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Groundbreaking corporate political activity handbook sets out emerging best practices for political spending

On the eve of the most expensive mid-term election in American history, The Conference Board today released a groundbreaking ***Handbook on Corporate Political Activity***, co-authored by Center for Political Accountability president Bruce F. Freed and counsel Karl Sandstrom with Paul DeNicola, director of The Conference Board Governance Center.

The handbook will help guide company management and directors by setting out policies, procedures and emerging best practices for responsible political spending. Citing cases of public reaction and criminal prosecution, the handbook discusses forthrightly the risks and consequences companies face from ill-considered spending decisions.

The Conference Board, a nonpartisan business membership and research organization, is issuing the handbook at a critical time. In the first election since the Supreme Court's campaign finance ruling in *Citizens United v. FEC*, political spending has surpassed old records and taken new pathways, many of them hidden.

Freed said the handbook provides a framework for dealing with an altered regulatory landscape as a result of *Citizens United*, and it also addresses corporate culture. "Two years in development, the handbook offers executives and directors a guide for creating an ethical corporate culture," he added. "This will help bring meaningful transparency and accountability to the way a company handles its political spending and create a climate for considered decision making and oversight."

Among the handbook's central points:

- Company leaders need to understand the nature of political expenditure proposals, the ultimate recipient, and how the money will be spent.

- Trade association membership is very important to many corporations, but potential reputation and bottom-line risks can emerge when there are significant differences between the values and positions of the company and those of the association.

- A deliberative political spending decision-making process allows a company to deflect undue political pressure to contribute. Independent, objective counsel and expertise can help evaluate the company's foundational political spending policies and protocols.

- Adopting a code of conduct for political spending can help ensure employees are aware of, and operate consistently with, company policy concerning political engagement.

- Directors need to conduct on-going,

robust oversight of a company's political spending to assure that decisions are considered and that spending does not pose risks to the company and shareholders.

"The U.S. Supreme Court decision in *Citizens United v. FEC* has significantly increased the avenues for corporate political activity," said Paul DeNicola of The Conference Board. "Companies must ensure their internal controls and compliance systems have taken account of this, and that board members understand their roles and the implications of operating in this new environment."

Outside spending has exploded in the 2010 elections, with many funding sources for non-profit groups' expenditures undisclosed. "Unfortunately, shadow political spending is soaring," Freed said. "The Center for Political Accountability is working to encourage responsible corporate political activity and protect shareholders. By acting responsibly now, companies can protect themselves from scandals in the future."

In addition to providing a corporate governance tool, the handbook will serve as one of the sources for the principles for an index that CPA is developing that will rate companies on their political disclosure and accountability policies and practices.

About the Center for Political Accountability

A non-profit organization, CPA has gained widespread respect for its expertise and advocacy and helped persuade 76 major public corporations, including half of the S&P 100, to adopt political disclosure. It has spearheaded since 2003 a nationwide investor initiative to bring transparency and accountability to corporate political

spending.

www.politicalaccountability.net

About The Conference Board
The Conference Board is a global, independent business membership and research association working in the public interest. Our mission is unique: To provide the world's leading organizations with the practical knowledge they need to improve their performance *and* better serve society. The Conference Board is a non-advocacy, not-for-profit entity holding 501 (c) (3) tax-exempt status in the United States.

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About The Conference Board Governance Center
The Conference Board Governance Center brings together distinguished groups of senior corporate executives from leading companies and institutional investors in non-adversarial settings. The Center's mission is to promote optimal corporate governance practices for public companies that enhance performance, public trust, and market confidence.

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