the principles, including whether, to make good on your commitment, you will implement the steps laid out in the *Accountable Capitalism Act* I plan to reintroduce in the coming weeks.

For most of our country's history, as corporations succeeded, corporate profits and wages for working families all rose together. In the early 1980s, less than half of the corporate profits from America's biggest companies went to shareholders, but now, as a result of decisions to boost share prices at the expense of workers, consumers, and other stakeholders, more than 90 percent of profits go to shareholders, representing a shift of trillions of dollars.^{5 6} In 2015 alone, American companies paid about \$1 trillion back to investors in the form of buybacks and dividends, even as wages and other investments stayed flat or decreased.⁷ While corporate profits

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soared and more money flowed upwards, American workers were left behind, producing more wealth for their employers while these companies refused to invest in them.

I am pleased that the Business Roundtable has acknowledged the harm that this trend inflicts on the economy and that you, on behalf of AT&T, have pledged to take steps to reverse it. But commitments are hollow if they are not accompanied by tangible action that provides real benefits to workers and other stakeholders.

The *Accountable Capitalism Act*, which I will reintroduce in the coming weeks, operationalizes the commitments you made to balance the interests of shareholders with other stakeholders, such as employees, customers, and community members. This approach is derived from the thriving benefit corporation model that 35 states and the District of Columbia have adopted – and that companies like Patagonia and Kickstarter have embraced – with beneficial results.^{8 9}

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⁹ Kickstarter, “Kickstarter PBC 2017 Benefit Statement,” Accessed September 21, 2019, https://d3m1fygrfdi2i.cloudfront.net/181119_PBC_Report_PDF_Master.pdf.

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- **Require United States corporations to obtain shareholder and board approval for all political expenditures.** In order to ensure that businesses truly take stakeholder interests into account, my legislation would require large corporations to obtain broad support across shareholders, management, and workers before making any political expenditures. For too long, corporate executives have been spending on elections without restraint. If each of

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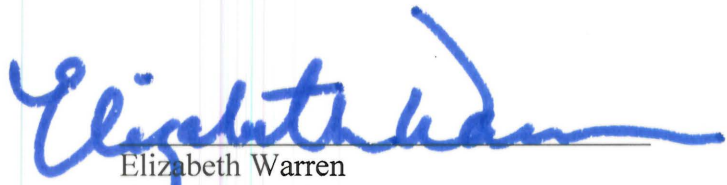
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Sincerely,



Elizabeth Warren
United States Senator

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October 3, 2019

Robert Dudley
Group Chief Executive
BP PLC
1 St. James's Square
London SW1Y 4PD
United Kingdom

Dear Mr. Dudley:

I write in regard to the Business Roundtable's (BRT) new *Statement on the Purpose of a Corporation* issued on August 19, 2019.¹ This new statement marked a potentially significant change. It reversed the Business Roundtable's troubling position, held since 1997, that "corporations exist principally to serve shareholders,"^{2 3} instead acknowledging that "each of [y]our stakeholders is essential" and committing to "deliver value to all of them, for the future success of our companies, our communities and our country."⁴ You signed the pledge to follow these principles on behalf of BP. I write for information about the tangible actions you intend to take to implement the principles, including whether, to make good on your commitment, you will implement the steps laid out in the *Accountable Capitalism Act* I plan to reintroduce in the coming weeks.

For most of our country's history, as corporations succeeded, corporate profits and wages for working families all rose together. In the early 1980s, less than half of the corporate profits from America's biggest companies went to shareholders, but now, as a result of decisions to boost share prices at the expense of workers, consumers, and other stakeholders, more than 90 percent of profits go to shareholders, representing a shift of trillions of dollars.^{5 6} In 2015 alone, American companies paid about \$1 trillion back to investors in the form of buybacks and

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dividends, even as wages and other investments stayed flat or decreased.⁷ While corporate profits soared and more money flowed upwards, American workers were left behind, producing more wealth for their employers while these companies refused to invest in them.

I am pleased that the Business Roundtable has acknowledged the harm that this trend inflicts on the economy and that you, on behalf of BP, have pledged to take steps to reverse it. But commitments are hollow if they are not accompanied by tangible action that provides real benefits to workers and other stakeholders.

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My *Accountable Capitalism Act* would:

- **Require very large American corporations to obtain a federal charter.** Directors of these new companies, known as “United States corporations,” would be obligated to consider the interests of all corporate stakeholders. This is consistent with your commitment to, “delivering value to [your] customers,” “dealing fairly with [your] suppliers,” and “supporting the communities in which [you] work.”
- **Require that worker representatives comprise 40 percent of board directors** to ensure that workers have a meaningful say in substantial decisions made by corporations. Worker representation on corporate boards is associated with higher income equality, less offshoring, more capital investment, greater innovation, and stronger shareholder returns.¹⁰

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⁸ Patagonia, “Annual Benefit Corporation Report Fiscal Year 2018,” Accessed September 21, 2019, <https://www.patagonia.com/static/on/demandware.static/-/Library-Sites-PatagoniaShared/default/dw08d0f6ed/PDF-US/2018-B-CorpReport-050919.pdf>.

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- **Restrict sales of company shares by the directors and officers.** These protections eliminate the perverse incentives that let corporate executives boost their own pay and funnel money to shareholders through financial engineering tricks that ultimately do not benefit the company at-large and the workers who have been left behind. Because their compensation often includes stock, corporate managers have huge incentives to promote shareholder returns above all else, one reason why the average CEO of a big company makes more than 360 times more than their average worker.
- **Require United States corporations to obtain shareholder and board approval for all political expenditures.** In order to ensure that businesses truly take stakeholder interests into account, my legislation would require large corporations to obtain broad support across shareholders, management, and workers before making any political expenditures. For too long, corporate executives have been spending on elections without restraint. If each of

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¹³ Eurostat, “Business profit share and investment rate higher in the EU than in the USA,” Denis Leythienne and Tatjana Smokova, April 2009, <https://ec.europa.eu/eurostat/documents/3433488/5280941/KS-SF-09-028-EN.PDF/84273e80-a461-479a-958b-37216b1bde30?version=1.0>. Non-financial firms in the European Union, where co-determination is common, invest at a rate that is 39 percent greater than at comparable American returns.

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¹⁵ Cambridge Journal of Economics, “Co-determination and innovation,” Kornelius Kraft, Jörg Stank, and Ralf Dewenter, January 2011, pp. 145-172, <https://academic.oup.com/cje/article-abstract/35/1/145/1730110>.

¹⁶ ETUI, “Board-level Representation,” Accessed October 2, 2019, <http://www.worker-participation.eu/National-Industrial-Relations/Across-Europe/Board-level-Representation2>.

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your stakeholders are truly essential, then corporations should not be able to make political contributions in the name of the business without the input of workers. This requirement would help operationalize your commitment to “[generate] long-term value for shareholders” and to “transparency and effective engagement with shareholders.”

If you, and the other 181 corporate executives who signed the BRT’s new *Statement on the Purpose of a Corporation*, plan to live up to the promises you made, I expect that you will endorse and wholeheartedly support the reforms laid out in the *Accountable Capitalism Act* to meet the principles you endorse. I have attached a copy of the bill.

In order to better understand whether you intend to make good on your commitment, I ask that you respond in writing about whether you support the *Accountable Capitalism Act* and answer the following questions no later than Friday, October 25, 2019.

1. The *Statement on the Purpose of a Corporation* that you signed stated that you share a fundamental commitment to all of your stakeholders and made a number of commitments, stating that you “commit to deliver value to all of them, for the future success of [your] companies, our communities and our country.”²¹
 - a. You have committed to “[d]elivering value to [your] customers” and that you “will further the tradition of American companies leading the way in meeting or exceeding customer expectations.”²² Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.
 - b. You have committed to “[i]nvesting in [your] employees,” starting with “compensating them fairly and providing important benefits” and “supporting them through training and education that help develop new skills for a rapidly changing world.”²³ Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.
 - c. You have committed to “dealing fairly and ethically with [your suppliers]” and “serving as good partners to the other companies, large and small, that help [you] meet [your] missions.”²⁴ Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.
 - d. You have committed to “supporting the communities in which [you] work” and stated that you “respect the people in [your] communities and protect the

²¹ *Id.*

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environment by embracing sustainable practices across [your] businesses.”²⁵
Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.

- e. You have committed to “generating long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate” and stated that you are “committed to transparency and effective engagement with shareholders.”²⁶ Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.

Sincerely,



Elizabeth Warren
United States Senator

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ELIZABETH WARREN
MASSACHUSETTS

COMMITTEES:
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October 3, 2019

David Cordani
President and Chief Executive Officer
Cigna
900 Cottage Grove Road
Bloomfield, CT 06002

Dear Mr. Cordani:

I write in regard to the Business Roundtable's (BRT) new *Statement on the Purpose of a Corporation* issued on August 19, 2019.¹ This new statement marked a potentially significant change. It reversed the Business Roundtable's troubling position, held since 1997, that "corporations exist principally to serve shareholders,"^{2 3} instead acknowledging that "each of [y]our stakeholders is essential" and committing to "deliver value to all of them, for the future success of our companies, our communities and our country."⁴ You signed the pledge to follow these principles on behalf of Cigna. I write for information about the tangible actions you intend to take to implement the principles, including whether, to make good on your commitment, you will implement the steps laid out in the *Accountable Capitalism Act* I plan to reintroduce in the coming weeks.

For most of our country's history, as corporations succeeded, corporate profits and wages for working families all rose together. In the early 1980s, less than half of the corporate profits from America's biggest companies went to shareholders, but now, as a result of decisions to boost share prices at the expense of workers, consumers, and other stakeholders, more than 90 percent of profits go to shareholders, representing a shift of trillions of dollars.^{5 6} In 2015 alone, American companies paid about \$1 trillion back to investors in the form of buybacks and dividends, even as wages and other investments stayed flat or decreased.⁷ While corporate profits

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⁶ The Hill, "Congress can turn the Republican tax cuts into new middle-class jobs," Opinion, William Lazonick, February 7, 2018, <https://thehill.com/opinion/finance/372760-congress-can-turn-the-republican-tax-cuts-into-new-middle-class-jobs>.

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soared and more money flowed upwards, American workers were left behind, producing more wealth for their employers while these companies refused to invest in them.

I am pleased that the Business Roundtable has acknowledged the harm that this trend inflicts on the economy and that you, on behalf of Cigna, have pledged to take steps to reverse it. But commitments are hollow if they are not accompanied by tangible action that provides real benefits to workers and other stakeholders.

The *Accountable Capitalism Act*, which I will reintroduce in the coming weeks, operationalizes the commitments you made to balance the interests of shareholders with other stakeholders, such as employees, customers, and community members. This approach is derived from the thriving benefit corporation model that 35 states and the District of Columbia have adopted – and that companies like Patagonia and Kickstarter have embraced – with beneficial results.^{8 9}

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If you, and the other 181 corporate executives who signed the BRT’s new *Statement on the Purpose of a Corporation*, plan to live up to the promises you made, I expect that you will endorse and wholeheartedly support the reforms laid out in the *Accountable Capitalism Act* to meet the principles you endorse. I have attached a copy of the bill.

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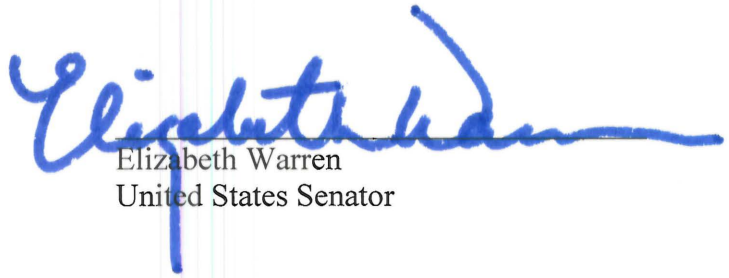
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Sincerely,



Elizabeth Warren
United States Senator

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ELIZABETH WARREN
MASSACHUSETTS

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October 3, 2019

Brian Roberts
Chairman and Chief Executive Officer
Comcast Corporation
One Comcast Center
Philadelphia, PA 19103

Dear Mr. Roberts:

I write in regard to the Business Roundtable's (BRT) new *Statement on the Purpose of a Corporation* issued on August 19, 2019.¹ This new statement marked a potentially significant change. It reversed the Business Roundtable's troubling position, held since 1997, that "corporations exist principally to serve shareholders,"^{2 3} instead acknowledging that "each of [y]our stakeholders is essential" and committing to "deliver value to all of them, for the future success of our companies, our communities and our country."⁴ You signed the pledge to follow these principles on behalf of Comcast. I write for information about the tangible actions you intend to take to implement the principles, including whether, to make good on your commitment, you will implement the steps laid out in the *Accountable Capitalism Act* I plan to reintroduce in the coming weeks.

For most of our country's history, as corporations succeeded, corporate profits and wages for working families all rose together. In the early 1980s, less than half of the corporate profits from America's biggest companies went to shareholders, but now, as a result of decisions to boost share prices at the expense of workers, consumers, and other stakeholders, more than 90 percent of profits go to shareholders, representing a shift of trillions of dollars.^{5 6} In 2015 alone, American companies paid about \$1 trillion back to investors in the form of buybacks and dividends, even as wages and other investments stayed flat or decreased.⁷ While corporate profits

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soared and more money flowed upwards, American workers were left behind, producing more wealth for their employers while these companies refused to invest in them.

I am pleased that the Business Roundtable has acknowledged the harm that this trend inflicts on the economy and that you, on behalf of Comcast, have pledged to take steps to reverse it. But commitments are hollow if they are not accompanied by tangible action that provides real benefits to workers and other stakeholders.

The *Accountable Capitalism Act*, which I will reintroduce in the coming weeks, operationalizes the commitments you made to balance the interests of shareholders with other stakeholders, such as employees, customers, and community members. This approach is derived from the thriving benefit corporation model that 35 states and the District of Columbia have adopted – and that companies like Patagonia and Kickstarter have embraced – with beneficial results.^{8 9}

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¹⁵ Cambridge Journal of Economics, “Co-determination and innovation,” Kornelius Kraft, Jörg Stank, and Ralf Dewenter, January 2011, pp. 145-172, <https://academic.oup.com/cje/article-abstract/35/1/145/1730110>.

¹⁶ ETUI, “Board-level Representation,” Accessed October 2, 2019, <http://www.worker-participation.eu/National-Industrial-Relations/Across-Europe/Board-level-Representation2>.

¹⁷ Eurostat, “EU population up to almost 512 million at 1 January 2017,” July 10, 2017, <https://ec.europa.eu/eurostat/documents/2995521/8102195/3-10072017-AP-EN.pdf/a61ce1ca-1efd-41df-86a2-bb495daabdab>.

¹⁸ Social Europe, “Europe Needs a Pay Rise and Europeans Want Good Jobs,” Steve Coulter, April 18, 2018, <https://www.socialeurope.eu/europe-needs-a-pay-rise-and-europeans-want-good-jobs>. Growth in labor compensation across all occupations in the five largest European nations with codetermination for private companies (France, Germany, Netherlands, Norway, and Sweden) between 2010 and 2017 averaged 7.3 percent after inflation.

¹⁹ Bureau of Labor Statistics, “Employment Cost Index,” July 2019, <https://www.bls.gov/web/eci/ecconstnaics.txt>.

²⁰ While offshoring was a major factor in the net loss of American manufacturing jobs since 2000, German firms have increased both their domestic and international employment while maintaining positive innovation and shareholder returns.

your stakeholders are truly essential, then corporations should not be able to make political contributions in the name of the business without the input of workers. This requirement would help operationalize your commitment to “[generate] long-term value for shareholders” and to “transparency and effective engagement with shareholders.”

If you, and the other 181 corporate executives who signed the BRT’s new *Statement on the Purpose of a Corporation*, plan to live up to the promises you made, I expect that you will endorse and wholeheartedly support the reforms laid out in the *Accountable Capitalism Act* to meet the principles you endorse. I have attached a copy of the bill.

In order to better understand whether you intend to make good on your commitment, I ask that you respond in writing about whether you support the *Accountable Capitalism Act* and answer the following questions no later than Friday, October 25, 2019.

1. The *Statement on the Purpose of a Corporation* that you signed stated that you share a fundamental commitment to all of your stakeholders and made a number of commitments, stating that you “commit to deliver value to all of them, for the future success of [your] companies, our communities and our country.”²¹
 - a. You have committed to “[d]elivering value to [your] customers” and that you “will further the tradition of American companies leading the way in meeting or exceeding customer expectations.”²² Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.
 - b. You have committed to “[i]nvesting in [your] employees,” starting with “compensating them fairly and providing important benefits” and “supporting them through training and education that help develop new skills for a rapidly changing world.”²³ Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.
 - c. You have committed to “dealing fairly and ethically with [your suppliers]” and “serving as good partners to the other companies, large and small, that help [you] meet [your] missions.”²⁴ Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.
 - d. You have committed to “supporting the communities in which [you] work” and stated that you “respect the people in [your] communities and protect the

²¹ *Id.*

²² *Id.*

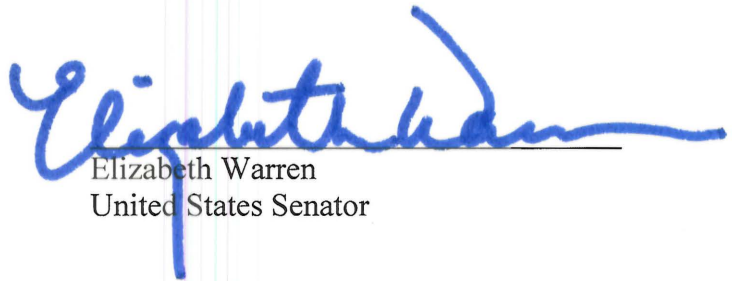
²³ *Id.*

²⁴ *Id.*

environment by embracing sustainable practices across [your] businesses.”²⁵
Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.

- e. You have committed to “generating long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate” and stated that you are “committed to transparency and effective engagement with shareholders.”²⁶ Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.

Sincerely,



Elizabeth Warren
United States Senator

²⁵ *Id.*

²⁶ *Id.*

ELIZABETH WARREN
MASSACHUSETTS

COMMITTEES:
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October 3, 2019

Mary Barra
Chairman and Chief Executive Officer
General Motors Company
300 Renaissance Center
Detroit, MI 48243

Dear Ms. Barra:

I write in regard to the Business Roundtable's (BRT) new *Statement on the Purpose of a Corporation* issued on August 19, 2019.¹ This new statement marked a potentially significant change. It reversed the Business Roundtable's troubling position, held since 1997, that "corporations exist principally to serve shareholders,"^{2 3} instead acknowledging that "each of [y]our stakeholders is essential" and committing to "deliver value to all of them, for the future success of our companies, our communities and our country."⁴ You signed the pledge to follow these principles on behalf of General Motors. I write for information about the tangible actions you intend to take to implement the principles, including whether, to make good on your commitment, you will implement the steps laid out in the *Accountable Capitalism Act* I plan to reintroduce in the coming weeks.

For most of our country's history, as corporations succeeded, corporate profits and wages for working families all rose together. In the early 1980s, less than half of the corporate profits from America's biggest companies went to shareholders, but now, as a result of decisions to boost share prices at the expense of workers, consumers, and other stakeholders, more than 90 percent of profits go to shareholders, representing a shift of trillions of dollars.^{5 6} In 2015 alone, American companies paid about \$1 trillion back to investors in the form of buybacks and dividends, even as wages and other investments stayed flat or decreased.⁷ While corporate profits

¹ Business Roundtable, "Business Roundtable Redefines the Purpose of a Corporation to Promote 'An Economy That Serves All Americans,'" August 19, 2019, <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>.

² *Id.*

³ Business Roundtable, "Statement on Corporate Governance," September 1997, <http://www.ralphgomory.com/wp-content/uploads/2018/05/Business-Roundtable-1997.pdf>.

⁴ Business Roundtable, "Business Roundtable Redefines the Purpose of a Corporation to Promote 'An Economy That Serves All Americans,'" August 19, 2019, <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>.

⁵ Brookings Institute, "Stock buybacks: From retain-and-reinvest to downsize-and-distribute," William Lazonick, April 2015, <https://www.brookings.edu/wp-content/uploads/2016/06/lazonick.pdf>.

⁶ The Hill, "Congress can turn the Republican tax cuts into new middle-class jobs," Opinion, William Lazonick, February 7, 2018, <https://thehill.com/opinion/finance/372760-congress-can-turn-the-republican-tax-cuts-into-new-middle-class-jobs>.

⁷ "Makers and Takers", Rana Foroohar, Crown Business, New York, 2017, p. 71

soared and more money flowed upwards, American workers were left behind, producing more wealth for their employers while these companies refused to invest in them.

I am pleased that the Business Roundtable has acknowledged the harm that this trend inflicts on the economy and that you, on behalf of General Motors, have pledged to take steps to reverse it. But commitments are hollow if they are not accompanied by tangible action that provides real benefits to workers and other stakeholders.

The *Accountable Capitalism Act*, which I will reintroduce in the coming weeks, operationalizes the commitments you made to balance the interests of shareholders with other stakeholders, such as employees, customers, and community members. This approach is derived from the thriving benefit corporation model that 35 states and the District of Columbia have adopted – and that companies like Patagonia and Kickstarter have embraced – with beneficial results.^{8 9}

My *Accountable Capitalism Act* would:

- **Require very large American corporations to obtain a federal charter.** Directors of these new companies, known as “United States corporations,” would be obligated to consider the interests of all corporate stakeholders. This is consistent with your commitment to, “delivering value to [your] customers,” “dealing fairly with [your] suppliers,” and “supporting the communities in which [you] work.”
- **Require that worker representatives comprise 40 percent of board directors** to ensure that workers have a meaningful say in substantial decisions made by corporations. Worker representation on corporate boards is associated with higher income equality, less offshoring, more capital investment, greater innovation, and stronger shareholder returns.¹⁰

⁸ Patagonia, “Annual Benefit Corporation Report Fiscal Year 2018,” Accessed September 21, 2019, <https://www.patagonia.com/static/on/demandware.static/-/Library-Sites-PatagoniaShared/default/dw08d0f6ed/PDF-US/2018-B-CorpReport-050919.pdf>.

⁹ Kickstarter, “Kickstarter PBC 2017 Benefit Statement,” Accessed September 21, 2019, https://d3mlfygrfdi2i.cloudfront.net/181119_PBC_Report_PDF_Master.pdf.

¹⁰ Social Europe, “Europe Needs a Pay Rise and Europeans Want Good Jobs,” Steve Coulter, April 18, 2018, <https://www.socialeurope.eu/europe-needs-a-pay-rise-and-europeans-want-good-jobs>. Growth in labor compensation across all occupations in the five largest European nations with codetermination for private companies (France, Germany, Netherlands, Norway, and Sweden) between 2010 and 2017 averaged 7.3 percent after inflation.

¹¹ ¹² ¹³ ¹⁴ ¹⁵ In the five largest European countries with worker representation on private company boards, wages and benefits outpaced those in the United States in recent years,¹⁶ ¹⁷ ¹⁸ ¹⁹ and this co-determination model has helped reduce income inequality while still producing strong growth and reducing outsourcing.²⁰ My bill would build on these successful approaches and give American workers a seat at the table deciding how American corporations are run. These tangible actions could allow you to fulfill your commitment to “investing in [your] employees” in ways that actually have substantial input from those employees.

- **Restrict sales of company shares by the directors and officers.** These protections eliminate the perverse incentives that let corporate executives boost their own pay and funnel money to shareholders through financial engineering tricks that ultimately do not benefit the company at-large and the workers who have been left behind. Because their compensation often includes stock, corporate managers have huge incentives to promote shareholder returns above all else, one reason why the average CEO of a big company makes more than 360 times more than their average worker.
- **Require United States corporations to obtain shareholder and board approval for all political expenditures.** In order to ensure that businesses truly take stakeholder interests into account, my legislation would require large corporations to obtain broad support across shareholders, management, and workers before making any political expenditures. For too long, corporate executives have been spending on elections without restraint. If each of

¹¹ Handelsblatt, “Expansion ins Ausland sichert Jobs in der Heimat,” <http://www.handelsblatt.com/unternehmen/mittelstand/wachstumsmaerkte/globalisierung-in-dax-konzernen-expansion-ins-ausland-sichert-jobs-in-der-heimat/14696124.html>. The largest German firms habitually increase both domestic employment and employment abroad.

¹² Journal of Financial Economics, “Does Good Corporate Governance Include Employee Representation? Evidence from German Corporate boards,” Larry Fauver and Michael Fuerst, December 2006. <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.689.9934&rep=rep1&type=pdf>.

¹³ Eurostat, “Business profit share and investment rate higher in the EU than in the USA,” Denis Leythienne and Tatjana Smokova, April 2009, <https://ec.europa.eu/eurostat/documents/3433488/5280941/KS-SF-09-028-EN.PDF/84273e80-a461-479a-958b-37216b1bde30?version=1.0>. Non-financial firms in the European Union, where co-determination is common, invest at a rate that is 39 percent greater than at comparable American returns.

¹⁴ Mitbestimmungs-Portal, “Weo Arbeitnehmer Mitbestimmen, Wird Mehr Investiert,” Böckler Impuls, June 27, 2016, <https://www.mitbestimmung.de/html/wo-arbeitnehmer-mitbestimmen-wird-mehr-5004.html>.

¹⁵ Cambridge Journal of Economics, “Co-determination and innovation,” Kornelius Kraft, Jörg Stank, and Ralf Dewenter, January 2011, pp. 145-172, <https://academic.oup.com/cje/article-abstract/35/1/145/1730110>.

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your stakeholders are truly essential, then corporations should not be able to make political contributions in the name of the business without the input of workers. This requirement would help operationalize your commitment to “[generate] long-term value for shareholders” and to “transparency and effective engagement with shareholders.”

If you, and the other 181 corporate executives who signed the BRT’s new *Statement on the Purpose of a Corporation*, plan to live up to the promises you made, I expect that you will endorse and wholeheartedly support the reforms laid out in the *Accountable Capitalism Act* to meet the principles you endorse. I have attached a copy of the bill.

In order to better understand whether you intend to make good on your commitment, I ask that you respond in writing about whether you support the *Accountable Capitalism Act* and answer the following questions no later than Friday, October 25, 2019.

1. The *Statement on the Purpose of a Corporation* that you signed stated that you share a fundamental commitment to all of your stakeholders and made a number of commitments, stating that you “commit to deliver value to all of them, for the future success of [your] companies, our communities and our country.”²¹
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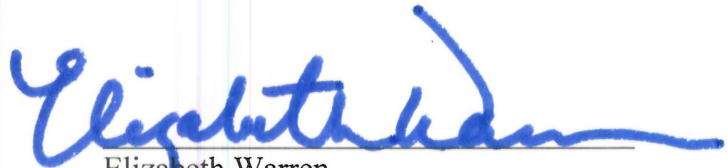
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environment by embracing sustainable practices across [your] businesses.”²⁵
Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.

- e. You have committed to “generating long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate” and stated that you are “committed to transparency and effective engagement with shareholders.”²⁶ Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.

Sincerely,



Elizabeth Warren
United States Senator

²⁵ *Id.*

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ELIZABETH WARREN
MASSACHUSETTS

COMMITTEES:
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October 3, 2019

Jamie Dimon
Chairman and Chief Executive Officer
JPMorgan Chase & Co.
270 Park Avenue
New York, NY 10017

Dear Mr. Dimon:

I write in regard to the Business Roundtable's (BRT) new *Statement on the Purpose of a Corporation* issued on August 19, 2019.¹ This new statement marked a potentially significant change. It reversed the Business Roundtable's troubling position, held since 1997, that "corporations exist principally to serve shareholders,"^{2 3} instead acknowledging that "each of [y]our stakeholders is essential" and committing to "deliver value to all of them, for the future success of our companies, our communities and our country."⁴ You signed the pledge to follow these principles on behalf of JPMorgan Chase. I write for information about the tangible actions you intend to take to implement the principles, including whether, to make good on your commitment, you will implement the steps laid out in the *Accountable Capitalism Act* I plan to reintroduce in the coming weeks.

For most of our country's history, as corporations succeeded, corporate profits and wages for working families all rose together. In the early 1980s, less than half of the corporate profits from America's biggest companies went to shareholders, but now, as a result of decisions to boost share prices at the expense of workers, consumers, and other stakeholders, more than 90 percent of profits go to shareholders, representing a shift of trillions of dollars.^{5 6} In 2015 alone, American companies paid about \$1 trillion back to investors in the form of buybacks and dividends, even as wages and other investments stayed flat or decreased.⁷ While corporate profits

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² *Id.*

³ Business Roundtable, "Statement on Corporate Governance," September 1997, <http://www.ralphgomory.com/wp-content/uploads/2018/05/Business-Roundtable-1997.pdf>.

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⁶ The Hill, "Congress can turn the Republican tax cuts into new middle-class jobs," Opinion, William Lazonick, February 7, 2018, <https://thehill.com/opinion/finance/372760-congress-can-turn-the-republican-tax-cuts-into-new-middle-class-jobs>.

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soared and more money flowed upwards, American workers were left behind, producing more wealth for their employers while these companies refused to invest in them.

I am pleased that the Business Roundtable has acknowledged the harm that this trend inflicts on the economy and that you, on behalf of JPMorgan Chase, have pledged to take steps to reverse it. But commitments are hollow if they are not accompanied by tangible action that provides real benefits to workers and other stakeholders.

The *Accountable Capitalism Act*, which I will reintroduce in the coming weeks, operationalizes the commitments you made to balance the interests of shareholders with other stakeholders, such as employees, customers, and community members. This approach is derived from the thriving benefit corporation model that 35 states and the District of Columbia have adopted – and that companies like Patagonia and Kickstarter have embraced – with beneficial results.^{8 9}

My *Accountable Capitalism Act* would:

- **Require very large American corporations to obtain a federal charter.** Directors of these new companies, known as “United States corporations,” would be obligated to consider the interests of all corporate stakeholders. This is consistent with your commitment to, “delivering value to [your] customers,” “dealing fairly with [your] suppliers,” and “supporting the communities in which [you] work.”
- **Require that worker representatives comprise 40 percent of board directors** to ensure that workers have a meaningful say in substantial decisions made by corporations. Worker representation on corporate boards is associated with higher income equality, less offshoring, more capital investment, greater innovation, and stronger shareholder returns.¹⁰

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⁹ Kickstarter, “Kickstarter PBC 2017 Benefit Statement,” Accessed September 21, 2019, https://d3mlfygrfdi2i.cloudfront.net/181119_PBC_Report_PDF_Master.pdf.

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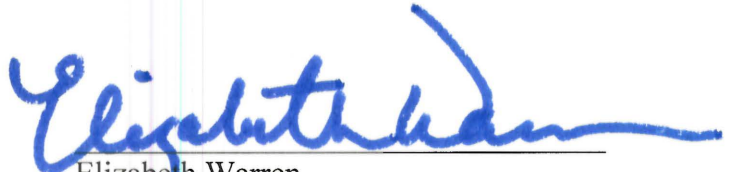
²³ *Id.*

²⁴ *Id.*

environment by embracing sustainable practices across [your] businesses.”²⁵
Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.

- e. You have committed to “generating long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate” and stated that you are “committed to transparency and effective engagement with shareholders.”²⁶ Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.

Sincerely,



Elizabeth Warren
United States Senator

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²⁶ *Id.*

ELIZABETH WARREN
MASSACHUSETTS

COMMITTEES:
BANKING, HOUSING, AND URBAN AFFAIRS
HEALTH, EDUCATION, LABOR, AND PENSIONS
ARMED SERVICES
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www.warren.senate.gov

October 3, 2019

Lance Fritz
Chairman, President, and Chief Executive Officer
Union Pacific Railroad
1400 Douglas Street
Omaha, NE 68179

Dear Mr. Fritz:

I write in regard to the Business Roundtable's (BRT) new *Statement on the Purpose of a Corporation* issued on August 19, 2019.¹ This new statement marked a potentially significant change. It reversed the Business Roundtable's troubling position, held since 1997, that "corporations exist principally to serve shareholders,"^{2 3} instead acknowledging that "each of [y]our stakeholders is essential" and committing to "deliver value to all of them, for the future success of our companies, our communities and our country."⁴ You signed the pledge to follow these principles on behalf of Union Pacific. I write for information about the tangible actions you intend to take to implement the principles, including whether, to make good on your commitment, you will implement the steps laid out in the *Accountable Capitalism Act I* plan to reintroduce in the coming weeks.

For most of our country's history, as corporations succeeded, corporate profits and wages for working families all rose together. In the early 1980s, less than half of the corporate profits from America's biggest companies went to shareholders, but now, as a result of decisions to boost share prices at the expense of workers, consumers, and other stakeholders, more than 90 percent of profits go to shareholders, representing a shift of trillions of dollars.^{5 6} In 2015 alone, American companies paid about \$1 trillion back to investors in the form of buybacks and dividends, even as wages and other investments stayed flat or decreased.⁷ While corporate profits

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⁷ "Makers and Takers", Rana Foroohar, Crown Business, New York, 2017, p. 71

soared and more money flowed upwards, American workers were left behind, producing more wealth for their employers while these companies refused to invest in them.

I am pleased that the Business Roundtable has acknowledged the harm that this trend inflicts on the economy and that you, on behalf of Union Pacific, have pledged to take steps to reverse it. But commitments are hollow if they are not accompanied by tangible action that provides real benefits to workers and other stakeholders.

The *Accountable Capitalism Act*, which I will reintroduce in the coming weeks, operationalizes the commitments you made to balance the interests of shareholders with other stakeholders, such as employees, customers, and community members. This approach is derived from the thriving benefit corporation model that 35 states and the District of Columbia have adopted – and that companies like Patagonia and Kickstarter have embraced – with beneficial results.^{8 9}

My *Accountable Capitalism Act* would:

- **Require very large American corporations to obtain a federal charter.** Directors of these new companies, known as “United States corporations,” would be obligated to consider the interests of all corporate stakeholders. This is consistent with your commitment to, “delivering value to [your] customers,” “dealing fairly with [your] suppliers,” and “supporting the communities in which [you] work.”
- **Require that worker representatives comprise 40 percent of board directors** to ensure that workers have a meaningful say in substantial decisions made by corporations. Worker representation on corporate boards is associated with higher income equality, less offshoring, more capital investment, greater innovation, and stronger shareholder returns.¹⁰

⁸ Patagonia, “Annual Benefit Corporation Report Fiscal Year 2018,” Accessed September 21, 2019, <https://www.patagonia.com/static/on/demandware.static/-/Library-Sites-PatagoniaShared/default/dw08d0f6ed/PDF-US/2018-B-CorpReport-050919.pdf>.

⁹ Kickstarter, “Kickstarter PBC 2017 Benefit Statement,” Accessed September 21, 2019, https://d3mlfygrfdi2i.cloudfront.net/181119_PBC_Report_PDF_Master.pdf.

¹⁰ Social Europe, “Europe Needs a Pay Rise and Europeans Want Good Jobs,” Steve Coulter, April 18, 2018, <https://www.socialeurope.eu/europe-needs-a-pay-rise-and-europeans-want-good-jobs>. Growth in labor compensation across all occupations in the five largest European nations with codetermination for private companies (France, Germany, Netherlands, Norway, and Sweden) between 2010 and 2017 averaged 7.3 percent after inflation.

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- **Restrict sales of company shares by the directors and officers.** These protections eliminate the perverse incentives that let corporate executives boost their own pay and funnel money to shareholders through financial engineering tricks that ultimately do not benefit the company at-large and the workers who have been left behind. Because their compensation often includes stock, corporate managers have huge incentives to promote shareholder returns above all else, one reason why the average CEO of a big company makes more than 360 times more than their average worker.
- **Require United States corporations to obtain shareholder and board approval for all political expenditures.** In order to ensure that businesses truly take stakeholder interests into account, my legislation would require large corporations to obtain broad support across shareholders, management, and workers before making any political expenditures. For too long, corporate executives have been spending on elections without restraint. If each of

¹¹ Handelsblatt, “Expansion ins Ausland sichert Jobs in der Heimat,” <http://www.handelsblatt.com/unternehmen/mittelstand/wachstumsmaerkte/globalisierung-in-dax-konzernen-expansion-ins-ausland-sichert-jobs-in-der-heimat/14696124.html>. The largest German firms habitually increase both domestic employment and employment abroad.

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¹⁴ Mittbestimmungs-Portal, “Weo Arbeitnehmer Mitbestimmen, Wird Mehr Investiert,” Böckler Impuls, June 27, 2016, <https://www.mitbestimmung.de/html/wo-arbeitnehmer-mitbestimmen-wird-mehr-5004.html>.

¹⁵ Cambridge Journal of Economics, “Co-determination and innovation,” Kornelius Kraft, Jörg Stank, and Ralf Dewenter, January 2011, pp. 145-172, <https://academic.oup.com/cje/article-abstract/35/1/145/1730110>.

¹⁶ ETUI, “Board-level Representation,” Accessed October 2, 2019, <http://www.worker-participation.eu/National-Industrial-Relations/Across-Europe/Board-level-Representation2>.

¹⁷ Eurostat, “EU population up to almost 512 million at 1 January 2017,” July 10, 2017, <https://ec.europa.eu/eurostat/documents/2995521/8102195/3-10072017-AP-EN.pdf/a61ce1ca-1efd-41df-86a2-bb495daabdab>.

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your stakeholders are truly essential, then corporations should not be able to make political contributions in the name of the business without the input of workers. This requirement would help operationalize your commitment to “[generate] long-term value for shareholders” and to “transparency and effective engagement with shareholders.”

If you, and the other 181 corporate executives who signed the BRT’s new *Statement on the Purpose of a Corporation*, plan to live up to the promises you made, I expect that you will endorse and wholeheartedly support the reforms laid out in the *Accountable Capitalism Act* to meet the principles you endorse. I have attached a copy of the bill.

In order to better understand whether you intend to make good on your commitment, I ask that you respond in writing about whether you support the *Accountable Capitalism Act* and answer the following questions no later than Friday, October 25, 2019.

1. The *Statement on the Purpose of a Corporation* that you signed stated that you share a fundamental commitment to all of your stakeholders and made a number of commitments, stating that you “commit to deliver value to all of them, for the future success of [your] companies, our communities and our country.”²¹
 - a. You have committed to “[d]elivering value to [your] customers” and that you “will further the tradition of American companies leading the way in meeting or exceeding customer expectations.”²² Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.
 - b. You have committed to “[i]nvesting in [your] employees,” starting with “compensating them fairly and providing important benefits” and “supporting them through training and education that help develop new skills for a rapidly changing world.”²³ Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.
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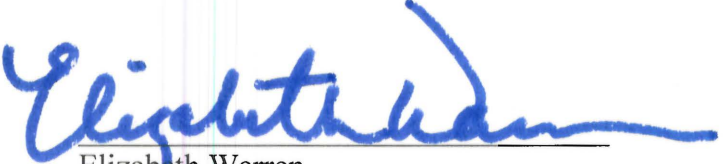
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Sincerely,



Elizabeth Warren
United States Senator

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October 3, 2019

Doug McMillon
President and Chief Executive Officer
Walmart
702 SW 8th Street
Bentonville, AR 72716

Dear Mr. McMillon:

I write in regard to the Business Roundtable's (BRT) new *Statement on the Purpose of a Corporation* issued on August 19, 2019.¹ This new statement marked a potentially significant change. It reversed the Business Roundtable's troubling position, held since 1997, that "corporations exist principally to serve shareholders,"^{2 3} instead acknowledging that "each of [y]our stakeholders is essential" and committing to "deliver value to all of them, for the future success of our companies, our communities and our country."⁴ You signed the pledge to follow these principles on behalf of Walmart. I write for information about the tangible actions you intend to take to implement the principles, including whether, to make good on your commitment, you will implement the steps laid out in the *Accountable Capitalism Act* I plan to reintroduce in the coming weeks.

For most of our country's history, as corporations succeeded, corporate profits and wages for working families all rose together. In the early 1980s, less than half of the corporate profits from America's biggest companies went to shareholders, but now, as a result of decisions to boost share prices at the expense of workers, consumers, and other stakeholders, more than 90 percent of profits go to shareholders, representing a shift of trillions of dollars.^{5 6} In 2015 alone, American companies paid about \$1 trillion back to investors in the form of buybacks and dividends, even as wages and other investments stayed flat or decreased.⁷ While corporate profits

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soared and more money flowed upwards, American workers were left behind, producing more wealth for their employers while these companies refused to invest in them.

I am pleased that the Business Roundtable has acknowledged the harm that this trend inflicts on the economy and that you, on behalf of Walmart, have pledged to take steps to reverse it. But commitments are hollow if they are not accompanied by tangible action that provides real benefits to workers and other stakeholders.

The *Accountable Capitalism Act*, which I will reintroduce in the coming weeks, operationalizes the commitments you made to balance the interests of shareholders with other stakeholders, such as employees, customers, and community members. This approach is derived from the thriving benefit corporation model that 35 states and the District of Columbia have adopted – and that companies like Patagonia and Kickstarter have embraced – with beneficial results.^{8 9}

My *Accountable Capitalism Act* would:

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environment by embracing sustainable practices across [your] businesses.”²⁵
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Sincerely,



Elizabeth Warren
United States Senator

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ELIZABETH WARREN
MASSACHUSETTS

COMMITTEES:
BANKING, HOUSING, AND URBAN AFFAIRS
HEALTH, EDUCATION, LABOR, AND PENSIONS
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www.warren.senate.gov

October 3, 2019

Oscar Munoz
Chief Executive Officer
United Airlines, Inc.
233 S. Wacker Drive
Chicago, IL 60606

Dear Mr. Munoz:

I write in regard to the Business Roundtable's (BRT) new *Statement on the Purpose of a Corporation* issued on August 19, 2019.¹ This new statement marked a potentially significant change. It reversed the Business Roundtable's troubling position, held since 1997, that "corporations exist principally to serve shareholders,"^{2 3} instead acknowledging that "each of [y]our stakeholders is essential" and committing to "deliver value to all of them, for the future success of our companies, our communities and our country."⁴ You signed the pledge to follow these principles on behalf of United Airlines. I write for information about the tangible actions you intend to take to implement the principles, including whether, to make good on your commitment, you will implement the steps laid out in the *Accountable Capitalism Act I* plan to reintroduce in the coming weeks.

For most of our country's history, as corporations succeeded, corporate profits and wages for working families all rose together. In the early 1980s, less than half of the corporate profits from America's biggest companies went to shareholders, but now, as a result of decisions to boost share prices at the expense of workers, consumers, and other stakeholders, more than 90 percent of profits go to shareholders, representing a shift of trillions of dollars.^{5 6} In 2015 alone, American companies paid about \$1 trillion back to investors in the form of buybacks and dividends, even as wages and other investments stayed flat or decreased.⁷ While corporate profits

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soared and more money flowed upwards, American workers were left behind, producing more wealth for their employers while these companies refused to invest in them.

I am pleased that the Business Roundtable has acknowledged the harm that this trend inflicts on the economy and that you, on behalf of United Airlines, have pledged to take steps to reverse it. But commitments are hollow if they are not accompanied by tangible action that provides real benefits to workers and other stakeholders.

The *Accountable Capitalism Act*, which I will reintroduce in the coming weeks, operationalizes the commitments you made to balance the interests of shareholders with other stakeholders, such as employees, customers, and community members. This approach is derived from the thriving benefit corporation model that 35 states and the District of Columbia have adopted – and that companies like Patagonia and Kickstarter have embraced – with beneficial results.^{8 9}

My Accountable Capitalism Act would:

- **Require very large American corporations to obtain a federal charter.** Directors of these new companies, known as “United States corporations,” would be obligated to consider the interests of all corporate stakeholders. This is consistent with your commitment to, “delivering value to [your] customers,” “dealing fairly with [your] suppliers,” and “supporting the communities in which [you] work.”
- **Require that worker representatives comprise 40 percent of board directors** to ensure that workers have a meaningful say in substantial decisions made by corporations. Worker representation on corporate boards is associated with higher income equality, less offshoring, more capital investment, greater innovation, and stronger shareholder returns.¹⁰

⁸ Patagonia, “Annual Benefit Corporation Report Fiscal Year 2018,” Accessed September 21, 2019, <https://www.patagonia.com/static/on/demandware.static/-/Library-Sites-PatagoniaShared/default/dw08d0f6ed/PDF-US/2018-B-CorpReport-050919.pdf>.

⁹ Kickstarter, “Kickstarter PBC 2017 Benefit Statement,” Accessed September 21, 2019, https://d3mlfygrfdi2i.cloudfront.net/181119_PBC_Report_PDF_Master.pdf.

¹⁰ Social Europe, “Europe Needs a Pay Rise and Europeans Want Good Jobs,” Steve Coulter, April 18, 2018, <https://www.socialeurope.eu/europe-needs-a-pay-rise-and-europeans-want-good-jobs>. Growth in labor compensation across all occupations in the five largest European nations with codetermination for private companies (France, Germany, Netherlands, Norway, and Sweden) between 2010 and 2017 averaged 7.3 percent after inflation.

¹¹ ¹² ¹³ ¹⁴ ¹⁵ In the five largest European countries with worker representation on private company boards, wages and benefits outpaced those in the United States in recent years,¹⁶ ¹⁷ ¹⁸ ¹⁹ and this co-determination model has helped reduce income inequality while still producing strong growth and reducing outsourcing.²⁰ My bill would build on these successful approaches and give American workers a seat at the table deciding how American corporations are run. These tangible actions could allow you to fulfill your commitment to “investing in [your] employees” in ways that actually have substantial input from those employees.

- **Restrict sales of company shares by the directors and officers.** These protections eliminate the perverse incentives that let corporate executives boost their own pay and funnel money to shareholders through financial engineering tricks that ultimately do not benefit the company at-large and the workers who have been left behind. Because their compensation often includes stock, corporate managers have huge incentives to promote shareholder returns above all else, one reason why the average CEO of a big company makes more than 360 times more than their average worker.
- **Require United States corporations to obtain shareholder and board approval for all political expenditures.** In order to ensure that businesses truly take stakeholder interests into account, my legislation would require large corporations to obtain broad support across shareholders, management, and workers before making any political expenditures. For too long, corporate executives have been spending on elections without restraint. If each of

¹¹ Handelsblatt, “Expansion ins Ausland sichert Jobs in der Heimat,” <http://www.handelsblatt.com/unternehmen/mittelstand/wachstumsmaerkte/globalisierung-in-dax-konzernen-expansion-ins-ausland-sichert-jobs-in-der-heimat/14696124.html>. The largest German firms habitually increase both domestic employment and employment abroad.

¹² Journal of Financial Economics, “Does Good Corporate Governance Include Employee Representation? Evidence from German Corporate boards,” Larry Fauver and Michael Fuerst, December 2006. <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.689.9934&rep=rep1&type=pdf>.

¹³ Eurostat, “Business profit share and investment rate higher in the EU than in the USA,” Denis Leythienne and Tatjana Smokova, April 2009, <https://ec.europa.eu/eurostat/documents/3433488/5280941/KS-SF-09-028-EN.PDF/84273e80-a461-479a-958b-37216b1bde30?version=1.0>. Non-financial firms in the European Union, where co-determination is common, invest at a rate that is 39 percent greater than at comparable American returns.

¹⁴ Mittbestimmungs-Portal, “Weo Arbeitnehmer Mitbestimmen, Wird Mehr Investiert,” Böckler Impuls, June 27, 2016, <https://www.mitbestimmung.de/html/wo-arbeitnehmer-mitbestimmen-wird-mehr-5004.html>.

¹⁵ Cambridge Journal of Economics, “Co-determination and innovation,” Kornelius Kraft, Jörg Stank, and Ralf Dewenter, January 2011, pp. 145-172, <https://academic.oup.com/cje/article-abstract/35/1/145/1730110>.

¹⁶ ETUI, “Board-level Representation,” Accessed October 2, 2019, <http://www.worker-participation.eu/National-Industrial-Relations/Across-Europe/Board-level-Representation2>.

¹⁷ Eurostat, “EU population up to almost 512 million at 1 January 2017,” July 10, 2017, <https://ec.europa.eu/eurostat/documents/2995521/8102195/3-10072017-AP-EN.pdf/a61ce1ca-1efd-41df-86a2-bb495daabdab>.

¹⁸ Social Europe, “Europe Needs a Pay Rise and Europeans Want Good Jobs,” Steve Coulter, April 18, 2018, <https://www.socialeurope.eu/europe-needs-a-pay-rise-and-europeans-want-good-jobs>. Growth in labor compensation across all occupations in the five largest European nations with codetermination for private companies (France, Germany, Netherlands, Norway, and Sweden) between 2010 and 2017 averaged 7.3 percent after inflation.

¹⁹ Bureau of Labor Statistics, “Employment Cost Index,” July 2019, <https://www.bls.gov/web/eci/econstnaics.txt>.

²⁰ While offshoring was a major factor in the net loss of American manufacturing jobs since 2000, German firms have increased both their domestic and international employment while maintaining positive innovation and shareholder returns.

your stakeholders are truly essential, then corporations should not be able to make political contributions in the name of the business without the input of workers. This requirement would help operationalize your commitment to “[generate] long-term value for shareholders” and to “transparency and effective engagement with shareholders.”

If you, and the other 181 corporate executives who signed the BRT’s new *Statement on the Purpose of a Corporation*, plan to live up to the promises you made, I expect that you will endorse and wholeheartedly support the reforms laid out in the *Accountable Capitalism Act* to meet the principles you endorse. I have attached a copy of the bill.

In order to better understand whether you intend to make good on your commitment, I ask that you respond in writing about whether you support the *Accountable Capitalism Act* and answer the following questions no later than Friday, October 25, 2019.

1. The *Statement on the Purpose of a Corporation* that you signed stated that you share a fundamental commitment to all of your stakeholders and made a number of commitments, stating that you “commit to deliver value to all of them, for the future success of [your] companies, our communities and our country.”²¹
 - a. You have committed to “[d]elivering value to [your] customers” and that you “will further the tradition of American companies leading the way in meeting or exceeding customer expectations.”²² Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.
 - b. You have committed to “[i]nvesting in [your] employees,” starting with “compensating them fairly and providing important benefits” and “supporting them through training and education that help develop new skills for a rapidly changing world.”²³ Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.
 - c. You have committed to “dealing fairly and ethically with [your suppliers]” and “serving as good partners to the other companies, large and small, that help [you] meet [your] missions.”²⁴ Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.
 - d. You have committed to “supporting the communities in which [you] work” and stated that you “respect the people in [your] communities and protect the

²¹ *Id.*

²² *Id.*

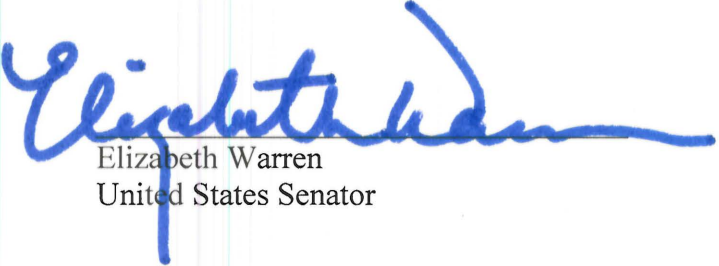
²³ *Id.*

²⁴ *Id.*

environment by embracing sustainable practices across [your] businesses.”²⁵
Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.

- e. You have committed to “generating long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate” and stated that you are “committed to transparency and effective engagement with shareholders.”²⁶ Please describe concrete steps that your company is taking to meet these commitments and any changes in company plans, policies, or procedures that have resulted from this commitment.

Sincerely,



Elizabeth Warren
United States Senator

²⁵ *Id.*

²⁶ *Id.*