

Public Consultation on the Review of the G20/OECD Principles of Corporate Governance

Submission by The Good Lobby, 20.10.2022

The Good Lobby is a nonprofit committed to advance more sustainable and ethical political systems. It has already designed, led, and contributed to a number of initiatives enhancing corporate political accountability, by working with both the business and nonprofit sector.

The Good Lobby welcomes the revision of the G20/OECD Principles of Corporate Governance and, in particular, the greater consideration given to sustainability matters and the management of environmental, social and governance (ESG) risks.

However, **The Good Lobby finds that the draft revisions fail to adequately address the issue of Corporate Political Activities** (hereinafter, CPAs) and its implications for responsible corporate governance¹.

The lack of scrutiny and transparency in corporate governance over CPAs significantly hampers the sustainable transition of companies, offering a fertile ground for short-sighted corporate behavior at the expense of the public interest (See, e.g. OECD and PRI, 2022; Alemanno, 2022; Alemanno, 2022bis).

Specifically, The Good Lobby proposes to review the following elements accordingly:

- ***The corporate governance framework should ensure that corporate political activities are carried out in a lawful, ethical, responsible, transparent and accountable manner, promoting private interests within social and planetary boundaries.***
- The corporate governance framework should ensure that timely and accurate **disclosure** (IV) is made on all corporate political activities - including the public disclosure of all corporate political contributions, direct and indirect lobbying activities, lobbying positions, issue advocacy advertising, financing and promotion of campaigns, think tanks, research centers, academic research, philanthropic initiatives, expert advice -, both by the

¹ Corporate political activities entail any attempt by firms to influence public policy, including direct and indirect lobbying, political contributions, etc. (Hillman and Hitt, 1999; Lawton et al, 2013; Hadani, 2016).

company itself and by intermediaries acting on its behalf via trade associations, coalitions, alliances or others.

- The **board** (V.C) should oversee the lobbying and political engagement strategies, also by auditing corporate political activities and their budget.
- Regarding **sustainability-related goals** or targets (VI.A.4) , the disclosure framework should ensure that *all corporate political activities - including political contributions and their recipients -* are disclosed to allow investors, employees and consumers to assess the credibility and progress toward meeting the announced goal or target.
- **Boards** (VI.C.1) should ensure that companies' lobbying and political activities are coherent with their purpose, stated policies, strategies, goals and any other public positions - including their **sustainability**-related commitments -, as well as with international human rights frameworks and international environmental conventions.

To sum up, for the Principles to remain the international standard of corporate governance, this review should do justice to the realities of corporate political influence. The Good Lobby hopes that the ideas herewith provide a blueprint for the OECD Corporate Governance Committee to do so.

About The Good Lobby

As a registered nonprofit, The Good Lobby enhances the advocacy capacity of civil society organizations while making corporate lobbying more transparent, ethical, and sustainable. Its ultimate goal is to equalize access to power for a more plural, inclusive and democratic society. To drive its impact, The Good Lobby works at the intersection of research, policy advice, advocacy campaigning, and capacity-building. It builds unconventional collaborations and alliances with, and among, CSOs, progressive companies, consultancies - including ESG rating providers - as well as philanthropic organizations. It has offices in Brussels (Belgium), Milan (Italy) and Paris (France).

The Good Lobby has provided research and policy advice to many organizations working on human rights, due diligence, and corporate accountability. It has collaborated with a variety of stakeholders, such as Danone, Preventable Surprises, B Lab Europe and the Erb Institute of the University of Michigan.