

Corporate Political Spending Disclosure Reviewed in 2015 CPA-Zicklin Index

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With the backdrop of the focus on next year's presidential election and frequent reports regarding political spending, the Center for Political Accountability has published the [2015 CPA-Zicklin Index](#). In its fifth annual report, for the first time, the Index examines all S&P 500 companies, rather than only the top 300. Many companies that were not previously evaluated will find themselves with low scores. Shareholder proposals seeking information on political contributions and lobbying expenses are perennial favorites of social activists.

Among the top 300 companies that have been reviewed in past reports, an increasing number are providing more disclosure. Becton Dickinson, Noble Energy and CSX Corporation received the highest overall scores. A total of 23 companies placed in the top five rankings for disclosure. The types of spending discussed by companies include:

Direct contributions. 34% of companies disclosed information on their direct contributions to candidates, parties and committees, while 17% said it is their policy not to make direct contributions.

National 527 groups and trade associations. About 33% explained contributions to national 527 groups, including national governors associations and super PACS. 13% had policies not to give to such organizations. 37% provided information on political expenses related to trade associations, with 4% requesting that their trade associations not use their dues and other payments to fund political activities. Many companies set a threshold, such as \$25,000 a year, for disclosing trade association dues, and then sometimes also provided the specific amounts identified by those associations as non-deductible expenditures.

Ballot measures. 31% disclosed some information about their payments involving ballot measures. 10% said they did not engage in such activities.

501(c)(4)s. Payments to these "social welfare" tax-exempt organizations continue to be the least likely to be disclosed, as 75% of companies did not provide any information about these types of contributions. These can be the most challenging to determine.

More than 87% of companies had a publicly available policy on their website, but only 52% provided a detailed policy, while others were more vague. 38% gave full information on the parameters of their spending and 139 companies explained in detail how decisions regarding political spending are made.

There has been a rise in the number of companies that restrict corporate political spending, with nine companies stating that they did not use corporate funds to influence elections and that they asked trade associations not to use payments for political purposes. 25% of companies impose other types of restrictions.

43% companies said their boards regularly oversee corporate political spending. 30% stated that a board committee reviews company policy and 34% noted that a board committee examines actual expenditures.

Appendix C provides a detailed scoring sheet of all of the factors examined and the maximum number of points that can be achieved. It can be a useful guide for companies that receive a shareholder proposal on the topic and wish to consider whether to be responsive.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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