

## **The CPA-Wharton Zicklin Model Code of Conduct for Corporate Political Spending: An S&P 500 C-Suite Executive Explains Why Adopting the Code Benefits Companies, Their Executives and Boards**

As political spending poses an increasingly serious risk to companies, it's helpful to hear from corporate executives about how to deal with the risk. The comments from a recent conversation with an S&P 500 C-suite executive at a firm which is a significant political spender are instructive.

Here's what he said:

*On the toxic political atmosphere along with the heightened risks and pressures companies face today and how the model code helps:*

- “The risks companies face today are dynamic. Having a framework is helpful in making the difficult task of navigating these risks easier.
- “U.S. politics over the past decade have gone to a dark place, not just in tone but in opacity. Politicians have an interest in this. Laws don't encourage disclosure. This allows politicians to squeeze companies.
- “The Model code is a framework for transparency. It is of increasing importance to companies today because of social media. Social media raises the risks companies face from political spending and other activities significantly.

*On the rise of ESG and the focus on business ethics and sound management:*

- “Political spending is not just a legal issue; it's a moral and ethical issue.
- “The rise of ESG is a major factor in giving companies a reason to adopt the Model Code.
- “The Model Code expresses the commitment of a company to better manage its political spending in an artful way.

*How the Model Code easily fits into existing business practices:*

- “Companies like to do planning. Having the Model Code provides a framework for that planning and allows companies to plan better. It provides the ‘how to’ for managing political spending. This is especially important as political spending becomes a powder keg.”
- “The Model Code shouldn't be that hard for a company to adopt if it is committed to transparency.