

Evolution in Political Contributions Shareholder Proposals and CPA Disclosure Guidance

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Political contributions shareholder proposals continue to be a perennial favorite among activists even post-election, as we are seeing a proliferation of those proposals already. There appears to be more variety in the resolutions compared to years past, so that instead of just asking for a broad set of disclosures on all activities, some proposals are narrowly focused on lobbying, board-level policy-making or payments to tax-exempt organizations.

The focus on corporate involvement with the political efforts by tax-exempt organizations seemed to have also moved beyond just trade associations, as proponents are raising concerns over the activities of other "social welfare" entities under IRS 501(c)(4). This group could include the so-called "superPACs" that were widely covered by the media during the election frenzy.

ISS has come under some scrutiny for sometimes favoring corporations that already provided some level of political contributions and lobbying disclosure when evaluating voting recommendations on shareholder proposals in 2012. The ISS policy on this matter provides them with a fair amount of discretion, so we may see some shifts there as well in 2013.

In response to what they view as "partial disclosure" by companies in many respects, the Center for Political Accountability has published a one-page [summary](#) of what they consider to be key components of sufficient disclosure, including policies, levels of disclosure and board oversight. The CPA is often involved in some ways with these proposals, and is best known for its index ranking companies' disclosure, which we previously discussed in [detail](#). Companies receiving these proposals and interested in assessing what proponents expect can look to this information as starting points for possible discussions.

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.

Ning Chiu

+1 212 450 4908

ning.chiu@davispolk.com

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