THE good LOBBY TRACKER

The Good Lobby Tracker Report

October 2023

Acknowledgements

The genesis of The Good Lobby Tracker dates back to 2020 when Professor Alberto Alemanno obtained a research grant by the HEC Foundation to spearhead this initiative. In this initial phase, he together with research assistants Michelle Nee and Davide Muraro identified and interviewed representatives from each of the initiatives examined by the Tracker. The Tracker then grew into a larger funded project thanks to the support from Porticus as part of its Purposeful Business portfolio in 2023, and will continue in 2024.

This report draws on the contributions of a wide range of colleagues across industry, academia, and civil society. The primary authors, Alberto Alemanno, Dieter Zinnbauer, and Hamish Stewart are grateful for the support and input from the Tracker Advisory Board members. All errors and omissions are the responsibility of the authors. The report also benefited from input from the standards providers in the Tracker to help to clarify the scope of their respective methodologies for assessing corporate political activities. The opportunity to present various working drafts of the research to audiences around the world helped to clarify the research, and the authors are grateful for all feedback received in this process, including the generous time and feedback received from Caroline Bryant and Corinna Galen from Porticus. The authors understand that the Tracker is a living piece of applied research and look forward to further comments and input to inform future editions of the Tracker. Last but not least, the authors acknowledge the financial support received from Porticus.

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Executive Summary

There is growing momentum worldwide to ensure businesses are more responsible for the ways they impact the planet, workers and the communities they rely upon. Investors in public and private companies are also demanding disclosure of additional information to inform their investment strategies. These efforts have spawned a new ecosystem and industry for measuring, tracking and comparing corporate conduct and corporate strategy on a wide variety of dimensions, commonly summarised under the themes of environmental, social and governance performance (ESG). Yet there is one area of impact that is rarely discussed or measured in a consistent manner: the "political footprint" of business.

This footprint includes all corporate political activities from corporate lobbying and political spending to other forms of corporate influence aimed at shaping public opinion and public policies in a way that advances a company's interests. While most ESG rating and data providers (e.g. Sustainalytics, S&P, Moody's, RepRisk, MSCI), sustainability reporting standards (e.g. GRI 415, CDP) and other voluntary standards (e.g. OECD/UN-PRI, WBA) encourage companies to share information beyond legally mandated disclosures, they fail to capture the full scope of corporate political activities. This creates a significant blind spot for investors, regulators and other users of corporate data.

The Good Lobby Tracker strives to fill this gap by offering the first systematic assessment of virtually all major corporate political responsibility reporting initiatives, from sustainability frameworks to ESG ratings, with the aim of enhancing their transparency, accountability and usefulness. It is designed to help business practitioners, investors, civil society advocates, policymakers, regulators and other stakeholders select the best methods and standards to use when assessing the corporate political footprint of companies. The Tracker's ultimate goal is to contribute to a system that makes the political conduct of all businesses more fully visible, better governed and more attuned to helping solve the critical problems of our time.

Following an assessment of all major corporate political responsibility initiatives, the Tracker assessment methodology identified over 30 best practices emerging in this space and organised them across 8 different categories. After scoring all existing initiatives against these emerging practices, the Tracker rates each initiative to shed light on the quality and quantity of corporate political activity data gathered and assessed by each of them.

A low average score across the different initiatives included in the Tracker reveals both their limited focus on political activities by asset owners, investment managers and rating agencies, and also how little sophistication exists around the reporting of corporate political activities. This appears due mainly to the following factors:

1. Unclear, overly narrow definitions of corporate political activities

Corporate political activities are not defined consistently across different initiatives that assess responsible business conduct, with only a few initiatives striving to capture subtler forms of influence such as indirect lobbying, via trade associations or other third-party actors including think tanks, philanthropies or academic stakeholders.

2. Poor recognition of corporate political activities

The majority of ESG and sustainability ratings agencies largely ignore the role of corporate political activities in shaping regulation and public policy, and on corporate financial performance. Thus, corporate political activities continue to be considered as ancillary issues, rather than as key variables in determining corporate impact on environmental, social and governance themes, and the financial success of companies in highly regulated industries, from investment banking to technology and medicine.

3. The third-party blindspot

Only a handful of the initiatives covered in the Tracker strive to capture the full scope of third-party influence to consider business association membership and the use of charities, foundations, Political Action Committees (PACs), and other arms-length political fundraising organisations. Virtually none of the assessed standards consider the presence of escalation mechanisms for companies to re-evaluate and terminate relationships with third party lobbying partners that may engage in misconduct or whose lobbying is misaligned with a company's stated principles.

4. Lack of recognition of positive lobbying

Out the 26 initiatives assessed in the Tracker, only one addresses proactive efforts by companies to embrace sustainable lobbying practices as inferred from adherence to self-imposed codes of conduct and positive impact goals - such as requiring a commitment to support democratic process, respect for planetary boundaries, and efforts to equalise access to political power.

5. Opaque methods and limited access to data

Despite acting as the arbiters of corporate political transparency, none of the initiatives examined in the Tracker appears as transparent and as accountable in their own internal governance. In particular, the proprietary nature of ESG data providers' underlying methodologies renders them particularly difficult to assess, giving rise to concerns over potential gaps in methodological rigour and the independence of the ratings and the firm-level assessments provided.

Against this backdrop, the Tracker offers the first **real-time navigator** offering practical insight and help **for all interested stakeholders in plotting the path towards corporate political responsibility** and sustainability across all policy areas, including for:

Investors. The Tracker helps investors and other capital providers to identify the most suitable rating providers to screen investee companies for responsible corporate political conduct and by facilitating their direct engagement with companies on these issues. Investors can also use the Tracker to engage with ESG data and ratings providers, by identifying their relative strengths, weaknesses and cross-rating inconsistencies. The Tracker shows how all ESG ratings and data providers can work to better capture companies' political footprint in their data collection.

Reporting companies. The Tracker provides companies with a consistent view on emerging 'best practices' on how they are expected to organise, exercise, and report on their political activities.

Industry & trade associations. The Tracker can be used by these groups as a simple benchmark for their own governance and conduct while exercising corporate political activities on behalf of their members.

Regulators & standard-setting bodies. The Tracker outputs demonstrate the wide variety of standards and methodologies developing in the corporate political activity reporting space, and should inspire more coherent and consistent responses to the same issues from regulators.

Policymakers. Policymakers can use the Tracker categories to more consistently and effectively monitor the transparency and governance of ESG rating methodologies and explore at sector and industry-specific level what positive corporate lobbying ought to look like in their jurisdiction.

Civil society organisations. Civil society organisations concerned with the negative impacts of corporate lobbying can use the Tracker as an accessible accountability framework they could apply to companies, their trade associations, and investors and encourage them to further develop sector-specific recommendations for positive lobbying.

The overall ambition is to equip pivotal actors in the system with the awareness, tools and incentives to fully recognize the important role of corporate political activities and build a system that makes the political conduct of business fully visible, better governed and more responsibly attuned to helping solve the critical problems of our time.

Introduction

There is growing momentum worldwide to ensure businesses in all industries are responsible for the ways they impact the planet, workers and the communities they rely upon. Yet there is one area of impact that is rarely discussed, the corporate "political footprint", which includes lobbying, political spending and other forms of influence aimed at shaping – and often undermining – public policy and regulations designed to benefit society and address social and economic challenges.

Many stakeholders now acknowledge that how a company behaves politically is as important as its operations - from greenhouse gas emissions to employment practices and tax planning. Demanding more transparency on corporate political activities and its internal governance is currently among the most popular ESG asks in shareholder meetings alongside climate change resolutions.[1] Shareholders expressing concern over corporate political activities are being joined by company insiders. With an average of 30% of all business profits across all industries depending on political and regulatory factors, employees and business strategists understand the enormous significance and impact of corporate political activities on the company's bottom line.[2] Beyond its well appreciated impact on profit margins, marketers also value corporate political activities as an increasingly important brand differentiator in politically charged environments and crowded markets.[3] Compliance and crisis management teams are alert to reputational and legal risks associated with poorly designed and executed corporate political activities. The preparatory work behind the Tracker confirms high levels of sensitivity and awareness of the importance of this area of corporate engagement, but an absence of shared language, definitions, and data to properly explain what is happening.

Corporate political activities are of material concern for companies, investors and wider stakeholders, including for society, and for the health of the planet.[4] In response to this, a growing universe of corporate political accountability standards and initiatives is emerging and evolving. Most of these initiatives, from ESG rating and data providers (e.g. Sustainalytics, S&P, Moody's, RepRisk, MSCI), sustainability reporting standards (e.g. GRI 415, CDP) to third-party standards on corporate political engagement (e.g. OECD/UN-PRI, WBA), encourage companies to share information beyond legally mandated disclosures, such as those generally imposed by lobbying regulations. These new standards and initiatives also require more granular information on corporate political spending, corporate governance aspects of who has oversight of influence campaigns, as well as details on the specific issues being lobbied on, and how much money is being spent on these campaigns. This appears particularly true for disclosure on corporate climate policy activity, where investors have led a push for greater scrutiny and transparency via CDP and other voluntary corporate reporting frameworks. But the push for enhanced disclosure also extends to a range of social issues from reporting on gender pay equity to child and forced labour. To maintain their licence to operate, companies are increasingly called upon by investors and wider society to internalise not only their environmental and social impact, but also the 'political footprint' they leave behind through a range of corporate political activities. **Ultimately, no company can declare itself sustainable unless it fully accounts for not only its environmental and social footprint, but also its political impact.** Hence the urgent need to bring some clarity and focus to how the current corporate sustainability and ESG rating methodologies and standards do or do not consider corporate political activity.

1. The Good Lobby Tracker

The Good Lobby Tracker is the first initiative aimed at comprehensively assessing the major corporate political responsibility reporting initiatives, from sustainability frameworks to ESG ratings and other voluntary, non-commercial initiatives such as the OECD frameworks, with the aim of enhancing their transparency, accountability and usefulness. It is designed to help business practitioners, investors, civil society advocates, policymakers, regulators and other stakeholders select the best methods and standards to use when assessing the corporate political footprint of companies. It serves as a navigational aid to understand and compare different tools, templates and data collection efforts, their relative strengths, weaknesses, and ambition levels when it comes to corporate political activities. The Tracker provides a consistent assessment of all these initiatives against an evolving set of essential and aspirational expectations for the disclosure of corporate political activities. The Tracker methodology builds upon and reflects the latest thinking by scholars and practitioners on what a clear, comprehensive actionable assessment and reporting of a company's political footprint should look like and what all companies should strive towards.

What the Tracker does not do

Unlike other initiatives, The Good Lobby Tracker is **not** assessing the corporate political engagement practices of **individual companies** but operates upstream in an attempt at **rating the raters** active in this space. It examines the methodologies, standards and data reporting and collection frameworks used by most market participants in the corporate sustainability ecosystem. The Tracker analyses the standards and reporting norms currently relied on to make sense of and factor corporate political conduct into their decision making.

Getting a comprehensive overview of the rating and analysis landscape is particularly important at this moment in time in response to urgent demands for higher-quality, comparable data from investors and regulators. Until rules for the mandatory disclosures of this information are properly implemented, data users will have to rely on and advocate for enhanced voluntary disclosure standards.[5] The Tracker can inform and support this work.

2. Standards and initiatives covered

As many stakeholders have come to realise that how a company behaves politically is as important as its operation - be it in terms of greenhouse emissions or social rights record,[6] reporting guidelines and frameworks are already evolving in response to widespread concern over the impact and lack of transparency on corporate political activities. A rapidly-expanding **corporate political accountability ecosystem** is emerging and taking shape. Most of these initiatives, including those analysed in the Tracker, encourage companies to share data on their political activities that extends well beyond legally mandated disclosures, such as those generally imposed by lobbying regulations through public registries. These voluntary standards expect companies to provide more granular reporting than publicly required frameworks on corporate political activities' spending, corporate governance aspects. They also expect companies to report details on the issues on which they lobby, and the assessed impact of lobbying efforts. However, the current reporting and accountability ecosystem for corporate political activity is highly fragmented and uncoordinated. In the sustainable finance and ESG space, since the rating agency methodologies are typically proprietary in nature, they remain difficult to compare with one another.

Moreover, most initiatives tend to focus on corporate political activities as they unfold over time either in specific policy areas (e.g. climate change), such as the Global Standard on Responsible Climate Lobbying,[7] or industries (e.g. nutrition), such as the Access to Nutrition Initiative's Spotlight on Lobbying.[8] In these circumstances, to fully grasp the impact of these efforts, a cross-cutting, comparative assessment of CPAs beyond sectoral initiatives is urgently needed. The GRI recently highlighted the need to work on a more consistent and complete voluntary standard on lobbying, influence and accountability.[9] Yet real progress will be required in order to address persistent shortcomings across existing standards and frameworks.

The Good Lobby Tracker scores three groups of standards for assessing and reporting on corporate political activities. Given the variety and diversity of initiatives and standards covering corporate political activities, the three groups can be seen along a continuum of more formal and established frameworks, covering ESG data and ratings providers to more aspirational voluntary frameworks and standards:

ESG DATA & RATINGS PROVIDERS	SUSTAINABILITY REPORTING STANDARDS	OTHER STANDARDS
Bloomberg ESG & Climate Indices	EFRAG ESRS G2 Business conduct	AccountAbility Lobbying Health Check
EcoVadis	GRI 415 Public Policy	B-Lab Impact Assessment Methodology
Fitch Solutions ESG Ratings Methodology	ISSB IFRS S1	CDP Climate Change Scoring Methodology
FTSE4Good	TCFD Recommendations	Erb Principles for Corporate Responsibility
ISS Quality Score		ICGN Guidance on Political Lobbying and Donations
Moody's		OECD Principles for Transparency and Integrity in Lobbying
MSCI ESG Ratings		The Positive Compass
Refinitiv ESG Scores		Responsible Lobbying Framework
RepRisk ESG Issues Definition		UN-PRI Investor Expectations on Corporate Climate Lobbying
S&P Global Corporate Sustainability Assessment		WEF Measuring Stakeholder Capitalism
Sustainalytics ESG Risk Rating Indicators		WBA Social Transformation Framework

DEFINITIONS TRACKER GROUP	MAIN ADDED VALUE
ESG ratings and other benchmarking tools that measure a company's exposure to environmental, social, and governance risks. While these risks may have financial implications, they are typically not covered by conventional financial reviews.	Providing **analytics and ratings**.
Sustainability reporting standards, including both voluntary and legally mandated standards and related indicators and reporting requirements.	Providing **standards and indicators.**
Other voluntary standards, providing guiding principles on corporate political activities.	Providing **guiding principles**.

After screening all existing initiatives in an attempt to identify best practices, the Tracker rates each initiative against an idealised corporate political responsibility standard.

What the Tracker covers

In establishing its assessment categories and indicators, the Tracker draws on:

- A host of **existing principles and guidance frameworks** for responsible lobbying and business conduct - some general (OECD, Erb Principles), others focussed on particular country (e.g. Zicklin Index), sector- (Influence Map) or user contexts (e.g. UNPRI);

- The **latest evidence on** how **corporate political conduct** is evolving, what new forms of engagement require attention for a full and fair 360-degree account of a company's political footprint; and

- **Comparative experience**, drawn for example from the anti-corruption field, on the required attributes in organisational governance and management systems to turn corporate commitments into effective implementation strategies.

The Tracker results in each of eight evaluation categories provide an indicator of what any rater, analyst or standard setter ought to cover in their assessments, if they wish to build a consistent and accurate assessment of a company's corporate political conduct and its potential impact on the company's financial bottom line and upon society.

Intended users

The Tracker offers practical insight and help for all interested stakeholders in plotting the path towards corporate political responsibility and sustainability across all policy areas, including for:

- **Investors and other capital providers**, by helping them identify the most suitable rating providers to screen investees for responsible corporate political conduct and by facilitating their direct engagement with companies on these issues.

- **ESG data and ratings providers,** by identifying their relative strengths, weaknesses and cross-rating inconsistencies and encouraging them to better capture the companies' political footprint in their data collection.

- **Individual companies**, by providing them with a set of emerging 'best practices' about how they are expected to organise and exercise their corporate political activities.

- **Trade associations**, by offering them a benchmark for their own governance and conduct while exercising corporate political activities on behalf of their members.

- **Standard-setting bodies,** by shedding light on the variety of standards and methodologies developing in the corporate political space, thus inspiring their future standard-making in this area.

- **Policymakers**, by enabling the monitoring of the transparency and governance of rating methodologies and explore at sector specific level what positive corporate lobbying ought to look like.

- **Civil society organisations** concerned with lobbying, by empowering them with an accountability framework they could apply to companies, their trade associations, and investors and encouraging them to further develop sector-specific recommendations for positive lobbying.

3. Methodology

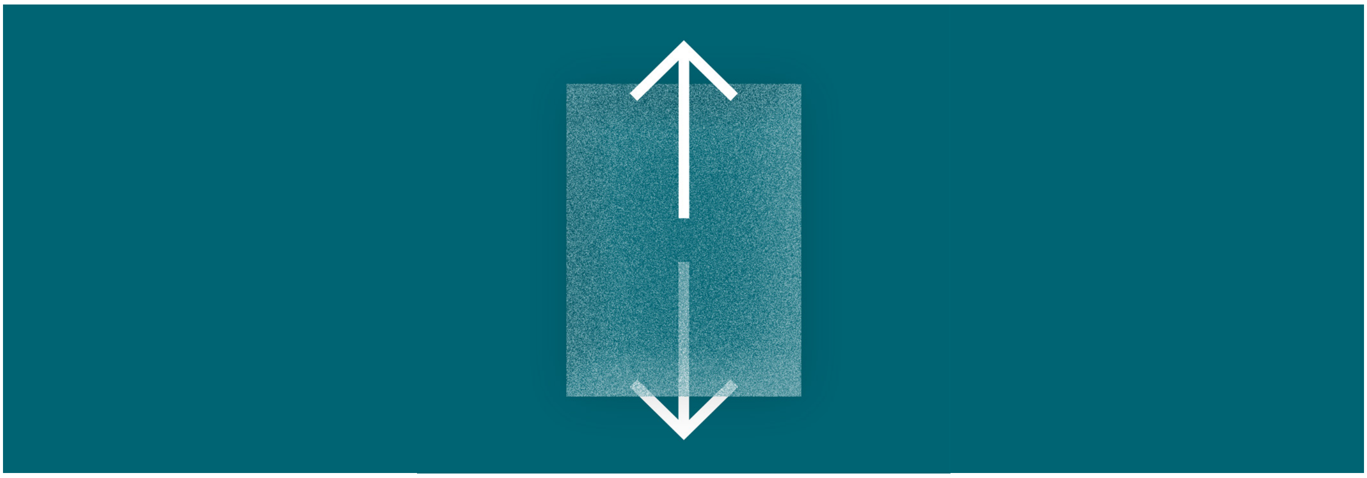
The Good Lobby Tracker has gained access to and reviewed the methodologies used by each standard or initiative in order to identify and collate emerging best practices in the corporate accountability space. The resulting check-list includes criteria developed by The Good Lobby that raise expectations for more consistent reporting on corporate political engagement and improve the quality of the policy process. Data on each standard, including requests for feedback from standards publishers, was gathered during the research period in the first half of 2023.

The analysis of existing corporate political responsibility initiatives, in particular those led by ESG ratings and data providers, is made challenging as a result of the fragmented and proprietary nature of the methodologies used.[10] To address this, The Good Lobby research team approached each provider and requested access to their methodologies for public research purposes, in order to be able to assess and score them. Prior to publication, The Good Lobby has offered each provider the possibility to assess the score received and complement missing information. Criteria used to assess each standard covers 30 questions clustered across 8 categories, each with their own relative weight. Initiatives may receive a maximum score of 200 points.[11] In order to better understand the performance of each individual initiative and standard against the 8 assessment categories, the underlying data is used to produce a standalone Tracker Scorecard for each initiative.

Details of the questions and scoring categories can be accessed in the Tracker Methodology document here.

4. Tracker assessment categories

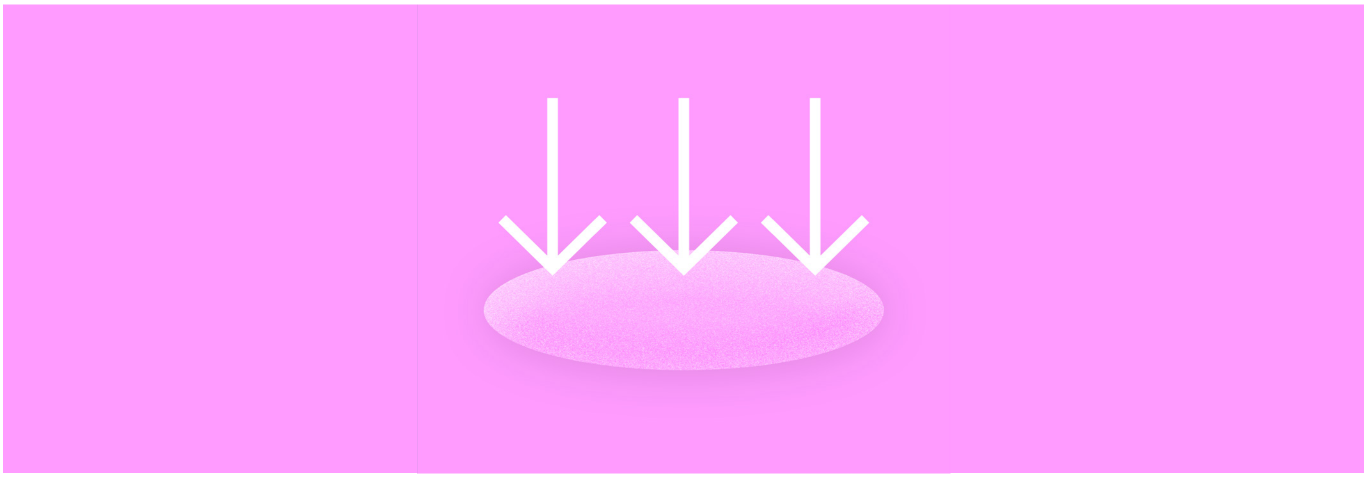
The 8 colour-coded Tracker assessment categories, labelled from A to H, cover disclosure requirements alongside additional, conduct-related information:



A General disclosure on Corporate Political Activities

This category assesses whether a given initiative requires disclosure of one or more corporate political activities. Corporate political activities cover all corporate attempts to shape government policy in ways favourable to the firm.[12] Judging how responsibly a company behaves requires judging its political conduct. Yet shining a light on a business' approach to government relations is not only essential from a corporate sustainability perspective. It also matters greatly for democracy and social cohesion in times of eroding trust in political institutions. Across Europe and in many other parts of the world on average more than half citizens suspect that business and government elites collude and run the country for their special benefit. More transparency on how business as the most influential, best organised and best resourced group of interests behaves politically is thus an important first step to break through such sentiments and restore trust.

CATEGORY INDICATOR(S)	TRACKER SCORING WEIGHT
Disclosure of corporate political activities	5%

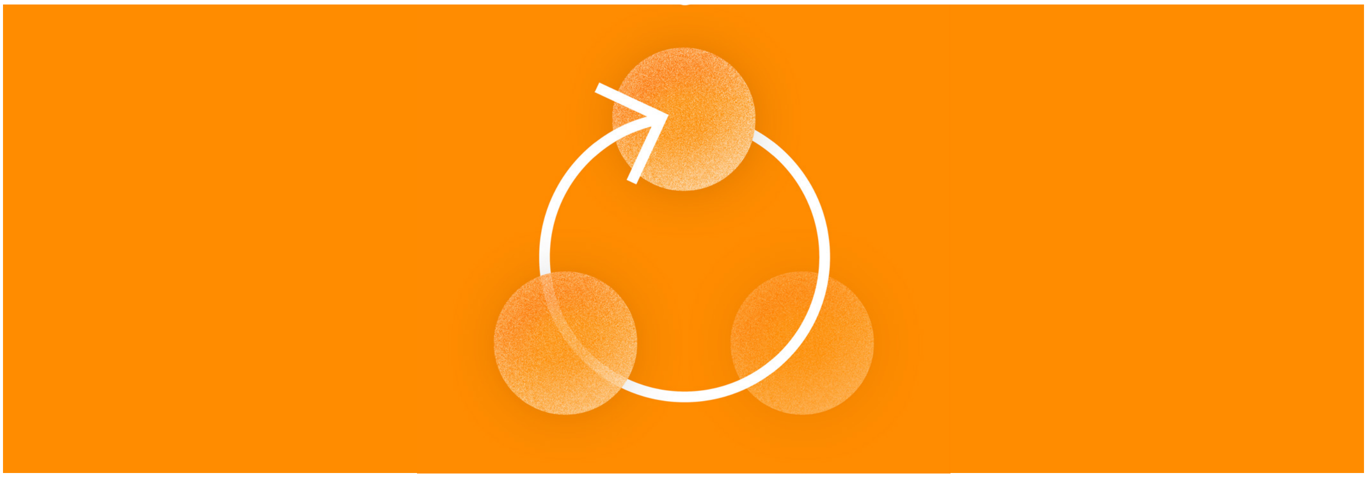


B Political contributions

This category considers whether various forms of political donations and other forms of direct financial and in-kind contributions must be reported on, and the oversight of this spending. Banned in some countries, but an essential component of financing political competition in many others, corporate financial or in-kind contributions to political parties, candidates and campaigns can raise significant challenges with regard to protecting the integrity and independence of policymakers, the political process, but also of business. The US political finance system highlights these issues, where corporate donations are impactful and rising sharply in the context of ever more expensive political contests. They have been found to induce more business-friendly legislation [13] and the total value of these contributions quadrupled between 2010 and 2018 [14]. To facilitate this spending a well-oiled machinery of intermediaries such as specialised non-profits and Political Action Committees exists on a permanent basis.

A range of professional intermediaries including lawyers and accountants exist to legally circumvent most remaining donation limits and burdensome disclosure requirements that may link companies directly to unsavoury political campaigns. Research shows that corporate giving shrouded in secrecy is particularly popular with low-reputation companies [15]. All of this soft, grey or dark corporate money poses considerable financial and reputational risks also for reputable companies, for example when they are caught out overtly subsidising representatives that drive policies that directly contradict stated company values,[16] a pattern of behaviour that has been found to be rather prevalent.[17]

CATEGORY INDICATOR(S)	TRACKER SCORING WEIGHT
Financial and non-financial contributions attributed to political activities	12.5%
Approach to disclosure	



C Lobbying and advocacy activities

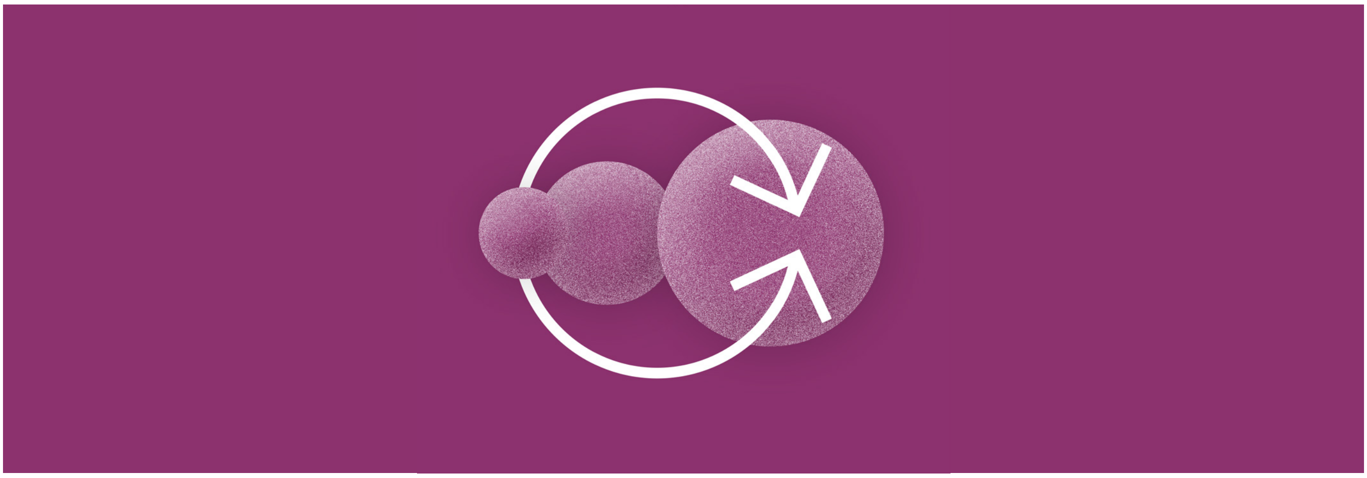
Lobbying and advocacy activities are a key tool in the sophisticated toolbox of corporate political activity, and this area of influence is rapidly evolving and expanding via the internet and advances in machine learning and artificial intelligence. The questions in this category consider whether lobbying, both in-house, indirect, in-kind or in any other form, is expected to be reported on as part of the standard's assessment of corporate conduct. Although corporate political donations are substantive and growing, they are dwarfed by lobbying expenditures, for example, in the US pharma sector by a multiple of four.[18] Until fairly recently both regulators and analysts have typically focussed their attention on direct corporate lobbying of the legislative and executive branches of government. The contemporary influencing toolbox however is much more expansive. Efforts focused on government officials and policy-makers are complemented by politically motivated charitable donations – US companies spend more in tax-deductible charity sponsorship **for political ends** than they spend on financing candidate campaigns and parties.[19]

Also noteworthy is the increasing corporate use of plebiscitary mechanisms. In the US in particular, businesses increasingly resort to sponsoring ballot initiatives to effect or block specific legislation. They spend much more on state-level public ballot initiatives in the US than they spend on supporting political campaigns and a multiple of what other interest groups pour into these initiatives.[20] Similarly, from participatory rule-making to freedom of information regimes,[21] it is often businesses, not citizens that turn out to be the most active users of these mechanisms.[22] This demonstrates the flexibility and ingenuity associated with corporate political activities which need to be reported on in a more consistent and complete manner.

Upstream, lobbying often melds with public relations in efforts to frame the ideational landscape and available policy options, shape public opinion and determine the salience of expert views and even the judiciary through support to academia.[23] Downstream, it covers the deeply technical and legalistic engagement with rule-making and enforcement – close to half of corporate lobbying in the US for example takes place when laws are already passed and move towards actual implementation. Such efforts are further augmented by the rapid evolution of digital engagement tools that allow for low-cost precision targeting and novel tools for issue management. Any assessment of corporate political activity will inevitably play continuous catch up with corporate ingenuity and influencing capabilities. Yet efforts must be made to grapple with the broad contours of these developments, in order to arrive at a sufficiently comprehensive account of corporate political activities. This first edition of the Tracker seeks to support and inform this process.

The Tracker indicators in this category examine whether assessment frameworks cover contributions to among others, hearings and consultations, government expert groups or academic institutions and think tanks.

RELATED INDICATOR(S)	TRACKER SCORING WEIGHT
Disclosure of direct lobbying spend	26%
Indirect lobbying spending, including membership in trade associations, think tanks and other influencing agents	
Disclosure of in-kind lobbying activity, and details on the type of lobbying and advocacy activities	

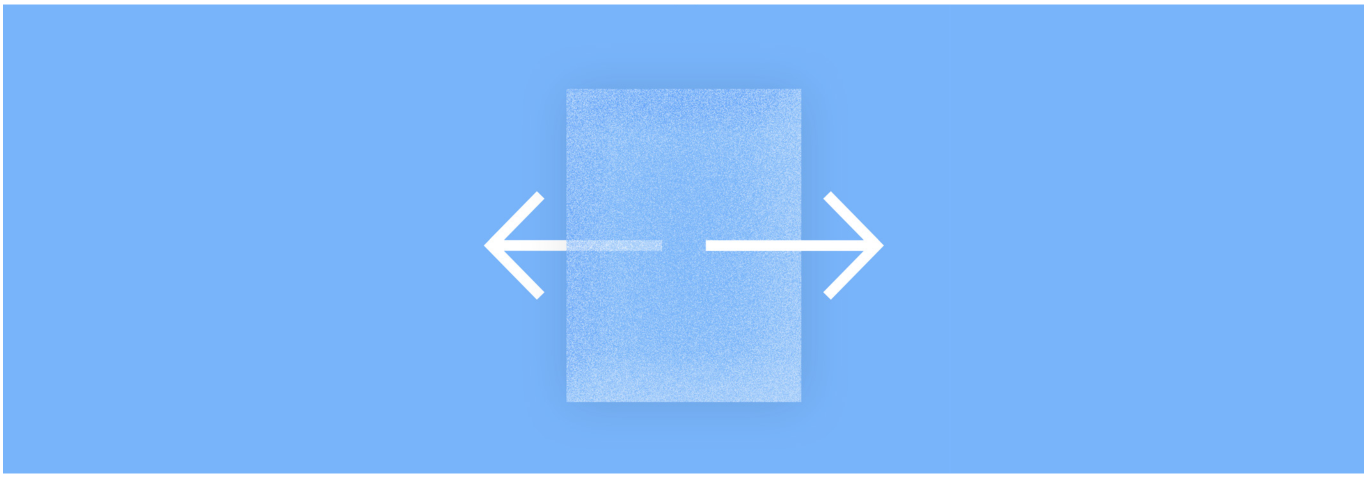


D Influence via third-parties

Influence via third parties risks clouding the attribution of responsibility for destructive corporate political activities, and there is an important role to play for corporate ESG ratings providers and assessors to address this. This category looks at whether a standard covers lobbying and/or other corporate political activities exercised by third-parties on behalf of a company. This is important as business associations are a primary vehicle for corporate lobbying and influence across all major markets. They feature among the top lobbying spenders, in the US for example accounting for 7 of the top 10 lobbying spenders and 80% of the total expenditures of this group.[24] In so called "corporatist" political systems such as Germany, trade associations have always been the main conduit for business influence, and they enjoy an institutional recognition of this role. Lobbying via business associations, promises strengths in numbers and has been empirically demonstrated to be a particularly popular strategy when lobbying objectives stand to fare badly in the public court of opinion or even stand in contrast to espoused company values.[25]

Corporate political activities' principles and assessments play a pivotal role in shining a light on these relationships and attributing responsibilities. They must examine how companies engage with business associations, what lobbying objective a company thus indirectly supports through this membership, how this aligns with corporate political responsibilities and what company intends to do in case of major disconnects.

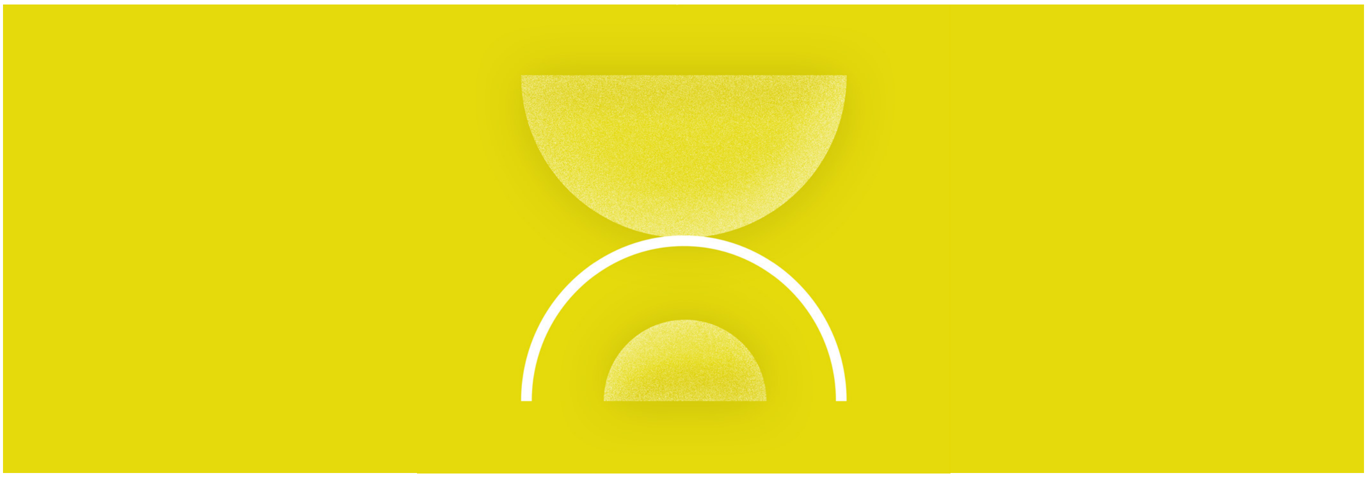
RELATED INDICATOR(S)	TRACKER SCORING WEIGHT
Membership in other third-party organisations that may engage in political activities	8%
Indication of whether or not company partners, including trade associations, think-tanks, and academic partners, are aligned with its stated lobbying principles	
Existence of escalation strategies for partnership termination if misalignment is identified between the company and its third party lobbying partners	



E Disclosure of 'lobbying/advocacy' policies and positions

The questions in this category intend to verify whether advocacy objectives and lobbying positions are requested to be disclosed in a standard's assessment matrix. Questions in this category add the crucial "what for" to the "how and whom" information dimensions of corporate political activity disclosure. The category assesses how a disclosure standard helps users to more fully understand the rationale and objectives of a company's policy positions and lobbying demands. For shareholders and the board it becomes the main reference point to discuss and judge how a company conceives of its corporate political responsibility. It enables these stakeholders to track how well the company executes on these priorities, to identify misalignments with stated purpose and other commitments that may create reputational risks. It also helps investors and others to maintain accountability for corporate leaders who may seek to channel company resources into personal political passion projects. For company outsiders, information in this category is necessary to properly understand a company's political footprint, what it stands for and what it is trying to achieve via its lobbying activities and spending. The questions in this category seek to provide a much clearer picture for investors and others interested in corporate conduct than what could be pieced-together from a bundle of fragmented registered lobbying filings.

RELATED INDICATOR(S)	TRACKER SCORING WEIGHT
Existence of a 'lobbying/advocacy policy'	18.5%
Disclosure of policy files covered in political activities	
Publication of a 'lobbying position'	
Public disclosure of a company's overall assessment on the influence its lobbying has had on public policy, including the ultimate beneficiaries of the lobbying/donations	



F Commitment to sustainable lobbying practices

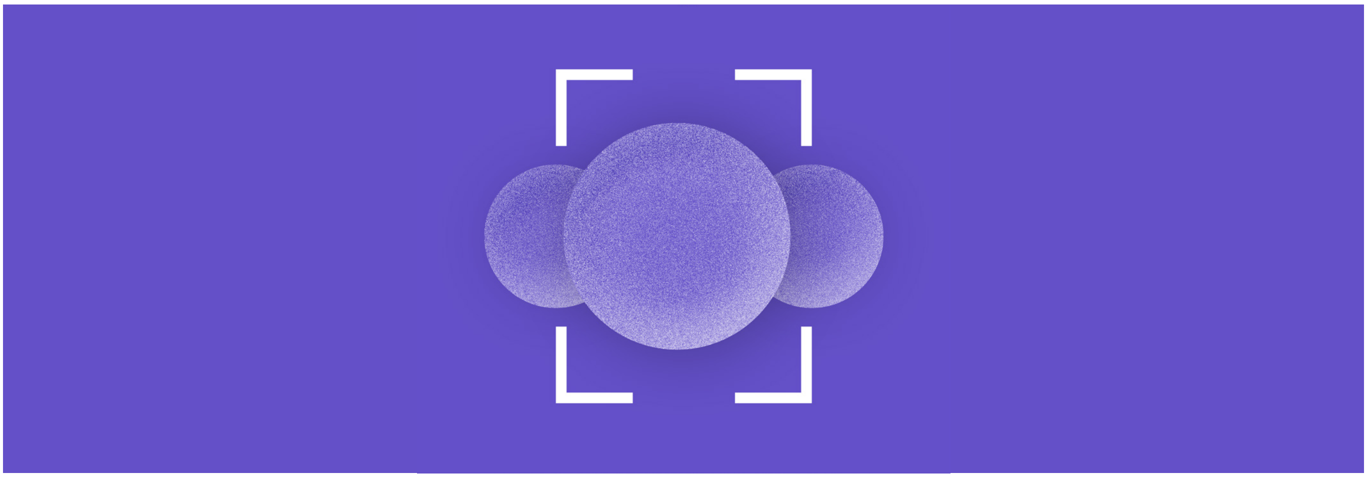
The questions in this category cover how a standard addresses proactive efforts by companies to embrace sustainable lobbying practices as inferred from adherence to self-imposed codes of conduct and positive impact goals - such as requiring a commitment to support democratic process, respect for planetary boundaries, and efforts to equalise access to power. Until recently judging how well or badly a company conducted itself in the political sphere was mainly confined to examining whether it complied with all applicable laws and adhered to some common standards of truthfulness and non-manipulation. Prompted by the important role that business can and must play to tackle a number of societal challenges however a shift is underway.

Being politically responsible increasingly also means to live up to growing expectations to respect planetary boundaries, support the functioning of democracy [26] and often also a number of sector-specific public policy aims such as a healthy diet, or responsible use of artificial intelligence. These increasingly ambitious normative expectations are also in line with a similar shift from a thin to a thick, much more substantive notion of corporate sustainability.[27]

Expectations are also maturing with regard to the appropriate engagement level for some of the most pressing global challenges such as climate change, global health, and human rights. Where it was once sufficient to commit to "respecting" specific overarching policy values and bounding one's corporate political activities accordingly, it is increasingly expected that companies will direct their influence to "actively support" public policy goals such as an accelerated energy transition away from fossil fuel and also account for how they credibly go about this and achieve results.

Taking account of these maturing expectations, corporate political standards and assessment frameworks need to scan for explicit substantive commitments. Those may be publicly announced ones - generally by the CEO and board - but must also be reflected in their policy efforts. As such, a system for gathering information on sustainable lobbying practices can open up important avenues for holding the company to account when such commitments are not pursued in a credible manner or even when actively undermined through its political activities.

RELATED INDICATOR(S)	TRACKER SCORING WEIGHT
Reference to code of conduct or other guidance principles, requiring inter alia a commitment to support democratic processes, to equalise access to power, and other voluntary initiatives for positive lobbying as well as respect for planetary boundaries	10%
Leadership or participation in coalitions that have the specific purpose of lobbying in support of public interest goals	

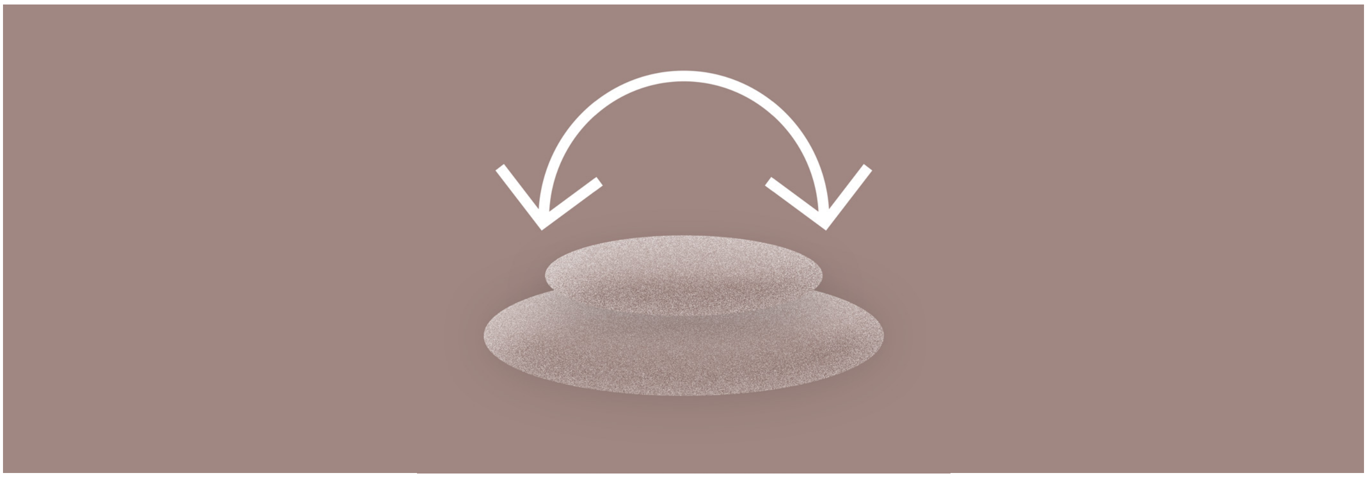


G Employees and internal policy

The questions in this category intend to verify whether companies have a dedicated disclosure policy applicable to employees and external providers active in corporate political activities. They range from the disclosure of past professional experience in the public sector ('revolving door' appointments) to dedicated training on internal lobbying standards for employees. A key lesson from corporate assessment frameworks in other areas such as anti-corruption compliance is that a credible pathway to good conduct cannot stop at articulating related objectives.

As a critical complement it also requires to align internal management systems and organisational arrangements accordingly to support these commitments and provide conducive incentives for all employees and contractors.[28] Related efforts to be assessed thus include staff training[29] and relevant internal codes of conduct[30] and to which extent they consider issues of responsible lobbying. Also relevant is the way a company discloses revolving door relations, i.e. which key employees held similar positions in the public sector and thus require careful management of undue access and conflicts of interest risks.[31]

RELATED INDICATOR(S)	TRACKER SCORING WEIGHT
Disclosure of staff who previously held similar positions in the public sector	8.5%
Publication of the representative responsible for the spending of political contributions and/or direct and indirect lobbying budgets	
Requirements for employees to sign annual statements of compliance linked to corporate political activities and associated lobbying?	
Existence of training on ethical, responsible political engagement and lobbying for staff	



Governance of the standards

Robust and transparent governance of standards is essential to ensuring their credibility and uptake by users. This category assesses whether a standard's methodology for assessing corporate political activity is publicly available, and whether the standard enables feedback and updates in response to corporate conduct and evolving regulatory and stakeholder expectations. Regardless of whether the focus is on corporate political engagement or corporate responsibility more broadly, only assessments and reporting schemes that can be fully understood and are amenable to public feedback may ultimately generate the trust, adaptability and "market" transparency on which any healthy ESG ecosystem ultimately relies. Given that there is considerable room for improvement in this area and some initiatives have made much greater efforts than others, this category includes some central parameter of the internal governance of ratings itself as an important assessment dimension.

In the current situation ESG rating frameworks, and their underlying methods, remain in flux and face considerable methodological challenges. They have been found to miss or systematically ignore many incidences of greenwashing due to specific methodological choices.[32] They produce at times vastly diverse and even inconsistent outcomes[33] and are prone to sentiment engineering, examined companies putting out targeted press releases with unfounded ESG claims that feed into positive assessment[34] Many of the dominant proprietary initiatives face potential biases due to business model and organisation.

There have been unexplainably benign ratings for important corporate clients of parent companies[35] and frequent re-adjustment of past ratings to improve ex-post the financial performance of highly-rated portfolios as sales pitch to potential users.[36] At the heart of these issues is a configuration of interests that is not always fully focussed on the highest quality and most stringent assessments: some rating bearers (corporations) and rating users (e.g. green investment funds) share a common interests in a solid supply of good ratings, which also shapes the calculus of commercial rating providers in a competitive market. And with for-profit business models the latter may be also concerned about containing high research costs and keeping a proprietary moat around their methodologies and data collections. The result: many stakeholders do not want to look too closely "under the hood" as long as the spigot of good ratings is open and public scrutiny is limited in the first place as many methodologies and primary data sources are not fully disclosed and available for check and balances.

RELATED INDICATOR(S)	TRACKER SCORING WEIGHT
Public availability of the methodology used to assess corporate political activity in the standard or framework	11.5%
Existence of a mechanism for responding to feedback on gaps in the methodology	
Scanning for “adverse incident analysis” as input into scoring methodology and regular updates to company information where this data is provided as a service	

5. Findings

The Good Lobby Tracker demonstrates a number of structural trends in the nature, role and impact the existing standards and initiatives have on corporate political activities. The standards and framework publishers range in size from some of the world's largest financial services firms to small NGOs, but all have scope to enhance their methodologies for assessing corporate political activities. As such, it marks a starting point for further refining the research methodology and work to enhance the transparency and consistency of all standards.

STANDARD OR INITIATIVE	TRACKER SCORE	TRACKER RANKING
UN-PRI	117	1
Responsible Lobbying	106	2
OECD	103	3
ICGN	101	4
AccountAbility	97	5
EFRAG	95	6
Positive Compass	87	7
Moody's	80	8
S&P	80	9
World Benchmarking Alliance	76	10
Erb Principles	75	11
GRI	66	12
ISS	53	13
CDP	53	14
Sustainalytics	46	15
FitchSolutions	40	16
World Economic Forum	38	17
FTSE4Good	31	18
MSCI	30	19
ISSB	30	20
B-Lab	30	21
Refinitiv	20	22
TCFD Recommendations	20	23
EcoVadis	12	24
Bloomberg	10	25
RepRisk	10	26

Across the 8 categories covered in the scoring matrix, the following trends are identified:

A General disclosure of corporate political activities remains ancillary to other ESG disclosures

The majority of the initiatives examined tend to neglect the role of corporate political activities in shaping regulation, public policy, and the impact of this on corporate performance and risk profiles. In spite of this neglect, there is a growing recognition that corporate political activities have immediate financial implications for any business operating in highly regulated sectors of the economy, from finance to energy.[37] Based on the narrow scope, limited methodological sophistication and low granularity in relation to corporate political activities, none of the examined standards and initiatives currently appears capable of realising their declared aim of enhancing the transparency and accountability in this area. This is true for a variety of reasons, ranging from largely proprietary assessment methodologies (in the case of ESG data providers) to their varying approaches to assessing and investigating corporate conduct. In addition, corporate political activities continue to be considered as ancillary issues, rather than as key variables in determining corporate impact on environmental, social and governance themes.

Second, corporate political activities are not defined consistently across ESG ratings that are applied to publicly listed companies. With only a few initiatives striving to capture subtler forms of influence such as indirect lobbying, be it by trade associations or other third party actors including think tanks, philanthropies or academic stakeholders. This is also true for sustainability frameworks and other voluntary standards. Given the scale of corporate political activities across markets, one may reasonably expect the adoption of shared definitions on corporate political activities to enable the production of more comparable, transparent information. This will be required for all stakeholders to be able to properly assess risks and opportunities linked to different forms of corporate lobbying and political influence. More consistent definitions would enable standard setters, and the users of these standards and associated data, to communicate clear expectations to companies and other stakeholders.

B Outside of regulatory reporting requirements, the full scale of political contributions are rarely disclosed and when companies do not engage in political finance this is not acknowledged

Standards on corporate political contributions are not systematically assessing direct or indirect financial and in-kind contributions to political parties and elected representatives. A number of the aspirational voluntary standards, such as the OECD Principles for Transparency and Integrity in Lobbying, do address the need for more consistent disclosure of this information, with a focus on minimising revolving door activity and direct payments to political actors. Yet different types of pecuniary contributions are not consistently identified in the standards, making it challenging for users of the standards to properly understand the state of a company's financial participation in politics. In addition, none of the existing initiatives enable companies to declare a corporate policy that prohibits any form of political contributions - both in the form of donations and in-kind support -, [38] potentially encouraging the continuation of problematic corporate contributions as a norm in many countries.

C Corporate lobbying and advocacy activities' disclosures remain largely inconsistent and fragmented

When it comes to the standards applied to corporate lobbying and other advocacy activities, there is significant variation in how the Tracker assesses these activities. Standards and initiatives covered by the Tracker often fail to assess the impact of company membership in trade associations, think tanks and other powerful influence channels, for example. Yet, given the well documented impact of lobbying by third party groups on core business issues, ranging from tax treatment to listing regulations, one might expect more consistent assessment of these indirect influence channels. As the influence of think tanks, trade associations and in-kind sponsorship of academic research continues to grow, more consistent and granular scrutiny within this area is essential.

D Influence via third-parties is largely unaddressed despite its negative influence on policy making due to misalignment between corporate pledges and trade association positions

Business associations are a primary vehicle for corporate lobbying. They feature among the top lobbying spenders across industries and countries.[39] In corporatist political systems such as Germany they are the primary conduit for business influence, but this is true in many other OECD countries. Corporatism is an organising principle based on the belief that the society and economy of a country can be organised into major interest groups, and representatives of those interest groups settle any problems through negotiation and joint agreement, such as in the Dutch or German models of labour relations.[40]

As disclosure standards for trade association and other third party lobbying improve, it will be important for firms to clearly explain how third party partners and their positions are aligned with the member firm's stated lobbying principles and practices. At present, only a handful of the initiatives covered in the Tracker strive to capture the full scope of third-party influence to consider membership and use of charities, foundations, Political Action Committees (PACs), and other arm's-length political fundraising organisations. In addition, none of the assessed standards consider the presence of escalation mechanisms for companies to re-evaluate and terminate relationships with third party lobbying partners that may engage in misconduct or whose lobbying is misaligned with a company's stated principles.

E Publication of company 'lobbying/advocacy' policy and positions is still the exception rather than the norm

The range of standards assessed in the Tracker do not take a consistent approach to assessing corporate policies on lobbying and advocacy conduct. Beyond assessing company policies and procedures linked to political activities and influence strategy, there is also a need to consider how companies assess their own impact on public policy outcomes. This includes the assessment of financial and in-kind political contributions on policy outcomes that impact on company operations and financial health. Because lobbying is an important strategy, firms will be aware of outcomes and outputs from political influence campaigns, and should be able to explain how these are assessed. Standards should reflect the ability and awareness of companies to track lobbying goals and impacts.

F Commitments to sustainable lobbying practices are emerging as the new frontier of corporate disclosure but remain undefined

Of the 26 standards assessed in the Tracker, only one addresses proactive efforts by companies to embrace sustainable lobbying practices as inferred from adherence to self-imposed codes of conduct and positive impact goals - such as requiring a commitment to support democratic process, respect for planetary boundaries, and efforts to equalise access to political power. This shows that assessing positive lobbying is possible. More of the standards could address the role of positive lobbying and company action to create or participate in coalitions that have the specific purpose of lobbying in support of public interest goals. While a growing number of initiatives focus on operationalising companies' commitment towards positive lobbying, these do not yet appear to have been yet integrated into the standards and frameworks examined by the Tracker.

G Employee conduct and internal policy appear as emerging best practice in disclosure standards but still mostly amount to a tick-box exercise

Beyond third party influence, standards need to improve the assessment of employee participation in corporate political activities. This would mean standards should consider revolving door indicators at different levels of a business, and clear communication on which corporate employees oversee the political influence and lobbying strategy and associated spending controls, and how these matters are considered at the board-level. Related to more transparent and effective assessment of employee participation in political influence and lobbying activities, the standards should also consider internal reporting on lobbying activities, and if there are consistent and transparent policies on this.

H Governance of the standards and other initiatives is suboptimal due to the limited (or inexistent) publicity of the underlying methodologies

Despite acting as the arbiters of corporate political transparency, none of the ESG ratings standards assessed in the Tracker appears as transparent and as accountable in their own internal governance. The proprietary nature of their underlying methodology renders them particularly difficult to assess, giving rise to concerns over potential gaps in methodological rigour and the independence of the ratings and the firm-level assessments provided. While almost all initiatives examined in the Tracker have mechanisms in place for receiving feedback on gaps in their respective methodologies, the process for incorporating external feedback and updating the standards is not always clear or consistent. Most of the initiatives assessed here rely on self-reported data and none of the standards currently scans for adverse incidents - lobbying scandals - in a systematic manner in their analysis of corporate conduct.

In summary, despite having the largest data gathering and analytical capacities of almost any other entity, ESG standards providers fail to capture the multiple realities of corporate political engagement. When it comes to sustainability standards, they tend to miss the full extent of corporate lobbying and political activity. Last but not least, most voluntary, non-commercial standards assessed are principle-based, meaning that there is no tracking of conduct or detailed reporting expectations.

For more information on the rating of each initiative and their relative scores, you can explore The Good Lobby Tracker online as well as The Good Lobby Tracker Scorecards.

6. Recommendations for action

The Tracker provides information that can inform changes in reporting practices and the overall conduct of companies when engaging in the political realm. In particular, the Tracker scorecards for each individual initiative are designed to inform engagement and action by investors, regulators and policymakers, and civil society organisations interested in the governance of corporate political activities. This section recommends a range of actions each of these groups can take using the information provided by the Tracker.

Investors

Investors can use the Tracker methodology and outputs to:

(a) assess if the sustainability data providers and screens they use to build and market responsible investment products pay sufficient attention to corporate political activity as a major shaper of overall business conduct, associated legal and reputational risks, and long-term performance;

(b) engage with ESG data and ratings providers to encourage them to increase the coverage and consistency of information they gather on corporate political activities;

(c) engage directly with leading companies in their portfolios to help them move towards more responsible political conduct and to report on these activities in a systematic manner with reference to the 8 The Good Lobby Tracker assessment categories and the linked questionnaire; and

(d) increase their engagement with investor groups, shareholder advocacy groups and standard setters to request higher standards, better data, more transparency, and for greater alignment between companies' public positions and their full range of political activities, trade association conduct and related lobbying.

Companies

Public and private companies can use the Tracker assessment categories and linked questionnaire to:

(a) inform the adoption of a best practice approach to reporting on all aspects of their political activities as an integrated part of corporate reporting, including assurance and verification. Private companies who do not have public reporting obligations can use the Tracker to inform reporting to their investors;

(b) conduct an internal governance review of their political activities,[41] to ensure inter alia internal stakeholder consultation and buy-in on strategy design, substantive alignment with their stated corporate purpose and planetary boundaries,[42] senior management monitoring of compliance and robust board oversight;

(c) begin to de-risk their trade and industry association membership and to re-assess support for third-party influencers by critically monitoring and addressing any misalignments through internal advocacy. If necessary, third-party partnerships can be ended; and

(d) join leading companies and expand their positive impact on corporate political activities in the sector(s) where they have most leverage, including by joining collective action initiatives and engaging with policymakers.

Civil society

Academia and civil society actors can use elements of the Tracker assessment categories to:

(a) more effectively assess and identify both leaders and laggard initiatives aimed at identifying and assessing the impact of corporate political activities to incentivise a race to the top among the standards providers, and indirectly by their corporate and investor users;

(b) advocate with ESG and sustainability ratings providers and regulators of these firms [43] for more consistent, complete, and transparent methodologies that prioritise information on corporate political activities, and for more public disclosure of both data and approaches;

(c) establish new collaborations with sector-specific NGOs to develop industry and country-specific requests for positive lobbying that can support effective public policy solutions to shared challenges;

(d) adapt the advanced corporate political activities assessment and monitoring approaches developed by investors in the climate change arena for other critical sectors and issue areas; and

(e) compare data from government-regulated lobbying disclosures with company-reported corporate political activity data to identify gaps and inconsistencies that can help improve both regulated and voluntary disclosure expectations for this information.

Philanthropic funders

Philanthropic funders and foundations can use the Tracker findings to:

(a) more effectively identify and examine the role that corporate political activities play in their area(s) of grantmaking and policy engagement;

(b) leverage their thought leadership and field-building power to forge new grantee networks and support new policy conversations around better, positive impact corporate political activities with a particular focus on the issues of business associations and new modes of influencing policy outcomes;

(c) begin to mainstream support for more awareness, better assessment, and targeted advocacy related to corporate political activities; and

(d) lead by example by developing and explaining their own approach to policy engagement and influence.

Regulators and policymakers

Market regulators and policymakers can use the Tracker to:

(a) inform action on corporate political activity as a reporting priority, and an important element for inclusion in all corporate reporting frameworks, sustainability standards, due diligence rules and other policies related to business conduct and social and environmental impact standards;

(b) develop a process to incentivise proactive disclosure on corporate political activity by mandating sufficient practices in this area for companies that are partly state-owned and for all recipients of public tenders, public subsidies, and other government funds; and

(c) strengthen monitoring and enforcement action against greenwashing and other forms of ESG-washing, financial product mis-selling etc., with proper guidance on the need for disclosure of corporate political activities.

7. Tracker Scorecards

ESG ratings and data providers

Bloomberg ESG & Climate Indices

Rank 25 /26

Company coverage: 4,300
Launch date: 2020
Focus: Environmental and Social (ES) scores
Link: https://www.bloomberg.com/professional/product/indices/bloomberg-esg-and-climate-indices/

Bloomberg provides a variety of proprietary scores that investors can use to assess company or government disclosure and performance on a wide range of ESG and thematic issues. Bloomberg's ESG and thematic scores are designed to be integrated into company research and portfolio construction. In 2020, the company launched a proprietary ESG score product which includes Environmental and Social (ES) scores for 252 companies in the Oil & Gas sector, and Board Composition scores for more than 4,300 companies across multiple industries.[44] Bloomberg's inhouse ESG data complements partnerships across many different data providers on ESG and climate-linked investment index construction available through the platform. Bloomberg analysts standardise company-reported ESG data and claim to ensure their approach covers 80% or more of a company's operations and workforce.[45] Bloomberg then uses a combination of internal and external data to build ESG scores and then bespoke investment products with a range of partners.[46]

Score summary

The Bloomberg methodology scores 10 out of a possible 200 points, reflecting limited coverage of corporate political activities in the methodology used across the ESG and Climate Indices family.[47] The index construction process for these index families draws on Bloomberg ESG data and as well as third party information from MSCI, SASB and others. This approach makes comparison across index methodologies challenging, but in general there is no attempt to systematically and consistently capture corporate political activities across the index families.

Opportunities for improvement

Given the apparent absence of a consistent approach to incorporating corporate political activities into their ESG data gathering and related index construction process, Bloomberg analysts would benefit from reviewing the 8 Tracker assessment categories. Following this review the team could determine an approach to more fully integrating this important set of ESG-related risk and opportunity factors into their index construction process, and explaining their approach to clients.

EcoVadis

Company coverage: 100,000+
Launch date: 2007
Focus: Corporate sustainability ratings
Link: https://support.ecovadis.com/hc/en-us/articles/115002531507-What-is-the-EcoVadis-methodology-

Rank 24 /26

EcoVadis, established in 2007, identifies itself as "the world's largest and most trusted provider of business sustainability ratings," with a global network of more than 100,000 rated companies.[48] The EcoVadis methodology is built on international sustainability standards, including the Global Reporting Initiative, the United Nations Global Compact, and the ISO 26000.[49] It covers over 200 corporate spending categories and more than 175 countries. The EcoVadis Sustainability Assessment Methodology included in the Tracker is central to EcoVadis' company ratings and Scorecards and aims to provide an evaluation of how well a company has integrated the principles of Sustainability/CSR into their business and management systems. The Sustainability Scorecard illustrates company performance across 21 indicators in four themes: the environment, labour and human rights, ethics, and sustainable procurement.

Score summary

EcoVadis receives a Tracker score of 12 out of a total of 200. The methodology scores points for addressing elements of employee conduct and internal policies and by enabling users of the standards to provide feedback. The 'Ethics' section of the EcoVadis template questionnaire for companies includes questions around three topics linked with corporate political activities: "corruption & bribery, anti-competitive practices & responsible marketing." The focus on corruption and bribery includes questions on approval procedures for gifts, travel, or other privileges and employees' ability to communicate and report internally on corruption concerns. Here, the EcoVadis methodology scores points in the Tracker assessment category G on 'employees and internal policy'. But the narrow scope of the EcoVadis approach means that most corporate political activities that impact on the 21 core EcoVadis indicators across the environment, labour and human rights, ethics, and sustainable procurement, are not considered in the current methodology.

Opportunities for improvement

The EcoVadis score could be significantly improved across all 8 Tracker assessment categories. In order to provide users of the EcoVadis data with more complete information, corporate political activities linked to the existing indicator areas could be incorporated into an updated version of the methodology.

Fitch Solutions ESG Ratings Methodology

Rank 15 /26

Company coverage:
Launch date: 2019
Focus: Corporate ESG ratings
Link: https://www.fitchsolutions.com/products/fitch-ratings-esg-relevance-scores-data

According to Fitch, their ESG Entity Rating, launched in 2019 as 'ESG Relevance Scores,[50] "indicates an entity's performance, commitment, and integration of environmental and social considerations into its business, strategy and management, and the effectiveness of governance. The metrics seek to measure the impact of business activities on the environment and on society. The ESG Framework Score rating evaluates the use of proceeds from green, social or sustainable bond issuances, or the key performance indicators (KPIs) and sustainability performance targets used by the company for reporting on sustainability-linked bonds, and the extent to which they contribute to environmental and social objectives.[51]

Score summary

The Sustainable Fitch ESG Ratings Methodology for ESG Entity Rating receives a Tracker score of 40 out of 200. The Fitch approach to assessing corporate conduct determines "whether an entity's main business lines contribute positively to environmental and social goals." This analysis is assumed to cover the disclosure of corporate political activities and lobbying spend as required under local regulations, so the methodology receives points in Category A of the Tracker assessment, 'General disclosure on corporate political activities.' The Fitch process benchmarks "each business activity against internationally recognised environmental taxonomies and internationally recognised documents setting out social goals," including the SDGs.[52] Finally, the methodology provides a broad assessment on "the extent to which an entity's governance profile furthers environmental and social goals and adheres to sound governance practices." This is understood to include some disclosure of corporate political activities, but only those required by local regulations, which vary by jurisdiction. The high-level approach and lack of specificity in Fitch's approach to assessing corporate political activities weakens their Tracker score.

Opportunities for improvement

The Fitch Solutions ESG methodology does not currently capture corporate political activities in a consistent or comprehensive manner. There is room for improvement across all eight Tracker categories. As more firms seek to contribute to positive policy goals related to the energy transitions, Category F, 'Commitment to Sustainable Lobbying Practices' should be added to Fitch's existing scanning of company contributions to ESG goals.

FTSE4Good

Company coverage: 7,200 securities
Launch date:
Focus: ESG Ratings
Link: https://www.ftserussell.com/data/sustainability-and-esg-data/esg-ratings

Rank 17 /26

The FTSE4Good index data family covers around 7,200 securities in 47 developed and emerging markets, and covers all of the constituents of the FTSE All-World Index, FTSE All-Share Index and Russell 1000 Index.[53] FTSE Russell's ESG company research relies only on publicly disclosed information. FTSE does not send questionnaires to companies, but rated firms are provided with a four-week window to review and share additional public information. Sustainable Investment data analysts review this feedback and determine if a change in assessment is warranted. According to FTSE Russell, ESG scores and data models allow investors to more fully understand a company's exposure to, and management of, ESG issues in multiple dimensions. The overall analysis is built on over 300 individual indicator assessments that are applied to each company's unique circumstances to inform a rating.[54]

Score summary

The FTSE4Good score of 31 out of 200 points reflects the methodology's narrow focus on regulated lobbying activities in their ESG analysis. The FTSE4Good 'ESG Model' which is used to guide the data collection and analysis process incorporates elements of lobbying and political influence. The FTSE methodology receives points in Tracker assessment Category A, related to basic disclosure of lobbying spending and for providing mechanisms for feedback on its methodology. On certain issues and product-based themes, such as Breast Milk Substitutes, FTSE considers political lobbying within a 'Customer Responsibility' thematic analysis. But this approach is **ad hoc** and not consistent across much larger industry segments. Finally, the scheme receives points in Tracker Category H, 'Governance of the standards,' for being open to feedback on their methodology from users and rated companies.

Opportunities for improvement

Most of the analysis on corporate political activities in the FTSE4Good framework focuses on anti-corruption policies or purely financial metrics related to the disclosure of political contributions, where these are required by national regulations. Requesting more granular and decision useful disclosures on corporate political spending, that include in-kind contributions, would be one significant area for improvement. For example, at present the FTSE methodology requests disclosure of "total political contributions made." This information is not disaggregated by jurisdiction, or by motivation. The FTSE4Good analysis does not seek to identify the motivation behind a company's political contributions and intended outcomes, missing an opportunity to more fully capture the risks associated with this conduct.

On the upside, the FTSE approach could also earn points in the Tracker Category F 'Commitment to sustainable lobbying practices' by adding an assessment of a company's participation in positive lobbying efforts. These basic elements are missing in the FTSE analysis. Given the importance of all types of political spending, Tracker Category B, 'political contributions' could provide a useful guide to FTSE analysts to gather more complete information on this important aspect of corporate political activities. A more consistent methodology would strengthen the use case for existing users of FTSE data and could help to build more robust investment index products. As with the other large financial data providers who also construct and sell investment index products, FTSE is well positioned to enhance the transparency, consistency and completeness of their ESG data methodology by incorporating elements of the Tracker categories in their process.

ISS Quality Score

Rank 12 /26

Company coverage: 5,200
Launch date: NA
Focus: Company ESG scores and disclosure quality
Link: https://www.issgovernance.com/esg/ratings/corporate-rating/

The ISS Quality Score framework covers more than 380 individual factors across 5,200 companies and other issuers.[55] Only factors relevant to a company's Global Industry Classification Standard (GICS - a classification system used by institutional investors) industry group are reviewed and scored, generally around 240 for a single industry group. The company's Environmental & Social (E&S) Disclosure QualityScore profiles provide a summary of key disclosures, key disclosure omissions, an overview of disclosure and transparency risks, and details the factors used in determining the company's scores.[56] The E&S QualityScore focuses on a company's **disclosure practices**. Data is collected from company publications including mainstream filings, sustainability and CSR reports, integrated reports, publicly available company policies and information on company websites. Confirmation of company participation in or formal endorsement of authoritative multi-stakeholder initiatives is collected from websites or member list made available by the relevant initiatives. All of this data is assessed according to the ISS methodology to generate a company or issuer score.

Score summary

The ISS ESG rating methodology received a Tracker score of 53 out of 200, indicating both some good practices but also a number of significant areas for improvement. The ISS methodology scored points for including lobbying and political engagement as one pillar in their social analysis process. But the focus is on company disclosures, rather than on assessing conduct or the full scope of company political activities that may impact on corporate performance. A key question in the methodology asks 'Does the company have a publicly disclosed policy relating to the use of company funds for political purposes?' earning points in Tracker Category A, 'general disclosure on corporate political activities.' But this question looks for a company policy rather than asking for details of the extent or nature of a company in-kind and financial contributions to political actors. There are questions on political finance and lobbying, but these only relate to regulatory disclosure requirements linked to the conduct of registered lobbyists, which only exist in a handful of countries.

The methodology starts to make basic enquiries on corporate political activities but is currently missing a wide range of elements covered in the Tracker assessment methodology. For example, the ISS E&S Quality Score asks 'Does the company disclose information about stakeholder engagements carried out during the past year?' and receives points for this limited approach to assessing regulated lobbying disclosures. But it could go further in this analysis to provide users with more complete information. The methodology also provides opportunities for companies and other stakeholders to provide feedback.

Opportunities for improvement

The ISS EGS methodology has significant room for improvement across the 8

Tracker assessment categories. In particular, ISS analysts could improve the framework's approach to understanding broader lobbying and advocacy activities. that go beyond basic disclosure and cover the types of direct and indirect influence companies can engage in, covered in Tracker assessment Category C. Tracker Category F on 'Commitment to sustainable lobbying practices' is another area where the ISS standard could be enhanced. Finally, a number of gaps in Tracker Category G on employee conduct should be addressed. Improving the coverage of coverage political activities in the ISS methodology would provide companies with a more accurate assessment of their own conduct, as well as enabling investors and index providers to build more accurate and transparent strategies that account for the full scope of corporate political activities.

Moody's

Company coverage: 300 million+ modelled scores (companies and securities)
Launch date: 2004
Focus: Corporate ESG scores and debt securities
Link: https://www.moodys.com/web/en/us/capabilities/esg.html

Rank 7 /26

Moody's ESG data includes scores that evaluate a company's environmental and social impact, and corporate governance practices. ESG data coverage includes public and private multinational, national and subnational companies of all sizes. Moody's claims to offer customers access to over 300 million modelled ESG Scores and the underlying data across 59 ESG and climate metrics.[57] Moody's also provides customers access to 5,000 ESG scores and the underlying data for public companies derived from analyst-led ESG assessments. The methodology for the modelled scores is derived from the methodology used for the analyst-led ESG assessments.[58]

Beyond traditional analyst-led ESG scoring, Moody's provides forward-looking analytics, built on consistent historical data from Moody's ESG Solutions from 2004 through present, we construct and calibrate the models on a dataset containing more than 100,000 firms to predict metrics for 600+ industries and 12,000 sub-national locations in 220 countries and territories.[59] Moody's sophistication in providing both historical ESG data and forward-looking ESG information using machine learning tools suggests that it should be well equipped to assess the full scope of corporate political activities in its ESG data analytics.

Score summary

The Moody's ESG methodology receives a Tracker score of 80 out of 200. The 'Responsible Lobbying' ESG assessment used in the Moody's framework covers a number of important areas. The questionnaire asks if a 'company has defined any quantified targets on responsible lobbying, and then requests the company to 'provide baseline and deadlines dates.' These questions earn points in Tracker Category B, 'political contributions.' The Moody's methodology also asks companies to identify who is responsible for oversight of lobbying and advocacy activities. Overall, the Moody's ESG questionnaire covers a number of Tracker areas, but is not consistent, and a number of significant gaps remain in the methodology. Given Moody's unique position as one of the world's largest credit rating and ESG data providers, we expect the firm will bring its data gathering and analytical capacities to bear on corporate political activities as an essential input in the investment decision making and monitoring process across markets.

Opportunities for improvement

The Moody's methodology fails to assess any elements of Tracker Category F 'Commitment to sustainable lobbying practices'. As more firms develop an approach to positive and sustainable lobbying in line with their own commitments, the importance of assessing corporate conduct in this area will increase. In the Moody's assessment methodology, there is limited coverage of employee conduct and in the governance of relationships with trade associations and industry bodies, two important Tracker categories. The analysis of these areas by Moody's should be updated to more consistently capture corporate conduct and practices across key jurisdictions where the companies have operations. A number of elements of the Moody's questionnaire are literally 'tick box' questions that should be expanded on and more consistently explained to responding companies. The value of Moody's data is in its global coverage and sophistication, so the methodology for collecting data on corporate political activities could be updated to better reflect Moody's commitment to provide its customers and issuers with consistent, comparable and complete information.

MSCI

Rank 18 /26

Company coverage: 8,500
Launch date: 1972[60]
Focus: Company ESG scores
Link: https://www.msci.com/our-solutions/esg-investing/esg-ratings

According to MSCI, their ESG Ratings aim to measure a company's resilience to long-term, financially relevant ESG risks, and to provide an assessment of company performance. Companies with the highest ratings are those assessed as best managing their exposures to those material ESG risks and opportunities.[61] MSCI ESG Ratings use a rules-based methodology designed to measure a company's resilience to long-term, industry material ESG risks. The ratings are generated using machine learning and natural language processing tools augmented with a team of over 200 human analysts. Companies are researched and then rated on a 'AAA' to 'CCC' scale according to their exposure to industry-material ESG risks and an assessment of their ability to manage those risks relative to peers.[62]

Within the wider ESG assessment framework, a Governance Pillar Score provides an absolute assessment of a company's overall governance that uses a universally applied 0-10 scale. Starting with a 10, the Governance Pillar Score is based on the sum of deductions derived from Key Metrics included in the Corporate Governance (including Ownership & Control, Board, Pay and Accounting) and Corporate Behavior (comprising Business Ethics and Tax Transparency) Themes. This is the area of the framework where The Good Lobby expected analysis of corporate political activities to be more complete.

Score summary

MSCI's ESG ratings methodology received a Tracker score of 30 out of a possible total of 200. This reflects the MSCI methodology's limited assessment of corporate political activities. The methodology receives basic points in Tracker Category A for assessing corporate political activities, but otherwise does not approach assessment of other areas of corporate lobbying conduct in a consistent or comprehensive manner.

Opportunities for improvement

The MSCI ratings methodology would be enhanced with the addition of detailed questions on corporate political activities, across each of the 8 Tracker categories. Given the firm's globally influential role in capital allocation via its index families, and important leadership efforts in ESG ratings and systems, more progress in consistently assessing corporate political activities could help improve standards across the market, as well as supporting investors to make more informed decisions when allocating capital to optimise risk adjusted returns over time.

Refinitiv ESG Score

Rank 22 /26

Company coverage: 12,500
Launch date: 2003
Focus: Company ESG scores
Link: https://www.refinitiv.com/en/sustainable-finance/esg-scores

The Refinitiv ESG score measures a company's ESG performance based on verifiable reported data in the public domain. It captures and calculates over 630 company-level ESG measures, of which a subset of 186 of the most comparable and material per industry power the overall company assessment and scoring process.[63] The category scores are rolled up into three pillar scores – environmental, social and corporate governance. The ESG pillar score is a relative sum of the category weights which vary per industry for the 'Environmental' and 'Social' categories. For 'Governance', the weights remain the same across all industries.[64]

Score summary

The Refinitiv ESG scoring methodology receives a Tracker score of 20 out of 200, indicating significant room for improvement. It receives points in Tracker Category A 'General disclosure on Corporate Political Activities' but otherwise fails to take a consistent approach to assessing the nature and impact of corporate political activities. It also receives points in Tracker Category H, 'Governance of the standards' as there are mechanisms for Refintiv's data user clients, and scored companies to provide feedback on the methodologies used.

Opportunities for improvement

As the Refinitiv methodology only receives points for its governance and feedback mechanisms, there are significant opportunities for improvement across each of the 8 Tracker categories. Enhancing coverage of corporate political activities in its ESG ratings would enhance the usefulness of this information for data users, and would also help to build more effective index products, where company ESG ratings are used as an input in index construction methodologies.

RepRisk

Company coverage: 240,000
Launch date: 2006
Focus: ESG risk reporting
Link: https://www.reprisk.com/news-research/resources/methodology#a-what-is-the-re-prisk-rating

Rank 26 /26

RepRisk claims it is the "only ESG data provider that systematically covers private companies and emerging and frontier markets" making it an important de-facto market standard in this area.[65] RepRisk methodology covers 74 ESG Topic Tags included in the RepRisk ESG Risk Platform.

Score summary

RepRisk receives a Tracker score of 10 out of 200. This score reflects RepRisk's limited engagement with corporate political activities as an ESG risk driver. In order to better capture reputational and legal risks associated with negative corporate political activities, the firm should expand its assessment of these issues. The RepRisk methodology only receives points in Tracker category H 'Governance of the standards' as it provides rated companies and data users with an opportunity to give feedback on the standard.

Opportunities for improvement

The RepRisk framework could be enhanced with a more consistent approach to assessing corporate political activities with reference to each of the 8 Tracker categories. Bringing a more consistent approach to gathering this information would help RepRisk support its clients across all countries to better understand risks and opportunities linked to the political activities and lobbying conduct of private and public companies. As RepRisk ESG scores become a more common component in investment index construction,[66] increasing coverage on corporate political activities and their impact will become even more important to ensure the integrity of RepRisk's data products. Given the existing scope of data gathering and analysis that RepRisk undertakes,[67] enhancing the RepRisk score in the Tracker should be a straightforward process of updating their data collection methodologies.

S&P Global Corporate Sustainability Assessment

Rank 8 /26

Company coverage: 10,000+
Launch date: 1999
Focus: Corporate ESG scores
Link: https://www.marketplace.spglobal.com/en/solutions/corporate-sustainability-assessment

The S&P Global Corporate Sustainability Assessment (CSA) provides an annual evaluation of companies' sustainability practices. It covers over 10,000 companies from around the world. According to S&P, the CSA focuses on sustainability criteria that are both industry-specific and financially material and has been an ongoing research and analytical process since its inception in 1999.[68] This makes S&P one of the more well established ESG company ratings providers. The CSA process is designed to generate company ESG Scores that are then made available via the public S&P Global ESG Scores website[69] alongside Percentile Ranks based on those scores which are shared on the Bloomberg data platform.[70]

Score summary

The S&P ESG ratings methodology receives a Tracker score of 80 out of a possible total of 200. The assessment methodology touches on corporate political activities and associated risks and opportunities in an indirect manner. As with the other ESG rating agency methodologies, the review of materiality issues, materiality assessments, and emerging risks provides an opportunity for companies to consider risks associated with their political activities but this information is never requested directly. The S&P methodology earns points in Tracker Category A, 'general disclosure on corporate political activities,' and in category B, 'political contributions.' Sections in the S&P methodology on ethics and codes of business conduct miss the opportunity to fully consider a firm's corporate political activities.

The S&P questions on policy influence ask for disclosures on the amount of money companies are allocating to organisations whose primary role is to create or influence public policy, legislation and regulations. Yet companies completing the assessment are also given the option of selecting the answer **"We do not track our largest contributions or expenditures for political and related purposes."** These inconsistencies and a number of significant gaps in the approach, including on employee conduct, suggest that the S&P methodology can be significantly improved in order to better capture reputational and legal risks associated with corporate political activities and other forms of lobbying.

Opportunities for improvement

The S&P assessment does not currently consider a firm's commitment to sustainable lobbying practices in the assessment questionnaire. The S&P Global Corporate Sustainability Assessment[71] methodology scores zero in two Tracker categories: Category F, 'Commitment to sustainable lobbying practices,' and Category G, 'Employees and internal policy.' Where a standard scores zero on the Tracker assessment methodology, The Good Lobby engages with the standard provider to enable a more consistent and effective assessment of lobbying conduct in those categories. In the case of large, sophisticated global data and index providers such as S&P, The Good Lobby expects improvement over time in capturing important data on corporate political activities to inform ESG ratings and also, even more importantly, index construction.

Sustainalytics

Company coverage: 16,000
Launch date: 2009 (as Sustainalytics)
Focus: ESG risk ratings
Link: https://www.sustainalytics.com/esg-data#

Rank 14 /26

Sustainalytics Morningstar ESG ratings and research covers more than 16,000 companies, and claim to provide the widest coverage of analyst-based ESG Risk Ratings in the market. The recently expanded universe includes public and private companies, fixed-income issuers and listed Chinese companies and allows investors to support diversified investment strategies.[72] The current product suite includes Sustainalytics' ESG Risk Ratings, which measure a company's exposure to industry-specific material ESG risks and how well a company is managing those risks. This methodology for measuring ESG risk combines the concepts of management and exposure to arrive at what is described as an absolute assessment of ESG risk.[73] The ESG Risk Ratings are categorised across five risk levels. According to the company, the ESG Risk Ratings are designed to help investors identify and understand financially material ESG risks in their portfolio companies and how those risks might affect performance.

Score summary

The Sustainalytics ESG Risk Rating methodology receives a Tracker score of 46 out of 200. The assessment framework receives points in Tracker category A 'General disclosure on corporate political activities' for considering companies' potential involvement in lobbying and public policy controversies. One of the Sustainalytics indicators on 'Lobbying and Public Policy' includes an assessment of the level of Lobbying and Public Policy controversies at the company. A relatively high controversy level is a signal the company is more exposed to ESG issues. Additional indicators cover 'bribery and corruption' risks and business ethics issues which may touch on corporate political activities, but the definitions provided by Sustainaltyics do not indicate how detailed this assessment is. In order for users of the Sustainalytics ratings to be able to fully understand the impact and risks associated with corporate political activities, a more consistent approach is needed to both assessing and reporting on this data to users.

Opportunities for improvement

The Sustainalytics methodology could be improved by adding additional indicators across each of the 8 Tracker categories. In particular the absence of a process for consistently assessing indicators in Tracker Category C 'Lobbying and advocacy activities' could lead to significant gaps in the company ESG risk profiles under the current methodology. Information on company conduct via third party influencers, including trade associations would further support a complete assessment of companies risk profile. The Sustainalytics methodology scores no points in Tracker category D, 'Influence via third parties' indicating that this could be one area of focus to improve the methodology, given the rising importance and critical dimension of trade associations' governance and their relationship with individual members.

Sustainability reporting standards

EFRAG ESRS G2 Business conduct

Region: EU
Launch date: 2022 (Exposure draft)
Focus: Sustainability reporting
Link: [Download here]

Rank 5 /26

The European Commission's Corporate Sustainability Reporting Directive (CSRD) which companies will begin reporting against in 2024,[74] requires the adoption of EU Sustainability Reporting Standards (ESRS). ESRS 1 and 2 serve as a guideline for the general sustainability reporting and defines the information to be disclosed about material impacts, risks and opportunities related to sustainability aspects. Part of the work to develop these standards has been taken on by the European Financial Reporting Advisory Group (EFRAG). EFRAG is a private association established in 2001 with the encouragement of the European Commission to serve the public interest and inform the development of financial regulation on the continent. EFRAG extended its mission in 2022 following the new role assigned to EFRAG in the CSRD, providing Technical Advice to the European Commission in the form of fully prepared draft EU Sustainability Reporting Standards and/or draft amendments to these Standards. The Tracker assesses the EU ESRSG2 Exposure Draft standard, which EFRAG led.[75] This standard has since been adopted with minor updates.[76] The Tracker assesses the Exposure Draft version.

Score summary

The EFRAG ESRS G2 Business Conduct standard receives a Tracker score of 95 out of 200. The draft standard covers more areas of corporate political activity than many of the rating agencies assessed in the Tracker. The EFRAG guidance covers revolving door issues, recommending companies disclose "information about the appointment of any members of the administrative, management and supervisory bodies or senior executives who previously held a comparable position in public administration, including regulators." This receives points in Tracker Category G 'Employees and internal policy'.

In addition, the EFRAG standard addresses employee conduct in its anti-corruption section, recommending training on "other aspects of business conduct such as transparency on political engagements and anti-competitive behaviour." This broad language could be clarified to cover different types of political influence. The EFRAG process has involved heavy consultation with concerned stakeholders, a range of workshops and rounds of feedback. The standard receives points for these feedback mechanisms in Tracker Category H, 'Governance of the standards.'

Opportunities for improvement

The EFRAG standard could be improved by adding more components of Tracker Category C 'Lobbying and Advocacy Activities' to its list of recommended disclosure items. Given the scope and range of corporate political activities, providing more guidance in this area would strengthen the standard. In addition, EFRAG could add recommendations for more complete information in Tracker Category G 'Employees and internal policy' to improve its Tracker score.

GRI 415 Public Policy Standard

Rank 11 /26

Region: global
Launch date: 2016
Focus: Corporate political contributions
Link: https://www.globalreporting.org/standards/media/1030/gri-415-public-policy-2016.pdf

GRI's Public Policy Standard (GRI 415), published in 2016, sets expectations for organisations to disclose their lobbying activities, including any financial or in-kind political contributions, and the significant issues that are the focus of their public policy lobbying. The Global Reporting Initiative (GRI) exists to help organisations be transparent and take responsibility for their impacts in order to create a sustainable future. The GRI has their own set of sustainability standards but is working with the ISSB to seek greater compatibility with IFRS Sustainability Disclosure Standards.

Score summary

The GRI 415 Public Policy Standard receives a Tracker score of 66 out of 200. The GRI standard has a narrow focus on reporting of the "total monetary value of financial and in-kind political contributions made directly and indirectly" by country and by recipient or beneficiary type. The standard receives Tracker points for requiring this basic level of disclosure. The standard also requires a reporting company to explain "if applicable, how the monetary value of in-kind contributions was estimated." This earns basic points in Tracker Category B on 'Political contributions.' The GRI also provides opportunities for feedback on its standards, although the GRI 415 standard itself has not been updated since launch in 2016.

Opportunities for improvement

The GRI 415 standard could be significantly revised with reference to the 8 Tracker Categories. Updating the standard to more fully reflect the range of corporate political activities and associated lobbying would enable companies reporting to the GRI standard to provide more complete and accurate information to investors, regulators, and other stakeholders.

ISSB IFRS S1

Region: global
Launch date: 2023
Focus: Financially material sustainability-related risks and opportunities
Link: https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s1-general-requirements/

Rank 19 /26

The International Sustainability Standards Board (ISSB) IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information[77] are the result of ongoing work to standardise sustainability reporting and integrate it into international financial accounting standards. The ISSB was launched by the UK-based International Financial Reporting Standards (IFRS) Foundation at the COP26 conference in November 2021. The ISSB was asked to develop and maintain IFRS Sustainability Disclosure Standards which provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities to help them make informed decisions. The ISSB sits alongside the existing International Accounting Standards Board (IASB) as a body that informs the evolution of international accounting standards and associated financial reporting norms. Although they are separate and independent boards, they intend to work alongside each other to enhance interconnectedness between financial reporting and sustainability reporting.

In March 2022, the ISSB issued two Exposure Drafts, based on the prototype documents created by its Technical Readiness Working Group (TRWG). The TRWG undertook the preparatory work to give the ISSB a running start. The two draft standards were IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information; and IFRS S2 Climate-related Disclosures. Proposals set out in IFRS S1 require an entity to disclose material information about all the significant sustainability-related risks and opportunities to which it is exposed. The Tracker analysed the extent to which the draft IFRS S1 framework addresses corporate political activities and related lobbying conduct. The standard was adopted by the IFRS in June of 2023.

Score summary

The IFRS S1 disclosure recommendations received a Tracker score of 30 out of a total possible score of 200. This reflects the IFRS Foundation's focus on financial accounting disclosures and the ISSB's tendency to ignore the financial materiality of corporate political activities and associated lobbying conduct in their standards development process. IFRS S1 requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term. Corporate political activities may be included implicitly in the IFRS definition of sustainability-related risks, but these are not mentioned anywhere in the standard. The IFRS S1 standard receives Tracker points for its governance and feedback mechanisms.

Opportunities for improvement

In future revisions to the S1 standard, the ISSB should consider assessing the financial materiality of corporate political activities, and the applicability of each of the 8 Tracker categories as guides for preparers of corporate financial reports.

TCFD Recommendations

Rank 23 /26

Region: global
Focus: Climate-related financial disclosures
Launch date: 2017
Link: https://www.fsb-tcfd.org/recommendations/

The Task Force on Climate-related Financial Disclosures (TCFD) was convened by the Financial Stability Board to produce a common global framework for companies wishing to report how climate change will affect their business. The TCFD has significant global support and has formed the basis of the International Sustainability Standards Board (ISSB)'s proposed standards on climate risk disclosures.[78] In 2017, the TCFD released its first climate-related financial disclosure recommendations designed to help companies provide better information to support informed capital allocation. The disclosure recommendations are structured around four thematic areas that represent core elements of how companies operate: governance, strategy, risk management, and metrics and targets. Corporate political activities and associated lobbying conduct are not a core part of the recommendations. The Recommendations have been subsumed into new ISSB standards but are included in the Tracker to indicate the development of global reporting standards linked to climate and associated lobbying conduct expectations.

Score summary

The TCFD Recommendations receive a Tracker score of 20 out of a possible total of 200. This is due to the framework's limited interest in corporate conduct and focus on the report of climate risk information by firms. The governance section of the Recommendations includes assessment of board oversight of climate risks and opportunities and management involvement in assessing and managing the same. Corporate political activities and other lobbying activities linked to the assessment and management of climate risks and opportunities are not mentioned in the Recommendations. The TCFD Recommendations only receive points in Tracker Category H 'Governance of the standards' as they provided ample opportunity for stakeholder input and had a formal governance process for the development of the Recommendations.

Opportunities for improvement

The TCFD Recommendations and their global adoption by companies, market regulators and accounting standards bodies, including the ISSB, indicate their effectiveness in establishing a new corporate reporting norm. Given the impact of corporate political activities on the climate, as well as on corporate performance over time, it would have been useful for the TCFD members to incorporate these issues into their framework. As the TCFD Recommendations continue to evolve now that they are absorbed into the ISSB, there should be new opportunities to enhance the standards on corporate climate risk disclosure to cover areas highlighted in each of the 8 Tracker categories.

Other initiatives

AccountAbility Lobbying Health Check

Region: global
Launch date: 2005
Focus: Responsible lobbying by companies
Link: https://unglobalcompact.org/library/254

Rank 21 /26

The AccountAbility 'Six-Step Lobbying Health Check' was launched in 2005 in collaboration with the United Nations Global Compact and supported by a number of companies, including Co-operative Financial Services, Gap Inc., Novo Nordisk, and Telefónica. The published responsible lobbying definitions and associated assessment tool are based on a series of convenings and interviews with businesses, lobbyists, civil society and public sector officials in North America, Europe, India and Brazil. The report examines issues around political lobbying and provides a framework which companies, including the 12,000+ signatories to the Global Compact and NGOs can use to assess the responsibility of their own lobbying activities and to identify areas for improvement.[79]

Score summary

The AccountAbility and UN Global Compact Health Check receives a Tracker score of 97 out of 200. This strong score reflects the ambitious high-level principles in the checklist. The six steps in the Health Check process require companies to assess the alignment of their lobbying positions with their strategy, actions and values. Step two expects companies to evaluate the materiality of their lobbying activities in relation to the impact on the firm, but also on external stakeholders such as policymakers, investors, and civil society. This examination of corporate lobbying alignment receives points in Tracker Category B, 'Political contributions. Importantly, the AccountAbility framework also expects companies to assess and understand who is acting or engaging in political activities on their behalf, such as individual external lobbyists and trade associations. This Health Check indicator scores points in Tracker Category D, 'Influence via third parties.' Additional indicators cover transparent reporting on lobbying conduct and the management systems and oversight mechanisms in place to ensure consistency and alignment of corporate political activities with public commitments.

Opportunities for improvement

The AccountAbility Health Check could be improved by the addition of more detailed questions in each of the Six-Steps. Updating the standard would help it to maintain relevance during almost two decades since its launch. This process could include a review of the 8 Tracker categories to add relevant areas of enquiry into an updated Health Check, adding more granular indicators as necessary to reflect changes in corporate political activities.

B-Lab Impact Assessment Methodology

Rank 20 /26

Region: global
Launch date: 2006
Focus: Businesses Sustainable Transformation
Link: https://www.bcorporation.net/en-us/standards/

The B-Lab was set up to support companies to engage more consistently in positive impact. The methodology recognises that businesses need comprehensive, credible, comparable impact standards in order to support economic systems change. Since its launch, the B-Lab Impact Assessment Methodology has been used by more than 150,000 businesses. The B Impact Assessment is a digital tool designed to help firms measure, manage, and improve their positive impact performance across a number of thematic areas, including the environment, communities, customers, suppliers, employees, and shareholders. Receiving a minimum verified score of 80 points on the self-assessment tool is also the first step towards B Corp Certification that companies can pursue.[80]

Score summary

The B-Lab Impact Assessment Methodology receives a Tracker score of 30 out of 200. The low score reflects the Impact Assessment Methodology's limited focus on corporate political activities. High-level questions in the Governance section imply an interest in corporate political activities, but lack detail. For example, the Assessment Methodology asks companies: "What practises does your company have in place to promote ethical decision-making and prevent corruption?" This is an important question but the B-Lab framework does not ask for any details on associated policies or conduct related to lobbying and political activities in particular. The methodology receives points as a number of the assessment categories provide an opportunity for companies to explain their political activities, but the B-Lab questions do not explicitly request this. In addition, the methodology is designed to take feedback from users, providing opportunities to update the B-Lab questionnaire in response to evolving market norms.

Opportunities for improvement

The B-Lab Impact Assessment Methodology could update its references to corporate political activities and review elements of the 8 Tracker categories which could be included in the ongoing revision of the B-Lab Impact Assessment. In Tracker Category F, on sustainable lobbying, the B-Lab methodology asks important questions, but these are not actually used in the scoring of company conduct. For example, the governance section of the B-Lab framework asks companies to describe their "approach to creating positive impact" but indicates that this is an unweighted question that will not impact on the company B-Lab score and is asked only for internal research and benchmarking purposes. This and a number of other opportunities to formalise questions and results relating to corporate political activities would enhance the B-Lab Tracker score.

Additional questions from Tracker Category D, 'Influence via third parties' and on employee conduct would help to make the B-Lab assessment more complete, and reflect the importance of corporate political activities in influencing sustainability outcomes. As of today, certified B corps appear to have limited awareness of the importance of corporate political conduct as a precondition for the realisation of their broader sustainable commitment towards society and the environment.

CDP Climate Change Scoring Methodology

Rank 13 /26

Company coverage:
Launch date: 2000
Focus: Climate-related disclosures
Link: [CDP Climate Change 2023 Scoring Methodology]

CDP was established as the 'Carbon Disclosure Project' in 2000, as a then unique NGO-led exercise asking companies to disclose their climate impact via emissions since reporting. Since then, the organisation has broadened the scope of its environmental disclosure requests to incorporate deforestation and water security, while also engaging cities, states and regions on similar disclosure and reporting issues. According to CDP, their reporting platform and annual process supports thousands of companies, cities, states and regions to measure and manage their risks and opportunities on climate change, water security and deforestation.[81] Demand for CDP reporting by companies is led by investors, purchasers of company goods and services, and city-level stakeholders.

Score summary

The CDP framework receives a Tracker score of 53 out of 200. This reflects a number of areas that touch on corporate political activities, and the questionnaire's evolution in responding to changing investor expectations for corporate disclosures in this area. The CDP framework is climate-focused, but the Tracker score reflects its treatment of corporate lobbying issues. The Guidance includes a single question on lobbying: **(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?** It extends this analysis by asking companies to explain what issues they have been engaging directly with policy makers. The CDP questionnaire also receives points in Tracker Category D 'Influence via third parties' as it asks about a firm's position on the board of any trade associations and any funding provided beyond membership fees. But the questions in this area narrow the enquiry and exclude a discussion on alignment of trade association membership with the company's stated goals to support climate change action, the energy transition, and related public policy goals.

Opportunities for improvement

The CDP Climate Change 2023 Reporting Guidance explains how the framework expects respondents to explain their lobbying practices,[82] but would benefit from more detailed disclosures across a number of the Tracker categories. As the role of corporate political activities continues to grow in the climate arena, an updated CDP questionnaire which draws on the Tracker methodology could help to improve investor access to this information.

Erb Principles for Corporate Political Responsibility

Rank 10 /26

Region: global
Launch date: 2023
Focus: Corporate political activities
Link: https://erb.umich.edu/partner-with-erb/erb-principles/

The Erb Principles for Corporate Political Responsibility are intended to provide corporations with a non-partisan, practical thought process to help respond to new questions and new pressures related to their political influences – from employees, investors, customers and the public.

Score summary

The Erb Principles receive a Tracker score of 75 out of 200. This reflects a number of high level expectations linked to corporate political activities embedded in the Principles. For example, the Principles outline expectations that "companies articulate an authentic basis for their engagement on key matters of public policy and societal issues," which receives points in Tracker Category A, general disclosure on corporate political activities.' The Erb Principle on Accountability expects companies to "actively strive for alignment between their political activities (including those of trade associations and other third parties influencing on their behalf) and their commitments to purpose, values, stated goals and stakeholders." This element of the Principles receives points in Tracker Category D, 'Influence via third parties'. The Principle on Transparency, includes important elements, highlighting that companies "should communicate openly and honestly about their political activities to promote informed stakeholder decision-making and public trust."

Under the Erb Principles, this includes the responsibility of companies to provide transparency in their political activities, publicly reporting on the oversight processes and policies for corporate political activities, all direct political spending, spending through trade associations or other third parties influencing on their behalf, and any actions to address misalignments. These provisions receive points in Tracker Category C on 'Lobbying and advocacy activities.' The Erb Principles also have mechanisms for taking feedback from a wide range of stakeholders and receive points in Tracker category H for this approach to open and transparent governance of the standards.

Opportunities for improvement

The ERB Principles offer a relatively exhaustive and ambitious set of high-level principles. However, they score zero in two Tracker categories, on disclosure on lobbying/advocacy policy positions, and employees and internal policy. The Principles could be strengthened with reference to the political activities of employees and associated internal policies. In their current iteration, the Principles do not seem to focus on that corporate governance aspect of corporate political activities, but they could do so in the future by providing a set of implementation guidelines helping users to translate these high-level principles into actionable guidance.

ICGN Guidance on Political Lobbying and Donations

Rank 4 /26

Region: global
Launch date: 2017
Focus: Corporate involvement in political processes
Link: https://www.icgn.org/policy/icgn-guidance

The International Corporate Governance Network (ICGN) Guidance on Political Lobbying and Donations outline areas of investor concern about corporate involvement in the political process, as a matter of both business ethics and corporate governance. The current version was updated by the ICGN Business Ethics Committee in 2017 following consultation with ICGN Members. It incorporates revisions to the original document, first issued in 2011, to inform investor and company engagement on the issue.[83] Established in 1995 and led by investors responsible for assets under management of around US$77 trillion, the ICGN aspires to advance the highest standards of corporate governance and investor stewardship worldwide in pursuit of long-term value creation, contributing to sustainable economies, societies, and the environment.[84]

Score summary

The ICGN Guidance receives a Tracker score of 101 out of 200. The Guidance sets clear expectations from investors for companies. It emphasises that "any political lobbying activity should be clearly supportive of shareholders' interests and conducted within an ethical policy framework, which recognizes the interests of other stakeholders. In particular there should be a transparent policy framework, a business rationale, shareholder support, robust board oversight and clear public disclosures." These clearly articulated expectations earn points in the Tracker categories on transparency and the corporate governance of corporate political activities.

The Guidance includes important elements on the transparency of corporate political activities, asking companies to provide "clarity on the purpose of the political activity, the policy framework, the decision makers, when and how the company seeks to influence public policy and the direct/ indirect costs" of corporate political activities. It also sets expectations on the responsible use of political engagement tools by companies. The investor Guidance expects companies to seek political influence "within the constraints of legal and ethical norms" and not to seek undue influence for "individual executives or for special interest groups at the expense of broader public welfare."[85]

The sections setting governance expectations for corporate political activities in the ICGN Guidance are also clear. The Guidance explains that "it is the responsibility of the board to understand and explicitly approve the company's policies with regard to political lobbying and donations. This includes charitable donations and donations to trade associations or related third-party organisations… The board should appreciate the legal and reputational risks associated with improper political activity and be responsible for oversight of political activity." This receives points in Tracker Category E, 'Disclosure of 'lobbying/advocacy' policy and position' for setting the expectation of board oversight and that companies have clearly communicated and well understood policies on these issues. The Guidance also sets clear expectations relating to trade association membership and receives points for this in Tracker Category D, ‘Influence via third parties.’

Opportunities for improvement

The ICGN Guidance could be enhanced with more granular expectations on information disclosure relating to third party conduct, employee participation in corporate political activities, and on sustainable lobbying.

OECD Principles for Transparency and Integrity in Lobbying

Rank 3 /26

Region: global
Launch date: 2009
Focus: Transparency in lobbying
Link: https://www.oecd.org/gov/ethics/oecdprinciplesfortransparencyandintegrityinlobbying.htm

The OECD Principles, launched in 2009, are primarily directed at decision makers in the executive and legislative branches of government, and are relevant to both national and sub-national levels of government. Although the OECD Principles are designed to guide governments, they are included in the Tracker as a globally important set of soft law standards relating to the regulation of corporate lobbying conduct. The expectations have not been revised since their launch, reflecting the need for OECD member governments to catch up with new approaches to disclosure on corporate political activities and other lobbying.

Score summary

The OECD Principles receive a Tracker score of 103 out of 200. The Principles receive this score based on their high-level recommendations in a number of key areas. The Principles recommend that all disclosure of lobbying activities "should provide sufficient, pertinent information on key aspects of lobbying activities to enable public scrutiny." This expectation on complete and transparent disclosure receives points in Tracker Category C, 'Lobbying and advocacy activities'. The OECD Principles also expect information on third party lobbying and the oversight of lobbying and corporate political activities at companies. According to the Principles, "core disclosure requirements [should] elicit information on in-house and consultant lobbyists, capture the objective of lobbying activity, identify its beneficiaries, in particular the ordering party, and point to those public offices that are its targets." These criteria earn points in Tracker Category D, 'Influence via third parties.'

The Principles recommend that governments should facilitate public scrutiny by indicating who has sought to influence legislative or policy-making processes, for example by disclosing a 'legislative footprint' that indicates the lobbyists consulted in the development of legislative initiatives. These criteria are important and earn points in Tracker Category E on 'Disclosure of 'lobbying/advocacy' policy and position'

The OECD Principles go further and recommend that voluntary corporate disclosures should include social responsibility considerations about a business entity's participation in public policy development and lobbying: "To adequately serve the public interest, disclosure on lobbying activities and lobbyists should be stored in a publicly available register and should be updated in a timely manner in order to provide accurate information that allows effective analysis by public officials, citizens and businesses." These recommendations are important and remain to be acted upon by OECD member governments in a consistent and transparent manner.

Opportunities for improvement

The OECD Principles should aspire to be comprehensive and set a higher standard of expectations for governments and countries, and be accompanied with an action plan and intended implementation timeline. A challenge for the OECD is to show genuine leadership to enhance the regulation of corporate political activities in its member states. The ongoing challenges associated with corporate political activities in a number of OECD countries highlights the need for enhanced standards in this area. An updated version of the OECD Principles would be strengthened with a full review of each of the Tracker categories and consideration of how corporate political activities in the years since the original publication of the Principles.

Positive Compass

Region: global
Launch date:
Focus: Positive impact
Link: https://www.makeapositiveimpact.co/compass-for-regenerative-business

Rank 6 /26

The Compass tool from NGO Positive is designed to provide organisational change makers with a transformational set of principles. According to the publishers, the methodology is built around five life-affirming principles, referred to as the '5Ps:' People, Planet, Partners and Places with Purpose. The standard publishers hope the Compass can lead towards a future of business conduct going beyond ESG reporting and certifications. The Compass covers around 100 data points designed to enable firms to self-assess their practices and inform action towards corporate strategy that enables regenerative impact.[86]

Score summary

The Positive Compass tool receives a Tracker score of 87 out of 200. As with a number of other standards in this group, the Positive Compass receives points for its high level and aspirational criteria. The Purpose section of the methodology asks firms to communicate on where their 'employees actively manifest their commitment to delivering the higher purpose of our company'.[87] These questions receive points in Tracker category,

The Positive Compass assessment criteria on governance includes a set of indicators on governance accountability for delivering social and/or environmental purpose, and asks companies to explain if (a) their social and/or environmental purpose is enshrined in the firm's legal constitution; (b) if the board is mandated by the constitution to prioritise social and/or environmental mission above all else; and how/if the board is mandated to regard our social and/or environmental mission when taking decisions.[88]

The standard also considers political finance contributions in some detail, asking companies if they "expressly prohibit bribes, kickbacks and gifts, and about a company's policies relating to indirect political contributions, charitable donations, and sponsorships. The questionnaire asks companies to explain how they are transparent and share with the public all of their financial and in-kind contributions to political parties, politicians, political lobby groups, charitable organisations, and advocacy groups. The questionnaire also asks companies to indicate that they "do not fund politicians, political parties or political lobby groups (excluding the funding of political action related to improving social and environmental standards)", combining disclosures on political finance with positive lobbying information. These disclosure expectations earn points in Tracker Category C, on 'lobbying and advocacy activities.'

Opportunities for improvement

The Positive Compass tool would benefit from the addition of a more detailed disclosure framework focused on corporate political activities, particularly in relation to third party activities of trade associations, and on employee participation in political activities.

Responsible Lobbying Framework

Rank 2 /26

Region: global
Launch date: 2020
Focus: Responsible lobbying
Link: https://www.responsible-lobbying.org/the-framework#

Launched in 2020, the Responsible Lobbying Framework was developed by a group of civil society actors to hold their corporate partners accountable during a thematic dialogue process. The specific terms of that dialogue remain confidential, but all parties agreed that the resulting Framework should have a wider use and provided a valuable tool to increase transparency and accountability.[89] The Framework, structured around five principles, was published and is designed to be used both as a set of globally applicable principles and standards, outlining what responsible lobbying would look like, and as an evaluation tool of a specific organisation's lobbying activities.

Score summary

The Responsible Lobbying Framework receives a Tracker score of 106 out of 200. The Framework receives points in Tracker Category B on 'Political contributions' for requiring basic disclosures under principle one.

The Framework addresses Tracker Category F, 'Commitment to sustainable lobbying practices.' It specifies that "responsible lobbying must consider the wider public interest, not only an organisation's needs narrowly defined." And clarifies that corporate political activities "should respect the interests and needs of people, communities and the environment. Organisations lobbying responsibly will be able to present a public interest case for their positions." Principle 2 of the Framework covers transparency, outlining expectations for full disclosure of the amount and nature of all direct and intermediary lobbying, paid or unpaid. These detailed explanations earn points in Tracker category

With respect to oversight and governance of corporate political activities, the Responsible Lobbying Framework outlines expectations for companies to have controls over all lobbyists, in-house and intermediary, paid or unpaid, to ensure they understand and adhere to organisational policies" via codes of conduct, training and regular performance assessment. These expectations receive points in Tracker Category G 'Employees and internal policy.'

Unique among the standards assessed in the Tracker, the Responsible Lobbying Framework indicates expectations that **"substantial public sanctions"** be placed on corporate lobbyists who contravene company policies and codes of conduct. This is an interesting expectation and reflects the almost complete absence of regulatory or legal enforcement for contravening lobbying codes of conduct, in the small handful of countries where such guidelines exist. Finally, the Framework describes how company **boards should have clear oversight of lobbying policy positions, the lobbying processes and practices of the organisation itself, of intermediary lobbyists (paid or unpaid) and the lobbying activity of third- party organisations it is a member of.**

Opportunities for improvement

The Responsible Lobbying Framework could be improved by adding additional granular expectations in a number of Tracker categories.

UN-PRI Investor Expectations on Corporate Climate Lobbying

Rank 1 /26

Region: global
Launch date: 2018
Focus: Corporate climate lobbying
Link: https://www.unpri.org/Uploads/i/k/t/Investor-Expectations-on-Corporate-Climate-Lobbying_en-GB.pdf

The Principles for Responsible Investment (PRI) launched the first version of this guidance in 2018 to help investors engage more effectively with portfolio companies on their direct and indirect lobbying practices related to climate policy.[90] The guide was launched in response to investor concerns that negative and resistant corporate interests, often represented by third-party organisations, can hinder policy action that aims to mitigate the impacts of climate change. This in turn may cause a number of issues for investors including legal and reputational risks, and long-term portfolio volatility. The PRI Investor Expectations are included in the Tracker as an early example of high-level principles considering corporate political activities. The Expectations are focused on climate-related disclosures rather than applying to all forms of corporate conduct.

Score summary

The PRI Investor Expectations on Corporate Climate Lobbying receive a Tracker score of 117 out of 200. The relatively high score reflects the framework's level of detail. Its focus on climate reflects interests of the PRI's investor members in this area, but the approach could be expanded to cover other themes and industries impacted by corporate political activities.

The PRI Expectations set clear expectations for the governance of lobbying, and expect all companies to "Establish robust governance processes to ensure that all direct and indirect public policy engagement is aligned with the company's climate change commitments and supports appropriate policy measures to mitigate climate risks." The standards further specify an expectation that companies "assign responsibility for governance at board and senior management level; establish processes for monitoring and reviewing climate policy engagement; and establish processes to ensure consistency in the company's public policy positions. These expectations earn points in Tracker Category E, 'Disclosure of lobbying/advocacy policy and position'.

The Expectations ask for granular disclosure on a company's position on climate change and policies to mitigate climate risks; the company's direct and indirect lobbying on climate change policies; governance processes for its climate change policy engagement; details on the company's membership in or support for third party organisations that engage on climate change issues; the specific climate change policy positions adopted by these third party organisations, including discussion of whether these align with the company's climate change policies and positions; and the actions taken when the positions of these third party organisations do not align with the company's climate change policies and positions. These detailed reporting expectations score points in Tracker category B, 'Political contributions' and category C, 'Lobbying and advocacy activities'. A challenge for users of the PRI Expectations is to extend these expectations to companies operating outside of climate-related industries and lobbying themes.

Opportunities for improvement

The PRI Expectations could be improved with more granular reporting expectations across a number of the Tracker categories. Encouraging companies to report on and explain their approach to sustainable lobbying would earn additional points in Tracker Category F on 'Commitment to sustainable lobbying practices.'

World Economic Forum Measuring Stakeholder Capitalism

Rank 16 /26

Region: global
Launch date: 2020
Focus: Stakeholder capitalism
Link: https://www.weforum.org/stakeholdercapitalism

The Tracker assessment considers metrics described in the World Economic Forum report, 'Measuring Stakeholder Capitalism Towards Common Metrics and Consistent Reporting of Sustainable Value Creation.'[91] The report and the recommended frameworks were created out of the 2020 Annual Meeting, with the support of 120 of the world's largest companies. The intention was to develop a core set of common metrics and disclosures on non-financial factors for investors and other stakeholders. The recommendations incorporated feedback via a six-month open consultation process to define "common metrics for sustainable value creation."[92] The core and expanded set of "Stakeholder Capitalism Metrics" and disclosures are designed for use by companies to align their mainstream reporting on performance against environmental, social and governance indicators and to track their contributions towards the SDGs on a consistent basis. The WEF metrics are deliberately based on existing standards, with the near-term objectives of accelerating convergence among the leading private standard-setters and bringing greater comparability and consistency to the reporting of ESG disclosures. The Metrics include 21 core and 34 expanded metrics and disclosures to guide company reporting.

Score summary

The WEF Stakeholder Capitalism Metrics receive a Tracker score of 38 out of 200. The framework receives basic points in Tracker Category E 'Disclosure of 'lobbying/advocacy' policy' for highlighting the importance of communicating positions taken in lobbying activities. Issues related to corporate political activities are covered in the metrics on 'Ethical Behaviour' which refer to **Alignment of strategy and policies to lobbying The significant issues that are the focus of the company's participation in public policy development and lobbying; the company's strategy relevant to these areas of focus; and any differences between its lobbying positions and its purpose, stated policies, goals or other public positions.** These are important expectations to set. It also receives points in Tracker Category H on standards governance for publishing the methodology and enabling feedback and updating of the metrics.

Opportunities for improvement

The WEF Metrics provide useful high-level principles for ethical corporate conduct but miss the opportunity to outline expectations for more complete disclosure of information on corporate political activities. There is room to enhance the granularity and completeness of the WEF Metrics across each of the Tracker categories. Until the WEF metrics properly consider corporate political activities, their framework will not be aligned with market expectations for consistent disclosure of this information. Updating the metrics to more fully incorporate the Tracker categories is important as corporate political activities impact on each of the focus areas described by WEF across Governance, Planet, People and Prosperity.

World Benchmarking Alliance Social Transformation Framework

Rank 9 /26

Region: global
Launch date: 2018
Focus: Corporate reporting and benchmarking tools
Link: https://www.worldbenchmarkingalliance.org/research/social-transformation-framework/

The World Benchmarking Alliance (WBA) was launched in 2018 in order to improve the way that business impact is measured by companies and other market participants. Their goal is to boost motivation and stimulate action by corporate actors for a sustainable future for everyone. As part of this process, the WBA identified seven systems transformations that need to take place to put society and the worldwide economy on a more sustainable path to achieve the SDGs.[93] To turn these transformations into action, WBA publishes a series of benchmarks assessing 2,000 of the world's most influential companies, ranking and measuring them on their contributions to the SDGs.

The WBA Social Transformation Framework is built around a set of core social indicators, based on pre-existing tools and frameworks. It sets out expectations that companies should meet in order to leave no one behind, support the SDGs and help create a future that works for everyone. The 12 key expectations are grouped into three categories: human rights, decent work and ethical conduct.[94] The Framework defines a set of core social indicators (CSIs) intended to reflect international normative expectations. Using the indicators, companies can provide investors and other stakeholders with an assessment of whether the company is on a path towards meeting these expectations. WBA considers the CSIs as 'signposts' towards the expectations for the social transformation.[95]

Score summary

The WBA Social Transformation Framework receives a Tracker score of 76 out of 200. The Framework asks reporting companies to take a 'socially responsible approach' to their political activities and other lobbying. The Framework's Expectation 12 describes an expectation that companies implement a "**socially responsible approach to direct and indirect lobbying and political engagement, overseen by the highest governing body and supported by appropriate controls and transparency, and which at a minimum does not undermine either the 2030 agenda or international human rights frameworks.**"[96] This high-level ambition for enhanced corporate governance of corporate political activities receives points in Tracker categories covering transparency, internal oversight, and sustainable lobbying. The WBA openness to feedback and commitment to update standards in response also earns points in Category H on governance of the standards.

Opportunities for improvement

The WBA Framework's high-level approach misses opportunities for more detailed disclosures. In particular, more questions around Tracker Category C, 'Lobbying and Advocacy Activities' and Category G on 'Employees and internal policy' would make the framework more complete. Adding more detailed expectations for consistency between corporate sustainability commitments and their political activities would make the WBA Framework more useful as a reporting guide for companies. Updating the Social Transformation Framework to include these details, and to address other areas of the Tracker would bring it up to date as a best practice guide for global firms and investors committed to social impact and transparency.

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