

U4 HELPDESK ANSWER 2024: 46

## **Business integrity and democracy**

### How corporate political engagement affects democracy

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Business integrity and democracy are deeply intertwined. Both are complex multidimensional concepts, so this relationship can be traced across several areas, from the effect of corporate activity during elections to the impact of lobbying on impartial administration.

To assess the relationship between business integrity and democracy, this Helpdesk Answer considers four dimensions of democracy: i) representative government; ii) fundamental rights; iii) rule of law; and iv) participatory engagement.

The literature indicates that business integrity can have a positive impact on the quality of democracy, while unethical business practices can negatively affect democracy.

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### Related U4 reading

[The relationship between electoral integrity and corruption \(2024\)](#)

[Contribution of anti-corruption measures to democracy promotion \(2022\)](#)

## Query

### How does business integrity relate to the quality of democracy?

#### Main points

- Business integrity and democracy can be mutually reinforcing. Ethical business activity and political engagement can have a positive impact on the quality of democracy (virtuous cycle), while unethical business practices and behaviours can have a negative impact on democracy (vicious cycle).
- Businesses can provide expertise to the policy process and ensure that legitimate points of view are being heard. By fostering informed policymaking, they can contribute to the quality of democracy.
- Ethical business practices can buttress the rule of law, a fundamental component of democracy, both by setting positive examples and by reducing the impact that supply-side corruption has in eroding impartial administration. As rule of law improves, democratic accountability may increase, meaning that businesses have fewer opportunities for unethical behaviour, further reinforcing democratic institutions.
- Unethical practices can entail liability and reputational risks for companies, particularly where the public grows aware of corporations' behaviour.
- Forms of corporate political engagement that result in policy capture can lead to the (justifiable) perception that narrow interest groups control economic opportunities and that public institutions do not protect the public interest, undermining trust in democracy.

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# Introduction

Business integrity and democracy can be mutually reinforcing. When businesses engage in ethical activities, they can have a positive impact on the quality of democracy (virtuous cycle). Companies that uphold high integrity standards can help promote trust in democratic institutions, either by directly embodying democratic values or because the public sees their ethical behaviour as a sign of democracy working for the benefit of everyone. At the same time, higher quality democracies are associated with the kind of rule of law that allows business to act in an ethical manner.

Conversely, unethical business practices and behaviours can have a negative impact on democracy (vicious cycle). Weak business integrity can lead corporate actors to attempt to illicitly secure benefits from public officials and ultimately to policy capture, which undermines the efficacy of public institutions, increases inequality and is associated with a drop in public trust in democratic institutions. Low quality public institutions may create opportunities for corrupt officials to reward companies that behave in unethical manners, further reinforcing this cycle. Corrupt practices can further erode democratic accountability and lead to citizen dissatisfaction with democracy.

# Business integrity and the quality of democracy

## Business integrity and corporate political engagement

Business integrity has been defined as ‘conducting business in a manner that avoids bribery and other corrupt acts that undermine the operation of and public confidence in the marketplace’ (Transparency International 2016:4), or alternatively as the ‘responsible and compliant corporate behaviour and its orientation towards generally accepted ethical standards and principles’ (Global Compact Network Germany 2022:6). While a corruption-focused view is useful, a broader ethical approach helps capture the wider ways in which business integrity supports democratic quality. This is particularly relevant since not all the unethical activities that can negatively affect democracy will be codified as corruption in a particular jurisdiction. Furthermore, this broader approach is compatible with the World Economic Forum’s (2020:4) suggestion that business integrity is more than just compliance and entails an active commitment to ethics and integrity.

The direct and indirect efforts of all non-governmental actors (including private companies, NGOs, trade unions and individuals) to contribute to and participate in the political process to influence laws, regulations and policies that affect them is called political engagement. Different actors have different incentives to try to influence political processes. In the case of companies, a huge variety of policies and regulations – including those related to taxes, price controls and market restrictions, privatisation drives or deregulation – can have an impact on profit-and-loss probability (Henisz et al. 2019). This creates incentives for firms to attempt to shape laws and policies (Ravishankar & Vaz Boni 2022).

The efforts of companies to influence political processes can take many different forms and is not only restricted to lobbying and political contributions (Ravishankar & Vaz Boni 2022:6). To capture the wider range of ways in which companies can influence politics, the term ‘corporate political engagement’ provides a useful framework. It can be defined as (Oxfam 2024:7):

‘business activity aimed at influencing political outcomes. This includes: direct and indirect engagement with policymakers (lobbying); attempts to influence the public debate on policy issues (advocacy); and financial

investments to support these activities, particularly donations to politicians and political parties (political spending). Engagement can happen throughout the policymaking process.'

[Transparency International UK](#) has developed a model of business integrity in the political sphere through which it evaluates corporate political engagement. It considers five themes similar to the ones outlined by Oxfam (2024): responsible lobbying, political donations, the revolving door, corporate transparency and the control environment of the company's approach to political engagement (Transparency International UK 2018).

As large companies can have outsized economic and political power, the result of their political engagement can be controversial and their influence deployed in questionable ways and for narrow goals. These objectives can include securing economic advantages that are anti-competitive or changing regulations to favour vested interests over the common good (Ravishankar & Vaz Boni 2022:7). Furthermore, corporate political engagement can entail bribery and corruption risks (Transparency International UK 2017).

To map the relationship between business integrity and democracy, it is important to consider the behaviour of businesses in the political arena, including activities that might not be illegal but may nonetheless affect democracy negatively.

## Defining democracy

Democracy is a multidimensional phenomenon that is now generally understood to imply more than just free and fair elections. Many definitions have moved away from a minimalist definition of democracy to more complex conceptualisations (Munck 2016). For their Global State of Democracy Indices, IDEA (2020) identifies five attributes of democracy:

- representative government
- fundamental rights
- checks on government
- impartial administration
- participatory engagement

Each of these attributes captures a different aspect of a definition of democracy that highlights popular control over public decision-making and decision makers, and the equality of the citizens exercising this control (IDEA 2020: 2).

A more recent framework developed by IDEA (2024: 30) aggregates ‘checks on government’ and ‘impartial administration’ into a ‘Rule of Law’ measure that includes the independence of the judiciary from government influence and the consistency of law enforcement activity. In assessing the relationship between business integrity and democracy, this Helpdesk Answer thus considers four pillars: i) representative government; ii) fundamental rights; iii) rule of law; and iv) participatory engagement.

## **Democracy is conducive to a healthy business environment**

Businesses can engage in politics in a constructive manner that is valuable both for their shareholders and society at large (Ravishankar & Vaz Boni 2022: 7). Furthermore, some research suggests that democracy can have a positive impact on businesses at the aggregate level, as democratisation can increase GDP per capita by 20 percent in the long term (Acemoglu et al 2019). While economic growth may decline initially after democratisation, the impact of democracy on economic growth tends to be positive in the longer term (Knutsen 2021). On average, countries with transparent governments that respect the rule of law and human rights tend to also have better environments for businesses (Repucci 2015). By ‘mitigating abysmal economic outcomes and ensuring more stable performance, democracy is generally of benefit to risk-averse entrepreneurs, investors, workers, and consumers alike’ (Knutsen 2021).

Conversely, in authoritarian systems, regime insiders and their associated commercial ventures have access to power and resources through their loyalty to the leader. While politically connected companies might benefit from access to power in the short term, this can change at any point in time; if their owners fall out of the regime’s favour, these firms are likely to lose the privileges they previously enjoyed (Bueno de Mesquita et al. 2005). Indeed, in the absence of checks and balances, businesses can be subject to sudden and arbitrary decisions by the government (Repucci 2015). While some autocracies have report strong growth rates, some of their data can be biased or exaggerated and drawing conclusions on the basis of self-reported growth rates may not be advisable (Knutsen 2021).

In contexts of weak democracies or when democracy is in jeopardy, political instability can arise, threatening the stability of the environment in which businesses operate (Pons 2022). Systemic issues can undermine the economic, environmental and social systems on which companies depend for their financial value (Ravishankar & Vaz Boni 2022:10). Knutsen (2021) observes that historically relative to democracies, autocracies appear to have experienced a disproportionate number of



economic crises and, at the aggregate level, have demonstrated poorer economic performance.

When the actions of companies harm democratic processes, the resulting political instability and deterioration of the rule of law can ultimately affect their own value. In such a context, corruption risks can increase and new costs arising from government inaction to address market failures may appear, potentially hurting a company's bottom line (Oxfam 2024:6). Moreover, when a company engages in practices that are misaligned with their stated values in one jurisdiction, this can have repercussions in their commercial activities elsewhere. Partly this is because consumers and shareholders appear to be increasingly sensitive to a firm's adherence to ethical principles (Edelman 2018; PRI & OECD 2022:9). Ravishankar & Vaz Boni (2022:9) point out that where corporate positions and actions are perceived to be unethical, this can lead to reputation damage, loss of shareholder value and strained relationships with stakeholders.

Finally, while overtly partisan political approaches can be problematic and alienate employees or customers, taking actions to promote democracy and the right to vote can be beneficial to businesses as they can raise brand awareness among consumers, improve the relationship between employees and shareholders, and may open new opportunities for dialogue with elected officials (Spillane & Gross 2019a).

## Low business integrity weakens democracy

Corporate political engagement can be detrimental to democracy when it results in the voices and interests of citizens and their associations being sidelined (Nyberg 2021:2). The exclusion of large parts of the public from the democratic process can erode citizen trust in public institutions, the legitimacy of elections and the belief that voting and traditional channels of representation can respond to voters' concerns.

This risk is particularly acute when corporate leaders perceive their commercial interests to run counter to the broader public interest (Snyder 2021b). In these instances, corporate political engagement can be deployed in ways harmful to democracy, such as to exert pressure on elected officials to prioritise special interests or to promote policies that benefit certain corporate actors to the detriment of other groups in society.

A survey conducted in 30 OECD countries showed that a significant part of the population felt public decision-making favours interests from the private sector over the public interest (OECD 2024a:100). On average, 43% of respondents considered that their national governments would enact policies that are harmful to the society as a whole but beneficial to an industry (OECD 2024a:100).

When businesses dominate the policymaking process and act in opaque ways to pursue their interests, this can lead to policy capture, where narrow interest groups control the rule-making process (Oxfam 2024:6). Such polities may be marked by corruptive dependencies, where tight networks of businesspeople and politicians become intertwined, with officials coming to rely on a small number of wealthy companies or individuals for campaign funds and political support (Nyberg 2021:3; Lessig 2011; Admati 2020).

Beyond promoting rules that benefit corporations at the expense of the wider public interest, corporations can undermine representative democracy by capturing the regulatory agencies designed to oversee them (Barley 2007), thus distorting rule-enforcement. In settings characterised by regulatory capture, the rule of law, an essential component of democracy, is likely to diminish further.

Where companies are able to exercise unchecked influence over government policy, nominally democratic states risk assuming the characteristics of an oligarchy (Merkel 2014). At the same time, the outsized influence of big business over public policy can give rise to the emergence of populist or authoritarian political forces that promise to rein in private interests. Indeed, the OECD (2017: 3) links low levels of trust in government and growing political radicalism to the mounting perception that policy makers only benefit the interests of a few. In the EU, the 2023 Eurobarometer found that 78% of citizens surveyed agreed with the statement that in their countries ‘too close links between business and politics lead to corruption’ (European Commission 2023). The Latinobarómetro paints a similar picture, as 72.1% of respondents in 2023 state that their countries are ruled by a few powerful groups that rule for their own benefit (Latinobarómetro 2023).

## High business integrity strengthens democracy

While it has been well-documented how a lack of business integrity can weaken democracies, more robust academic research is required to understand the other side of the coin: whether and how business integrity leads to improved quality of democracy overall.

Conceivably, by strengthening the rule of law and intrinsic democratic values such as transparency and accountability, business integrity can reinforce democratic modes of governance and foster an environment in which democracy can thrive. For instance, where businesses do not engage in corrupt practices when interacting with the public administration or courts, regulation and oversight of the private sector is likely to be more impartial and the risk of companies being held to account by the state may be higher.

Furthermore, by demonstrating that corporations work within the confines of the law and adhere to the same democratic principles as the rest of the population, business integrity may plausibly contribute to public trust in democracy as an effective means of government.

Business integrity could promote the proper functioning of democracy in very concrete ways. For example, companies can provide much-needed expertise to the policy process and ensure legitimate points of view are being heard by public decision makers (Transparency International UK 2018:1). By facilitating informed decision-making, Ravishankar & Vaz Boni (2022:8) argue that companies can improve the quality of democracy. In contexts where the business sector enjoys broad public confidence, business leaders' support for democracy can leverage similar support from the larger public (Maguire & Oniz 2022).

The remainder of this Helpdesk Answer explores more specifically how business could take a proactive role to strengthen democracy. The following sections provide examples of good and bad practice from various parts of the world, underscoring the substantial impact that the behaviour of corporate actors has on democratic practices, institutions and public trust in democratic governance.

# Business integrity across different dimensions of democracy

The remainder of this paper illustrates the relationship between business integrity and democracy for each of the four pillars of democracy described by IDEA (2024),<sup>1</sup> providing conceptual links and examples of how business integrity (or lack of it) weakens/strengthens each dimension, along with existing tools and guidelines businesses can use to improve their integrity when conducting corporate political engagement.

## Representative government

Representative government relies on fair elections, universal voting rights, freedom for political organisations, and an effective legislative system (IDEA 2024:19). Political power emerges from competitive, inclusive and regular elections (IDEA 2020). Corporate political engagement can influence this pillar in several ways, most notably in terms of political donations, which is the primary channel through which businesses seek to influence elections.

### Elections<sup>2</sup>

In terms of the electoral act itself - voting for one candidate or another at a polling station - business influence is generally limited, but not unheard of. A company may decide to publicly state which political candidates are best for the business or encourage its employees to attend campaign events of politicians that company executives endorse (Hertel-Fernandez 2018). While these might be formulated as requests, employees may feel their participation is mandatory, such as the coal mine workers who reportedly felt pressured to attend a rally for a particular presidential candidate during the 2012 US election (Hertel-Fernandez 2018). In Peru, employees

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<sup>1</sup> IDEA's [Global State of Democracy Initiative](#) provides a useful illustration of this distinction by classifying the state and quality of democracy for 173 countries in the world. Its indices allow for assessing performance on each of the categories and gives a more nuanced understanding of where democracy is doing better and worse and in which specific pillars (IDEA 2024).

<sup>2</sup> For a review on the links between electoral integrity and corruption, see Resimić & Bergin (2024): [The relationship between electoral integrity and corruption](#). U4 Helpdesk Answer.

in some companies stated they had been forced to vote for a certain candidate by their employers in the 2021 presidential election (Pica News 2021). In such circumstances, companies are not only seeking to influence elections but also violating the political rights of their employees.

Companies can, however, take steps to support free and fair elections. For instance, firms could support the logistics of conducting elections by supplying ballot drop boxes or providing items like office supplies, beverages and snacks to election officials, or even directly donating funds to officials administering the election (Pons 2022). Companies can also fight for voters' right to cast their vote. In the U.S., business leaders of companies such as American Express, Merck and Dell, challenged voter-suppression laws in states like Georgia and Texas (Posner 2024).

Furthermore, where the staff at polling stations is composed primarily of volunteers, companies can encourage their workers to act as poll volunteers by offering them additional paid time off, as Patagonia has done (Pons 2022). Better staffed polling places and additional funding can lead to shorter waiting times and the opening of new polling places. This can have a net positive impact on voter turnout, since there is evidence that shorter waiting lines and closer polling stations are positively correlated with participation (Pons 2022).

## Political donations

Businesses generally exert more influence on electoral outcomes during the campaigning period, rather than on polling day itself, chiefly through their financial clout. Concerningly, campaign finance is one of the weakest aspects of electoral integrity around the world (IDEA 2024:45).<sup>3</sup> Large donations from a small number of interest groups can entail risks for the quality of democracy as these financial contributions may reduce the competitiveness of elections or unfairly tilt the playing field, and – when not properly disclosed – create incentives for trading influence. Obscure donations undermine democratic accountability as politicians may answer to vested interests or the wealthy few instead of the broader public (Transparency International 2024:6, 10).

Companies may also try to influence which candidate is selected by a party to run for election by making it clear to whom they would be prepared to donate funds. As campaigns become more and more expensive, this can be a determining factor. Political donations can result in undue influence and corruption, as money

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<sup>3</sup> The latest Electoral Integrity Project report flags campaign finance and campaign media as the worst performing indicators in elections (Garnett et al. 2024:4). This issue will remain a problem as financial reporting, when required, is weakly enforced and political finance information is often not published in a timely manner (Transparency International 2024:3).

channelled in an untransparent manner may facilitate bribery, influence peddling and vote buying (IFES ND; Transparency International 2024:6). In South Korea, a former leader of the Democratic Party of Korea was charged with taking illegal political funds from businesspeople and distributing money to lawmakers and other party members who appeared to have facilitated his victory in the party's leadership contest (The Korea Times 2024). In Brazil, payments to secure public contracts were registered as electoral donations from a company to a political campaign (Swiss Info 2015), illustrating how campaign donations can be used to hide actual bribes.

While regulations on campaign finance differ around the world, there are some common loopholes, notably in relation to 'third-party spending' or 'non-contestant campaigning' (Transparency International 2024). Third-party spending is a form of redirecting election spending without donating money to a political party or candidate for them to spend. This can be exploited to circumvent existing political finance regulation. The best known example relates to political action committees (PACs) in the US, but other forms of third-party spending exist in other countries, like funding going to charities, thinktanks or foundations that then conduct political activities (PRI & OECD 2022:10).

PACs are used to circumvent restrictions on directly donating money to political parties or candidates. They include separate segregated funds, i.e. committees established by an organisation that can only solicit contributions from individuals associated with a connected or sponsoring organisation; non-connected committees, which can solicit contributions from anyone; and super PACs, which can receive unlimited contributions from any source (PRI & OECD 2022:12).

While individuals can use PACs to channel their donations, it is clear that companies also funnel money through PACs. In the 2020 US election cycle, the securities and investment industry gave US\$421,446,603 to PACs, as well as to parties and candidates (Open Secrets n.d.). Between 2008 and 2018, business political action committees accounted for between 68% and 73% of all PAC spending in US federal elections (Center for Political Accountability 2018). Companies can also circumvent financing restrictions through their employees. In Georgia, companies made political contributions through their employees to avoid the existing limits to private political funding (Transparency International 2024:11).

Another source of obscurity in political spending in the US is 'dark money', which refers to corporations and billionaires spending unlimited sums through non-profits that are loosely regulated and do not disclose the identities of their donors (Vogel & Goldmacher 2022).

In the aftermath of the Capitol insurrection on 6 January 2021, several corporations and industry groups halted their donations to PACs that were associated with the

members of congress who voted against certifying the 2020 US election (CREW 2021). Several companies took this position with reference to their own stated principles on democracy and representation (Maguire & Moniz 2022). As a result of some of these concerns, Microsoft created a Democracy Forward Initiative, a PAC funded by voluntary donations from the company's stakeholders, aimed at supporting organisations that promote public transparency, campaign finance reform and voting rights instead of political candidates (Microsoft 2021).

In India, cash donation limits and the creation of, now defunct, electoral bonds were meant to improve political funding. However, the bonds' design allowed for their misuse as their anonymity meant major corporate donors could make unlimited donations without any repercussions from the public (Frontline the Hindu 2024). According to transparency activists, the electoral bonds helped private companies funnel money to a range of incumbent parties in exchange favourable treatment (Al Jazeera 2024).

Political donations can take many forms in addition to cash, and include loans at below-market rates of interest, discounted fees or rates, sponsorships and free or discounted use of facilities or services, among others (Transparency International UK 2017). The majority of countries where political financial contributions are reported do not contain data on in-kind and non-financial support (Transparency International 2024:4). In the US, companies are allowed to use their employees' time and effort, which is considered a corporate resource, to influence elections (Hertel-Fernandez 2018).

Some argue that political donations from companies should be completely stopped (Lund & Strine 2022; Transparency International UK 2017). Indeed, it might even be in the companies' own interest to promote stricter regulation regarding corporate political donations, which could reduce pressure on them to provide funds to political parties and candidates.

Nonetheless, as this remains an unlikely scenario in many countries, Transparency International UK (2017; 2018) recommends donations should be exceptional, used as an expression of corporate responsibility and to support a genuine democratic process. They also recommend political expenditures should be done without expectation of return and not linked to a direct business benefit (Transparency International UK 2017). One notable example is the Tata Group in India, whose code of conduct states that it will not support any specific political party or candidate for office and states that it will not provide funds or property as donations to any political party, candidate or campaign (Transparency International UK 2017). In the US, the Sensata Technologies Holding PLC, Zoom Video Communications Inc. and Jabil Inc. have clear policies that prohibit all corporate election-related spending (Center for Political Accountability 2023:15).

Board oversight of corporate political donations can help ensure that corporate political financing is done with integrity (Transparency International 2024:7). This can involve board members considering the risks, limits and purpose of donations and determining the company's policy on personal donations made by directors and employees (Transparency International UK 2017). As of 2023, 63% of S&P 500 companies reported board oversight of any corporate political spending in the US (Center for Political Accountability 2023:9). Goldman Sachs, for instance, requires their employees in the US to submit for review any planned political contributions to assess if they are consistent with their policies (Goldman Sachs 2024).

Some companies have begun disclosing their donations, but different types of contributions are not consistently identified throughout the governance and integrity standards (like the ESG), making it difficult for companies to use these standards to disclose their financial participation in politics, particularly when contributions are indirect or in-kind (Alemanno et al 2023:27).

Disclosures of political spending can include the beneficiaries of their donations, including all third parties (PRI & OECD 2022:28). Many institutions encourage companies to disclose any political donations and make public all payments, including those related to lobbying activities, particularly in contexts where such information is not disclosed by others or easily available (OECD 2015:39; 2023:47; Transparency International UK 2018). For example, PepsiCo discloses all of their corporate political contributions and makes this report readily [available online](#).

While disclosure remains largely voluntary, increasingly companies are adhering to such standards. In 2023, 100 of all S&P 500 companies scoring 90% or above for political disclosure and accountability (Center for Political Accountability 2023:9).

In the US, the [Center for Political Accountability](#) seeks to achieve disclosure of and accountability for corporate political spending. Among its initiatives, it has a model code of conduct for corporate political spending that companies can adopt and adapt (The Conference Board 2010:42). Among other things, the code states that political spending should reflect the company's interests and not those of individuals in its leadership; regular disclosures of all political spending, including payments made to trade associations and other tax-exempt organisations and direct, indirect and in-kind political contributions; board oversight of political spending; written approval for all political contributions and the prohibition of reimbursing employees for any personal contributions or expenses.



## Fundamental rights

This pillar of democracy includes an impartial legal system, the degree to which civil liberties are respected, the extent to which people have access to basic resources that allow them to participate in the political process, and the degree of political and social equality (IDEA 2024: 25; 2020).

### Human rights

Businesses have a corporate responsibility to respect human rights (United Nations Human Rights 2012). They can use existing standards, such as the [Guiding Principles on Business and Human Rights](#), the [United Nations Global Compact](#) or the [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct](#), as blueprints to ensure their business practices respect existing international instruments on human rights.

Where corporate political engagement is used to advance narrow economic benefits for the company, such as by lobbying to weaken safety standards or environmental regulations that drive their costs up, this can be to the detriment of the human rights of the local population (United Nations Human Rights 2012: 16; IDEA 2024: 25; Admati 2020). An example might be where a business lobbies government to reduce environmental restrictions on pollution, which could lead to the contamination of a community's water supply of a community. Companies may also use their resources to try to use the judicial system to challenge human rights and environmental defenders (Oxfam 2024:15). Moreover, a frequent criticism levelled at some firms is reputation laundering, in other words, corporate communications material that claims to promote certain principles while their products and/or practices contradict these claims (El-Alam & Berrutti 2022). This, for example, is the case of gender washing, which refers to companies making unsubstantiated or exaggerated claims about their gender equality policies and actions or claiming to support gender equality in their communication campaigns but not really implementing such policies internally or failing to address substantial gender pay gaps (El-Alam & Berrutti 2022).

Customers have begun demanding more from companies. Environmental, social and governance (ESG) criteria are increasingly used by investment funds to ensure their consumers' values align with those of their investments (Maguire & Oniz 2022; Rahman 2024:3; Holzheuser & Khalaf 2024). Tools like the [Corporate Human Rights Benchmark \(2022\)](#) can help businesses assess their policies, processes and practices against human rights standards. This benchmark lists approaches including assigning senior-level responsibilities for human rights, assessing human rights risks and impacts, and implementing grievance mechanisms for individuals and communities

outside the company. The UK company Marks and Spencer, for example, has outlined a clear commitment to countering human rights abusing by addressing these at the board of directors level and implementing policies that prohibit any type of retaliation against anyone filing a human rights related complaint against them (Kaye 2017). In South Africa, businesses played a vital role in the democratic transition, facilitating negotiations and helping them remain on track (Makgetla & Shapiro 2016).

## Freedom of expression and freedom of the press

Freedom of expression and freedom of the press stipulate that citizens should be able to access relevant information regarding democratic processes like elections and be able to freely engage in electoral activities (IDEA 2024:27). When businesses engage in advocacy activities, or ‘upstream interventions’, that seek to influence public opinion and thereby build pressure on officials (OECD 2024b:15), this may affect the information that voters can access.

Attempts to shape the public debate through advocacy include company actions and statements, attempts to influence public debate on certain issues (including via affiliated or financially supported thinktanks and academics), as well as influencing the legal system to affect the ability of public bodies to make decisions, for example through strategic lawsuits to restrict or silence critical voices (Oxfam 2024:8, 16; OECD 2024b:17).

Companies may produce politicised marketing content with targeted or native advertising,<sup>4</sup> such as sponsored content like podcasts or newsletters (OECD 2024b:15). The use of sponsored content to influence policy is rarely captured in lobbying transparency frameworks, so companies are encouraged to fully disclose their activities regarding issue and native advertising (OECD 2024b:16). A similar concern arises for digital media, which increasingly relies on native advertising (Council of Europe 2023:23). Digital media companies can adopt good practices and self-regulate to protect journalistic independence and their consumers (Council of Europe 2023:23).

Companies may attempt to sway public opinion with purposefully deceitful information. An example of this is major fossil fuel companies casting doubt on climate change being caused by human activity (PRI & OECD 2022:14). Good practice would include companies taking an explicit stand regarding how information is delivered. For example, the BHP mining group is committed to avoiding the use of

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<sup>4</sup> Native advertising is content that resembles news or other content that matches the media in which they appear, which may make it difficult for the consumer to recognise advertising.

ambiguous terminology that can be misleading, particularly in relation to climate issues (OECD 2024: 10).

If voters cannot assess the veracity or origin of claims issued by corporate public relations, this can negatively affect the proper functioning of democracy by undermining citizens' capacity to make informed political decisions. As part of their business integrity standards, companies can establish transparency policies on their conduct regarding scientific research and their funding of it. PepsiCo, for example, specifically states in its [public policy engagement, political activities and contribution guidelines](#) that it will not interfere with the publication of research because of the nature or favourability of their outcomes (Oxfam 2024:21). The company also holds a dedicated website to publish all academic research with which it has been involved (Oxfam 2024:21).

The digital disruption of the media landscape has challenged the media business model and led to an increasing concentration of media ownership (Council of Europe 2023:8-9), which is highly relevant for the practice of democracy. This is especially true when conglomerates own both important media outlets and other businesses (Admati 2020). Under those circumstances, media coverage of certain topics or reporting of unethical business practices might be biased or incomplete where reporting might negatively affect the owners' business interests.

In Italy, a country with a high ownership of newspapers by industrial groups, research has shown that newspapers are less willing to produce critical coverage of firms affiliated with the newspaper (Bajo et al. 2020). In India, the acquisition of a 29% stake in New Delhi Television, the largest private network in India, by one of Asia's richest men raised concerns about independent media, given his ties to the government (Rajvanshi 2022). Similarly, in the recent U.S. election, two major news outlets, The Washington Post and the Los Angeles Times, decided not to make presidential endorsements despite their longstanding tradition of doing so. While endorsements are an editorial decision, and editorial boards are entitled not to make them, this decision appears to have been driven by the economic interests of the owners of both newspapers and against the wishes of the editorial boards (Sullivan 2024). In this sense, transparency around media ownership can strengthen democratic conditions, while safeguards may be put in place to isolate editorial decisions from the business interests of the owners.

While media ownership will depend on a country's regulation, media companies can follow Access Info Europe and the Open Society Program on Independent Journalism (2013) recommendations on transparency of media ownership, which include disclosing ownership, publishing financial accounts and audit reports, details on senior management and shareholders (alongside their relative voting weights) and making this information freely and easily accessible to the public. Additionally, media

companies can disclose information on beneficial ownership as real ownership remains an important factor affecting editorial independence (Camarda 2016).

As philanthropy becomes an important source of funding for the media, companies providing funds can abide to good practices to ensure editorial independence (Council of Europe 2023:28). Reporters Without Borders (RSF) has launched an international benchmark, the Journalism Trust Initiative (JTI), for media outlets to self-assess their transparency, editorial independence and processes (Reporters Without Borders 2023). Companies can use this benchmark to decide which media organisations to fund or where to advertise.

In terms of their employees, companies can nurture an environment conducive to democratic dialogue. The workplace can be one of the rare places in which citizens interact with people that hold differing views, since most of the closer social circles of an individual tend to hold similar political views to their own (Pons 2022).

Businesses can nurture a healthy approach to political dialogue by ensuring that the senior executive team is exposed to a range of viewpoints (Reitz & Higgins 2021).

Setting the tone from the top demonstrates respect for opposing political views and may lead to this behaviour being replicated by others in the company (Pons 2022).

Fostering an environment in which people can discuss differing political perspectives has been shown to decrease polarisation (Pons 2022).

## Rule of law

According to the Global State of Democracy Index, rule of law includes judicial independence, the degree to which public officials use public offices for their personal gain, how predictable is law enforcement and freedom from political violence (IDEA 2024:30).

## Impartial administration

Undue influence refers to a form of influencing decision-making processes in opaque and subtle ways that is not necessarily illegal (Bosso et al. 2014:35). Both real and perceived undue influence can erode 'the social contract underpinning democracies, and hence the system's credibility and legitimacy' (OECD 2017: 3). Growing inequality might facilitate the access of privileged groups to decision makers, as the concentration of economic resources in the hands of a few can lead to them gaining more access to decision makers. In its most extreme form, where public officials act in line with the interests of certain companies or special interest groups, undue influence can result in policy capture (OECD 2017: 3).

Businesses are frequently approached by government representatives for their views, including during formal consultation processes. Néron (2016: 716) notes that, due to their economic clout, public officials may grant businesses privileged positions in policy discussions and even defer to their views and preferences. Businesses can also ‘flex their economic muscle’, trying to influence public policy by warning of the ostensibly dire consequences a given policy could have on the job market (Jenkins & Mulcahy 2018:9).

Companies can gain political influence through the provision of resources that might not be available to law and policymakers (Snyder 2021a). For example, they might provide draft legislative bills and a roster of experts to a lawmaker that might not have enough staff to do the extensive research preparing such a bill would require (Snyder 2021a). In the EU, industry representatives tend to dominate advisory groups, which then provide advice on technical matters (Jenkins & Mulcahy 2018:8). Snyder (2021a) observes that although this support is not typically neutral, this form of political engagement is unlikely to be registered as an official political contribution, since it did not involve any actual money.

## Lobbying

Numerous options are available to businesses seeking to influence policy in democratic systems. Jenkins & Mulcahy (2018) identify tactics ranging from formal lobbying strategies to more informal practices. Direct, insider-oriented channels include cultivating relationships with public officials, the provision of expertise, engaging law firms, capitalising on the revolving door, offering gifts and hospitality to officials and “buttonholing” officials. Indirect, informal tactics encompass engaging like-minded companies, flexing economic muscle, hiring “scholars for dollars”, employing partisan thinktanks and front groups, as well as financing the campaigns of politicians.<sup>5</sup> These indirect tactics generally amount to coordinated attempts by industry representatives to change the narrative around a political or regulatory issue (Jenkins & Mulcahy 2018:6).

Despite the significance of lobbying as a channel for corporate influence, as of 2023, fewer than 30 countries had established lobbying laws (Hong et al. 2023:1). Moreover, lobbying regulations in these countries generally only cover formal forms of lobbying, such as establishing registers of corporate lobbyists and recording meetings with officials (Thomas 2018). Indeed, lobby registries may struggle to document long-standing informal relationships between industry figures and government officials (Mitnick 2015; Jenkins & Mulcahy 2018:15).

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<sup>5</sup> Further information on informal lobbying strategies can be found in [Jenkins and Mulcahy \(2018\)](#).

The insufficient disclosure of lobbying activities –due to the absence of lobbying regulations, legal loopholes, or inadequate enforcement – can facilitate influence peddling that runs counter to international standards or shareholder interests (Ravishankar & Vaz Boni 2022:9). When lobbying efforts succeed in having public officials take policy decisions that prioritise the narrow interests of certain companies, public administration ceases to be impartial. A particularly insidious challenge to democracy arises ‘when corporations become involved in the writing of the rules that apply to everyone, including themselves, or interfere with enforcement’ (Admati 2020).

Lobbying heavily depends on lobbyist–policymaker relations, and lobbyists that are more skilful in forging personal contact with government officials will be more successful in promoting the interests of the group they represent (Thomas 2018). Privileged access can be hard to detect while giving insiders, who promote their goals through their close friends and associates in government, an upper hand in influencing public policy (Thomas 2018). Business associations often prefer direct contact behind closed doors (Jenkins & Mulcahy 2018:6; Dür & Mateo 2013).

Lobbying can also mask illegal and unethical activities, including the use of bribes, gifts and excessive hospitality, the use of front organisations and covert support for research reports, the manipulation of data, hiding lobbying expenditures, drafting legislation that favours the company and trading in influence (Transparency International UK 2017). In the US, expenditure on federal lobbying is much larger than PAC expenditure (Snyder 2021a), which may indicate companies consider lobbying a more cost-effective way to influence public policies than financing politicians’ electoral campaigns. Yet, lobbying is perceived by citizens as leading to undue influence and policy capture (PRI & OECD 2022:15), which can progressively erode trust in democracy.

Negative examples of lobbying abound. In the US, Admati (2020) argues that the financial crisis of 2007-2009 was the result of rules that were poorly designed and ineffective as they were largely shaped by the corporations they were supposed to regulate. Corporate lobbying can also happen through trade associations and business chambers of commerce (Transparency International UK 2017). Lobbying from pharmaceutical trade association in the US successfully prevented pricing transparency proposals from becoming law (CREW 2020).

For their part, fossil fuel lobbyists have increased exponentially over the years. In 1992, 55 business representatives lobbied UN negotiators during the United Nations conference on Environment and Development in Rio de Janeiro, while in 2023 at least 2,456 fossil fuel lobbyists had official access to the COP28 (Oxfam 2024:11). Lobbying for fossil fuel interests outspent environmental groups and renewable energy 10 to 1 in the US from 2000 to 2016 (E360 2018). Meanwhile, in the EU, 19 of

the 20 powerful industry associations lobbied to dilute regulations meant to align Europe's financial system with the Paris Agreement (Lobby Map 2020). However, recent years have seen a growing trend of investors resisting this and driving change in the energy transition, as reflected in [Climate Action 100+](#), an investor-led initiative that seeks to ensure that the largest corporate greenhouse gas emitters take appropriate action.

Corporate social responsibility (CSR) can also be misused to pursue corporate lobbying objectives. For instance, CSR activities might be targeted at the districts of certain politicians who work on policies or sectors that matter to the company (Snyder 2021a). Researchers found that when committee assignments or the personnel change, the CSR spending patterns changed as well (Snyder 2021a). In this case, the misuse of CSR blurs the lines between social responsibility and lobbying, harming the purpose of CSR and obscuring undue influence – potentially undermining the rule of law. Companies that seek to maintain public trust could choose to clearly separate CSR from their lobbying activities, and make sure that no political concern affects their CSR decisions.

The private sector can also seek to influence the very frameworks meant to promote business integrity. For example, the original standards proposed as part of the EU's corporate sustainability reporting directive were watered down in response to feedback from industry representatives (Verney & Holmstedt Pell 2023). Among other areas, the obligatory nature of climate related reporting and of some of the business conduct provisions under G1<sup>6</sup> were weakened and the overall number of disclosure requirements was halved (Verney & Holmstedt Pell 2023).

Conversely, private sector entities and business associations can campaign for stronger lobbying regulations to foster transparency and integrity in corporate political engagement (PRI & OECD 2022:29). Such initiatives may enjoy greater legitimacy and suffer from fewer collective action problems when they have the backing of wider industry or professional associations, rather than emanating from a single company (Transparency International UK 2017).

Companies can engage in lobbying in line with established ethical practices and standards. The International Corporate Governance Network (2017:9) recommends lobbying follow four key principles: legitimacy (it serves the long-term interests of the company), transparency (the purpose is stated clearly), accountability (managers

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<sup>6</sup> G1 is one of the 12 European Sustainability Reporting Standards (ESRS) that form the Corporate Sustainability Reporting Directive. ESRS G1 outlines the information relating to business conduct, stipulating disclosure requirements relating to corporate culture, management of relationships with suppliers, avoiding corruption and bribery, corporate political engagement and the protection of whistleblowers.

involved with it are accountable to the board), and responsibility (lobbying is done within legal and ethical constraints and does not accomplish its objectives at the expense of the broader public welfare). Lyon & Doty (2023) recommend evaluating the legitimacy of corporate political involvement in terms of its:

- Contribution: has the company contributed to this issue or is it involved in it?
- Commitments: does the issue affect the firm, the business or its key stakeholders?
- Consequence: does the issue pose a threat to the economy, society or life and does the company have the ability to help?

Companies can define what is meant by lobbying and keep a record of anyone lobbying on their behalf, particularly when a serving politician is hired, as well as develop policies and procedures anyone lobbying for them needs to adhere to (Transparency International UK 2017; 2018). The success of these practices requires designing controls to check on the lobbyists and ensuring that all transactions are documented and recorded and that the lobbying methods are fully disclosed, including any money spent and the intended results of lobbying activities (Transparency International UK 2017; 2018; PRI & OECD 2022:28). Another good practice for companies is to refrain from making political donations to the same officials that are targeted by their lobbying (Transparency International 2024:9).

Companies can take it upon themselves to publish their lobbying policy. The BMW Group, for example, has made publicly available what associations it is part of as well as how it monitors the policy positions of those trade associations (The BMW Group 2021). However, an analysis of 150 corporations in Germany, the UK and the US found that few firms disclosed the specific policy positions for which they advocate (Favotto & Kollman 2021). Findings are similar in Australia, where few publicly listed companies disclose their lobbying spending (Browne 2023).

While traditionally business associations were the main conduit for exerting policy influence in Europe, and they continue to be relevant for small and medium-sized enterprises, the larger firms are turning more and more to the US model of hiring specialised lobbying consultancies (Jenkins & Mulcahy 2018:6; Transparency International 2015; Corporate Europe Observatory 2017).

When hiring consultant lobbyists, companies need to check their reputation and standards, their anti-bribery programmes and the identity of their other clients (Transparency International UK 2017). Transparency International UK (2017) further recommends that companies be aware of possible conflicts of interest or confusion regarding the company's stance on a topic arising from a consultant lobbyist representing multiple clients.



These recommendations extend to lobbying done through trade associations, as companies are encouraged to conduct due diligence and review their memberships on a regular basis to remedy any misalignments, as, for example, BT did when withdrawing from US based associations that adopt lobbying positions at odds with BT's stated objective of curbing greenhouse gas emissions (Ravishankar & Vaz Boni 2022:9; Transparency International UK 2017). Other examples include the Coca Cola Company and PepsiCo, who both left the Plastics Industry Association over its lobbying approach (Oxfam 2024:29).

Companies can make sure that lobbying done by a trade association is compatible with anti-bribery and responsible lobbying standards (which can be accomplished by assigning a relationship manager for each trade association) and only consider joining if they can track and monitor their lobbying (Transparency International UK 2017). The [Good Lobby Business Associations' Initiative](#) seeks to provide guidance on what constitutes good governance and responsibility of business associations. Corporations can also consider creating or joining trade associations that promote positions and policies beneficial to the general public. For example, in the US, Mars, Unilever and Nestlé left the Grocery Manufacturers Association to create the Sustainable Food Alliance, which according to Oxfam (2024:29), represents more progressive policy issues.

Finally, tools to monitor lobbying are available. For example, the [Good Lobby Tracker](#) seeks to assess the major corporate political responsibility initiatives and help businesses choose the best methods and standards for assessing their corporate political footprint, which includes corporate lobbying, political spending and other forms of corporate influence.

## **Revolving door**

The revolving door refers to the movement of high-level employees between the public and private sectors and poses the risk of improper access or influence. It can be a tool to wield political influence through explicitly or implicitly offering private sector jobs to politicians after they leave the public sector in exchange for them promoting the businesses' political agenda when in office (Snyder 2021a). Former public officials or politicians now working in the private sector may use insider information or seek to use their influence over former colleagues to benefit their new employers (Transparency International UK 2017). Risks also arise in the opposite direction, when a high-level employee moves from the private sector to the public one. They can favour their old company, be more receptive to lobbying from their previous employer and return to the company with insider information (Transparency International UK 2017).

Public opinion considers that the ‘revolving door’ can lead to undue influence. Across the 30 OECD countries surveyed, 49% of respondents considered that a high-level political official would grant political favours in return for a well-paid private sector job (OECD 2024a:101). In both directions, the revolving door can cause conflicts of interest and lead to the public administration extending undue advantages to certain companies.

Several measures can mitigate the risks of the ‘revolving door’ can have on the quality of democracy. These include designing and implementing policies and procedures for (PRI & OECD 2022:29; Transparency International UK 2018)

- public sector hires
- interacting with former employees now working in the public sector
- managing conflicts of interests
- disclosing secondments

For example, Grupo Bimbo, a Mexican transnational baked goods company, set up a ‘cooling-off’ period when hiring former public officers, which includes background checks and is subject to regular audits, while Danone sets out a set of policies for hiring an employee from the public sector, including the restriction of the job for a certain period of time (OECD 2024b:15).

## Participatory environment

The final pillar of democracy is political participation. It entails different types of participation at different levels, including civil society participation, electoral participation, direct democracy and local democracy (IDEA 2020).

### Promoting turnout

Businesses can affect voter turnout through their actions. When doing so, they can address two different groups: their employees and their consumers (Spillane & Gross 2019a).

When addressing their own employees, they can encourage voter turnout by removing some of the hurdles faced by voters in their own companies (Pons 2022). For example, they can give employees time off on election day and send email reminders and links to voter registration sites. While many of these will be business level decisions, e.g. Patagonia closing its stores on election day to allow their workers to vote or Gap and BCBSM holding workplace events like voter registration drives (Spillane & Gross 2019a), they can also join existing initiatives and groups that

provide recommendations and resources; for example, the US business led initiative [Time to Vote](#), where companies take measures to ensure employees do not have to choose between voting and their work commitments.

Businesses can also engage in public campaigns to ‘get out the vote’, addressing their consumers. In Europe, [B Lab Europe](#) joined other collectives to unite businesses across Europe to increase awareness and turnout for the 2024 European Parliament elections. In the US, Lyft gave passengers 50% discounts off when riding to their polling place (Pons 2022). Companies in the U. have also joined in activities for national voter registration day or become involved with groups like [Rock the Vote](#) that provide registration pages that make it easy for companies to spread the word among their customers (Mazzoni 2023).

Spillane & Gross (2019a) drew five lessons from ‘get out the vote’ campaigns led by companies in the US 2018 mid-term elections:

- the efforts should be non-partisan, promoting democratic participation, not endorsing a particular candidate or company
- even small efforts can be helpful (i.e. a large budget is not a requisite)
- companies can rely on their existing staff and guidance from non-profit organisations and election officials (i.e. companies do not need to hire extra staff and there is no need for a full-time civic engagement person)
- early planning is key
- the programme needs to be consistent with the company’s brand and overall message

Beyond the positive effects on voter participation, these campaigns reportedly provided other benefits to companies including brand awareness and improving their relationships with employees, shareholders and elected officials (Spillane & Gross 2019a).

## Other forms of participation

Businesses can also promote non-partisan political participation. For example, the Body Shop joined the Be Seen, Be Heard effort, which aims to get more young people involved in public life and helped gather signatures for key issues around electoral participation, like moving federal elections to the weekend in Canada or pressuring the Malaysian government to honour their commitment to lower the voting age from 21 to 18 (Mazzoni 2023).

Snapchat launched an initiative to encourage its users to explore running for office, providing them with practical information on the requirements and giving them

access to recruitment organisations and training programmes from across the political spectrum (Pons 2022).

Companies might also try to influence public policy and elections through the mobilisation of their employees in partisan ways (Hertel-Fernandez 2018). In the US, some companies use software packages that allow them to reach their workers with customised political messages and track who has responded to political requests and who has not (Hertel-Fernandez 2018).

## **Civil society**

Businesses engage with civil society organisations in multiple ways and may consider influencing grassroots organisations to promote their positions (OECD 2024b:18).

While this can be a virtuous relationship, it also raises concerns regarding the instrumentalisation of civil society by business interests (OECD 2024b:18).

Companies and interest groups may establish NGOs and use them as fronts for their more political activities while disguising the original funding (Jenkins & Mulcahy 2018:10). Thinktanks can also become conduits for lobbying if they wield their credentials as ‘objective researchers’ to benefit companies that secretly fund them (Jenkins & Mulcahy 2018:10). Lessons on how to govern those relationships in a responsible manner have arisen, chiefly relating to the disclosure of both financial and non-financial support to these groups (OECD 2024b:19).

# Corporate transparency and integrity

A company's control environment entails the corporate culture, values, operational style and organisational structures underlying the company's approach to political engagement (Transparency International UK 2018). Companies seeking to engage in responsible corporate political engagement can focus on integrity, ethical behaviour and transparency, having a legitimate voice, ensuring accountability and being consistent in their approach (Transparency International UK 2018).

There are many existing guidelines, standards and recommendations for businesses to conduct their political engagement with transparency and integrity. According to Oxfam (2024: 6), a first step for companies is to map their political footprint and assess their corporate political engagement through a democratic, human rights and environmental sustainability lens. A critical issue to assess when mapping this is the alignment between the business's own policy positions and their donations or political influence activities (Snyder 2021a).

Investors can take an active role in monitoring the companies in which they invest and make decisions based on this information (Ravishankar & Vaz Boni 2022:12). For instance, shareholders could encourage reporting or demand systematic lobbying disclosures (PRI & OECD 2022: 28). Shareholder proposals on corporate political engagement have become more frequent, particularly in relation to climate change (PRI & OECD 2022:15). This is the case of BNP Paribas Asset Management in the US, which pushed for three companies in which they held shares to disclose information on how their lobbying complied with the objectives of the Paris Agreement (PRI & OECD 2022:15).

According to the principles for responsible investment, responsible corporate political engagement entails activities that (Ravishankar & Vaz Boni 2022:8):

- adhere to the letter and spirit of regulations and international best practices
- are in line with business principles that are coherent with integrity and sustainable goals set out in international agreements
- preserve the company's long-term interests, including those of diversified shareholders and stakeholders
- inspire trust and are grounded in robust governance and transparency

- lead to public policy decisions that contribute to the stability of the economic system, minimise firm and system level risks and promote positive sustainability outcomes

Companies engaging in politics can do this responsibly and contribute to the democratic process by (Transparency International UK 2017; Oxfam 2024:25-26):

- defining the scope of their political engagement, its objectives and what activities it entails
- developing one integrated approach, even when different parts of the business engage in different political activities
- defining policy positions to meet the objectives of political engagement
- ensuring board oversight and making the board accountable for corporate political engagement
- communicating clearly the political engagement approach to the people that engage on the company's behalf, such as consultant lobbyists
- clearly identifying lobbyists, both internal and external
- identifying the practices used for lobbying and advocacy
- identifying both the desired impacts of political engagement as well as possible unintended consequences and who will be affected by them
- making a public commitment to responsible political engagement
- designing controls that ensure transactions relating to political activities are transparent and free from improper practice
- publicly reporting both the company's political engagement activities (including expenditures) and principles that guide them

Other principles and frameworks can also guide companies and their shareholders on responsible political engagement in a way that nurtures rather than damages democratic governance (PRI & OECD 2022:29). Some relevant standards include:

- [OECD Recommendation on Principles for Transparency and Integrity in Lobbying](#)
- [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct](#)
- [OECD Due Diligence Guideline for Responsible Business Conduct](#)
- [G20/OECD Principles of Corporate Governance](#)
- [International Corporate Governance Framework's \(ICGN\) Political Lobbying and Donations report](#)

- [AccountAbility and The Global Compact's Towards Responsible Lobbying: Leadership and Public Policy](#)
- [Transparency International UK's Wise Counsel or Dark Arts? Principles and guidance for responsible corporate political engagement](#)
- [The Responsible Lobbying Framework](#)
- [PRI's Investor expectations on corporate climate lobbying](#)
- [Ceres Blueprint for Responsible Policy Engagement \(RPE\) on Climate Change](#)
- [Responsible climate lobbying: The global standard](#)
- [The ERB Principles for Corporate Political Responsibility](#)
- [GRI's Public Policy Standard \(GRI 415\)](#)
- [Preventable Surprises: How Can Investors Help Prevent Corporate Policy Capture?](#)
- [Strengthening Ethical Conduct & Business Integrity: A Guide for Companies in Emerging Markets \(CIPE\)](#)

Additionally, the OECD is working on [principles on responsible political engagement](#), which are currently in a draft state (OECD 2024b). Several companies already endorse or reference existing standards and principles in their guidelines for responsible political engagement (OECD 2024b:10). For example, Nestlé and BNP Paribas reference the OECD Principles for Transparency and Integrity Lobbying, while IBM, Pirelli and Danone reference the ERB Principles for Corporate Responsibility (OECD 2024b:9).

Adopted standards are more likely to be successful where board members and senior management have specific roles to monitor their implementation, and employees have the capacity to implement them (PRI & OECD 2022: 29). The Good Lobby Tracker can help a company (and its shareholders) assess whether their corporate political engagement is responsible and the business acts with integrity. It assesses all corporate political responsibility initiatives against what a company's political activities should look like (Alemanno et al. 2023).

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Corruption erodes sustainable and inclusive development. It is both a political and technical challenge. The U4 Anti-Corruption Resource Centre (U4) works to understand and counter corruption worldwide.

U4 is part of the Chr. Michelsen Institute (CMI), an independent development research institute in Norway.

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## U4 partner agencies

German Corporation for International Cooperation – GIZ

German Federal Ministry for Economic Cooperation and Development – BMZ

Global Affairs Canada

Ministry for Foreign Affairs of Finland

Ministry of Foreign Affairs of Denmark / Danish International Development Assistance – Danida

Norwegian Agency for Development Cooperation – Norad

Swedish International Development Cooperation Agency – Sida

Swiss Agency for Development and Cooperation – SDC

UK Aid – Foreign, Commonwealth & Development Office