CHAPTER 9

Corporate Political Influence

Introduction

The challenge of reconfiguring power relations involves not only enhancing the capacity of stakeholders concerned with inequality and unsustainable development to exert claims on corporations and governments, but also arresting and downsizing the capacity of corporate interests to shape public policy in ways that reproduce and reinforce perverse patterns of development.

It appears that corporate political influence (CPI) has risen dramatically in recent decades. This reflects both the volume of financial and human resources allocated by corporations to electoral politics, lobbying and other forms of policy advocacy, as well as the relative decline of countervailing ideological and political forces associated historically with developmental or welfare states, trade unionism and other forms of active citizenship.

The earlier discussion in Chapter 5 on inequality of income and wealth referred to the parallel between the extremes of the late 19^{th} century Gilded Age and the early 21^{st} century, as noted by Thomas Piketty (2014). It is no coincidence that similar extremes are found in relation to corporate power and political influence. Just as the so-called robber barons in the 1880s and 1890s[228] bought influence to re-regulate corporate America in their favour, today corporations spend billions of dollars to foster institutional arrangements and interactions with policy makers that appear to align with their core interests or facilitate access to the public policy process.

[228] See Korten 1995.

A key concern about CPI centres on its contradictory nature from the perspective of ESG goals and political norms associated with pluralist and participatory democracy. CPI may also be contradictory when it comes to competition policy. To borrow from UNCTAD's analysis of monopoly behaviour, rather than increase the economic pie, CPI can enable relatively few corporations to grab a larger share of it (UNCTAD 2017:120-121).

After decades in which CPI was a quasi-taboo and massively underreported topic, a broader coalition of interests concerned with this issue is now taking shape. As a result, some standard setters, regulators, rating agencies and companies are beginning to treat CPI more seriously and comprehensively.

This chapter addresses the challenge of measuring the sustainability performance of corporations as it relates to CPI and identifying appropriate indicators. Following this introduction we briefly define what CPI is and why it matters as a material issue within sustainability performance disclosure. The argument is made that perverse forms of CPI are not simply a case of a few unethical bad apples; rather, they are structural in nature. This, in turn, has important implications for policy solutions and sustainability performance accounting. We then trace the emergence of CPI as a key performance issue within ESG assessment, and describe what constitutes good practice in mainstream ESG assessment. Not only has CPI come to be regarded as a material issue for a broader variety of stakeholders, including investors; there are also calls for more granular disclosure. The overarching purpose of recent developments in CPI disclosure has been to promote transparency regarding contributions and recipients, as well as fostering "integrity", understood in terms of both creating a "control environment"[229] and ensuring that basic ESG principles and goals are supported rather than undermined by CPI. We then examine the possibilities of going beyond transparency and qualitative indicators by considering possible quantitative indicators.

What CPI is, and why it matters

CPI refers to a variety of ways and means by which corporations can shape the policy process. This shaping takes place through a combination of interactions, between corporate interests and individuals or institutions associated with the public sector, which may be direct or indirect, formal or informal, transactional or relational, legal, quasi-legal or illegal. Key aspects of CPI include: direct or indirect payments and other forms of support to politicians, political parties and campaigns; financial and other support for lobbying and advocacy organizations; and other ways of influencing the cultural and knowledge circuits or "epistemic communities"[230] that both inform the policy process and frame the broad ideological parameters or worldviews of policy agendas. This latter aspect can be achieved, for example, by providing technical expertise, generating both scientific and anti-scientific data and analysis, and the so-called revolving door syndrome—the two-way flow of personnel between the public and private sectors, which often occurs "in order to exploit their period of service to the benefit of their current employer" (Transparency International 2010:2). CPI gives cause for concern for a number of reasons.

- Policy making, which should be in the public interest, ends up favouring narrower private or vested interests.
- CPI supports or fosters policies associated with economic liberalization and aggressive growth strategies—free trade, tax cuts, environmental and labour market flexibilization or de-regulation[231] and so on—that can undermine human and labour rights, social policy, environmental protection and development strategies in the Global South.
- There is considerable misalignment between a company's lobbying objectives and its own CSR or ESG principles and goals.
- CPI is opaque and largely hidden from view.
- The volume of resources dedicated to corporate lobbying is not only vast but far exceeds that available to other stakeholders and interest groups.

[229] See Transparency International UK 2015, which is discussed below.

[230] See Haas 1992.

[231] The term "de-regulation" refers not only to the rolling back of existing or proposed labour market, environmental, fiscal and other regulations but also to weakened administrative capacity or willingness to implement existing regulations.

Beyond these ESG concerns, there are also those associated with fair competition. Corporations often support incentives, subsidies and protectionist measures that may undermine the capacity of small- and medium-sized enterprises to access markets and compete on a level playing field. Furthermore, such measures may foster market inefficiencies that ultimately disadvantage consumers through higher prices. And, as noted by Khan when analysing the monopoly power of Amazon in online retail, the dynamics of the contemporary platform economy, combined with fiscal policy and blind spots in antitrust policy, often facilitate rapid growth. Such growth is achieved not only by prioritizing investment over profit maximization, however, but also through "predatory pricing", as well as "control [of] the essential infrastructure on which their rivals depend…[and by] exploit[ing] information collected on companies using its services to undermine them as competitors" (Khan 2017).

In relation to data on lobbying expenditures by economic sector, findings by RobecoSAM

> [concur] with a recent European Central Bank study showing firms in more protected sectors, (i.e. firms from non-tradable or highly regulated sectors) tend to spend more for lobbying activities. The impact is clear—firms with higher lobbying expenditures have higher profits and are less productive, since they are operating in closed or highly concentrated markets. These firms are successful at protecting their own profits and interests even at the expense of greater society. In the mid-term, engaging in this behaviour enriches owners of incumbent firms who benefit from favourable regulatory and policy regimes. But from a business perspective, even in the short and mid-term, innovation and competition are stymied. In the long term, from a social and environmental perspective, human health, the environment, and social welfare are harmed (2018a:12).

From the perspective of corporations themselves, CPI can generate significant reputational risks, exposing a sort of Jekyll and Hyde character when companies that indirectly or directly project themselves as CSR or ESG leaders are revealed as supporting public policies and regulatory action (or inaction) that contradict sustainability goals.

The misalignment of CPI and sustainable development has become particularly apparent in the context of climate change, where the lobbying practices of various trade associations and organizations, as well as politicians supported by corporate finance, undermine global goals concerning emissions reductions. In the United States, this disconnect has prompted numerous shareholder proxy resolutions calling on corporations to align their lobbying practices with climate change goals.

The global financial crisis of 2008-2009 also focused attention on corporate political influence and how it shaped public policy both before and after the crisis. Part of the cause of the crisis related to so-called regulatory capture that had resulted in a protracted period of financial deregulation. Following the crisis, the ongoing intimacy of public and financial interests fostered impunity, the bailout of large banks and some other institutions considered "too big to fail", and the roll-back of regulatory proposals and controls. This was due as much to the powerful financial lobby machine as the fact that "reformers simply lacked the expertise and necessary information, which they got from the financial sector" (Vander Stichele 2018). In the process, the voices of other interests were marginalized.

The double standards associated with CPI and corporate ESG discourse are reflected not only in outright contradictory behaviour, but also in the pattern of corporate spending on lobbying by issue area. The relative weight of ESG issues within the broader portfolio of lobbying issues appears to be fairly minimal. Oxfam America's 2018 study of 70 US corporations (the top 10 across seven sectors) reveals that in 2017 they spent approximately USD 1.5 million to lobby Congress on climate change, USD 11 million on diversity and inclusion issues, and USD 44 million to lobby on tax,[232] out of a total lobbying expenditure of USD 281.5 million.

[232] Even these figures, however, may overestimate the spending on progressive policy positions as the methodology could not capture whether lobbying related to climate change, for example, was for or against solutions to combat climate change (Oxfam 2018).

Misalignment occurs not only regarding sustainability norms but also traditional norms of democracy. Part of the legitimacy or philosophical justification of corporate political spending and advocacy derives from a pluralist conception of politics and democracy: all stakeholders have a right to a voice within the policy process. But pluralism assumes some degree of equivalency in the volume of that voice. Contemporary CPI trends seriously undermine any possibility of equivalency.

For instance, a 2014 study that assessed the power of the financial lobby in the EU found that the financial industry spends more than EUR 120 million per year on lobbying in Brussels; it employs over 1,700 lobbyists in more than 700 organizations that had seven times more encounters with EU institutions than did NGOs, trade unions and consumer organizations together. It outspends other (public) interests in terms of EU lobbying by a factor of more than 30 (CEO et al. 2014).

This kind of imbalance is similarly evident in the United States, where the top 50 US corporations spent approximately USD 2.5 billion on lobbying Congress between 2009 and 2015 (Oxfam America 2017). Data for 2018 (Center for Responsive Politics 2019) indicate that:

- the five tech giants alone spent USD 64.3 million on lobbying at the federal level;[233]
- the pharmaceutical industry spent approximately USD 280 million;
- the US Chamber of Commerce spent nearly USD 95 million; and
- total expenditure on lobbying amounted to USD 3.42 billion.

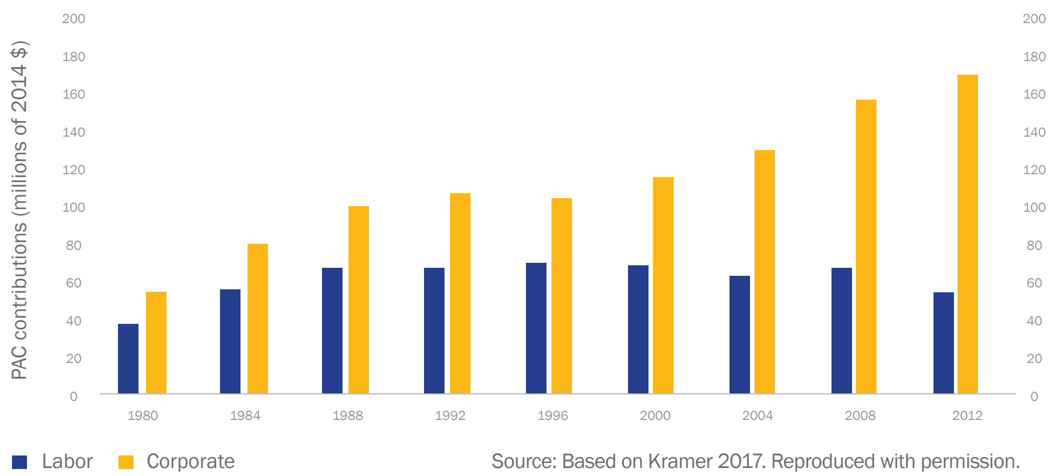
Drutman (2015a) reports that 95 of the 100 organizations that spend the most on lobbying "consistently represent business", while for every dollar spent on lobbying by trade unions and public interest groups, large corporations and their associations spent USD 34.

Since the late 1970s, when corporations and trade unions spent roughly similar amounts on congressional campaign funding, the gap has increased significantly (see Figure 9.1).

Both the scale and opacity of corporate political spending have become even more contentious following the 2010 decision of the Supreme Court known as Citizens United. This ruling lifted certain prohibitions on corporate campaign financing and fueled the growth of so-called undisclosed dark money[234] (Evers-Hillstrom et al. 2019).

It is such developments related to misalignment, chronic and growing imbalances in spending and influence among interest groups, as well as opacity that have prompted sectors of the ESG community to widen the arc of their spotlight to encompass CPI.

Figure 9.1. Corporate and trade union spending on campaign funding (US Congress)



Source: Based on Kramer 2017. Reproduced with permission.

[233] These groups include Alphabet's Google, Amazon, Microsoft, Apple and Facebook (Bloomberg 2019a).

[234] While corporations are still barred from making direct contributions to candidates in federal elections, the ruling allowed them to spend money on electioneering communications and to advocate for the election or defeat of candidates when this is not done in cooperation or collaboration with the candidate concerned and his or her campaign structure. The ruling facilitated the creation of "Super PACs", which are able to raise unlimited amounts of money for independent expenditures, such as political advertising, from any source, including corporations (US SIF Foundation 2014).

The structural underpinnings of corporate power

Care needs to be taken in how we understand and critique corporate political influence and its relationship with (un)sustainable development. It is easy to reduce the core problem to merely one of unethical behaviour associated with bribery and corruption that results in—or seeks to secure—perverse incentives and subsidies for particular corporations and industries. Nor is it simply ideational—relating, for example, to the views, values and discourse of a managerial class, corporate leaders or traditional investors who assume the need for minimalist government regulation and the legitimacy of cost reduction via environmental and social externalities. Rather, the problem is structural in nature. As UNCTAD's 2017 Trade and Development Report makes clear, the dramatic rise in asset and income inequality in recent decades is largely explained by the fact that "increasing market concentration in leading sectors of the global economy and the growing market and lobbying powers of dominant corporations are creating a new form of global…capitalism to the detriment of balanced and inclusive growth for the many" (UNCTAD 2017:119).

A key distinguishing characteristic of this "new form" is what economists refer to as rents, that is, "income derived solely from the ownership and control of assets, rather than from innovative entrepreneurial activity and the productive use of labour". Rents derive from institutional arrangements such as property rights, regulations and power relations "which determine who generates an income from privileged access to, and control of, specific assets, and who will have to make a living through traditional entrepreneurial activity or the provision of labour" (UNCTAD 2017:120).

Systemic and structural changes associated with financialization, and the scaling-up and concentration of market power, underpin these developments. Financialization has fostered "the systematic favouring of short-term financial returns to institutional shareholders, which has biased investment patterns towards sectors and activities that promise quick returns at the expense of long-term commitments of financial resources to productive activities" (UNCTAD 2017:121).[235] Ben Fine also notes that it leads to

> prioritizing shareholder value, or financial worth, over other economic and social values; the pushing of policies towards conservatism and commercialization in all respects; extending influence of finance more broadly, both directly and indirectly, over economic and social policy; placing more aspects of economic and social life at the risk of volatility from financial instability; and, conversely, placing the economy and social life at risk of crisis from triggers within particular markets as with the food and energy crises that preceded the financial crisis (2014:24).

As UNCTAD points out, not only the financial but also the non-financial corporate sector is heavily implicated in rentier capitalism. This takes place via such mechanisms as embedding intellectual property rights in trade regimes, tax avoidance and evasion, subsidies or "corporate welfare" (Farnsworth 2012) and "stock market manipulation to boost compensation for firms' chief executive officers (CEOs) and top management" (UNCTAD 2017:120).

Such analysis suggests that the rise of CPI is both a cause and an effect of structural changes in capitalism that are contradictory to sustainable development. These changes have a number of implications for corporate sustainability performance guidance and assessment. First, when examining whether corporate political spending and lobbying are aligned with ESG goals, it is as important—if not more so— to examine alignment associated with macroeconomic, fiscal and competition policy. Second, public policy is both the immediate cause of and the necessary solution to the imbalances and injustices associated with CPI. Voluntary initiatives and codes of conduct may help, but on their own they can do little to overcome the structural underpinnings of corporate political irresponsibility. Third, given the systemic and structural nature of the issue, what needs to change are not simply instrumental aspects related to political spending and lobbying, but also other

[235] UNCTAD also notes that "these strategies have [also] facilitated the expansion of market power and domination by allowing firms to leverage short-term financial success and high market valuation to engage, for example, in aggressive mergers and acquisitions" (2017:121).

mechanisms associated more with cultural and social interactions, the revolving door, networking and knowledge transfer. Fourth, whether regressive or progressive from the perspective of sustainable development, policy change requires a reconfiguration of power relations among stakeholders. The crucial question for assessing corporate sustainability performance is whether stakeholder and advocacy coalitions are emerging that can exert the necessary pressures to force both corporations and governments to promote transparency and greater alignment of existing patterns of CPI with the ESG values and goals many corporations purport to uphold. And lastly, do companies claiming ESG credentials support, ignore or resist such coalitions?

The rise of CPI as a key performance issue

While the issue of CPI in general, and lobbying in particular, surface periodically in mainstream CSR or ESG circles, only recently has CPI emerged as a key performance issue of concern to a wide spectrum of stakeholders. Even issues such as anti-corruption and bribery, which were legislated in the United States in 1977 and referenced in the 1976 OECD Guidelines for Multinational Enterprises, took years to be regulated and codified more broadly (Jakobi 2007).[236]

In the late 1990s, corruption in the oil, gas and mining sectors prompted an upsurge of attention to the issue of transparency. The transnational civil society network Publish What You Pay saw its advocacy rewarded in 2002 when the UK government launched the Extractive Industries Transparency Initiative (EITI), urging both host country governments and companies operating in those countries to publicly disclose their payments and revenues (Kantz 2012).

Efforts to mainstream the issue of CPI received a boost in 2000 via the report *Politics and Persuasion* in which SustainAbility and Government Policy Consultants (GPC) highlighted the often fragmented and contradictory public policy agendas of companies. The report identified the following five key features of best practice.

- Legitimacy: Are the means of influence proper uses of corporate power? What policies do companies have on topics like political donations, sponsorship and bribery?
- Transparency: Do companies disclose their positions on key public policy issues? Do they reveal their external memberships, donations, and methods of influence?
- Consistency: Do companies have systems in place to ensure that lobbying activities and positions are aligned with their environmental, social, and ethical principles, policies and commitments, and that they are consistent across borders and functions?
- Accountability: Do companies take responsibility for the impacts they have on public policy—through their lobbying, memberships, donations, and other activities?
- Opportunity: Do companies proactively attempt to influence public policy to support the societal transition towards sustainable development? Have they fully explored how more effective public policy on sustainability issues could be a source of competitive advantage? (SustainAbility and GPC 2000:4)

The report noted, however, that "[f]ew, if any, multinationals have directly coordinated their approach to political and policy engagement with their increasingly ambitious public commitments to sustainable development" and that "[f]ew criteria for ranking companies have directly included these aspects" (2000:3-4).

Five years later, SustainAbility and WWF UK (2005) followed up this report with *Influencing Power: Reviewing the conduct and content of corporate lobbying*—an assessment of how 100 of the world's largest corporations had responded to the challenge of corporate political transparency and consistency through their reporting practices. Ranking the quality of reporting—from a low of "no disclosure", on up through "basic", "developing", and "systematic" to "integrated" reporting, it found that 82 companies either disclosed

[236] It was not until 2004 that the United Nations adopted the UN Convention against Corruption, which entered into force the following year. This became the legal basis for UN Global Compact Principle 10 on anti-corruption, added in 2004. The principle calls on companies to establish management systems to address corruption both internally and within their supply chains.

no information or simply acknowledged the relevance of the issue without developing policies or systems to address it. “Systematic” reporting, involving disclosure on several material issues and having an explicit policy on lobbying, was practised by only 8 companies,[237] while none achieved the “integrated” reporting status reserved for companies whose lobbying practices were consistent with their ESG values.

That same year the consulting and standards firm Accountability, in partnership with the UN Global Compact, examined what “responsible lobbying” should consist of in its report *Towards Responsible Lobbying: Leadership and Public Policy*. The concept was defined in terms of “[b]eing consistent with an organization’s stated policies, commitments to stakeholders, and core strategy and actions”, and “[a]dvancing the implementation of universal principles and values (such as those embodied in the UN Global Compact) in business practice” (Accountability 2005:14). The route to responsible lobbying consisted of a six-step “lobbying health-check” comprising a series of questions that management needed to address:

- Alignment: Are our lobbying positions aligned with our strategy and universal principles?
- Materiality: Do we lobby on key issues that affect the organization and its stakeholders?
- Stakeholder engagement: Do stakeholders have a say in developing our lobbying positions?
- Reporting: Are we transparent about our lobbying positions and practices?
- People: Do we know who is lobbying on our behalf and where our spheres of influence are?
- Processes: Are management systems and guidelines in place for responsibly lobbying? (Accountability 2005:14).

Around the same time, a leading United States ratings organization, KLD, added indicators to assess positive and negative performance concerning “political accountability”. Strong performance occurred when “the company has shown markedly responsible leadership on public policy issues and/or has an exceptional record of transparency and accountability concerning its political involvement in state or federal-level U.S. politics, or in non-U.S. politics” (Becchetti et al. 2013:23).

In 2010, the OECD adopted the Recommendation on Principles for Transparency and Integrity in Lobbying which has four main building blocks: (i) promoting a level playing field through openness and access; (ii) enhancing transparency in lobbying; (iii) safeguarding integrity; and (iv) mechanisms for effective implementation, compliance and review. The Recommendation also extended the concern about relations between policy makers and the private sector beyond transparency and integrity related to conventional forms of lobbying, by referring to the revolving door issue (OECD 2010).

These and other OECD standards have informed the evolution of GRI reporting standards related to corporate political influence. Under the G2 Guidelines launched in 2002, guidance was fairly general, calling for a “[d]escription of policy, procedures/ management systems, and compliance mechanisms for managing political lobbying and contributions” and information on the “[a]mount of money paid to political parties and institutions whose prime function is to fund political parties or their candidates” (GRI 2002:55).

Assessing the quality of reporting related to corporate political influence six years later, Bart Slob (2008) noted that:[238]

- While political donations and policy influence are sometimes recognized as responsibility issues in the context of human rights, there are few efforts to address the issue of corporate lobbying more widely.
- Many companies choose to ignore relevant GRI guidelines.
- Like many other reporting templates, GRI does not require companies to report on lobbying activities conducted on their behalf by associations and chambers of commerce which may adopt positions contrary to official corporate CSR policy.

[237] These were BASF, BP, Chevron, Dow, Ford, General Motors, GlaxoSmithKline and HP.

[238] See also Slob and Weyzig 2010.

- Although lobbying has rarely been integrated into company responsibility policies and management systems, some companies do provide a measure of transparency on specific aspects of lobbying, with disclosure of political donations being the most advanced element. Unfortunately, this is also probably one of the least important.
- None of the legal structures created so far require transnational corporations to disclose their policy positions, without which corporate accountability remains severely limited. Enforcement of any such laws is often impossible because violations are difficult to detect.
- Voluntary initiatives and policies of individual companies and joint self-regulatory initiatives will be vitally important for progress. Such initiatives might include the disclosure of lobbying positions, funding of civil society organizations and academics, and reporting on a company's input in business associations.

The issue of lobbying surfaced within the United Nations Guiding Principles on Business and Human Rights, adopted in 2011. Under the pillar of the framework dealing with corporate responsibility to respect human rights, the Principles call for coherence:

> Just as States should work towards policy coherence, so business enterprises need to strive for coherence between their responsibility to respect human rights and policies, and procedures that govern their wider business activities and relationships. This should include policies and procedures that set financial and other performance incentives for personnel; procurement practices; and lobbying activities where human rights are at stake (United Nations 2011:17).

In recent years, the question of transparency has largely centred on the need for more in-depth disclosure related to political spending and lobbying. The revised GRI reporting standards that were launched in 2016 introduced a "Public Policy" standard (GRI 415), which became effective for reports or other materials published on or after 1 July 2018. In addition to recommending that an organization should report "significant issues that are the focus of its participation in public policy development and lobbying", and "its stance on these issues, and any differences between its lobbying positions and any stated policies, goals, or other public positions", the GRI standard requires reporting organizations to disclose:

- the total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/ beneficiary; and
- if applicable, how the monetary value of in-kind contributions was estimated.[239]

Guidance is provided as to what constitute direct and indirect political contributions: "financial or in-kind support given directly or indirectly to political parties, their elected representatives, or persons seeking political office". More specifically, indirect political contribution is defined as "financial or in-kind support to political parties, their representatives, or candidates for office made through an intermediary organization such as a lobbyist or charity, or support given to an organization such as a think tank or trade association linked to or supporting particular political parties or causes" (GRI 2016b). Financial contributions can include donations, loans, sponsorships, retainers, or the purchase of tickets for fundraising events. In-kind contributions can include advertising, use of facilities, design and printing, donation of equipment, or the provision of board membership, employment or consultancy work for elected politicians or candidates for office.

In 2017 RobecoSAM, introduced a new criterion for its annual global survey of company ESG performance, the Corporate Sustainability Assessment (CSA), which forms the basis of the various Dow Jones Sustainability Indices. This criterion aims to assess (i) "the amount of money companies are allocating to legislative, political and public discourse, contributions to political campaigns, lobbying expenditures and contributions to trade associations and other tax-exempt groups organizations [sic]

[239] See https://www.globalreporting.org/standards/media/1030/gri-415-public-policy-2016.pdf. Accessed 20 June 2020.

whose primary role is to create or influence public policy, legislation and regulations both directly and indirectly" (Gaffuri 2019:17); and (ii) the degree to which companies disclose this information in the public domain.

Specifically, the criterion asked companies to: disclose their total spending on policy influence efforts over the last four fiscal years; and specify the top five recipients of those contributions grouped into organizations, candidates, or issues (RobecoSAM 2018a).

It soon became apparent, however, that more granular data were required for any meaningful assessment. According to the 2017 CSA:

- Many companies only reported political contributions and very few companies "broadly and liberally disclose their spending in the various policy influence areas" (RobecoSAM 2018a).
- Most did not publicly disclose expenditures beyond what is legally mandated, nor trade association memberships.
- Contributions to trade associations far exceed more direct spending on lobbying, campaigns, and other explicitly political organizations.
- Disclosure of issues or topics is rare (RobecoSAM 2018c).
- Positive engagement on climate change or "green" construction are far outweighed by the negative.
- Levels of spending vary widely, by company, sector and region.
- Companies in more protected sectors, (that is, non-tradable or highly regulated sectors[240]) tend to spend more for lobbying activities.

To address several of these issues, the two indicators were updated in 2018 to:

- separate the various types of spending into distinct categories;[241]
- specify the percentage of operations covered, where spending data are only available for specific regions;
- specify two major issues/topics for which a company spent money (directly or indirectly) to influence policy, the company's position in support or opposition,[242] and the three largest contributions to organizations, candidates or associations.

Not only standard-setting organizations but also the ESG investment community is taking note of CPI as a key performance issue. Shareholder proposals that target lobbying have multiplied, notably since the Citizens United Supreme Court ruling (Reuters 2015). Indeed, the largest number of proxy resolutions[243] filed by investors who were members of the Interfaith Center on Corporate Responsibility (ICCR)[244] by early 2019 concerned lobbying and political contributions (50 resolutions), followed by climate change (45), human rights/trafficking (43) and diversity/inclusiveness (37). Details of the 2019 proxy resolution on lobbying

Box 9.1. 2019 Lobbying disclosure resolution filed at ExxonMobil

"**Whereas,** we believe in full disclosure of ExxonMobil's direct and indirect lobbying activities and expenditures to assess whether ExxonMobil's lobbying is consistent with its expressed goals and in the best interests of shareholders.

Resolved, the shareholders of ExxonMobil request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by ExxonMobil used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Description of management's and the Board's decision-making process and oversight for making payments described above.

For purposes of this proposal, a 'grassroots lobbying communication' is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. 'Indirect lobbying' is lobbying engaged in by a trade association or other organization of which ExxonMobil is a member."

Source: Smith 2019

[240] These include health care, materials, financials, real estate and utilities.

[241] These include (i) lobbying, interest representation or similar; (ii) local, regional or national political campaigns/candidates; (iii) trade and business associations or tax-exempt groups (for example think tanks); and (iv) other expenditures such as ballot measures and referendums. See RobecoSAM 2018.

[242] As regards disclosure related to "support", companies are expected to clarify whether they are engaging in full support; support with minor exceptions, or support with major exceptions related to the substance or geographical scope of the measure.

[243] Proxy resolutions are proposals, related to corporate governance and social and environmental responsibility issues, that are submitted by shareholders for a vote at the annual general meetings (AGMs) of publicly listed companies, particularly in the United States. While often failing to gain a majority, they can serve to highlight topical or emerging key sustainability performance issues and place a company in the media spotlight.

[244] Some 300 member organizations, comprising faith communities, asset managers, trade unions, pension funds, NGOs and other investors, make up the ICCR. Annually, they file hundreds of resolutions with United States corporations on ESG issues in an effort to foster improved transparency and performance, and in so doing mitigate risk and enhance long-term shareholder value (ICCR 2019).

disclosure filed at Exxon Mobil are presented in Box 9.1. While these initiatives usually fail to get the necessary votes for approval, they do add to the groundswell of pressure related to responsible CPI and transparent disclosure.

Through time, then, standard-setting and rating organizations have come to interpret good practice in terms of corporate policy, accountability and disclosure related to political contributions and lobbying. More specifically, attention has centred on (i) the quality of the "control environment" comprising, for instance, explicit and clear company policy, oversight and monitoring mechanisms; (ii) transparency, public reporting and increasingly detailed disclosure related to political contributions and lobbying; and (iii) clarity and explanation regarding the alignment (or misalignment) of CPI practices and ESG principles and policy (Transparency International UK 2015).

As regards transparency, emphasis is placed on more granular disclosure that encompasses the following:

- forms of direct expenditure disaggregated by recipient (such as lobbying organization, political campaign);
- forms of indirect expenditures (for example, trade associations, not-for-profits);
- group-wide and subsidiary expenditures;
- CbC expenditures; and
- in countries where headquarters and major affiliates are located, by in-country jurisdiction, that is local, state/provincial, and federal level.

User-friendly disclosure is also important. In this regard, the CPA-Zicklin Index specifies and gives full credit for rating purposes to semi-annual reporting, disclosure of "at least the past five years" of data, and a dedicated political disclosure webpage. In 2017, the medical technology company Becton-Dickinson (BD) became the first S&P company to score 100 on the CPA-Zicklin Index.[245] The company is noted for its easily accessible, user-friendly presentation of detailed information on policy and oversight related to corporate political engagement and policy positions, as well as time series data on expenditures related to lobbying activities and political campaign contributions.[246]

Ongoing issues and gaps

While standard setters, ratings organizations and investors are increasingly on board with the idea that CPI merits closer attention within the field of sustainability disclosure and reporting, its uptake as a key performance issue has encountered significant bumps along the road. Most shareholder resolutions, for example, are not successful because of resistance from not only senior management but also the largest institutional investors (Posner 2019). Some standard-setting organizations also convey doubts about the materiality of the CPI issue. The widely-used SASB reporting guidelines, for example, dropped "Regulatory Capture and Political Influence" as a stand-alone general issue category in 2018, subsuming it under "Management of Legal and Regulatory Environment".[247] This was part of a revision that saw the number of issue areas reduced from 30 to 26. The decision reflected the apparent lack of recognition of the materiality of CPI within different industries and sectors. The SASB Materiality Map, which identifies and compares likely material sustainability issues across different industries and sectors, had revealed that "regulatory capture and political influence" was among the least material of 30 issue areas across 10 industries and sectors.

Progress at the level of corporations themselves is also lukewarm or uneven. Transparency International-UK notes that while regulations in the United States require companies to disclose domestic lobbying costs at the federal level, and while the EU Transparency Register recommends voluntary disclosure of expenditures and contacts,

> company stakeholders, including investors and employees, remain largely unaware of precisely how much companies invest in lobbying around the world, the issues being pursued and, as is generally the case, how companies are benefiting from lobbying governments.

[245] Companies registering the top score of 100 on the 2018 CPA-Zicklin Index included Becton-Dickinson & Co., Edwards Lifesciences Corp. and HP Inc., as well as five others that had a non-spending policy: Accenture PLC, Automatic Data Processing Inc., Goldman Sachs Group Inc., Praxair Inc., and Schlumberger Ltd.

[246] See BD website at https://investors.bd.com/participation-political-process

[247] The topic, Management of Legal and Regulatory Environment, "addresses a company's strategy and reliance upon regulatory policy or monetary incentives (such as subsidies and taxes), its actions to influence industry policy (such as through lobbying), overall reliance on a favorable regulatory environment for business competitiveness, and ability to comply with relevant regulations. It may relate to the alignment between management's and investors' views of regulatory engagement and management of regulatory compliance at large." See SASB Materiality Map. https://materiality.sasb.org/. Accessed 20 June 2020.

> This is an issue that curtails the private sector from being held to account for unethical practices (Transparency International-UK 2018:16).

Part of the problem lies in the tendency for disclosure to focus heavily on political spending which can skew the assessment of progress related to transparency and policy. Assessing the state of CPI disclosure on a scale of 0 to 100 among the S&P 500 companies, the 2018 Index notes a gradual improvement in recent years: "Among the 493 companies studied... the average total score was 44.1 percent on a scale of 0 to 100 compared with...39.8 percent for the 497 companies in 2015" (Center for Political Accountability and the Zicklin Center for Business Ethics 2018:20).

As an UNRISD research paper points out, while disclosure of political donations seems to be the most advanced aspect of reporting related to CPI:

> this is probably one of the least important channels of influencing public policy... Direct lobbying and constituency building by individual companies, as well as various collective strategies, tend to have a much larger influence and account for a far greater share of lobbying budgets. Direct lobbying by corporate executives and lobbying strategies at the collective level remain a black box, the former because the lobbying itself can remain completely hidden and the latter because the role and involvement of individual companies can be impossible to determine (Slob and Weyzig 2010:178-179).

The 2018 Corporate Political Engagement Index, which assessed the performance of 104 large UK-based corporations, notes that while most companies scored poorly on lobbying disclosure, they "generally scored better for their controls on political donations, with 60 percent achieving at least a C grade". During the nine-month assessment period, 30 percent of companies "actively strengthened their political engagement policies and another 17 percent pledged to do so" (Transparency International UK 2018: 25).

Box 9.2. CPI at Boeing Co.

The 2018 CPA-Zicklin Index singles out Boeing as an example of a company that meets the rating criterion of "publicly describ[ing] the types of entities considered to be proper recipients of the company's political spending".

Since 2010, the Company has not made any contributions from corporate funds to state or local candidates or political parties. Also, Boeing has not expended any corporate funds since 2011 in support of or opposition to ballot initiatives, or since 2012 for political contributions to Section 527 entities. Boeing also has not contributed and does not contribute corporate funds to Super PACs, or for electioneering communications or independent expenditures. Corporate contributions to federal candidates are prohibited by federal law, and Boeing accordingly makes no such contributions (CPA-Zicklin 2018).

This assessment, however, bypasses the increasing amounts being channeled to politicians via the company's employee-funded political action committee (PAC) and spent on lobbying. Bloomberg (2019c) reports that the PAC almost tripled its spending over the past decade, contributing USD 5.9 million to federal candidates and committees in the 2018 election cycle. It also spent between USD 15 million and USD 21 million annually on lobbying in Washington, D.C. and contributed USD 1 million to both President Obama's and President Trump's inaugural committees in 2013 and 2017, respectively.

A 2019 shareholder resolution requiring Boeing to report annually on CPI notes that the company ranks as the tenth largest federal lobbying spender since 1998. Furthermore,

> [a]lthough the Company makes the basic lobbying disclosures required by law, its current disclosures omit critical information—particularly its payments to trade associations, including those portions that are used for lobbying, and state-level lobbying spending in states without strong lobbying disclosure laws. Boeing fails to disclose its trade association memberships (Seventh Generation Interfaith Inc. 2019).

Apart from the scale of political and lobbying expenditures, there are also concerns about CPI involving the revolving door. Among the company's lobbyists are a former representative who served as chairman and ranking member of the House Defense Appropriations Subcommittee. Boeing added a lobbying firm founded by one of the current president's biggest fundraisers in the 2016 election (Bloomberg 2019c). According to the same shareholder resolution, "In 2006, Boeing was fined $615 million after it was revealed that Boeing hired the top Air Force procurement official as a lobbyist, right after she had helped Boeing secure a tanker aircraft deal" (Seventh Generation Interfaith Inc. 2019).

The Index revealed that the only assessment question where the average rating was relatively high (a B on an A to F scale) was whether there was a group-wide global policy. The questions that generated the lowest grading (E or F) included expenditure thresholds, monitoring and evaluation, monitoring or managing memberships related to lobbying, publicly listing all organizations of which the company is a member, transparency of expenditure, contracted politicians, transparency of memberships, revolving door policy, cooling-off period, and transparency of secondments. According to Transparency International UK (2018), of the 104 companies:

- 76 ranked either fairly poorly, poorly or very poorly for their overall political engagement transparency.
- Nearly four out of five companies ranked poorly for their lobbying transparency.
- 97 out of 104 companies ranked poorly for their controls against the revolving door.
- One company (GSK) received the highest (A) ranking.

Full granular disclosure—broken down by jurisdiction or geography, and direct and indirect payments by type of recipient—is rare. Positive moves are often related to one aspect only. Under pressure from activist shareholders, Wal-Mart, for example, announced in 2015 that it would start disclosing what it spends on lobbying not only at the federal level but also on a state-by-state basis.[248] According to Reuters:

> Th[is] previously unreported move would make Wal-Mart the first constituent of the Dow Jones Industrial Average to break out state expenditures at that level of detail…[But] Wal-Mart's move [fell] short of what Zevin Asset Management sought when it submitted a shareholder resolution for wider disclosure at Wal-Mart, including any 'indirect lobbying' through organizations like the U.S. Chamber of Commerce (Reuters 2015).

Earlier, the distinction was made between transactional and relational forms of CPI. Progress to date within corporate sustainability disclosure related to CPI has been associated primarily with transactional aspects involving political contributions and lobbying. Relational aspects are far more difficult to assess and measure. This relates partly to their informal nature—the case of networking, for example. A few standard-setting and advocacy organizations, however, have tried to focus on another key relational aspect, namely the revolving door.

Interest in, and public concern about, the revolving door increased in the wake of the global financial crisis and prompted a number of studies on relations between governments and the finance and banking industry. As noted by the OECD:

> The close relationship between regulators and lawmakers on the one hand and the finance industry and its lobbyists on the other is fed by the regular cycling of personnel between one side of the fence and the other. …Tackling the revolving door is an indispensable part of the process of restoring confidence in both the political system and the financial markets more generally (2009:66).

In its analysis of the possibility of regulatory capture by large banks in the Netherlands, SOMO (2013) notes the need for the GRI and others to "[b]roaden the scope of the reporting guidelines on issues related to lobbying by developing indicators or compilation points on…the phenomenon of revolving doors, and the number of annual job changes between the company and the public sector (regulators and financial policy makers)" (van Tilburg and Römgens 2013:56).

Among the 10 steps SOMO recommends banks take regarding their efforts to influence public policy are the following: "Report on job mobility between the organisation and the public sector. Be transparent about the 'revolving door' phenomenon. Report annually the number of job changes between the organisation and the public sector (financial policy-makers and supervisors). Specify at what level in the organisation this mobility has taken place." None of the six banks involved in the study accepted this as a feasible step, citing the following reasons: (i) the information was already in the public domain; (ii) the

[248] In California and Texas alone, estimates of Wal-Mart's lobbying payments were in the region of USD 300,000 per state in 2014 (Reuters 2015).

impracticality of gathering such information given that former employees are not obliged to inform their employer about their subsequent professional whereabouts; and (iii) excessive bureaucratic demands.

The 2018 TI Corporate Political Engagement Index, which assessed the performance of 104 UK-based companies in relation to five aspects, found that performance fared worst in relation to the revolving door.[249] Companies were assessed according to the following questions:

- Is there a publicly available policy and procedure covering the 'revolving door'…?
- For company staff who were formerly public officials, does the company have a procedure for implementing a 'cooling-off period' before they are able to hold discussions on the company's behalf with their former organization?
- Does the company publish details of secondments to or from the public sector? (Transparency International UK 2018: 34)

While 33 percent of companies had some controls in place to manage the revolving door, only 6 percent published any details of secondments or publicly prohibited secondments, while 15 percent had a publicly available procedure for a "cooling off period" for employing former public officials (Transparency International UK 2018).

Good practice regarding cooling off periods—"whereby a former public office holder or senior official is barred from undertaking tasks in the private sector that relate to their regulatory or representative duties"—tends to draw on regulations introduced in a number of countries with two years being "fairly typical" (OECD 2009:66).

Beyond a focus on policies and procedures, it would also be useful to assess the scale of revolving doors in quantitative terms. What are the numbers of employees involved? Possible indicators include:

- number of technical and managerial staff seconded to and from the public sector during the reporting year; and
- number of new technical and managerial staff that worked in the public sector during the previous two years.

Beyond transparency and integrity

Transparency International (2015) notes that within the field of public sector lobbying reform, regulation generally focuses on three elements: transparency, integrity and equality of access. The first relates to whether interactions between lobbyists and public officials are made transparent and open to public scrutiny; the second to whether there are clear and enforceable rules on ethical conduct for both lobbyists and public officials; and the third to whether public decision making is open to a plurality of voices representative of a wide range of interests. How might these three principles be interpreted and applied in relation to sustainability assessment of CPI?

To date, attention has focused on transparency and integrity. The former mainly entails disclosure related to lobbying and political contributions. Integrity involves two aspects: (i) putting in place a management system that operates as an institutional control environment for responsible political spending and lobbying; and (ii) clarifying policy positions and whether they are consistent with ESG objectives. Fostering a plurality of voices (equality of access) can occur in two ways: first, by explicitly supporting social, human rights and environmental causes and coalitions, and related policy reforms; and second, through imposing limits on the volume of resources allocated to CPI by setting quantifiable targets.

From the above overview of how disclosure related to CPI has evolved, it is clear that the main focus has been on assessing companies based on the degree of transparency and policy commitment and clarification. Quantitative targets or normative assessments are few and far between. As RobecoSAM points out:

> Given the newness of the topic and the need to establish baseline data, we evaluated the responses strictly on transparency; there was no judgement on spending levels or spending trends, nor did we critique whether the top

[249] The other aspects included (i) the control environment, (ii) political contributions, (iii) responsible lobbying, and (iv) transparency.

> five issues/items were good or bad. Companies were assessed on the basis of their level of disclosure both in the [Corporate Sustainability Assessment] and in the public domain. Top scoring companies were those that clearly and transparently shared their contributions both across time and across different topic/organization types, and those that provided aggregate figures and amounts in their own public reporting (e.g. not with links to other sites) (2018a).

Where might we look for guidance regarding quantitative targets? In a context where CPI has often been associated with negative influence from the perspective of sustainable development, some players within the field of corporate sustainability assessment extend the notion of zero tolerance—typically associated with norms concerning bribery and "facilitation payments" (Transparency International 2014)—to other aspects of CPI. Certain ratings entities place a high value on zero or minimal spending and a policy against political contributions. The 2015 CPA-Zicklin Index, for example, gives kudos to Western Digital Corp. which markedly improved its ranking in large part for "not giv[ing] to candidates, parties, committees, 527 groups, (c)(4)s, or ballot measures, and... not mak[ing] independent expenditures. As its policy was to make no political contributions at all, no oversight was needed and its policy was clearly stated on the company website" (Center for Political Accountability and the Zicklin Center for Business Ethics 2015:26).

RobecoSAM's rating methodology also critiques or penalizes companies or sectors that have relatively high levels of political spending. It further cautions against over-generalization: "[a] policy against political contributions is insufficient justification of a company's prohibition against all policy influence activities. Policies that prohibit policy influence shall specifically address all the relevant categories, and the amounts related to any categories not specifically prohibited shall be reported" (2018c).

In the United States, a few companies have extended zero tolerance to support for political action committees (PACs), which are the largest source of campaign financing. While companies are legally prohibited from direct financing related to federal-level elections, other forms of support are allowed, including employee PACs. The Transparency International-UK assessment notes that "[a] small number of companies recognise this risk and, in line with our recommendation, prohibit all political contributions, including allowing an employee-run PAC" (2018:13).

Beyond targets associated with zero spending on certain types of CPI, might certain limits be in order? A benchmarking study of seven large United States banks, *Ranking the Banks*, judged responsible practice related to CPI not only in terms of the presence of a weak or strong policy, and the level of disclosure of political contributions and lobbying activities, but also the voluntary public disclosure of political contribution amounts and whether the bank made less than USD 500,000 in political contributions in the last three years, which would amount to an average of less than USD 200,000 per annum[250] (ICCR and Sustainalytics 2012). The lobbying tax proposal announced by Elizabeth Warren as part of her US presidential electoral platform set USD 500,000 per annum as a threshold above which corporations would incur significant taxes (Bloomberg 2019b).[251]

Might spending as a percentage of turnover be an indicator? Despite the earlier observation regarding non-judgmental assessment, RobecoSAM (2018a) singles out for critical commentary sectors such as health care, materials, and financials where average company yearly spending as a percentage of total revenues is in the 0.025 to 0.035 percent range, followed by real estate and utilities, around 0.02 percent. But in contexts where sector leaders may have revenues well in excess of USD 50 billion even the lowest level of approximately 0.01 percent reported in the information technology sector seems extremely high.

Advocating for, or rating highly, zero tolerance or reduced expenditure levels appears to run counter to recent developments within corporate sustainability guidance where

[250] For the study in question, good practices involved (i) existence and strength of a policy on political contributions: "The bank states it does not make political contributions or has a strong and detailed policy"; (ii) public disclosure of direct political contributions: "The bank does not make contributions or discloses direct political contributions and distinguishes amounts given to political parties, trade associations and other organizations"; (iii) public disclosure of lobbying activities: "The bank voluntarily publicly discloses lobbying amounts and distinguishes between parties, trade associations and other organizations"; and (iv) public disclosure of political contribution amounts: "The bank made less than USD 0.5 million in political contributions in the last 3 years" (ICCR and Sustainalytics 2012).

[251] Under the Warren proposal, tax rates of 35, 60 and 75 percent would be applied to the following three bands, respectively: between USD 500,000 and 1 million; above 1 million and up to 5 million; and above 5 million per year.

companies are urged not only to align their lobbying practices with their ESG commitments but also to become agents of positive change by forming, leading or participating in advocacy coalitions promoting sustainable development. This is particularly evident in relation to climate change and other environmental goals where B-Corps as well as some of the more conventional corporate majors and their CEOs are projected as leaders in progressive policy change (Elkington and Zeitz 2014). Patagonia has emphasized the importance of supporting environmental activism financially by setting a quantitative annual target, initially 10 percent of profits. This bar was subsequently raised to 1 percent of gross sales—a target that became the norm for the "1% for the Planet" initiative, which Patagonia founder, Yvon Chouinard, helped establish in 2002 to mobilize support from the business community for NGOs involved in environmental and climate causes (Demkes 2020).

Adding the political weight of corporate leaders to advocacy coalitions would seem to make sense from a political economy perspective that sees the direction and substance of policy change as a reflection of the correlation of forces. But as noted in Part 1, when discussing the tendency for disclosure to focus on "relative" as opposed to "absolute decoupling", the negotiated outcome may be fit for purpose from the perspective of "doing less harm" but not from the more holistic and ambitious viewpoint of sustainable development and transformative change. In this regard, it is noteworthy that the discussion and examples of cutting-edge sustainability performance in the areas of corporate advocacy and lobbying often bypass crucial structural issues including the monopolistic or oligopolistic concentration of market power and ongoing labour market flexibilization. While it might be a stretch to think that corporate leaders would proactively advocate for measures like anti-trust regulation to curb market concentration, the re-regulation of labour markets, and progressive taxation, or that they would challenge the "taken-for-granted views that corporations both need and favour lightly regulated economies with minimalist social policies",[252] any serious commitment to corporate advocacy for sustainable development requires discussion about such issues.

Indeed, most of the core sustainability performance issues discussed in Part 2 of this report—intra-firm income inequality, living wages, care-related aspects of gender equality, and labour rights—are treated timidly, if at all, in discussions about CPI. Corporate taxation, examined in Chapter 7, features more prominently in the new corporate advocacy. The focus, however, is often on tax cuts as a means of incentivizing sustainable production, trade and consumption.[253] This raises the question of where governments are to find the fiscal resources to regulate and support, on the scale necessary, the green and social transitions needed to address the problem. In this context, where are the calls for zero tolerance of political expenditures on lobbying and policy positions associated with regressive macroeconomic and fiscal policies? Furthermore, if corporate political spending is to remain a reality, where are the calls that it be tied to SDG-related targets or benchmarks, including the necessary shift towards more progressive fiscal systems?[254]

[252] See Farnsworth 2010.

[253] John Elkington and Jochen Zeitz (2014), for example, refer to reduced taxes for corporations meeting sustainability standards, reduced tariffs on sustainable imports, tax credits for sustainable consumers and fiscal reforms to incentivize long-term sustainable wealth creation.

[254] As ECOSOC (2019) points out, progressive fiscal systems refer not only to tax rates that are higher for higher income earners but also to redistributive expenditure policies.

Concluding remarks

The above analysis suggests that contemporary trends associated with CPI pose several serious challenges for corporate sustainability performance. These include: (i) the sheer volume of resources directed to causes, politicians and policy positions that are antithetical to sustainable development; (ii) the growing gap in the relative spending of corporate and non-corporate stakeholders; and (iii) the misalignment of corporate lobbying positions and ESG and SDG goals.

Recently, the ESG community has paid more attention to CPI, promoting a three-pronged recipe for action: (i) transparency, in order to expose and measure the spending and relationships associated with CPI; (ii) a management system to control for good and bad practice; and (iii) narrative reporting on lobbying positions.

The current drive towards greater transparency and granular disclosure is an important first step in improving corporate sustainability performance accounting related to CPI. Relevant indicators include:

- forms of direct expenditure disaggregated by recipient (such as lobbying organization, political campaign);
- forms of indirect expenditure channeled through third-party organizations (for example trade associations, not-for-profits);
- group-wide and subsidiary expenditures;
- percentage of operations covered, where spending data are only available for specific regions;
- country-by-country expenditures;
- in countries where headquarters and major affiliates are located, expenditure by in-country jurisdiction, that is local, state/provincial, and federal level;
- total and disaggregated spending over the last four fiscal years;
- spending by top five recipients;
- in relation to the major policy issues or topics for which a company advocated and spent money, specify the three largest recipients per issue;
- disaggregated disclosure related to lobbying, specifying not only the broad issue area (for example climate change), but also the normative or regulatory intent of the intervention, including its relation to the SDGs.

From an aspirational perspective, however, transparency needs to go beyond data detailing corporate political spending and narrative reporting on policy positions. It also needs to address other dimensions related to political influence channeled via knowledge transfer and the revolving door. Possible indicators include:

- number of technical and managerial staff seconded to and from the public sector during the reporting year;
- number of new technical and managerial staff that worked in the public sector during the previous two years;
- number of days that technical and managerial staff participated in expert group meetings organized by public sector entities.

With regard to sustainability targets related to CPI, the above discussion has identified three possible scenarios. The first relates to the notion of zero tolerance—that is, setting targets to cut political spending or eliminate it altogether. The second involves setting annual limits in, say, the USD 200,000 to 500,000 range for large corporations. The third scenario involves setting targets for the amount of spending directly related to supporting issues and policies globally recognized as essential to the SDGs.

The upshot of the above discussion is that improved disclosure, involving both qualitative and quantitative indicators, is needed to lift the veil on corporate political influence. Such transparency can allow management and other stakeholders to gauge corporate policy coherence—that is, whether the issues and recipients of corporate political and ideological support are consistent with those associated with ESG and SDG values and objectives. Transparency can also reveal whether consistency applies across the different ways and means of engaging with the public sector—via political spending, lobbying and revolving doors. Furthermore, it can allow stakeholders—concerned with the democratic deficit implicit in the growing imbalance in political influence among different interest groups—to gauge both the scale of CPI and its trajectory through time.