PRESS RELEASE
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Trump Years Show Boom for Company Adoption of Political Disclosure and Accountability, According to 2020 CPA-Zicklin Index

CPA, Wharton School's Zicklin Center Release New Model Code of Conduct to Guide Companies in Their Political Spending

WASHINGTON –More large, publicly held U.S. companies than ever before have adopted sound transparency and oversight practices for their political spending. It is part of a trend that has strengthened between the 2016 presidential election and next month's, according to a scorecard released today.

Also issued was a 2020 Model Code of Conduct suggesting political spending safeguards for companies adapting to a vastly changing political, business and legal climate.

Both the annual CPA-Zicklin Index and the 2020 Model Code of Conduct for Corporate Political Spending were released by the Center for Political Accountability and The Wharton School's Zicklin Center for Business Ethics Research.

The Index rates S&P 500 companies for their political disclosure and accountability and includes these major findings:

--The number of most transparent companies, labeled Trendsetters for scores of 90 percent or higher, has more than doubled to 79 this year from 35 in 2016. Five companies scored 100 percent.

--Companies adopting board oversight and a more detailed board committee review of political spending have increased 46 percent in the four-year period.

--Companies getting scores in the first tier (80 percent to 100 percent) totaled 156 this year, up two-thirds from 94 companies in 2016.

--For those companies that have stayed constant in the S&P 500 over recent years, there is steady improvement over time; their average score has risen from 46 percent in 2016 to 57.0 percent now -- an increase of nearly 25 percent.

The "Trump years (2016-2020) have proven to be a boom time for corporate political disclosure and accountability," the report's authors write in its executive summary.

And publication of the annual Index opens the door to this progress, writes Professor Rebecca Henderson of Harvard Business School in a foreword. Henderson said the annual scorecard "potentially catalyzes a race to the top, driving increased disclosure and accountability across the entire universe of publicly traded firms."

In response to the Index's findings, CPA President Bruce Freed said, "In today's hyperpolarized political environment, companies face serious risks from what their political spending associates them with. Our Index shows real progress in companies acting to manage this heightened risk."

The new Model Code, Freed added, "offers best practices for responsible political spending at a time of seismic change. What's more, the recent public corruption scandal involving FirstEnergy in Ohio illustrates how easily corporate political payments can backfire and harm a company's good reputation and shareholder value."

"Corporate political disclosure, codes, and compliance practices are the new benchmarks for organizational integrity," said William S. Laufer, Julian Aresty Endowed Professor at The Wharton School at the University of Pennsylvania and Director of The Carol and Lawrence Zicklin Center for Business Ethics Research.

"These benchmarks now have well established standards in the long-standing CPA-Zicklin Index, offered this year with the guidance of a Model Code," he added. "Leadership in some of the largest and most powerful companies in the world are increasingly embracing disclosure practices that reflect a new level of transparency."

The original Model Code of Conduct was issued in 2007. It is updated now following a roundtable at The Wharton School to take into account the Supreme Court's *Citizens United* decision in 2010, an explosion of secretive "dark money" spending, the rapid growth of ESG investment and the increased acceptance of corporate political disclosure. It provides a framework, including risk management and ethical behavior, to guide companies in their political spending and assessment of its impact.

"Whether a company is directly contributing to or spending in elections or indirectly participating through payments to political or advocacy organizations, a code commits senior management and directors to responsible participation in our nation's politics," states a new Preamble to the Model Code.

Michael E. Porter, a Harvard Business School professor and director of the school's Institute for Strategy and Competitiveness, said, "I urge businesses to adhere to the principles outlined in the Model Code and to support healthy political competition that will improve the overall business environment and advance the public interest." (*Read his entire statement here*.)

The Model Code will be sent to all S&P 500 companies. It was updated with input from public companies and directors, socially responsible investors and academics.

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

Receiving a first-place rating of 100 percent for 2020 are Becton, Dickinson and Co.; Edwards Lifesciences Corp.; Honeywell International Inc.; HP Inc.; And Northrop Grumman Corp. The other Trendsetters are Ameren Corp.; American International Group Inc.; AT&T; Capital One Financial Corp.; Edison International; Electronic Arts Inc.; Estée Lauder Companies Inc.; General Electric Co.; International Paper Co.; JPMorgan Chase & Co.; McKesson Corp.; Noble Energy Inc.; State Street Corp.; Alphabet Inc.; Cognizant Technology Solutions Corp.; Host Hotels & Resorts Inc.; Phillips 66; Sempra Energy; Unum Group; Altria Group Inc.; Cisco Systems Inc.; ConAgra Foods Inc.; Consolidated Edison Inc.; Exelon Corp.; Gilead Sciences Inc.; Intel Corp.; Kellogg Co.; Mastercard Inc.; U.S. Bancorp; Union Pacific Corp.; Visa Inc.; AFLAC Inc.; Coca-Cola Co.; Corteva, Inc.; CVS Health Corp.; General Mills Inc.; Intuit Inc.; KeyCorp; Microsoft Corp.; Norfolk Southern Corp.; United Parcel Service Inc.; Walgreens Boots Alliance Inc.; WestRock Co.; AmerisourceBergen Corp.; Bank of New York Mellon Corp.; Biogen Inc.; Boeing Co.; Bristol-Myers Squibb Co.; Dominion Energy Inc.; Hartford Financial Services Group Inc.; Mondelez International Inc.; Morgan Stanley; PPL Corp.; Regions Financial Corp.; UnitedHealth Group Inc.; Wells Fargo & Co.; AbbVie Inc.; American Express Co.; Apache Corp.; Bank of America Corp.; ConocoPhillips; CSX Corp.; Entergy Corp.; Humana Inc.; Johnson & Johnson; Kohls Corp.; McDonald's Corp.; Merck & Co. Inc.; Prudential Financial Inc.; Qualcomm Inc.; Regeneron Pharmaceuticals Inc.; Salesforce.com Inc.; Tiffany & Co.; Williams Companies Inc. (The).

Consistent bottom-tier companies are outliers:

There are 163 companies from the S&P 500 residing in the bottom tier (with scores of zero to 20 percent), down from 194 in 2016. A number of them are large or well known and have consistently scored in the bottom tier since 2016. These include: Berkshire Hathaway Inc. (0.0 percent); Nvidia Corp. (2.9 percent); Netflix Inc. (0.0 percent); Tyson Foods Inc. (8.6 percent); M&T Bank Corp. (0.0 percent); Hanes Brands Inc. (2.9 percent percent); and Molson Coors Brewing Co. (18.6 percent).