ENHANCING CORPORATE TRANSPARENCY

Corporate structures as they exist today are undemocratic, by design, run by and in the interest of a small group of elites. The incessant need to earn a profit and benefit the few has come at a great cost to people and the planet. The damaging impacts of the increased concentration of wealth, the automation of industry, and climate catastrophe demand that companies change the way they operate.

Many corporations are exacerbating economic and social inequality through current extractive practices. There is a critical need to elevate these drivers of inequality and ensure that companies are focused on the long term that benefits all of a company’s stakeholders—workers, communities, suppliers, government, consumers and shareholders. Currently, it is challenging to assess the extent of the problem because of:

- limited corporate disclosure; and
- no rules requiring what and how companies should disclose information.

Because disclosure information is not standardized, it is not possible to assess an individual company’s contribution to inequality or compare companies against those in a particular sector or within a portfolio.

THE SECURITIES AND EXCHANGE COMMISSION

The Securities and Exchange Commission (SEC) is the government agency that is charged with regulating companies and determining disclosure. In 2021, the agency put forth an expansive agenda to ensure disclosure on many of the topics that contribute to inequality. In this respect, the agency should:

- Develop a more robust version of the climate change related rule that was finalized in March 2024.
- Propose and finalize a rule to require improved human capital related disclosures.
- Amend Rule 13q-1, which is "Disclosure of Payments by Resource Extraction Issuers.
- Propose and finalize a rule on increased tax disclosures from companies.
- Propose and finalize a rule on corporate diversity data disclosure.

CONGRESSIONAL ACTION IS ESSENTIAL

None of this will be possible without the support and nudge of Congress. Right now the SEC is facing significant scrutiny from all corners restricting it from fulfilling its mandate. Congress should ensure that:

- the SEC’s budget does not decrease in the next 2025-26 Financial Services and Government Bill;
- attempts by corporate lobbyists and special interests working for deep-pocketed multinational corporations and trade groups to impede the SEC do not succeed;
- the rider from the 2024-25 Financial Services and General Government Bill that prevents the SEC from drafting rules on political contributions and corporate lobbying is removed; and
- the SEC has the regulatory power to draft regulations that fall within the purview of its mandate, per the recent Supreme Court decision in West Virginia v. the Environmental Protection Agency.

WHY IT MATTERS FOR INEQUALITY

Recognizing the critical need to elevate corporate drivers of inequality to policy makers, we need to build a stronger evidence base to allow the assessments of companies’ inequality performance (individually and in aggregate). The lack of data availability makes it especially challenging to assess corporate impacts on inequality. Due to the obscurity of information on corporate practices—from workforce demographics to benefit offerings to tax practices—it is difficult to hold companies truly accountable.

FIGHTING INEQUALITY TO BUILD A BETTER WORLD

Oxfam believes that poverty is a policy choice, and that the ultrawealthy and giant corporations have hijacked our systems to benefit a select few. We are working to redress the balance of power, putting it back in the hands of working families in the U.S. and around the world.