

The Good Lobby Tracker Methodology

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1. Introduction

The Good Lobby Tracker is the first initiative of its kind aimed at mapping, evaluating and scoring standards, principles and assessment frameworks that cover lobbying and other corporate political activities. The Tracker assesses the methodologies of ESG data and ratings providers, alongside a range of sustainability reporting frameworks and principles on the political conduct of business. The Tracker's main aim is to identify the best practices emerging from voluntary initiatives aimed at strengthening the monitoring of corporate political activities. Its ultimate goal is to make corporate political power more transparent and accountable to the expectations of employees, investors, customers, and other stakeholders who are increasingly favoring businesses that act responsibly and live up to their role in responding to the grand societal challenges of our time.



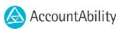
























To develop the Tracker, The Good Lobby approached the publishers of major corporate lobbying disclosure and reporting standards, including ESG data and ratings providers (e.g. Sustainalytics, S&P, Moody's, Bloomberg, MSCI); the publishers of sustainability reporting standards (e.g. GRI 415, ISSB, SASB); and other third-party standards on corporate political engagement (e.g. OECD, UN-PRI, CDP, BLab). This initial outreach process demonstrated the limited transparency and inconsistent nature of standards for assessing corporate political activities and other forms of corporate influence. These inconsistencies and lack of transparency can create risks for investors, operating companies, policymakers, civil society, and the wider integrity of democratic systems. Inconsistencies in the standards used to assess corporate political activities means that unchecked lobbying and corporate political activities can carry on without being identified or understood. These gaps arise partly as a result of overlapping standards and the use of proprietary methodologies by the largest ESG data providers and varied approaches to corporate political disclosure across markets. Regulatory responses to lobbying are limited. At present, only around 20 countries in the world have lobbying regulations requiring some forms of systematic disclosure.¹ Weak or absent regulatory disclosure requirements mean that voluntary standards and the ESG data provider methodologies are the most important signal of global norms in this area. The Tracker is designed to improve the consistency, comparability and usefulness of existing corporate lobbying disclosure standards developed by the market and voluntary in nature.

Accessing standards methodologies

When not in the public domain, The Good Lobby requested access to and an explanation of the underlying methodologies from each of the standards or methodologies assessed in the Tracker. We requested access to these methodologies to be able to first identify the various questions asked by these initiatives to corporate entities, and then assess and score them across a set of shared criteria. Following on from this initial engagement, each initiative appearing on The Good Lobby Tracker web page had the opportunity to provide feedback and additional information regarding details of their methodology in relation to the Tracker questionnaire shared with them. This iterative process has led to adjustments in the final scoring for a number of initiatives before publication of the Tracker report.

Selecting standards to review in the Tracker

The initiatives mapped in the Tracker are organized across three different groups. Each standard or initiative has unique features and there are methodological nuances for each standard, including for those in the same group. But comparison across these three groupings is designed to encourage and enable improvements in each standard as well as the assessment of the similar standards by data users.

ESG DATA AND RATINGS PROVIDERS		SUSTAINABILITY REPORTING STANDARDS		OTHER STANDARDS	
Bloomberg ESG Scores		ESRS G1 Business Conduct		AccountAbility Lobbying Health Check	
EcoVadis		GRI 415 Public Policy		BLab Impact Assessment Methodology	
FactSet Truvalue Labs		ISSB IFRS S1		CDP Climate Change Scoring Methodology	
Fitch Solutions ESG Ratings Methodology		SASB		Erb Principles for Corporate Responsibility	
FTSE4Good				ICGN Guidance on Political Lobbying and Donations	
ISS Quality Score				OECD Principles for Transparency and Integrity in Lobbying	
Moody's				The Positive Compass	
Morningstar Sustainalytics ESG Risk Rating Indicators				Responsible Lobbying Framework	
MSCI ESG Ratings				UN-PRI Investor Expectations on Corporate Climate Lobbying	
Refinitiv ESG Scores				WEF Measuring Stakeholder Capitalism	
RepRisk ESG Issues Definition				WBA Social Transformation Framework	
S&P Global Corporate Sustainability Assessment					

ESG Data and Ratings Providers. ESG data and ratings providers aim to measure corporate exposure to near-term and long-term environmental, social, and governance risks. These risks can include issues such as energy efficiency, worker safety, and board independence as well as corporate political activities which have financial implications, yet they are typically not covered by traditional financial reviews. ESG data providers are intended to provide an independent third party view on corporate conduct for insurers, investors and other capital providers who are seeking to better understand these companies.

Sustainability Reporting Standards. Sustainability reporting standards intend to communicate an understanding of how the flows of material, resources, and services between corporations, capital markets, society, the economy, and the environment affect the mutual ability of those systems to continue and flourish. Sustainability reporting standards are intended to enhance the quality of investor-company dialogue so that investors receive decision-useful, globally comparable sustainability-related disclosures that meet their information needs.

Other Initiatives and Standards. This group includes a range of voluntary standards and guidelines that corporations should follow when they implement ESG principles, or are seeking to benchmark their lobbying conduct against good practice.

The latest edition of the Tracker only includes one legally-mandated standard, the ESRS S1 Business Conduct delegated act,² which requires disclosure of corporate political activities, lobbying, and related information by some EU companies. The International Sustainability Standards Board (ISSB) at the International Financial Reporting Standards (IFRS) Foundation's S1 General Requirements for Disclosure of Sustainability-related Financial Information is also in the process of becoming a regulatory disclosure framework in countries where it is adopted.³ These in-progress regulatory standards are included in the Tracker and are influenced by existing voluntary lobbying reporting standards up to the point of their formal adoption in national law.

Indicator questions used in the Tracker

The Tracker assessment consists of a checklist of 30 indicator questions across 8 categories. These questions are based on the scope/strengths/methods of each of the frameworks reviewed. Together, the Tracker questions represent best practice in reporting corporate political activities across jurisdictions. In addition to referencing existing best practice, the Tracker contains a number of additional criteria developed by The Good Lobby in consultation with international experts, that aim to raise expectations for corporate political engagement and improve the quality of the regulatory and public policy development process. The Tracker aspires to communicate the qualities that any present or future standard on corporate political activity and lobbying disclosure should have. The Tracker assessment questions can inform both voluntary and legally mandated disclosure and conduct standards. The Good Lobby Tracker assessment questions and categories draw on:

- a host of existing principles and guidance frameworks - some general (e.g. OECD and The Erb Principles), others focussed on particular corporate political activities and jurisdictions (e.g. Zicklin Index), thematic or sector specific frameworks (e.g. CDP) or user context-based systems (e.g. UNPRI);
- the latest academic and real-life evidence on how corporate political activities are evolving, including on new forms of engagement that require attention for a full and fair 360 degree account of a company's political footprint; and
- insights on the organisational governance practices and management systems required to turn corporate commitments on lobbying transparency and alignment with stated corporate goals into effective implementation strategies.

Separate from the Tracker is **The Good Lobby Scorecard on individual standards. The Good Lobby Scorecard measures the quality and quantity of corporate political activities covered in an individual standard or initiative.** The purpose of both the Tracker comparison across standards and the Scorecard research output is to inform action by the standards providers and all other interested stakeholders to improve the consistency, comparability and complete-

ness of information on corporate lobbying and political influence practices. An additional aim of the Scorecard is to inform more complete legally-mandated lobbying reporting standards in a number of jurisdictions. Without access to the information provided in the Tracker, unchecked corporate lobbying and political engagement will continue to be a risk multiplier for business, investors, citizens, and the democracy.

2. Scoring methodology summary

The Good Lobby Tracker scores each methodology used across the three types of initiatives: those of ESG data and ratings providers, sustainability reporting standards, and other voluntary standards on corporate political behaviour. Each of the initiatives and related methodologies are scored against an ideal set of criteria on corporate political disclosure described below. These criteria cover disclosure requirements alongside additional, conduct-related information, including detailed questions in each of the following 8 categories. The scores are reviewed on a quarterly basis and updated annually:

A General disclosure on Corporate Political Activities

B Political contributions

C Lobbying and advocacy activities

D Influence via third-parties

E Disclosure of 'lobbying/advocacy' policies and positions

F Commitment to sustainable lobbying practices

G Employees and internal policy

H Governance of the standards

3. The 8 Tracker categories

Questions used in the scoring process cover 8 categories of assessment for each standard setting methodology or initiative.

A General disclosure on Corporate Political Activities

This category assesses whether a given initiative requires disclosure of one or more corporate political activities.

B Political contributions

This category considers whether various forms of political donations and other forms of financial - and in-kind - contributions must be reported on.

C Lobbying and advocacy activities

The questions in this category examine the extent to which lobbying⁴, be it in-house, indirect, in-kind or in any other forms, must be reported on.

D Influence via third-parties

These questions verify whether lobbying and/or other corporate political activities exercised by third-parties on behalf of the company must be declared.

E Disclosure of 'lobbying/advocacy' policies and positions

These questions intend to verify whether lobbying/advocacy' policies and positions must be publicly disclosed.

F Commitment to sustainable lobbying practices

These questions intend to verify whether the standard addresses proactive efforts to embrace sustainable lobbying practices as inferred from adherence to self-imposed codes of conduct and positive impact goals - such as requiring a commitment to support democratic process, respect for planetary boundaries, and efforts to equalize access to power.

G Employees and internal policy

The questions in this category focus on disclosure of any employee-related policies, ranging from the disclosure of past professional experience in the public sector to dedicated lobbying training activities

H Governance of the standards

These questions consider whether the methodology for assessing corporate political activity is publicly available, and whether the standard enables feedback.

4. Scoring methodology details

Following a review of the scored criteria above, points are awarded with the following weightings applied to provide a final score out of possible total of 200, With relative weightings based on: disclosure of fundamental corporate political activities; disclosure of main medium used to engage into that activity (think tank, trade association, chair, etc); granularity of the disclosure; and disclosure on methods employed to make decisions.

The Good Lobby Tracker scores 3 categories of standards for corporate political activities:

(a)	ESG data and ratings providers	
(b)	sustainability reporting standards	
(c)	other standards	

Scoring of each standard assesses performance across 8 categories

Scoring of each standard covers 8 categories

A	General disclosure on Corporate Political Activities	10
1.1	Does the initiative require one or more sets of disclosures of corporate political activities (of any sort)? Y/N	10
B	Political contributions	25
2.1	Reporting of 'political contributions' (i.e. political parties, elected representatives, and political candidates seeking office)? Y/N	10
2.2	Financial contributions attributed to political activities: (a) Indication of the type of contributions: donations, loans, sponsorships, retainers, purchase of tickets of events Y/N (3 points)	3
2.3	Non-Financial Contributions attributed to political activities: (a) Indication of the type of in-kind contributions (non-monetary including goods and services such as: advertising, use of facilities, design and printing, donation of equipment) Y/N (3 points) (b) Indication of how the monetary value of in-kind contribution was estimated Y/N (1 points)	4
2.4	Methods of disclosing contributions: (a) Directly or indirectly Y/N (1 point) (b) Aggregated by country Y/N (1 point) (c) Aggregated by reference to national accounting rules for the calculation of the political contributions Y/N (1 point) (d) Publication of a 'political contribution policy' Y/N (5 points)	8
C	Lobbying and advocacy activities	52
3.1	Disclosure of direct lobbying spend (in-house) Y/N	10
3.2	Indirect actions: (a) Membership to trade associations Y/N (5 points) (b) Membership to think-tanks Y/N (5 points)	10
3.3	In-kind support: (a) Disclosure of in-kind lobbying activity Y/N (10 points)	10
3.4	Indication of the type of lobbying and advocacy activities: (a) Meetings, conferences, and events Y/N (3 points) (b) Contributing to public consultation hearings (3 points) (c) Communication campaigns, platforms, networks, grassroots initiatives (eg. anti-astroturfing initiatives) (3 points) (d) Reports, policy, position papers, opinion polls, surveys, open letters, research work (3 points) (e) Academic chairs, research centers, think tanks (5 points) (f) Government expert groups (5 points)	22
D	Influence via third-parties	16
4.1	Membership to other third-party organizations that may engage in political activities (charities, foundations, PACs, fundraising organizations) Y/N	10
4.2	Alignment with indirect organizations/partners: (a) Does the organization describe whether or not its partners (trade associations, think-tanks, third-parties, etc.) are aligned with its lobbying principles? (3 points) (b) Does the organization include escalation strategies for partnership termination if misalignment is identified? (3 points)	6

E	Disclosure of 'lobbying/advocacy' policies and positions	37
5.1	Existence of a 'lobbying/advocacy policy' Y/N	10
5.2	Disclosure of policy files covered Y/N	10
5.3	Publication of a 'lobbying position' Y/N	10
5.4	Publicly disclose its overall assessment on the influence its lobbying has had on public policy (including the ultimate beneficiaries of the lobbying/donations)	7
F	Commitment to sustainable lobbying practices	20
6.1	Reference to code of conduct or other guidance principles, requiring inter alia a commitment to support democratic processes, to equalize access to power, and other voluntary initiatives for positive lobbying as well as respect for planetary boundaries Y/N	10
6.2	Create or participate in coalitions that have the specific purpose of lobbying in support of public interest goals Y/N	10
G	Employees and internal policy	17
7.1	Disclosure of staff who previously held similar position in public sector (revolving door) Y/N	3
7.2	Publication of the representative responsible for the spending of political contributions and/or lobbying Y/N	3
7.3	Are employees required to sign annual statements of compliance linked to lobbying? Y/N	3
7.4	Existence of training on ethical, responsible political engagement and lobbying for staff Y/N	3
7.5	Does the firm have: (a) Approval procedures for gifts, travel, or other privileges by an independent department? Y/N (1 point) (b) A dedicated confidential hotline or email address? Y/N (1 point) (c) Internal monitoring for lobbying budget? Y/N (1 point) (d) Internal audits for lobbying activities, independent party for monitoring lobbying budget/external audit, and/or external investigations of allegations? Y/N (2 point)	5
H	Governance of the standards	23
8.1	Is your methodology for assessing corporate political activity publicly available? Y/N	10
8.2	Do you have a mechanism for responding to feedback on gaps in your methodology? Y/N	10
8.3	Do you scan for 'adverse incident analysis' as input to your scoring? (e.g. lobbying scandals) Y/N	3
	Total	200

5. Relative weighting of scoring across indicator question categories

POINTS	CATEGORY	CATEGORY DESCRIPTION	NUMBER OF INDICATOR QUESTIONS	PERCENTAGE WEIGHTING
10	A	General disclosure on Corporate Political Activities	1	5%
25	B	Political contributions	8	12.5%
52	C	Lobbying and advocacy activities	4	26%
16	D	Influence via third-parties	3	8%
37	E	Disclosure of 'lobbying/advocacy' policies and positions	4	18.5%
17	F	Commitment to sustainable lobbying practices	5	10%
20	G	Employees and internal policy	2	8.5%
23	H	Governance of the standards	3	11.5%
200		TOTAL	30	100%

Endnotes

- 1 See 'Influence Abroad: The state of global lobbying disclosure' (03.11.2016): <https://sunlight-foundation.com/2016/11/30/influence-abroad-the-state-of-global-lobbying-disclosure/>; According to the OECD, In 2020, 18 countries had public registries with information on lobbyists and/or lobbying activities. See 'Lobbying in the 21st century: transparency, integrity and access:' <https://www.oecd-ilibrary.org/sites/cc47798f-en/index.html?itemId=/content/component/cc47798f-en>
- 2 See 'Disclosure Requirement G1-5 - Political influence and lobbying activities:' https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ%3AL_202302772
- 3 Turkey has been an early adopter of the IFRS S1 and S2 standards into their national financial reporting regulations. See: 'Turkey implements mandatory sustainability reporting applying ISSB standards' (11.12.2023): <https://www.iasplus.com/en/news/2023/12/turkey-issb>
- 4 Lobbying means any attempt by individuals or private interest groups to influence the decisions of governments.

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