

## Center for Political Accountability Statement on the CPA-Zicklin Index, What It Benchmarks and Its Purpose

The Center for Political Accountability is issuing the following statement to clarify the purpose of the CPA-Zicklin Index. This is in response to companies citing their Index scores as arguments in opposition to shareholder resolutions calling for lobbying disclosure or company reports on the alignment of their political spending with core values and positions.

Companies are discouraged from making accountability and responsibility claims that, in any way, are incomplete, exaggerate accomplishments, or otherwise lack integrity.

### **Purpose of the Index**

The index was created by the Center for Political Accountability and the Zicklin Center for Business Ethics Research at The Wharton School of The University of Pennsylvania to measure how transparently companies report and oversee their election-related spending.

### **What the Index covers**

It is compiled annually and covers companies in the S&P 500 Index. It measures the extent that a company discloses and management oversees election-related spending using shareholder or corporate money.

Specifically, it looks at:

- Disclosure of direct and indirect election-related spending by the companies in six areas:
  1. contributions to political candidates, parties and committees;
  2. contributions to the full range of political organizations, from SuperPACs to multiple candidate committees such as governors' associations, state legislative campaign committees and attorneys general associations;
  3. independent political expenditures made in direct support of or opposition to a candidate for public office;
  4. payments to trade associations that the recipient organization may use for political purposes;
  5. payments to advocacy organizations, such as 501(c)(4)s, that the recipient may use for political purposes; and,
  6. payments made to influence the outcome of ballot measures.
- Internal decision-making policies related to the spending, and;
- Board and committee oversight of the companies' political spending.

Each company receives a score based on thorough review of company policies and practices in 24 areas. Companies that receive a score of 90 or above indicating robust disclosure and oversight are identified as "Trendsetters."

### **What the Index does not cover**

The Index does not make a value judgment on a company's political spending or alignment with its publicly stated values and does not cover company lobbying spending or activities.