CORPORATE POLITICAL SPENDING:

WHAT ARE THE REAL RISKS?

Thomas Nast - "Boss Tweed" - Harper's Weekly – November 25, 1871

PREPARED BY

CENTER FOR POLITICAL ACCOUNTABILITY

with the input of corporate directors and executives

WHY THIS REPORT?

In today's climate of heightened polarization, intensifying public scrutiny, and shifting political dynamics, companies that engage in political spending face significantly greater risks than in the past. To help companies navigate these growing risks, the Center for Political Accountability recently released Corporate Political Spending: What Are the Real Risks?, a report that lays out the escalating financial, legal, and reputational threats companies now face.

The reports examines both immediate risks and emerging risks. Companies that lack a strong framework to guide their political contributions risk triggering public backlash, boycotts, regulatory retaliation, corruption, and employee dissatisfaction.

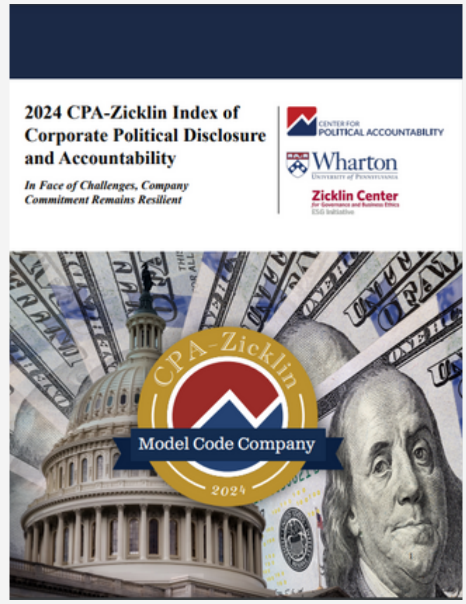
The report details high-profile cases — from Tesla's stock volatility to Disney's feud with Florida's governor and the fallout from FirstEnergy's billion-dollar bribery scandal — to show how poorly governed political spending can damage a company's bottom line and credibility.

This report lays out:

- **what the real and emergent risks are,**
- **why it is in a company's and its executives' interest to address them, and**
- **how taking action now will strengthen companies.**

The Center for Political Accountability is a nonpartisan organization. This report does not take a position on corporate political contributions beyond an examination of potential risks these contributions can pose to companies.

The Center for Political Accountability, which produced this report, is the subject matter expert in identifying the risks of, and managing company political spending, from the corporate and boardroom perspective. It has a long track record of working with companies on how to approach, govern and address the risks posed by political spending through the CPA-Zicklin Index for Political Disclosure and Accountability and the CPA-Zicklin Framework for Corporate Political Spending.



The report is divided into three parts: risk to the bottom line; risks from political pressure and retribution; and risks to corporate culture and a stable business environment. It concludes with policies companies can put in place and actions they can take to protect themselves narrowly and broadly.

theguardian
DeSantis's Corporate Donors Under Fire for 'hypocrisy' Over Black History Month

FORTUNE
The FirstEnergy Scandal Shows Everything That Could Go Wrong With Companies' Political Spending in 2024

REUTERS
Republican State Officials Threaten Legal Action Over Company Diversity Policies

ConsumerAffairs
Target, Walmart foot traffic drops amid DEI boycotts, Costco gains ground

The Washington Post
Corporations that back voting rights will find it's good for business, too

MARKETPLACE
Banks Are Weighing Environmental, Social Issues When Investing. Some States Punish Them for It

BOTTOM LINE REPERCUSSIONS

Companies have a duty to protect shareholders from a range of risks—especially those that threaten revenue and competitiveness in a global economy. As corporate political spending grows more complex, so do the financial and reputational risks it poses.

With consumers increasingly willing to shift their spending based on corporate values, companies must approach political giving responsibly. Misaligned contributions—supporting candidates whose views contradict company values—can result in significant bottom-line and brand harm.

Below is a selection of examples illustrating these risks and potential harms.

Reputational hits and consumer boycotts.

A recent report identified political donations as the leading factor driving consumers to stop supporting a company financially. The threat of boycotts has motivated prominent companies to adopt robust political disclosure and accountability policies. To protect the company's bottom line, executives at a large US food manufacturer did just that. They approached CPA out of concern that a controversial contribution could lead consumers to shift to a competitor's products. These executives put policies in place that made theirs a top company in the CPA-Zicklin Index of Corporate Political Disclosure and Accountability.

The risks from boycotts are significant. Target, which previously faced consumer backlash for donating $100,000 to a group supporting gubernatorial candidate Tom Emmer—an opponent of gay marriage—despite Target's public support for LGBTQ rights, is once again encountering significant financial risks from ongoing boycotts.

In response to pressure from the Trump administration, Target is among a group of US companies that have publicly rolled back their DEI commitments, prompting consumer boycotts from civil rights groups. Target recently saw a decline in foot traffic and stock value, while DEI-supporting Costco experienced an increase. The boycott is predicted to continue.

A recent LendingTree survey underscores the consumer backlash companies must contend with: among the more than 2,000 people surveyed, nearly a third reported boycotting a business, while about a quarter said they had intentionally supported a company that was the target of a boycott.

Consequences of misaligned spending.

In 2017, consumer backlash to North Carolina's HB2 bill—which restricted public facility access based to transgender people—led to nearly $4 billion in lost investment over the following years. Notably, some companies that publicly denounced the bill had previously contributed to national political groups that helped elect the lawmakers who passed it.

Similar criticisms arose when companies offering to support employees seeking abortion care continued to contribute to political groups that supported North Carolina legislators who enacted an abortion ban in North Carolina.

Loss of credibility.

Companies that fund political groups whose actions conflict with their public commitments can face significant reputational and financial risks. For example, several companies with climate commitments donated to the Republican Attorneys General Association, which backed California v. Bernhardt—a 2018 case opposing federal methane regulations. Even if intended to build relationships, such contributions can appear hypocritical, fueling public backlash and undermining credibility.

The costs of corruption.

In 2023, Florida State Senator Frank Artiles was convicted for running a "ghost candidate" scheme funded by a political group linked to lobbyists at Florida Power & Light (FP&L). After media exposure, FP&L CEO Eric Silagy resigned, and FP&L, along with its parent company, NextEra, were pulled into the scandal.

Similarly, FirstEnergy's recent rate hikes were overshadowed by ongoing media focus on its $1 billion bribery scandal. This was one of the largest cases of corporate political spending corruption. It led to the replacement of top executives and the board of directors and depressed the company's stock price.

Consumer backlash.

Elon Musk's high-profile political spending during the 2024 election cycle has created business risks for Tesla, Inc. by generating partisan scrutiny of the company. Donations to PACs and candidates — some of whom oppose environmental regulations or electric-vehicle incentives — have raised concerns about misalignment with Tesla's sustainability mission. This spending risks alienating customers and investors, eroding both brand loyalty and investor confidence. Such controversies contributed to a sharp drop in Tesla's share price and market value, with the stock declining further in June 2025 following a high-profile fallout between Musk and the second Trump administration.

Meanwhile, Disney experienced its own politically-tinged backlash: in September 2025, Disney+ and Hulu subscriptions spiked in cancellations after ABC briefly suspended Jimmy Kimmel Live! amid politicized commentary — a move that triggered consumer churn rates to double.

Taken together, these examples highlight how corporate political activity and alignment — or perceived mis-alignment — with stakeholder values can quickly translate into reputational and financial risk.

RISKS FROM POLITICAL PRESSURE & RETRIBUTION: NEW AND CONCERNING

Companies are looking at growing risks from political pressure and retribution at both the federal and state levels. In some cases, companies have faced retaliation from the same political leaders that they helped to elect via their direct and third-party political spending.

Recent events reflect a broader trend of using government authority to punish perceived opponents. This tactic is increasingly echoed by state-level leaders who have sought to penalize businesses over policy disagreements or public stances.

Below are some recent examples of companies suffering from the consequences of political pressure and retribution.

Retribution and legal consequences.

Donald Trump sued CBS News for $20 billion, claiming a "60 Minutes" interview with Kamala Harris was edited to unfairly boost her image before the 2024 election.

CBS denied wrongdoing, saying edits were standard. Meanwhile, the FCC — led by a Trump ally — has been investigating CBS for alleged news distortion, drawing criticism for potential First Amendment violations. In May 2025, three US senators warned executives at Paramount, CBS's parent company, that any settlement of the lawsuit involving a payout to President Trump could be perceived as a bribe and expose the company to shareholder litigation. Strong public reaction to the $16 million settlement Paramount reached with President Trump backs up the warning.

AT&T faced similar tension with the first Trump administration over its Time Warner merger, with Trump publicly opposing the deal, possibly due to CNN's critical coverage. Despite donating to both of Trump's inaugural funds, effectively funding its own intimidator, AT&T pursued the merger, leading to a high-profile antitrust lawsuit. The company won the case in 2018, but the situation exposed the risks of a company funding an administration that sought to block its business interests.

Political interference and federal contracts.

In 2019, Amazon accused President Trump of improperly influencing the Pentagon's decision to award a $10 billion cloud computing contract (JEDI) to Microsoft instead of Amazon Web Services.

The company argued that Trump's hostility toward Amazon CEO Jeff Bezos—who owns The Washington Post, a frequent target of Trump's criticism—led to political interference in the contracting process.

Disney and DeSantis.

In 2023, a dispute escalated between Florida Governor Ron DeSantis and The Walt Disney Company following Disney's public opposition to Florida's Parental Rights in Education Act, known as the "Don't Say Gay" law. In retaliation, DeSantis appointed a new board to oversee Disney World's governing district, effectively stripping the company of its self-governing privileges.

While Disney paused direct contributions to Florida state politicians, it has continued to give to national third-party political groups that spend heavily in Florida races, effectively funding the politicians that threatened the company and undermining the company's commitments to LGBTQ employees.

RISKS TO CORPORATE CULTURE & A STABLE BUSINESS ENVIRONMENT

Companies rely on the rule of law, predictability, and stability as essential foundations for successful and sustainable operations. When companies fail to consider the broader impacts of their political contributions, including a commitment to act ethically, they risk undermining the very environment required for them to operate, compete, and succeed.

As the examples below illustrate, such oversights can expose companies to significant organizational/internal, reputational, legal, and strategic risks.

While Foreign Corrupt Practices Act (FCPA) enforcement is paused, risks only grow.

Companies require a clear and consistent regulatory framework that applies uniformly across the board, with accountability measures in place for non-compliance.

The recent pause in FCPA enforcement creates uncertainty and risk for companies. While it may ease compliance temporarily, it raises concerns about future policy shifts and possible retroactive actions. This unpredictability complicates operations and weakens the consistency of the legal framework businesses rely on for managing global risk.

Corporations unknowingly funded Jan. 6, 2021 rally.

On January 6, 2021, the Republican Attorneys General Association, via its affiliate, the Rule of Law Defense Fund, helped promote the rally that preceded the Capitol insurrection, including sending robocalls urging attendance. Major donors to RAGA and the RLDF during this time included Anthem, $336,025; Altria, $334,154; Comcast, $315,000; Walmart, $270,100; AT&T, $250,000; CVS, $213,407; Home Depot, $205,579; and Pfizer, $161,050.

This involvement exposed corporate donors to reputational and stakeholder trust risks. It also intensified scrutiny of political spending and alignment with democratic values.

Criminalizing profitable diversity practices.

Recent federal and state actions against corporate diversity policies threaten inclusive cultures that fuel innovation and profit. Diverse teams improve decisions and performance—companies with diverse leadership see 19% more innovation revenue and are 36% more profitable. Diversity is therefore both ethical and strategic.

However, many companies continue to make substantial contributions to politicians and political groups that support efforts to criminalize or roll back diversity-policies. This creates both financial and reputational risk for companies and can damage their relationships with key stakeholders.

Furthermore, the rising regulatory landscape illustrates the threat: Donald Trump's administration has signaled that DEI-programs may face investigations and contract loss. In that environment, corporate political activities that appear misaligned with internal inclusion values expose firms to heightened scrutiny and stakeholder backlash.

Controversy and recruitment.

Concerned that misaligned political spending could hinder recruitment of recent science graduates, a senior executive told CPA the company adopted stronger disclosure, accountability, and oversight to ensure alignment with its values and goals. This aligns with broader trends, as recent studies indicate that many workers prefer employers whose values reflect their own.

A CALL FOR TRANSFORMATIVE CHANGE

Real Risks provides a road map for action. It calls on companies to adopt governance and risk management practices grounded in ethical principles, risk mitigation, and long-term value. It urges corporate leaders to look seriously at committing to follow the CPA-Zicklin Framework for Corporate Political Spending and proactively and broadly assess the impacts of their political engagement - a vital component of due diligence and a reflection of their stake in maintaining an ethically grounded and healthy business environment.

The report equips corporate executives and directors to navigate the increasingly turbulent intersection of business and politics. It offers a clear warning about the emerging risks of corporate political spending — and an opportunity to lead with integrity and a pragmatic ethical compass.

Review corporate political spending practices.

Thoroughly assess all impacts of political spending.

Review alignment of company priorities and spending impacts.

Select References

Jeanne Hanna, Bruce F. Freed, Karl J. Sandstrom and William S. Laufer, "Public Failure, Private Ordering, University of Pennsylvania Journal of Business Law (in press)

Jeanne Hanna, Bruce F. Freed and Karl J. Sandstrom, "Looking Behind the Curtain: Corporate due diligence of political spending essential to protect companies from growing risks," Harvard Law School Forum on Corporate Governance (April 23, 2023)

Bruce F. Freed, William S. Laufer and Karl J. Sandstrom, "Targeting Private Sector," in Corporate Political Responsibility, edited by Thomas P. Lyon (Cambridge University Press, 2023)

Bruce F. Freed, William S. Laufer and Karl J. Sandstrom, "New Survey Reveals Strong Shareholder Support for Companies to Follow a Code of Conduct for Political Spending," Columbia Law School Blue Sky Blog (Sept.15, 2024)

For further references and materials used in this report, visit **politicalaccountability.net.**

Bruce Freed is President of the Center for Political Accountability. Jeanne Hanna is the Center's Vice President for Research.

To work with CPA please contact:

301-233-3621 ■ bffreed@politicalaccountability.net

CENTER FOR POLITICAL ACCOUNTABILITY