



RIGHT-SIZING CORPORATE VOICE

A briefing for business
on responsible political
engagement

EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY: OXFAM BRIEFING FOR BUSINESS– JULY 2024

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This briefing for business was written by Andrew Slight. We appreciate the support of Ashley Aarons, Caroline Brodeur, Hernan Cortes, Lucy Cowie, Beverly Wakiaga, Lies Craeynest, Irit Tamir and Suzanne Zweben at Oxfam in the production of this publication. Oxfam is grateful to Elizabeth Doty of the Erb Institute at the University of Michigan, Tim Smith at ICCR, and the team at The Good Lobby for sharing their expertise and insights. It is part of a series of papers written to inform public debate on development and humanitarian policy issues.

For further information on the issues raised in this summary please email advocacy@oxfaminternational.org

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The information in this publication is correct at the time of going to press.

Published by Oxfam GB for Oxfam International.

DOI: 10.21201/2024.000032

Oxfam GB, Oxfam House, John Smith Drive, Cowley, Oxford, OX4 2JY, UK.

Cover image: designed by Nigel Willmott.

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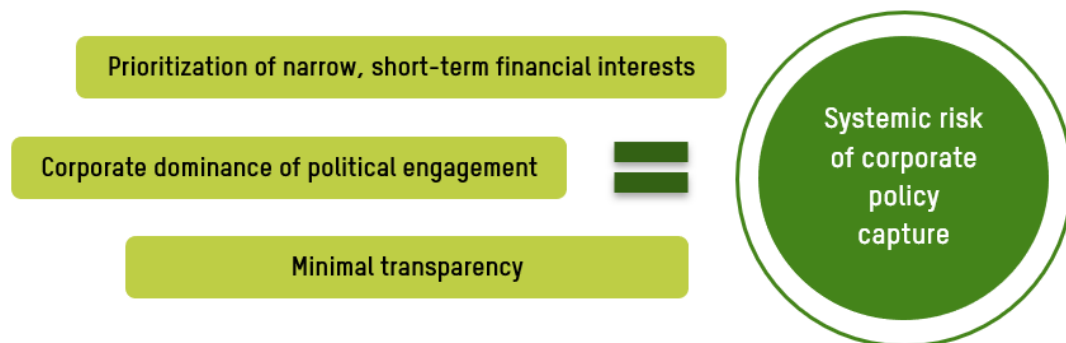
Businesses should reimagine their political engagement by putting respect for human rights at its center.

Every large company has a political footprint that it needs to take responsibility for. A new approach to corporate political engagement – building on existing frameworks and based on the familiar experience of developing human rights due diligence – is required. This will enable companies to align their political engagement with the protection of human rights, delivery of ambitious environmental goals, support for civic institutions and the needs of society.

This briefing provides a roadmap for how businesses can make the change to responsible political engagement. It is intended for senior leaders and colleagues working in government affairs, sustainability and other departments involved in any business that performs political engagement, particularly multinational companies that invest large resources in influencing political outcomes. While it has a strong US focus, it is applicable in every geography where companies are engaging with governments.

INEQUALITY IN POLITICAL INFLUENCE IS DRIVING INEQUALITY IN SOCIETY

Businesses dominate the policymaking process, mostly prioritize short-term financial interests and provide minimal transparency, creating an **inherent risk of corporate policy capture**.



For example, in 1992, 'more than 55 business representatives lobbied UN negotiators who met in New York ... to draft a global warming treaty to be signed in Rio.'¹ By 2023, at least 2,456 fossil fuel lobbyists alone were given official access to the COP28 summit in Dubai,² including at least 166 'industry trade groups, think tanks and public relations agencies with a track record in climate denialism and misleading the public.'³

These risks have been exacerbated by practices across lobbying, advocacy and political spending.

LOBBYING	<ul style="list-style-type: none"> • Internal misalignment • External misalignment • Revolving door
ADVOCACY	<ul style="list-style-type: none"> • Influence on the public debate • Influence on science and academia • Influence on judiciary
POLITICAL SPENDING	<ul style="list-style-type: none"> • Donations to political parties, individuals and causes • Donations to third parties • Astroturfing

Extensive research by civil society, investors and others shows that the current approach to corporate political engagement doesn't work for anyone. Outcomes include:

- Negative human rights and environmental impacts for society;
- Damage to public institutions and civic space;
- Increased costs to business through:
 - A heightened risk of corruption;
 - Misalignment with stated values and sustainability commitments;
 - Government inaction to address market failures.

APPLYING EXISTING HUMAN RIGHTS PROCESSES TO RESPONSIBLE POLITICAL ENGAGEMENT

More than a decade after the adoption of the UN Guiding Principles on Business and Human Rights (UNGPs) by the UN Human Rights Council,⁵ an increasing number of companies have begun to apply human rights due diligence to assess risks, take action, integrate human rights across their business, track progress and communicate both their approach and the results.⁶ However, in 2022, the UN Working Group on Business and Human Rights released a report on how corporate political engagement contributes to human rights harms and negatively affects the state duty to protect, and the business duty to respect, human rights.⁷

The adoption of human rights due diligence (HRDD) provides both a precedent and an adaptable model for how corporate political engagement can address these harms, including by applying a saliency lens (based on risks to people and the environment rather than materiality, which focuses on risks to business), and engaging potentially affected rights-holders as participants in the development of company priorities and actions. Aligning political engagement with protection of human rights as well as climate change and other social and environmental issues should be a critical driver of priorities.

'An analysis of 300 academic studies showed that such abuse [of political engagement] has led, for example, to negative health outcomes, inaction on climate policies, excessive regulation to protect incumbents, or insufficient regulation to correct market failures or distortions. In addition, the abuse of lobbying practices undermines citizens' trust in democratic processes.'

OECD, 2021, *Lobbying in the 21st Century: Transparency, Integrity and Access.*⁴

ESSENTIAL ACTIONS FOR BUSINESS

The essential actions for business set out below are intended to guide companies in developing a responsible approach to corporate political engagement. They support better policy outcomes to deliver social and environmental progress by:

- tackling inequality, including racial and gender inequality;
- aligning political engagement with the company’s stated purpose, values and commitments;
- reducing reputational, financial and other risks linked to corruption and impropriety; and
- contributing to a stable and political economic environment by not undermining government institutions or civic space.

The actions are organized under categories taken from the human rights due diligence process. Each action contains a list of recommendations for better corporate practice.

Table 1: Actions to guide responsible corporate political engagement

ASSESS: Understand your current political engagement practices and their impacts	
<p>Map your current political footprint</p> <p>Before companies can understand and address the risks of their political engagement, they need to be sure they know their current political footprint. This encompasses what they are trying to achieve, how they do it, where they do it and through whom.</p>	<ul style="list-style-type: none"> • Build a thorough footprint of your existing political engagement, including objectives, policy positions, people, practices, processes and impacts. • Identify your priority governments/geographies based on objectives and current resource allocation. • Share the political footprint with relevant internal stakeholders and commit to using it as the basis for moving towards a responsible approach.
<p>Assess your political engagement through a human rights and environmental sustainability lens</p> <p>Companies should review the risks that their political engagement poses to human rights and the environment.</p>	<ul style="list-style-type: none"> • Make political engagement a core consideration of your human rights and environmental risk and impact assessments at both a macro and issue-specific level. • Engage with colleagues in human rights and other departments with due diligence expertise, and meaningfully engage with external stakeholders, including actual and potentially affected rights-holders, to build a credible process for integrating political engagement and human rights. • Share the results internally with senior management and externally with stakeholders, including actual and potentially affected rights-holders, to understand the most pressing needs for action and integration, including any unintended impacts on vulnerable groups.
ACT AND INTEGRATE: Take actions to integrate responsible political engagement in your business and third parties	
<p>Change practices and processes to minimize the risk of policy capture</p> <p>Businesses should review practices undertaken by themselves and others in their political ecosystem so that they minimize the risk of policy capture and other negative outcomes</p>	<ul style="list-style-type: none"> • Review and update the use of practices related to lobbying, advocacy and political spending to stop those that automatically increase the risk of policy capture; take actions to lower the risk where it occurs and promote good practice. • Ensure that internal policies, training and governance are set up to support a responsible approach to political engagement. • Engage stakeholders to review your priorities and provide help in embedding this new approach, including with external parties.

<p>Develop policy positions on your salient human rights and environmental issues to drive positive outcomes</p> <p>Companies need to ensure that they have substantive policy positions in place on their salient sustainability issues. This includes aligning these positions with commitments that tackle inequality, such as to respect human rights, as set out in the UNGPs, and address climate change in line with the Paris Agreement.</p>	<ul style="list-style-type: none"> • Create substantive policy positions on all priority political engagement issues. • Regardless of prioritization, create substantive policy positions on your salient human rights and environmental risks, including gender inequality and climate change. • Review policy positions to ensure alignment with each other, with the company’s stated purpose, values and commitments, and with its responsibilities to society and government institutions.
<p>Ensure alignment with lobbyists, trade associations and business partners, and use leverage to influence others</p> <p>Membership of trade associations puts companies at particular risk of misalignment between their publicly stated position and commitments, and political engagement they are associated with. As with suppliers associated with human rights and environmental harms, companies should seek to use their leverage to stop misalignment from happening.</p>	<ul style="list-style-type: none"> • Conduct a complete review of trade associations in all countries to understand alignment with policy positions and objectives, especially related to human rights and environmental priorities. • Develop and implement a plan to tackle misalignment; this should include substantive actions if alignment cannot be achieved, including to exit the association. • Develop a similar approach for other organizations in your political ecosystem including business partners, think tanks, academia, civil society and management consultants.
<p>COMMUNICATE: Be transparent about your approach and progress, and promote responsible political engagement to others</p>	
<p>Publicly disclose political engagement so that stakeholders can assess your approach, priorities and impact</p> <p>Companies should provide meaningful transparency to government, employees and other stakeholders, including actual and potentially affected rights-holders. This means providing complete information on the objectives, policies, people, practices, processes and outcomes of their political engagement.</p>	<ul style="list-style-type: none"> • Develop comprehensive and robust reporting on political engagement that enables stakeholders to understand the company’s political engagement approach, objectives and impacts globally, not just where required by law. • Ensure that human rights reporting covers political engagement and assesses if and how this has impacted actual and potentially affected rights-holders, and the company’s ability to respect human rights and ensure gender and racial equality. • Support higher disclosure standards by governments around the world to increase transparency in the policymaking process.
<p>Engage with the debate and positively contribute to the development of responsible corporate political engagement</p> <p>Corporate political engagement is a rapidly growing field. Companies have the opportunity to engage and take action early, before they, their peers and value chains are forced into sweeping action that they may not be ready for.</p>	<ul style="list-style-type: none"> • Positively engage organizations working on responsible political engagement to improve understanding, share insights and champion the issue. • Convene supply chain companies, business partners, trade associations and others to highlight responsible corporate political engagement and encourage them to prioritize it. • Develop ways in which a company and its foundation can help improve the share of voice that underrepresented groups have in the policymaking process.

NOTES

- ¹ M. Dolan. (30 May 1992). *U.S. Business Woos Delegates to Earth Summit*. *Los Angeles Times*. Accessed 3 June 2024. <https://www.latimes.com/archives/la-xpm-1992-05-30-mn-224-story.html>
- ² Kick Big Polluters Out. (5 December 2023). *Record number of fossil fuel lobbyists at COP28*. Press release. Accessed 3 June 2024. <https://kickbigpollutersout.org/articles/release-record-number-fossil-fuel-lobbyists-attend-cop28>
- ³ N. Lakhani. (11 December 2023). *Revealed: more than 160 representatives with climate-denying track records got COP28 access*. *The Guardian*. Accessed 3 June 2024. <https://www.theguardian.com/environment/2023/dec/11/climate-deniers-attend-cop28-talks>
- ⁴ OECD. (2021). *Lobbying in the 21st Century: Transparency, Integrity and Access*. Accessed 3 June 2024. <https://doi.org/10.1787/c6d8eff8-en>
- ⁵ United Nations and United Nations Human Rights Office of the High Commissioner. (2011). *Guiding Principles on Business and Human Rights*. Accessed 3 June 2024. https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf
- ⁶ See the *Corporate Human Rights Benchmark* for an overview of progress to date. Accessed 3 June 2024. <https://www.worldbenchmarkingalliance.org/corporate-human-rights-benchmark/>
- ⁷ UN Working Group on Business and Human Rights (2022). *Corporate influence in the political and regulatory sphere: Ensuring business practice in line with the Guiding Principles on Business and Human Rights*. Accessed 3 June 2024. <https://undocs.org/Home/Mobile?FinalSymbol=A%2F77%2F201&Language=E&DeviceType=Desktop&LangRequested=False>

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