Center for Political Accountability Newsletter

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Latest Political Disclosure News

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CPA Hits Milestone as 85 Companies Adopt Political Disclosure and Accountability

Seven additional companies have moved to adopt disclosure and oversight of their political spending with corporate dollars, bringing to 85 the public companies that have embraced the corporate governance standard.

"We are gaining ground each month, and our reaching the 85 company mark represents an enormous milestone in the drive for political disclosure," said Bruce F. Freed, president of the Center for Political Accountability. CPA launched the campaign for corporate transparency and accountability almost eight years ago.

The latest companies adopting the framework in response to shareholder resolutions are Kodak (NYSE:EK); Pentair (NYSE:PNR); Massey Energy (NYSE:MEE); Wells Fargo (NYSE:WFC); Yum! Brands (NYSE:YUM); and Limited Brands (NYSE:LTD). Another company, Unum (NYSE:UNM), has adopted increased transparency and oversight as a result of its own internal deliberations and dialogue with the Center.

Founder's Column:

TIAA-CREF's New Political Disclosure Policy Should Be Model for Top Mutual Funds

by Bruce Freed, President, Center for Political Accountability

It has received scant attention. Yet it deserves applause and emulation.

TIAA-CREF, a major financial services organization with $453 billion in combined assets under management, has released a revised policy statement on corporate governance. The policy unequivocally endorses corporate political disclosure.

TIAA-CREF's policy statement is robust. It expresses general support for:

"[R]easonable

The companies agreed to disclose their direct corporate political contributions, their indirect political spending through trade associations and other groups, and to implement board oversight.

Unum currently discloses the details of its corporate-funded direct political contributions, but has taken a different approach to address the risks posed by its indirect spending. Its policy "requires that no portion of our dues paid to trade associations be used for political contributions." The company also does not contribute to 527 committees or 501(c)(4) groups. "It is very important to our company to be transparent and have robust disclosure of our political spending," Scott Maker, Chairman of Unum's PAC, Senior Vice President and Chief Government Affairs Officer told the Center.

Overall, 51 companies in the trend-setting S&P 100 - an index of the largest and most influential members of the corporate community - have pledged to adopt the Center for Political Accountability's framework for political disclosure and oversight. Wells Fargo is one of those S&P 100 companies.

Wells Fargo joins financial services companies Prudential Financial and Capital One among corporations that have agreed to disclose their political spending with corporate funds and require board oversight of the spending.

These companies provide a contrast in transparency with some other leading financial services companies, including Goldman Sachs and JPMorgan Chase. Goldman Sachs and JPMorgan Chase

shareholder resolutions seeking disclosure or reports relating to a company's political expenditures, including board oversight procedures, direct political expenditures, and contributions to third parties for the purpose of influencing election results."

Here is TIAA-CREF's reasoning:

"Without effective oversight, excessive or poorly managed corporate political spending may pose risks to shareholders, including the risk that corporate political spending may benefit political insiders at the expense [of] shareholder interests.

"Given increased public scrutiny of corporate political activities, we believe it is the responsibility of company boards to review and disclose the use of corporate assets to

recently sought unsuccessfully to exclude shareholder disclosure resolutions from proxy statements in the 2011 proxy season.

In informal proceedings, the U.S. Securities and Exchange Commission handed disclosure proponents a victory and did not go along with the companies' requests.

Adam Kanzer, Managing Director and General Counsel of Domini Social Investments, applauded the SEC stance.

"JPMorgan Chase and Goldman Sachs sought permission to omit our proposal from their proxies, arguing that neither the companies nor their shareholders could understand what is being requested," he said. "We thought they were standing on rather thin ice with these arguments, and we were gratified to see that the SEC refused to grant their requests. Both proposals will go to a vote."

The shareholder partners that worked to secure disclosure agreements from the companies were Green Century Funds, with Kodak; The Laborers International Union of North America, with Massey Energy; Kansas City and Miami Firefighters, with Wells Fargo; Trillium Asset Management, with Pentair; and the New York State Comptroller's Office, with Yum! Brands and Limited Brands.

Olayinka Fadahunsi, a spokesman for the New York State Common Retirement Fund, praised Yum! Brands and The Limited for doing "the right thing by clarifying their policies on political advocacy. [New York State] Comptroller DiNapoli's position has

influence the outcomes of elections.

"Companies involved in political activities should disclose information about contributions as well as the board and management oversight procedures designed to ensure that political expenditures are made in compliance with all laws and in the best interests of shareholders."

TIAA-CREF is to be congratulated. Its strong policy statement addresses CPA principles, including the risks posed to a company's reputation by political spending, the potential dangers from payments to third parties and the importance of board oversight.

In 2010, industry giants Vanguard and Fidelity stayed on the sidelines and abstained from voting on CPA model resolutions for political disclosure. TIAA-CREF's stance shows been that shareholders shouldn't be forced to foot the bill for undisclosed political advertising. We expect more companies to honestly re-examine their policies and give shareholders a fair say in political spending made in their name and with their money."

Pentair drew controversy for a $125,000 contribution last year to MN Forward, a group that supported a Minnesota gubernatorial candidate who had opposed gay marriage. Trillium Asset Management filed at Pentair a shareholder proposal for political disclosure.

"We were greatly pleased with our discussions with Pentair," said Shelley Alpern, Vice President at Trillium Asset Management. "The company went from having no publicly documented policy to adopting one that hits all the necessary elements, including robust definitions, criteria for making political expenditures, governance and oversight, reporting and disclosure, and its approach to the indirect political spending of trade associations."

CPA In the News: NPR, HuffPost, BNA's Money in Politics

The Center for Political Accountability captured extensive media attention for its disclosure campaign in three media outlets reaching national audiences:

- Center President Bruce Freed wrote an op-ed published by the Huffington Post. The op-ed, entitled "How Companies Can Limit Political Spending Risks," spotlighted a handbook on

indisputably that on disclosure, Vanguard and Fidelity are lagging behind industry leaders.

TIAA-CREF stands for Teachers Insurance and Annuity Association - College Retirement Equities Fund. For companies like Vanguard and Fidelity that haven't caught up, TIAA-CREF's forward-thinking policy statement offers an outstanding model and an instructive lesson.

Looking Ahead: CPA to Speak to Corporate GCs, Participate in Transparency Program

Center President Bruce Freed will address the Council of Chief Legal Officers - convened by The Conference Board - on political disclosure and accountability during a conference April 6-7 in Boca Raton, Fla.

corporate political activity released by The Conference Board -- a leading business research organization -- and CPA. The handbook spells out emerging best practices.

"Political contributions can have serious consequences," Freed wrote. Citing the backlash faced by Target Corp. after a large political payment last year, he concluded, "Prepared with the right guidance and groundwork, [companies] can better protect themselves from embarrassment, or crisis."

- On National Public Radio's All Things Considered, a news report highlighted the Center's successful leadership of a shareholder campaign urging companies to increase the transparency and accountability of their political spending. "Now, proponents of transparency are winning disclosure battles one corporation at a time," NPR reported. Freed was interviewed for the nationally broadcast segment.

  The NPR report went into unusual detail. It listed all the corporations that have agreed voluntarily to disclosure. It pointed out one example of major corporate political spending that became public as a result of a company's disclosure agreement: Chevron paid $500,000 to the U.S. Chamber of Commerce last year. "It's the result of a quiet, eight-year campaign fought not in Washington but in boardrooms and shareholder meetings around the country," NPR said.

- CPA was featured in a BNA Money & Politics Report article entitled, "Corporate

In June, Freed will address the "Transparency 2011: Springboard to Action" conference in Montana, hosted by the National Institute on Money in State Politics. He will participate in a panel called "*Citizens United*, Corporate Governance and Transparency."

Contributions: Target Corp. Revises Contribution Policy But Questions Continue After 2010." Regarding Target's revised disclosure policy, Freed said, "The proof is in the pudding." He added, "We have to see what the company does going forward."

The BNA article also mentioned that investor groups had pressured Target to revise its policy. It quoted Shelley Alpern of Trillium Asset Management, who serves as secretary of the CPA board.