

Political Spending: Checklist for Reducing Corporate Risk

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Next week is Election Week. Maybe you have some important local items on your ballot this year, but in my neck of the woods, most people are already bracing themselves for the polarized U.S. Presidential election cycle that will soon be in full swing. That means that corporate “political spending” activities (which are broadly defined!) will continue to attract scrutiny. A [recent scandal](#) shows that misplaced contributions can create financial & reputational risks for companies.

In that vein, the Center for Political Accountability recently published this [10-page guide](#) to corporate political spending. The guide suggests solutions to 5 common challenges that arise from contributions to political candidates, trade associations, and other third-party groups. This [HLS blog](#) summarizes the key elements:

- Recognize the heightened risks that a company faces from contributions to third-party groups, specifically 501(c)(4) organizations engaged in political spending, trade associations, super PACs and 527 committees. The company needs to know where its money ultimately ends up, what causes and candidates it advances and what risks it is assuming.
- Understand that public companies can no longer publicly claim to support some aspects of a candidate’s platform while disavowing others. The challenge facing a company is that when it supports a candidate, all of the candidate’s actions and positions will be associated with the company.
- Align the company’s political spending with its core values, policies and positions.
- Avoid siloed decision-making. Political spending should fairly reflect the views and interests of the company’s various stakeholders. Companies benefit from active and dynamic engagement among public affairs, government relations and other internal actors responsible for promoting the company’s values, policies and positions and those making political spending decisions.
- Direct corporate contributions to politicians who refrain from punitively targeting companies for their policy decisions, personnel practices, public statements, or other values important to the company’s success and integrity.
- Protect the democratic institutions and rule of law that companies depend upon to operate, compete, and thrive.

I expect that this year's CPA-Zicklin Index, which rates companies annually on the transparency of their corporate political spending, will be published any day. Last year, the Index [expanded](#) to cover Russell 1000 companies.

Check out our "[Political Contributions](#)" [Practice Area](#) for more benchmarking & practical checklists. We also covered this topic at our recent "[Proxy Disclosure Conference](#)" – you can still get access to the video archives & transcripts by emailing sales@ccrcorp.com. The program is also eligible for on-demand CLE credit!

– **Liz Dunshee**

Posted by Liz Dunshee

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