



Spotlight on CPA - April 2017

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Proxy Season Heats Up: Disclosure Agreements Reached, Vanguard Open to Voting for Political Disclosure Resolutions

Two large publicly held companies adopted disclosure agreements in April, sustaining momentum for the disclosure movement as The Wall Street Journal reported that “shareholders’ quest for greater corporate political spending disclosure is alive and well” in the 2017 proxy season.

Goodyear Tire and Rubber Co. and PNC adopted the Center for Political Accountability’s model disclosure resolution, bringing to 159 the number of companies adopting such agreements since CPA was founded 14 years ago.

As a result of the agreements, the New York State Common Retirement Fund said it would withdraw a shareholder resolution at Goodyear, and Trillium Asset Management said it would withdraw a resolution at PNC. A disclosure agreement by Texas-based Fluor Corporation, a multinational engineering and construction firm, that was publicized earlier was formalized. The City of Philadelphia Public Employees Retirement System had pushed a shareholder resolution at Fluor.

The Journal, meanwhile, took note of 52 shareholder resolutions filed at 42 Fortune 250 companies that will be holding annual general meetings by early June, with nine of the resolutions targeting either corporate political spending or lobbying.

Six companies so far in 2017 have reached agreements with shareholders to withdraw resolutions on the topic. The Journal, quoting CPA for its data, noted that 11 agreements were reached last year.

The Journal explained, “In general, management seeks to negotiate with the proponents if there is a likelihood of a resolution getting significant—even if not majority—support, and proposals put forward by large institutional investors are more likely to serve as conversation starters than those advanced by individual investors.”

One resolution stirring controversy was filed at Berkshire Hathaway. It was opposed by company CEO Warren Buffett. The Global Proxy Watch newsletter raised the following questions about his stance:

“Buffett’s case is that it ‘could expose Berkshire subsidiaries to competitive harm.’ This is puzzling given that 56% of the S&P 500 has agreed to such disclosure, as have rivals to major Berkshire holdings. For example, its BNSF railway ranks second in the US to Union Pacific, which discloses political spending, as do CSX and Norfolk Southern.

“The oddity is compounded by Berkshire’s statement that it ‘makes no political contributions and Mr. Buffett does not instruct the managers of Berkshire subsidiaries to make any political contributions. During the past several years, political contributions of Berkshire subsidiaries have been less than \$10 million per year or less than 0.1% of Berkshire’s consolidated annual operating expenditures.’ So it’s unclear what the Oracle of Omaha sees as the threat.”

Meanwhile the mutual fund giant Vanguard, which has consistently voted against or abstained from voting for political spending disclosure shareholder proposals, updated its guidelines on how it votes proxies.

According to [Public Citizen](#), “Vanguard’s update, particularly on shareholder proposals on environmental and social issues, could be the first outward step to increase accountability for large investment management funds and bolster corporate transparency around political spending.”

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Public Citizen said that “Instead of asserting as in the past, that the decision to disclose or change a company’s business practices ‘should be the province of company management unless they have a significant, tangible impact on the value of a fund’s investment and management is not responsive to the matter,’ Vanguard updated its guidelines to stipulate that ‘the funds will evaluate each proposal on its merits and may support those where we believe there is a logically demonstrable linkage between the specific proposal and long-term shareholder value of the company.’”



CPA Launches TrackYourCompany.org. Check It Out Today!

CPA is making corporate political spending easier to track with a new searchable database, as the Dow Jones Newswire recently reported.

TrackYourCompany.org provides a broad picture of corporate political spending by S&P 500 companies. For the first time, this database shines a light on over \$100 million in previously hidden money given by companies to trade associations and “social welfare” organizations, also known as 501(c)(4)s.

The Dow Jones Newswire said, “The new searchable database aggregates data from individual firms’ disclosures, including contributions to candidates, state party organizations, so-called 527 groups and trade associations. At least 100 large firms prohibited some kinds of spending in 2015, while more than 300 offer no information on payments to ‘dark money’ groups; 172 reported giving to candidates, parties or political committees.”

Earlier this week, CPA discussed the new database on a media call with journalists from numerous outlets.



Energy Company Video Features Index Rating, CPA

When Noble Energy Inc. recently made a short video about its support for political transparency, the company banked on its high rating in the 2016 CPA-Zicklin Index of Corporate Political Disclosure and Accountability, and it also featured CPA.

The video [on the company’s website](#) alludes to the top-tier ranking for Noble in the annual report that benchmarks companies for their practices and policies. The video also includes excerpts of an interview with CPA’s president, Bruce Freed.

“Transparency and accountability are very important for shareholders because they can see the company is well run, the company is open, [and] the company engages in considered decision-making,” Freed said. “Noble is a company that we cite routinely, because the company has been so forthright on this.”

CPA-Zicklin Index Data Collection Begins

Collection of data will begin in May for the 2017 CPA-Zicklin Index of Corporate Political Disclosure and Accountability, to be published this fall.

The annual Index benchmarks corporate political spending practices and policies for S&P 500 companies. Since its first publication in 2011, it has become a widely accepted, nonpartisan resource.

Unlike the practice in previous years, the CPA team will directly oversee analysis of company transparency and accountability policies and practices, using information available on the companies’ public web sites. Data will be collected for companies included in the S&P 500 as of April 18.

A Key to Company Success in the CPA-Zicklin Index? Contacting Us.

By Nanya Springer
CPA Vice President for Programs

As the CPA-Zicklin Index of Corporate Political Disclosure and Accountability enters its seventh year, it’s evident that companies attaining a top-tier “Trendsetter” ranking have one thing in common: a history of direct engagement with the Center.

Companies that proactively contact CPA have gained clarity on the Index and its 24 indicators, frequently leading to sharp improvements in their scores. It’s not uncommon for a company’s score to rise more than 50 points after only one or two conversations with CPA staff about transparency and accountability best practices.

Why spend valuable time wondering what kind of policy language warrants full credit? Or what a disclosure report ought to include? Working collaboratively with CPA can help make a company’s adoption of transparency practices and accountability policies far easier and more efficient.

Collaboration also benefits CPA. We’ve learned a lot from companies. This has helped us understand how companies engage in the political process, how their internal structure impacts the adoption of meaningful disclosure, how they collect spending data, and how board oversight and compliance policies can be implemented.

In addition, company comments have helped us refine the Index indicators.

As data collection for the 2017 CPA-Zicklin Index gets underway next month, we encourage company representatives not to wait until they get an initial index score to engage with us. We are available right now by email, by phone, or for an in-person meeting to discuss the Index and to work with you.

More than 20 companies contacted us even before the 2017 Index was announced. We look forward to working with many more of you and tracking the progress under way in making corporate political transparency and accountability more robust and universal.



THE CONFERENCE BOARD CPA Returns to The Conference Board

CPA returned in April to make another appearance before a conference sponsored by The Conference Board, the global, independent business membership and research organization.

CPA President Bruce Freed was invited to join an "Update on Political Contributions" panel of the Committee for Economic Development spring conference. CED is part of The Conference Board.

Also participating in the panel were Bob Kueppers, Vice Chairman (retired), Deloitte; Wes Bizzell, Assistant General Counsel & Director of Political Law and Ethics Programs, Altria; and Robert J. Jackson, Jr., Professor of Law, Columbia Law School.

It was the second time in the past six months that CPA participated in a Conference Board session.



Money in Politics News

INAUGURATION: Organizers of President Trump's inaugural ceremonies raised a record \$107 million, or "twice as much money as any other inauguration," according to [The New York Times](#), which said many donor companies "have major interests at stake in Washington in the coming months."

Media reports in The Times and elsewhere included these companies among the donors: the parent company of R. J. Reynolds Tobacco Company; Coca-Cola; Microsoft; Intel; Google; Bank of America; Boeing; Verizon; Comcast; AT&T; Qualcomm; the Corrections Corporation of America, now known as CoreCivic; GEO Group; General Motors; Ford Motor; Amazon; Pfizer; Exxon; Anadarko Petroleum; BP; Citigo; Chevron; Consol Energy; Continental Resources; Murray Energy; NextEra Energy; Valero Services; Dow Chemical; Anthem; Fidelity National Financial; Quicken Loans; Florida Crystals Corp.; Altria; Intel; and Amgen.

In [The New Yorker](#), an article detailed some of the donor companies with interests at stake. It was titled "The Real Trump Agenda: Helping Big Business."

SPEAKING OF CEOs: Meanwhile [Politico](#) had a headline declaring, "Trump turns to CEOs amid White House turmoil. Business leaders are making a push for moderation — and meeting with some success."

SPECIAL ELECTION: A special House election in Georgia brought news articles about "dark money" spending and corporate political donations. [Huffington Post](#) reported, "Dark Money, Oil, Private Prisons Fund Islamophobic Attacks On Georgia Candidate."

CPA Promotes Two

CPA is pleased to announce the promotion of Nanya Springer, associate director, to a new position of vice president for programs.

"Ms. Springer has brought major improvements to the efficiency and strength of CPA research and corporate engagement operations since joining us less than a year ago," Freed said. In addition, Caitlin Moniz, staff associate, was elevated to assistant director.

"We have a top-notch team in place to carry CPA forward in 2017 and beyond," Freed said.

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