

Harvard Law School Forum on Corporate Governance

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2021 CPA-Zicklin Index of Corporate Political Disclosure and Accountability

[2021 CPA-Zicklin Index of Corporate Political Disclosure and Accountability \(harvard.edu\)](#)

Accountability, Disclosure, ESG, Lobbying, Political spending, Transparency

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In a two-year period marked by political polarization, civil unrest, and the January 6, 2021 attack on the U.S. Capitol, more U.S. companies have adapted by expanding board oversight of potentially controversial political spending. This increased engagement by boards of publicly held companies was revealed in the [2021 CPA-Wharton Zicklin Index of Corporate Political Disclosure and Accountability](#), a nonpartisan benchmarking of S&P 500 companies released November 29.

The heightened board and committee involvement came as the annual Index also showed continuing increases for other measures of corporate political spending sunlight and accountability over recent years.

Issued annually since 2011 by the Center for Political Accountability and the Carol and Lawrence Zicklin Center for Business Ethics Research at The Wharton School of the University of Pennsylvania, the Index started with the S&P 100 before expanding to cover the S&P 500 in 2015.

In a statement on the Index, Wharton Professor and Zicklin Center Director William S. Laufer said, “With the looming possibility of a Securities and Exchange Commission rulemaking over corporate political disclosure, corporations can cross the threshold of accountability before being required to do so as a matter of law. And embracing accountability should not only be a matter of legal risk mitigation and even code compliance. Ultimately, corporate political accountability is a reflection of a firm’s integrity, culture, and

leadership. This, I believe, explains the significant progress made by S&P 500 companies on the 2021 Index.”

Here are major findings from the 2021 Index:

More Board and Committee Involvement: 295 companies have policies for general board oversight of political spending, up 13.9 percent from 259 companies in 2020. Board committee review of direct political contributions and expenditures rose to 255 companies from 227 in 2020, an increase of 12.3 percent; board committee review of payments to trade associations and other tax-exempt groups, spending types known as “dark money,” rose to 228 from 199 in 2020, an increase of 14.6 percent.

Average Company Scores Rise: The average Index score for political disclosure and accountability rose to 54.1 percent this year (from 50.1 percent a year ago).

Top-Scoring, Trendsetter Companies (with scores of 90 percent or higher), rose to 87 from 79 last year. Among 15 new Trendsetter companies are Cigna, Comcast, Ford Motor Co. (the first automaker to achieve this status), FirstEnergy Corp., Hiton Worldwide Holdings Inc., Marriott International Inc., PayPal Holdings Inc. and Yum! Brands.

First-Tier Companies Up: 171 companies are in the top Index tier (scoring from 80 percent to 100 percent), up from 156 last year. For the first time, there are more first-tier companies than bottom-tier dwellers (getting scores in the lowest 20 percent). The latter number is now 128.

Aligning Company Values, Action: Intel made itself a model for others by detailing a **policy** for avoiding conflict between its core values and its political donations. In the aftermath of the January 6th events, Intel pledged, “*In cases of significant misalignment across our multiple key public policy issues, we take action to realign future funding decisions.*” Intel also stated in its political spending policy that it would not contribute to members of Congress who refused to certify the 2020 presidential election.

Increased Disclosure: The number of companies that disclosed some or all of their political spending was 293, increased from 260 in 2020. This is significant in light of possible Securities and Exchange Commission adoption of a rule requiring public companies to disclose their election-related spending with corporate funds. The rule would standardize what 59 percent of the S&P 500 are doing.

The 2021 Index was published at a time that companies have come “**Under a Microscope**,” according to a report in March 2021 by The Conference Board, the nation’s preeminent business research organization. “Political activity can pose increasingly significant risks for companies, including the perception that political contributions—and other forms of activity—are at odds with core company values,” TCB warned.

And the trends identified in the 2021 Index take on heightened relevance because fundraising for the 2022 midterm congressional elections already has eclipsed prior records, and many companies that paused their political spending to reassess it after January 6th have resumed giving.

Companies are also facing scrutiny over political spending that ultimately supported passage of such extreme state laws as vote suppression and an abortion ban in Texas. These patterns of company spending are examined in CPA's "[Corporate Enablers](#)" and "[Conflicted Consequences](#)" reports released in July 2021.

The 2021 Index marks the start of the second decade for the Index, which has become a standard resource and reference for companies, investors, activists, academics and journalists. The Index findings open the door for boards of directors to consider adopting the [Model Code of Conduct for Corporate Political Spending](#).

The Model Code offers a framework for responsible political spending at a time of seismic change. The experience of FirstEnergy in Ohio, working to recover from a dark money and public corruption scandal, shows how easily corporate political payments can blow up.

Here are companies at the top of the Index, earning Trendsetter status:

AT&T (100.0 percent); Becton, Dickinson and Co. (100.0 percent); Consolidated Edison Inc. (100.0 percent); Edwards Lifesciences Corp. (100.0 percent); HP Inc. (100.0 percent); Visa Inc. (100.0 percent); Ameren Corp. (97.1 percent); American International Group Inc. (97.1 percent); Capital One Financial Corp. (97.1 percent); Conagra Brands Inc. (97.1 percent); Edison International (97.1 percent); Estée Lauder Companies Inc. (97.1 percent); General Electric Co. (97.1 percent); International Paper Co. (97.1 percent); JPMorgan Chase & Co. (97.1 percent); McKesson Corp. (97.1 percent); United Parcel Service Inc. (97.1 percent); WestRock Co. (97.1 percent); Alphabet Inc. (95.7 percent); Honeywell International Inc. (95.7 percent); Host Hotels & Resorts Inc. (95.7 percent); Phillips 66 (95.7 percent); Sempra Energy (95.7 percent); Activision Blizzard Inc. (94.3 percent); Altria Group Inc. (94.3 percent); Cisco Systems Inc. (94.3 percent); Comcast Corp. (94.3 percent); CVS Health Corp. (94.3 percent); Dominion Energy Inc. (94.3 percent); Gilead Sciences Inc. (94.3 percent); Hartford Financial Services Group Inc. (94.3 percent); Intel Corp. (94.3 percent); Kellogg Co. (94.3 percent); Mastercard Inc. (94.3 percent); Microsoft Corp. (94.3 percent); State Street Corp. (94.3 percent); Union Pacific Corp. (94.3 percent); Aflac Incorporated (92.9 percent); Biogen Inc. (92.9 percent); Clorox Co. (92.9 percent); Coca-Cola Co. (92.9 percent); Corteva, Inc. (92.9 percent); CSX Corp. (92.9 percent); Exelon Corp. (92.9 percent); Fortive Corp. (92.9 percent); General Mills Inc. (92.9 percent); Intuit Inc. (92.9 percent); KeyCorp (92.9 percent); Norfolk Southern Corp. (92.9 percent); U.S. Bancorp (92.9 percent); Unum Group (92.9 percent); AmerisourceBergen Corp. (91.4 percent); Boeing Co. (91.4 percent); Bristol-Myers Squibb Co. (91.4 percent); Darden Restaurants Inc. (91.4 percent); FirstEnergy Corp. (91.4 percent); Ford Motor Co. (91.4 percent); Marriott International Inc. (91.4 percent); Mondelez International Inc. (91.4 percent); PPL Corp. (91.4 percent); UnitedHealth Group Inc. (91.4 percent); The Williams Companies Inc. (91.4 percent); AbbVie Inc. (90.0 percent); American Express Co. (90.0 percent); APA Corporation (90.0 percent); Archer Daniels Midland Co. (90.0 percent); Bank of America Corp. (90.0 percent); Cigna Corp. (90.0 percent); Cognizant Technology Solutions Corp. (90.0 percent); ConocoPhillips (90.0 percent); Electronic Arts Inc. (90.0 percent); Entergy Corp. (90.0 percent); Evergy (90.0 percent); Hilton Worldwide Holdings Inc. (90.0 percent); Humana Inc. (90.0 percent);

Johnson & Johnson (90.0 percent); Lincoln National Corp. (90.0 percent); McDonald's Corp. (90.0 percent); Merck & Co. Inc. (90.0 percent); PayPal Holdings Inc. (90.0 percent); Prudential Financial Inc. (90.0 percent); Qualcomm Inc. (90.0 percent); Regeneron Pharmaceuticals Inc. (90.0 percent); Salesforce.com Inc. (90.0 percent); Walgreens Boots Alliance Inc. (90.0 percent); Wells Fargo & Co. (90.0 percent); and, Yum! Brands Inc. (90.0 percent).

Consistent bottom-tier companies are outliers: Among bottom-tier companies (with scores of zero to 20 percent), a number are large or well known and have consistently scored in the bottom tier since 2016. These include: Berkshire Hathaway Inc. (0.0 percent); Netflix Inc. (0.0 percent); Tyson Foods Inc. (8.6 percent); M&T Bank Corp. (0.0 percent); Hanes Brands Inc. (7.1 percent) and Dollar General (10 percent).