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Public Affairs  
Council

# Transparency in Your Political Programs

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# Today's Agenda

- Why transparency?
- Addressing pressure from the public, corporate shareholders, activists and more
- Going above and beyond reporting requirements for internal stakeholders — and why
- Creating transparent political involvement policies such as a political code of conduct for employees



# Let's Start With Some Questions...

Transparency in Your Political Programs



# Does the Public Want More Transparency?

(Yes)

- In 2013 Council study, 75% of Americans said information on PAC and individual contributions should be publicly available on the internet
- But only 31% realized this information was already available and 40% believed federal law didn't require disclosure
- However, public expectations have risen for transparency of business, government and other large institutions. As trust has decreased, demands for openness have increased.

Source: *Public Affairs Pulse Survey*, Public Affairs Council, 2013



# Do Shareholders Want More Transparency?

(Maybe)

- Shareholder proposals related to climate change and environment are most common form of E&S proposals
- Proposals related to lobbying and election spending are still most common form of social initiatives
- Vast majority come from union pension funds and social/religious investment funds
- Support has grown, but average approval score in proxy votes is 25-35%



# What's Everyone Else Saying?

(Yes and No)

- **Center for Political Accountability** says shareholders want more disclosure
- **Institutional Shareholder Services** recommends votes for proposals to disclose lobbying activities (including grassroots) as well as political and trade association contributions
- **Institute for Free Speech** and **U.S. Chamber** say these campaigns are partisan efforts to suppress corporate speech



# Votes on Proposals Related to Politics: 2017-2018

| <b>Social Proposal Related to Politics</b> | <b>2017 Submitted</b> | <b>2017 Voted On</b> | <b>2017 Majority Votes</b> | <b>2017 Average Support</b> |
|--|-----------------------|----------------------|----------------------------|-----------------------------|
| Election Spending                          | 33                    | 19                   | 0                          | 28%                         |
| Lobbying (Liberal)                         | 51                    | 39                   | 0                          | 26%                         |
| Lobbying (Conservative)                    | 11                    | 1                    | 0                          | 1.9%                        |

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|--|-----------------------|----------------------|----------------------------|-----------------------------|
| Election Spending                          | 27                    | 16                   | 0                          | 34.4%                       |
| Lobbying (Liberal)                         | 50                    | 26                   | 0                          | 26.2%                       |
| Lobbying (Conservative)                    | 2                     | 2                    | 0                          | 27.9%                       |

Source: *Surprises from the 2018 Proxy Season*, Shirley Westcott, Alliance Advisors, June 27, 2018



# What Do Activists Want?

- Disclosure of all political contributions
- Disclosure of trade association dues
- Disclosure of lobbying expenses, plans and priorities
- Disclosure of payments to legislative organizations and related groups
- Commitment to ban direct or indirect independent expenditures
- Companies to think twice about being involved in politics



# What Tactics Are They Using?

- Communication to senior management
- Ranking of companies: CPA-Zicklin Index
- Media outreach
- Alliances with shareholder (ISS) and business groups
- Alliances with socially responsible investment groups

# Questions to Ask Yourself

- What are we trying to accomplish?
- What do important stakeholders expect?
- What are my competitors doing?
- Can I be more open without giving away proprietary info?
- Will greater transparency spread misleading or inaccurate data?
- Do we want to sign on to codes and principles?
- Who manages this process?



# Transparency for Internal Stakeholders

Transparency in Your Political Programs



# Transparency Essentials

- Repurpose external disclosures
  - Produce an annual (or quarterly) political report
  - Share with senior leadership regularly
  - Be open about where donors (and eligible) can find more information
- \* A transparent program helps establish trust and furthers political education



# What to Report

- Total receipts and disbursements
- Candidates supported
- Corporate contributions / state level activity
- Partisan split
- Election cycle success rates
- Average receipt amount
- PAC participation across department, sector, facilities, etc.
- Governance
- Disbursement criteria
- Charitable giving
- Member / donor engagement



# What to Report

| CALIFORNIA       |                          |   |       |            |
|------------------|--------------------------|---|-------|------------|
| <b>US SENATE</b> |                          |   |       |            |
|                  | Sen. Dianne Feinstein    | Ⓢ | D     | \$2,500.00 |
| <b>US HOUSE</b>  |                          |   |       |            |
|                  | Rep. Peter Ray Aguilar   |   | D 031 | \$2,000.00 |
|                  | Rep. Karen Ruth Bass     |   | D 037 | \$1,000.00 |
|                  | Rep. Amerish B. Bera     |   | D 007 | \$3,000.00 |
|                  | Rep. Salud O. Carbajal   |   | D 024 | \$2,000.00 |
|                  | Rep. Tony Cardenas       |   | D 029 | \$3,000.00 |
|                  | Rep. J. Louis Correa     |   | D 046 | \$2,000.00 |
|                  | Rep. Jeffrey John Denham |   | R 010 | \$5,000.00 |
|                  | Rep. Anna G. Eshoo       | Ⓢ | D 018 | \$2,000.00 |
| Ⓢ                | Rep. Jimmy Gomez         |   | D 034 | \$2,000.00 |
|                  | Rep. Stephen Knight      |   | R 025 | \$1,000.00 |
|                  | Rep. Barbara Jean Lee    |   | D 013 | \$2,000.00 |
|                  | Rep. Doris O. Matsui     | Ⓢ | D 006 | \$1,000.00 |
|                  | Rep. Kevin Owen McCarthy |   | R 023 | \$5,000.00 |
|                  | Rep. Devin G. Nunes      |   | R 022 | \$1,000.00 |
|                  | Rep. Scott H. Peters     | Ⓢ | D 052 | \$5,000.00 |
|                  | Rep. Raul Ruiz           |   | D 036 | \$5,000.00 |
|                  | Rep. Linda T. Sanchez    | Ⓢ | D 038 | \$5,000.00 |
|                  | Rep. Mimi K. Walters     | Ⓢ | R 045 | \$5,000.00 |

Ⓢ  
Winner

Ⓢ  
Non-Partisan

Ⓢ  
Debt-Retirement

Ⓢ  
Facility

| State/Office        | Win | Full Name                     | Facility | Debt Retirement | Party | District | Corp | PAC        |
|---------------------|-----|-------------------------------|----------|-----------------|-------|----------|------|------------|
| <b>CONNECTICUT</b>  |     |                               |          |                 |       |          |      |            |
| <b>US HOUSE</b>     |     |                               |          |                 |       |          |      |            |
|                     |     | Rep. Elizabeth H. Esty        |          |                 | D     | 005      |      | \$2,000.00 |
|                     |     | Rep. James Andrew Himes       |          |                 | D     | 004      |      | \$1,000.00 |
|                     |     | Rep. John Barry Larson        | Ⓢ        |                 | D     | 001      |      | \$4,000.00 |
| <b>DELAWARE</b>     |     |                               |          |                 |       |          |      |            |
| <b>US SENATE</b>    |     |                               |          |                 |       |          |      |            |
|                     |     | Sen. Thomas Richard Carper    | Ⓢ        |                 | D     |          |      | \$1,500.00 |
|                     |     | Sen. Christopher Andrew Coons | Ⓢ        |                 | D     |          |      | \$2,500.00 |
| <b>US HOUSE</b>     |     |                               |          |                 |       |          |      |            |
|                     |     | Rep. Lisa Blunt Rochester     | Ⓢ        |                 | D     | 001      |      | \$1,000.00 |
| <b>STATE SENATE</b> |     |                               |          |                 |       |          |      |            |
|                     |     | Sen. Stephanie Hansen         |          |                 | D     | 010      |      | \$200.00   |
|                     |     | Sen. Margaret Rose Henry      |          |                 | D     | 002      |      | \$200.00   |
|                     |     | Sen. Gregory F. Lavelle       |          |                 | R     | 004      |      | \$300.00   |
|                     |     | Sen. Ernesto B. Lopez         |          |                 | R     | 006      |      | \$200.00   |
|                     |     | Sen. Bryan Townsend           |          |                 | D     | 011      |      | \$400.00   |
| <b>STATE HOUSE</b>  |     |                               |          |                 |       |          |      |            |
|                     |     | Rep. Paul S. Baumbach         |          |                 | D     | 023      |      | \$300.00   |
|                     |     | Rep. Andria L. Bennett        |          |                 | D     | 032      |      | \$300.00   |
|                     |     | Rep. David Bentz              |          |                 | D     | 018      |      | \$300.00   |



# What to Report

## DIVISION BOARDS & COUNCILS

### Orthopaedic PAC Criteria for Making Political Contributions

\*Last revised by the PAC Executive Committee December 19, 2014

#### Tier One

Tier one includes orthopaedists running for Congress and incumbent members of Congress on key health care related committees.

- Orthopaedic surgeons running for Congress
- House and Senate leadership
- Key Healthcare related committees:
  - House Ways and Means Committee
  - House Energy and Commerce Committee

#### Tier Two

Tier two includes other committees which may handle important healthcare issues.

- House Veterans Affairs Committee
- House Armed Services Committee
- House Judiciary Committee
- House Science and Technology Committee
- House Small Business Committee
- Senate Special Committee on Aging
- Senate Judiciary Committee

#### Tier Three

Tier three includes all other members of Congress and PAC requests.

- Special requests from the orthopaedic community/PAC contributors
- Leadership PACs
- Independent Expenditures
- Primary contributions

**CONGRATULATIONS**  
to the winners of our three awards in 2016:

**Small Business Council**  
First board to reach 100 percent participation in 2016.

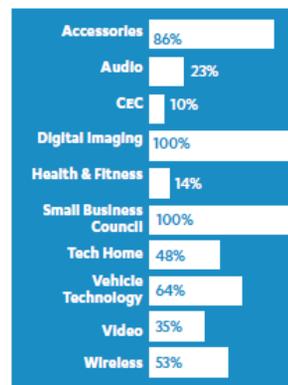
**Accessories**  
Board with the highest dollar amount contributed in 2016.

**Digital Imaging**  
First new board to reach 100 percent participation in 2016.

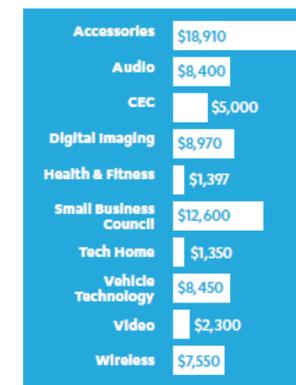
### DIVISION BOARD & COUNCIL CONTEST

Each year, the Division Board and Council CTAPAC contest measures the money raised and participation of each division board. The support provided by this contest has been a critical factor in CTAPAC's growth over the years and continues to introduce prospective donors to the important work of the PAC.

### 2016 PARTICIPATION



### 2016 CONTRIBUTIONS



Consumer  
Technology  
Association®



# What to Report

## Senate Totals:

|   |     |
|---|-----|
| Races:  | 22* |
| Open seats:                                   | 5   |
| Challengers:                                  | 5   |
| Democrats:                                    | 6   |
| Republicans:                                  | 20  |
| Primary Losses:                               | 3   |
| General Losses:                               | 2   |
| Total Losses in 2014 Cycle:                   | 5   |
| Losses in Races Rated Tossup (on November 4): | 1   |

## House Totals:

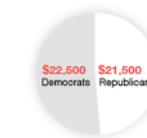
|   |     |
|---|-----|
| Races:  | 213 |
| Open seats:                                   | 22  |
| Challengers:                                  | 7   |
| Democrats:                                    | 80  |
| Republicans:                                  | 133 |
| Primary Losses:                               | 10  |
| General Losses:                               | 13  |
| Total Losses in 2014 Cycle:                   | 21  |
| Losses in Races Rated Tossup (on November 4): | 7   |

## Maximizing Your Donation with Results

House Funds Disbursed



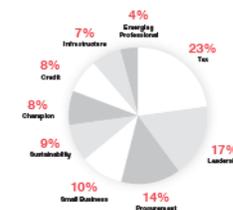
Senate Funds Disbursed



Candidates Supported by ArchiPAC



Issues ArchiPAC Supported



Average AIA member donation = Average donation to candidate

**\$174.75 = \$2,619.72**

### Disbursement Criteria

AmeriChem PAC evaluates candidates on a bipartisan basis, based on some or all of the following criteria:

- > Has an industry presence of ACC member companies in their state or district
- > Demonstrates constructive approach to chemical industry issues
- > Serves on the legislative leadership team
- > Member of key congressional committee
- > Potential for election success
- > History of AmeriChem PAC support
- > Other (e.g., constituent service and in-district activity)

#### Election Cycle Disbursements by Party

**70% REPUBLICANS**      **30% DEMOCRATS**

Every AmeriChem PAC contribution is reported to the Federal Election Commission (FEC), and those reports are made public on the FEC website.

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# Policies on Political Involvement

## Items to include:

- Political contributions / participation in the PAC
- Government contact requirements
- Lobbying requirements and disclosures
- Grassroots and employee advocacy requirements
- Civic engagement / running for office / political leave of absence



# Making the Case for Transparency

- Transparency is a recruitment tool, essential for building trust
- Misinformation about PACs is on the rise, explaining processes and procedures is one of the best tools to combat it
- Demonstrates value/measures impact of the political program to internal stakeholders
- There's nothing to hide, nothing "dirty" about your program
- Essential for attracting young professionals



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