POLITICAL GIVING AND PARTICIPATION IN THE FORMULATION OF PUBLIC POLICY

Because many national and local public policy decisions affect our businesses, the Company believes that active participation in the political life of the countries and communities in which we do business is in the best interests of the Company and its shareholders. As a result, we participate in policy debates on many issues to support the Company's positions, and, where permitted by law and deemed appropriate by management, we contribute to candidates for public office and related organizations. A wide array of issues is of interest to the Company. Examples include: protection of intellectual property; broadcast, cable and internet regulation; freedom of expression; free and fair trade; travel and tourism; privacy; and economic development including appropriate taxation.

Our political activity is carried out in compliance with applicable laws and reporting requirements.

We did not contribute corporate funds in 2017 to candidates for federal offices or organizations created to support candidates for federal office. Where permitted by applicable law, we contribute corporate funds to state and local political parties, candidates for state and local office, and organizations that promote or oppose such candidates or state and local ballot initiatives. We did not make independent expenditures with respect to candidates for state, local or federal offices or state or local ballot initiatives in 2017. Our contributions are made on the basis of our objectives and policy priorities and not on the basis of the partisan affiliation of the candidate or organization.

In pursuit of the goals described above, we made contributions directly or through our political action committee to candidates, political parties, and organizations that promote or oppose candidates or ballot initiatives in calendar 2017.

Information regarding the contributions we made in calendar 2017 (other than through our political action committee) is available in our 2017 Contributions Report.

We also participate in a variety of industry associations and similar organizations that devote a portion of their revenue, which may include contributions from the Company, to support candidates or organizations, though we have no direct control over how those expenditures are directed and may not concur with the position of the organization on any given candidate or issue. For any trade association or other entity organized under 26 U.S.C. Section 501(c)(4) or 501(c)(6) that received $50,000 or more from the Company during a calendar year 2014, we asked that organization to identify the portion of the Company's payments that were used for contributions to candidates as defined by 26 U.S.C. Section 162(e)(1)(B). In response to those inquiries, we were advised that $4,655 of the Company's payments to the Entertainment Software Association was used for contributions to candidates in 2017.
Our Company has formed a federal political action committee, which accepts voluntary contributions from employees and in turn makes contributions to candidates for federal offices. Contributions from the political action committee to candidates are split evenly between candidates for the two major parties, but otherwise are allocated on the basis of our objectives and policy priorities and not on the basis of the partisan affiliation of the candidate or organization.

Information regarding the contributions made by the political action committee in calendar 2017 is available in our 2017 PAC Contributions Report.

All political contributions by the Company and by the federal political action committee are approved by the Company’s Senior Vice President of Government Relations. Each year, the political contributions activity of the Company for the prior calendar year is reviewed by the Governance and Nominating Committee of the Board of Directors.

We will disclose future political contributions activity, including independent expenditures if they are made, in a similar manner for each calendar year and maintain an archive of prior year contributions on our web site.