



Corporate Political Spending and Accountability

Statement of Principles

Corporations have the responsibility to use corporate resources to build shareholder value. Corporate political activism unrelated to core business objectives poses unique risks to shareholder value. To guard against those risks, corporate political activity should be transparent to shareholders and the line of accountability clearly drawn.

To achieve these ends, companies should adopt the following principles in their use of corporate resources for political purposes:

- The purpose of political spending by a company should be to protect and enhance shareholder value.
- A company's political spending should reflect the firm's interests and not those of its officers or directors.
- Companies should disclose their expenditures on political activities to shareholders.
- A company's board of directors should assume responsibility and be accountable for overseeing the company's spending on political activity.
- Management should conduct due diligence on a company's political spending to assure that management and directors know the purpose and ultimate destination of the company's expenditures.
- Political spending by a company should be consistent with established corporate policies and practices.
- Normally, a company's expenditures for political activities should be made directly and not through conduit or intermediary organizations. When this practice is not followed, the board should recognize a special need to monitor the use of corporate funds and identify the ultimate recipients and purposes of the expenditure to assure consistency with the company's own goals and interests.
- Long-term interests, not expediency, should guide a company's political spending decisions.