

Scorecard

# ICGN Guidance on Political Lobbying and Donations

## About ICGN

COVERAGE OF COMPANIES

**Global**

LAUNCH DATE

**2017**

FOCUS

**Corporate involvement in political processes**

LINK:

<https://www.icgn.org/policy>

# ICGN Guidance on Political Lobbying and Donations Score

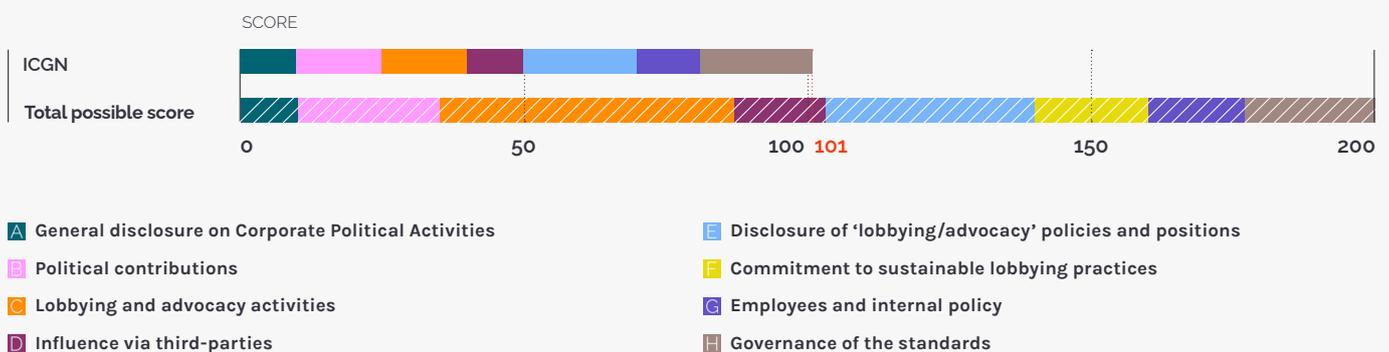


Rank 6 <sup>1/27</sup>

## Tracker Rank and Score for ICGN

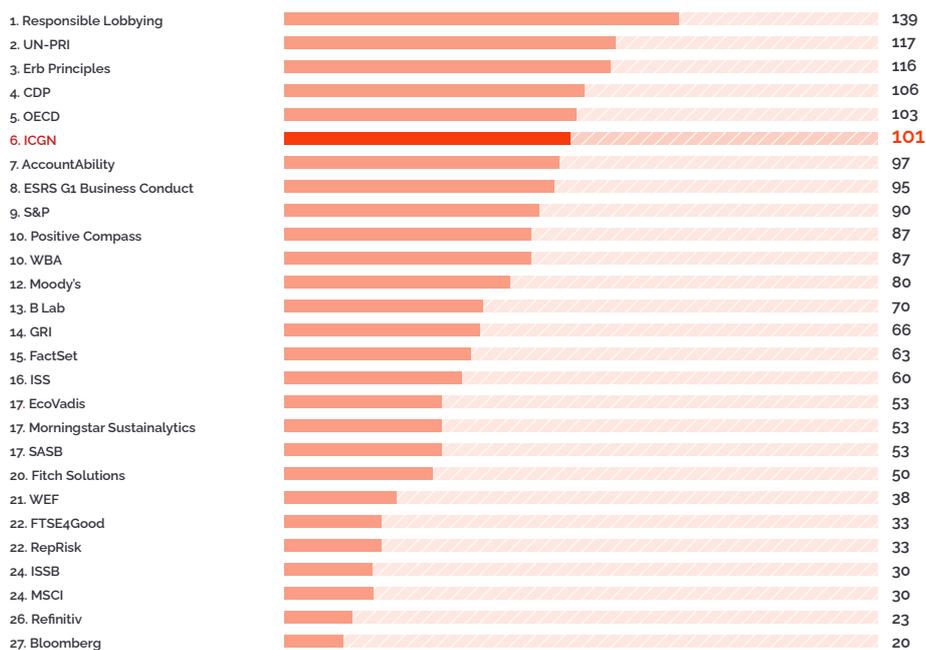
The score is out of a total of 200 and the rank describes the standards position in the 27 standards assessed by the Tracker.

## Category scores of ICGN Guidance on Political Lobbying and Donations



\*Categories where the standard received no points do not appear in the colour-coded graph

## Rank and scores for all standards



# Description

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.<sup>1</sup> 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.<sup>2</sup>

The ICGN guidance on political lobbying and donations covers four key principles: (a) legitimacy, lobbying and policy engagement should clearly serve the long-term interests of the company as a whole and its investors and respect the concerns of other stakeholders; (b) transparency - all companies should have clarity on the purpose of their political activities, the policy frameworks that guide their engagement, the decision makers they are targeting, when and how the company seeks to influence public policy and the direct/ indirect costs; (c) accountability, considering how company managers involved with political activity are held accountable by a company's board. According to the Principles, the board, in turn, is held accountable by the company's shareholders for the company's political policies and their implementation; and (d) responsibility, describing the expectation that political influence is sought within the constraints of legal and ethical norms and does not seek undue influence for individual executives or for special interest groups at the expense of broader public welfare. These are important principles and the ICGN's significant influence with investors and portfolio companies mean that they set a floor for expectations that have continued to evolve since the standards were first launched in 2017.

## 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.”<sup>3</sup>

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.

### Endnotes

- 1 <https://www.icgn.org/policy>
- 2 <https://www.icgn.org/about>
- 3 <https://www.icgn.org/sites/default/files/2021-06/ICGN%20Political%20Lobbying%20%26%20Donations%202017.pdf>

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