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Corporate Disclosure Expands as Political Spending Surges, New CPA-Zicklin Index Reveals

WASHINGTON – Although secret political money is surging, many large American companies have voluntarily strengthened their political disclosure and accountability policies and practices, according to an annual benchmarking study released today.

In the first full election cycle since the Supreme Court’s *Citizens United* decision allowed unlimited corporate political spending, almost 60 percent of companies in the top echelons of the S&P 500 are now disclosing some political spending information, the Index also reveals.

These findings are identified by the second annual CPA-Zicklin Index of Corporate Political Accountability and Disclosure, released today by the Center for Political Accountability in conjunction with the Carol and Lawrence Zicklin Center for Business Ethics Research. The Zicklin Center is located at The Wharton School of the University of Pennsylvania.

“Unfortunately, secret money has become a major currency of this election,” said Bruce Freed, CPA president. “It’s little known, however, that at the same time, more leading American corporations are saying ‘no’ when they face pressure to engage in secret political spending. The 2012 CPA-Zicklin Index makes this absolutely clear.

“When trade associations and social welfare groups make a concerted effort to hide their donors, transparency becomes more critical than ever for shareholders and for our democracy,” Freed added.

“We’re encouraged that even when the stakes are highest, leading companies are refusing to engage in hidden spending. These companies are further establishing political disclosure as a corporate mainstream practice.”

“At a time of unprecedented political money, the CPA-Zicklin Index reveals a possible sea change in corporate thinking about political transparency and accountability,” said Prof. William

S. Laufer of the Wharton School. “Evidence from the second annual CPA-Zicklin Index is encouraging and, one hopes, inspiring.”

The CPA-Zicklin Index is based on a survey of information publicly available on company websites. It examines the top 200 companies in the S&P 500 Index and provides the data underlying the following findings, some of them surprising:

- Even in a climate of increased hidden spending, 75 out of 88 large companies that were studied for two years in a row get improved scores for disclosure of political spending and for accountability.
- The 2012 Index identifies these top corporate leaders for disclosure and accountability: Merck, with an overall score of 97 out of 100; Microsoft, overall score of 94; Aflac, 93; Gilead, 92; and Exelon and Time Warner, Inc., 88 each.
- Companies showing the greatest improvement from 2011 to 2012 are Costco, receiving a score of 85, up from 3 last year; The Walt Disney Company, receiving a score of 67, up from 12; and Capital One Financial, which improved its overall score from 20 to 63.
- Almost 60 percent of companies disclose at least some information about political spending. This includes 47 percent that make some disclosure of their direct political spending and another 11 percent that say their policy is not to engage in such political spending.
- Forty percent of companies are opening up about their payments to trade associations, often a conduit for secret political spending. Thirty-six percent make some disclosure of their payments to trade associations, while 5 percent said they ask trade associations not to use their payments for political purposes.
- There is great room for improvement, especially by smaller companies. Those companies new to the 2012 Index were smaller and were less likely than larger companies to provide full disclosure of political spending, and board oversight.

While many leading companies changed their policies in favor of transparency and accountability, others lag behind, the Index indicates.

Because the Index examines policies and practices published on corporate websites, its accompanying report does not answer whether companies are hiding their spending or not engaging in political spending at all. It also does not make any judgments about a company’s political spending. The report is entitled “The 2012 CPA-Zicklin Index of Corporate Political Accountability and Disclosure: How Leading Companies Navigate Political Spending in the Wake of Citizens United.”

About the Center for Political Accountability

In 2003, CPA launched its initiative to bring transparency and accountability to corporate political spending. Its work with partner groups has successfully moved 101 large public companies, including half of the companies in the trend-setting S&P 100 Index, to disclosure and board oversight policies for political spending.

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