



13 Civic and Policy Engagement

PolicyLink

FSG REIMAGINING SOCIAL CHANGE

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Learn more about the Alliance and the draft standards in our latest report, *Introducing the Business Standards for 21st Century Leadership: Public Consultation Report and Draft Standards* available at <https://corporateraciaequityalliance.org/corporate-standards>.

Reviewing and Submitting Feedback

How to Navigate This Standard

Each draft standard begins with an overview, including:

- The outcome that the standard supports achieving
- The basic requirement of the standard
- A list of the currently proposed performance targets for the standard
- The value proposition of adopting the standard
- The most closely associated equity outcomes, showing how achievement of the standard contributes to positive societal impact
- A non-exhaustive list of related sustainability standards and frameworks

Following the overview is a glossary of key terms. Then, each performance target is presented with specific requirements, metrics, implementation guidelines, and resources. To support companies in getting started, suggested interim targets and metrics are included as well.

Navigation links are provided at the bottom of each page, beginning on page 5.

Submitting Feedback

This is a living document and your participation in strengthening this work is important to us. Alongside our ongoing research and testing with companies, we look forward to feedback on these questions:

- Is the standard clear and compelling?
- Do you agree that the performance targets for this standard cover critical ways for companies to address discrimination and exclusion, and advance socially responsible business practices within the given topic? If not, why not?
- Are there additional or alternative performance targets you recommend for this standard?
- What additional guidance, if any, would be helpful for a company to get started and/or make steady progress toward achieving this standard?

Submit your feedback by completing [this survey](#) (letter submissions will also be accepted) or attending one of our virtual roundtables. [Find more information here on providing your feedback.](#)

13 Civic and political engagement is socially responsible and contributes to a stable democracy.




Requirement

■ Codify socially responsible guardrails around civic and political engagement and proactively contribute to fostering a healthy and stable democracy at the local, state, and national levels.

Performance Targets

- P13.1** A formal code of conduct on responsible public policy engagement is adopted and operationalized.
- P13.2** Concrete action is undertaken to promote civic engagement and protect the fundamentals of our democracy.
- P13.3** Zero corporate dollars are spent annually on political activity that is inconsistent with the company's values.

Associated Equity Outcomes

-  Balanced Power
-  Thriving Multiracial Democracy
-  Thriving, Diverse Communities

Key Connections

- SDGs 10, 16, and 17
- ESRS G1
- IFRS S1
- UNGPs 11 and 13

Business and Societal Value Proposition

The ability of businesses to thrive and invest in their future success depends on the rule of law and a healthy, stable democracy.

Businesses have a shared interest—together with workers, investors, customers, communities, and society-at-large—in ensuring the foundations of our society and economy are stable, healthy, and serve the common good.

[Over the past several decades](#), business and industry influence over the rule of law and our democracy has grown exponentially. In lobbying to influence legislative processes alone (such as labor laws and tax policy), the ratio of business and industry influence is [34 to 1](#) over public-interest groups. Business influence is also significant in elections and the policy platforms of political candidates.

Recognizing that businesses have a role to play in shaping public policy, this Standard focuses on ensuring business influence is socially responsible. This includes incorporating a focus on healthy democratic systems within public policy engagement and proactively taking steps to guard against [democratic backsliding, the risk of which is urgent and significant](#). Overlooking this area of corporate impact increases risk in multiple ways, including heightening investor and customer scrutiny, exacerbating rising inequality, and contributing to instability in the business operating environment.

The performance targets for this Standard therefore focus on adopting essential policies and practices to ensure corporate civic and political engagement is consistent with the company's values, socially responsible, and supports a stable democracy.

This Standard is not intended to encroach on personal freedoms or advocate for any specific political outcome.

Glossary

Constitutional democracy

As defined in the [Erb Principles for Corporate Political Responsibility](#): “Rights-based representative government in which 1) elected government leadership is constrained by constitutionalism, the rule of law, the separation of powers, the free expression of the people, and the legal protection and moral affirmation of individuals’ rights; and 2) groups and parties that are not part of electoral majorities cannot easily be disenfranchised or suffer loss of rights of association, voice and legal protection by the electorally determined leadership.”

Direct spend

Financial and in-kind support provided directly by the company to influence (i) the adoption, implementation, preservation, or defeat of a public policy or legislation; (ii) the election or defeat of a political candidate; and (iii) any other electoral or governing processes, in each case, at the local, state, or national levels. This includes but is not limited to donations, loans, sponsorships, fundraising event tickets, advertising, consulting services, and use of equipment and facilities.

Direct workers

Individuals who are in an employment relationship with the company, such as full-time and part-time employees.

Equity

Just and fair **inclusion** into a society in which all can participate, prosper, and reach their full potential. When everyone is treated fairly according to their needs and no group of people is given special treatment.

Gap analysis

A comparative analysis of the current state of a set of quantitative or qualitative factors against a given Performance Target, including the Guidelines. Conducting such an analysis is step one across every Performance Target.

Grassroots organizations

Nonprofit organizations that rely on community members to take action to make a difference on the issues they collectively care about.

Grass-tops organizations

Nonprofit organizations that have strong brand identity, typically with national reach, and whose leadership have connections to or significant influence on decision makers in sectors they focus on.

Impact

The effect the company has or could have on its **stakeholders** over the short, medium, or long term through its activities, including its operations, products, services, and business relationships, whether positive or negative, intended or unintended. This term is intended to be equivalent to the defined term “impacts” in the [European Sustainability Reporting Standards](#) (ESRS).

Inclusion

The values, practices, and policies that ensure all people, across all social demographics, feel respected, safe, and valued, including and accommodating people who have historically been excluded such as due to their race, ethnicity, gender, sexual orientation, or disability. Inclusion values and leverages **diversity**, recognizing it as a source of strength for organizations.

Indirect spend

Financial and in-kind support provided by or through another entity, hired by or affiliated with the company, to influence (i) the adoption, implementation, preservation, or defeat of a public policy or legislation; (ii) the election or defeat of a political candidate; and (iii) any other electoral or governing processes, in each case, at the local, state, or national levels. Such third parties include but are not limited to lobbyists and trade associations.

Leaders or leadership

Senior leaders, as defined below, plus:

- Middle management, including people managers who have oversight of, but are not directly managing, non-managerial workers; and
- Any other internal leaders with decision-making power over non-managerial workers.

Material decision

A decision made by the company that has or could have a significant **impact** on profitability/shareholder value and/or one or more of its stakeholder groups, including **direct workers**, contingent workers, indirect workers, customers, end users, communities, and society at large. This includes, among other things, the health and safety of the company’s and its suppliers’ workplaces; the health, safety, accessibility, and pricing of products and services; the environmental impacts of the company’s and its suppliers’ operations; and any practices that could result in excluding marginalized or underinvested groups from fair opportunities.

Political activity or activities

Actions by, on behalf of, or supported by, the company related to influencing (i) the adoption, implementation, preservation, or

defeat of a public policy or legislation; (ii) the election or defeat of a political candidate; and (iii) any other electoral or governing processes, in each case, at the local, state, or national levels. This includes but is not limited to **direct** and **indirect spend**; lobbying; advocacy; and internal and external communications.

Senior leaders or senior leadership

- Officers as defined in the company’s bylaws;
- Named executive officers as defined under U.S. Securities and Exchange Commission reporting rules;
- C-Suite or equivalent senior leaders; and
- Leaders with overall ownership and responsibility for department or divisional budgets.

Stakeholders

Individuals and groups who have an interest in the policies and practices of companies not only because they are affected by them, but also because they have rights to be respected and protected by companies, e.g., workers’ rights to fair wages, consumers’ rights to safe products, suppliers’ rights to transparency, investors’ rights to be informed of material facts, communities’ rights to clean and safe neighborhoods, and society’s rights to a healthy environment, among others.

Stakeholder-informed decision-making

The action or process of making decisions, especially **material decisions**, informed by the needs, expectations, and rights of the company’s stakeholders—including **direct**, contingent, and indirect workers; customers; end users; suppliers; shareholders; communities; and society at large. Stakeholder-informed decision-making recognizes that each of the company’s stakeholders is essential to its success and honors the company’s fundamental commitment to deliver value to all of its stakeholders. This is the foundation of socially responsible business.

Sustainability

As defined by the [1987 United Nations Brundtland Commission](#), “meeting the needs of the present without compromising the ability of future generations to meet their own needs.” In the business context, it means [a company’s delivery of long-term value in financial, social, environmental and ethical terms](#). This includes recognizing and adhering to social thresholds, such as paying living wages across the workforce, in recognition of the essential role living wages play in cultivating and maintaining a healthy labor force and a stable society. It also includes ecological thresholds, such as limiting emissions and natural resource use, in recognition of the natural limits of our planet to support all life.

PERFORMANCE TARGET 13.1

A formal code of conduct on responsible civic and political engagement is adopted and operationalized.

Requirement

Codify and operationalize a code of conduct on responsible civic and political engagement by or on behalf of the company, including all engagement in [political activity](#).

Metric

One or more formal written codes of conduct or policies consistent with the guidelines.

Share Progress & Achievement

Disclosure available to the public of the company's (i) commitment to responsible civic and political engagement, (ii) adoption of the code of conduct or policy, (iii) annual political activity including the purpose and amounts (or value) of [direct](#) and [indirect spending](#), and (iv) the policy positions taken by or on behalf of the company, either on the company's website or in an annual report (or other publicly available filing). Update disclosure annually.

Rationale, Tips, and Guidelines

RATIONALE:

Special-interest lobbying in the U.S., which is predominantly focused on business interests, has [more than doubled over the past 20-plus years](#), from an estimated \$1.45 billion in 1998 to \$4.26 billion in 2023. At the same time, special-interest lobbying can often be at odds with the public interest (such as certain business lobbying against environmental and labor protections). [With inequality continuing to grow](#), ensuring corporate political activity is consistent with the company's values—including advancing equity, inclusion, and social responsibility—is an urgent imperative for a healthy economy and stable democracy.

Accordingly, this Target supports the company in ensuring there are appropriate guardrails around any public policy advocacy or other political activities it may engage in, consistent with the company's efforts to advance [equity](#), [inclusion](#), and socially responsible business practices. This includes integrating a focus on healthy democratic systems in public policy engagement and ensuring appropriate due diligence, resource allocation, and risk management of all corporate political activity.

IMPLEMENTATION TIPS:

1. This Target is not intended to encroach on individual freedoms or advocate for any specific political outcome. The application of this Target is limited to corporate-level political activity.
2. This Target is aligned with and incorporates two widely accepted, nonpartisan, and complementary frameworks for responsible political engagement: (a) [The Erb Principles for Corporate Political Responsibility](#); and (b) [CPA-Zicklin Model Code of Conduct for Political Spending](#).
3. The guidelines below may be incorporated into an existing policy or code of conduct and/or combined

with other compliance topics, such as on anti-bribery and anti-corruption compliance.

4. A sample policy/code of conduct consistent with the guidelines below will be included with this Target upon the launch of the final Standards.

GUIDELINES:

1. This Target applies to all corporate civic and political activity by or on behalf of the company in the U.S. and any other jurisdictions.
2. This Target does not require companies to engage in political activity. Accordingly, if the company does not engage in any political activity (and does not plan to do so in the future), adopt a policy explicitly stating that the company refrains from doing so and that compliance with the policy will be reviewed and confirmed annually.
3. If the company currently engages (or may in the future engage) in political activity, then adopt a code of conduct or policy integrating social responsibility and respect for healthy democratic systems as key principles guiding all such activity, including the following:
 - a. A commitment to responsible civic and political activity consistent with the company's efforts to advance equity, inclusion, and social responsibility.
 - b. Adoption of [stakeholder-informed decision-making](#) for [material decisions](#) related to civic and political activity.
 - c. Adoption of [The Erb Principles for Corporate Political Responsibility](#) (both the foundational responsibilities and discretionary opportunities) and [CPA-Zicklin Model Code of Conduct for Political Spending](#).

- d. Comprehensive internal controls around hiring former regulators and other public sector officials ([revolving-door hiring](#)) to protect against conflicts of interest.
 - e. A commitment to take concrete action when appropriate to protect the fundamentals of our [constitutional democracy](#) (see Target 13.2).
 - f. Explicit prohibitions against the following:
 - i. Using corporate treasury funds for election-related spending.
 - ii. Charitable giving to [causes of public officials](#). (See Standard 11 for corporate philanthropy generally.)
 - iii. Maintaining engagements, memberships, or contributions to/with organizations that are not aligned with the code of conduct or have not demonstrated an intention to align with the code of conduct within a reasonable period.
 - g. Clearly identified executive ownership and accountability for:
 - i. Annual public disclosure of all political activity consistent with the “Share Progress and Achievement” field of this Target.
 - ii. Annual review and compliance monitoring of political activity, including via lobbyists, trade associations, and other third parties who may act on the company’s behalf (see Target 13.3).
 - iii. Prompt investigation and resolution of any conflicts and compliance issues.
 - h. A requirement that all relevant personnel and third-party firms adhere to the code of conduct, including annually demonstrating or attesting to their compliance.
4. The policy (whether based on Guideline 2 or 3) should be in writing and formally approved by the most senior leader(s) with oversight of civic and political activity, as reflected by their signature(s) on the policy.
 5. If Guideline 3 is applicable to the company, on an annual basis operationalize the code of conduct by taking the following concrete steps:
 - a. Provide all personnel involved in civic and political activity on behalf of the company with education and skill-building on (i) the code of conduct, (ii) how policy positions can impact inequality, and (iii) stakeholder-informed decision-making.
 - b. Proactively screen current and planned political activity for alignment against the code of conduct and instruct lobbyists to do the same (see Target 13.3).
 6. For any lobbyists or other third-party firms the company engages in connection with its civic and political activity, ensure the following:
 - a. The firm(s) can articulate and tangibly demonstrate how they comply with the code of conduct.
 - b. The engagement is led and staffed by a seasoned and diverse team with demonstrated expertise in responsible civic and political engagement.

Example Interim Targets

Note: these examples are not intended to be exhaustive. At launch, guidance on setting interim targets will be available.

- [Gap analysis](#) conducted of current policies and practices on civic and political engagement by or on behalf of the company.
- New or updated code of conduct or policy drafted and presented to applicable [senior leader\(s\)](#) for approval.
- Education and training on new code of conduct or policy for all personnel in relevant functions (and external consultants, as applicable).

Example Interim Metrics

Note: some metrics may apply to more than one Example Interim Target; not necessarily one-to-one alignment.

- Record of gap analysis results shared with senior leadership.
- Final draft of new or updated code of conduct or policy.
- Documentation of communication and training materials for personnel in relevant functions (and external consultants, as applicable).

Relevance to Other Frameworks

Coming with the launch of the final standards: mapping to other standards and frameworks that address similar issues.

Resources

[The Erb Principles for Corporate Political Responsibility](#) (Erb Institute, University of Michigan, 2022)

[CPR Decision Tool & Executive Conversation Guide](#) (Erb Institute, University of Michigan, July 2024)

[CPA-Zicklin Model Code of Conduct for Corporate Political Spending](#) (The Center for Political Accountability and Wharton Zicklin Center for Business Ethics Research, October 2020)

[Guide to Becoming a Model Code Company](#) (Bruce F. Freed, Jeanne Hanna, and Karl Sandstrom, Harvard Law School Forum on Corporate Governance, March 2024)

[The Financial and Economic Dangers of Democratic Backsliding](#) (Layna Mosley, Harvard Law School Forum on Corporate Governance, July 2023)

[Looking Behind the Curtain: Corporate Due Diligence of Political Spending Essential to Protect Companies From Growing Risks](#) (Jeanne Hanna, Bruce F. Freed, and Karl Sandstrom, Harvard Law School Forum on Corporate Governance, April 2023)

[Tax-Exempt Lobbying: Corporate Philanthropy as a Tool for Political Influence](#) (Marianne Bertrand, et al., National Bureau Of Economic Research, March 2018)

[Strategy in a Hyperpolitical World](#) (Roger L. Martin and Martin Reeves, Harvard Business Review Magazine, November – December 2022)

[The Changing Role of Business in Society](#) (Michael E. Porter, Harvard Business School, July 2021)

[Good Corporate Citizenship We Can All Get Behind?: Toward A Principled, Non-Ideological Approach To Making Money The Right Way](#) (Harvard Law School Forum on Corporate Governance, December 2022)

[The Untenable Case for Keeping Investors in the Dark](#) (Lucian A. Bebchuk, et al., Harvard Business Law Review, Vol. 10, pp. 1-48, 2020)

[Corporate Political Influence 101](#) (Leadership Now Project, accessed September 2024)

PERFORMANCE TARGET 13.2

Concrete action is undertaken to promote civic engagement and protect the fundamentals of our democracy.

Requirement

Proactively promote civic engagement and protect our [constitutional democracy](#) through multiple concrete steps related to (i) supporting voting access; (ii) engaging [direct workers](#), consumers, and other [stakeholders](#); (iii) combating mis- and disinformation; and (iv) supporting public policies that strengthen our democracy.

Metrics

Number of concrete actions taken by the company annually consistent with the guidelines.

Percent of direct workers with paid time off to vote.

Share Progress & Achievement

At least annual disclosure to the workforce and Board of civic engagement efforts and opportunities for the workforce to get involved.

Disclosure available to the public of the company's commitment to promoting civic engagement and protecting our democracy and how the company goes about doing so, either on the company's website or in an annual report (or other publicly available filing). Update disclosure in the event of material changes.

Rationale, Tips, and Guidelines

RATIONALE:

The ability of businesses to thrive and invest in their future success depends on the rule of law and a healthy, stable democracy. Yet, there is consensus among many business leaders, investors, scholars, and civil society organizations that democratic backsliding in the U.S. and beyond is a serious and urgent risk to our society and the global economy.

Businesses and all their stakeholders have an important role to play in combating this and promoting greater civic engagement that helps foster and protect a healthy, stable democracy. Accordingly, this Target focuses on how companies can promote civic engagement and protect the fundamentals of our democracy—from promoting voting access to combating mis- and disinformation and supporting public policies that strengthen our democracy.

The value proposition of adopting this Standard includes supporting a more stable business operating environment, fostering a healthier labor force and more economically secure consumer base, increasing trust among stakeholders and the marketplace, and supporting the dynamism and resilience of our economy.

IMPLEMENTATION TIPS:

1. This Target is not intended to encroach on individual freedoms or advocate for any specific political outcome.

2. This Target is aligned with and incorporates the [Corporate Civic Playbook](#) by [The Civic Alliance](#), a nonpartisan coalition of businesses committed to promoting civic engagement and protecting our democracy.

GUIDELINES:

1. Proactively promote civic engagement and protect our constitutional democracy by taking the concrete steps outlined below related to (i) supporting voting access; (ii) engaging direct workers, consumers, and other stakeholders; (iii) combating mis- and disinformation; and (iv) supporting public policies that strengthen our democracy.
2. **To support voting access**, take at least the following concrete steps:
 - a. Provide all direct workers paid time off to vote.
 - b. Adopt two or more other actions presented in “level 01: support voting access” of the [Civic Alliance's Corporate Civic Playbook](#) (Corporate Civic Playbook).
3. **To engage direct workers, consumers (as applicable), and other stakeholders**, take at least the following concrete steps:
 - a. Adopt two or more of the actions presented in “level 02: educate + activate employees” of the Corporate Civic Playbook, with at least one being supporting voter registration and poll worker recruitment drives.
 - b. If applicable, adopt two or more of the actions presented in “level 03: engage consumers” of the Corporate Civic Playbook, with at least one being encouraging consumers to register to vote before registration deadlines.
 - c. Adopt two or more of the actions presented in

“level 04: engage all stakeholders to build democracy” of the Corporate Civic Playbook, with at least one being encouraging suppliers, vendors, partners, or other businesses to participate in civic engagement efforts.

4. **To combat mis- and disinformation**, take at least two of the following concrete steps:
 - a. Provide educational resources to workers on [misinformation](#) and [disinformation](#) and steps they can take to [protect themselves](#) (especially around elections) and [the company](#).
 - b. Participate in communication campaigns to raise public awareness about and combat the spread of mis- and disinformation. (Upon the launch of the final Standards, the CRE Alliance will annually organize or share at least two opportunities that companies can join.)
 - c. Provide financial or in-kind support to nonprofit organizations and research institutions dedicated to combating mis- and disinformation.
 - d. Withhold political contributions from elected officials and political candidates who encourage or proliferate mis- and disinformation.
5. **To support public policies that strengthen our democracy**, take at least one of the following concrete steps:
 - a. Amplify, support, or advocate for policies that protect voting rights, human rights, civil rights, the rule of law, free and fair elections, civics education, and transparency and accountability in public administration.
 - b. Amplify, support, or advocate for the policy platforms of [grassroots](#) and [grass-tops organizations](#) tackling inequality and other

social issues, such as those identified in Target 13.3.

- c. Provide financial or in-kind support to nonprofit organizations addressing the root causes of inequality and/or focusing on other interventions tackling inequality (see Target 11.2). This Guideline is satisfied if the company has adopted Target 11.2.
6. Regularly evaluate the company’s efforts including by soliciting feedback from workers on ways civic engagement opportunities can be improved and additional support they may desire to be more engaged.
 - a. The company should determine the appropriate cadence and channels for feedback based on its context (e.g., post-activity surveys for those who have participated in civic engagement efforts or feedback via annual engagement surveys, as outlined in Target 4.4).

Example Interim Targets

Note: these examples are not intended to be exhaustive. At launch, guidance on setting interim targets will be available.

- [Gap analysis](#) conducted of civic engagement practices.
- At least four concrete actions are undertaken consistent with the guidelines.
- At least five concrete actions are undertaken consistent with the guidelines.

Example Interim Metrics

Note: some metrics may apply to more than one Example Interim Target; not necessarily one-to-one alignment.

- Record of gap analysis results shared with [senior leadership](#).
- Documentation of plans to undertake one or more concrete actions consistent with the guidelines.
- Number of concrete actions taken annually consistent with the guidelines.

Relevance to Other Frameworks

Coming with the launch of the final standards: mapping to other standards and frameworks that address similar issues.

Resources

[Corporate Civic Playbook](#) (Civic Alliance, accessed September 2024)

[The Business Case for Civics Education](#) (Harvard Business Review Analytic Services, Harvard Business School Publishing, 2019)

[The Changing Role of Business in Society](#) (Michael E. Porter, Harvard Business School, July 2021)

[A New Place to Learn Civics: The Workplace](#) (Melissa Eddy, The New York Times, October 2023)

[The 'Civics at Work' Initiative](#) (Center for Strategic and International Studies, accessed September 2024)

[Civics at Work: Implementation Guide for Businesses](#) (Suzanne Spaulding, Bill Banks, and Devi Nair, Center for Strategic and International Studies, September 2022)

[The Financial and Economic Dangers of Democratic Backsliding](#) (Layna Mosley, Harvard Law School Forum on Corporate Governance, July 2023)

[A Business Approach to Reinforcing Democracy](#) (Aron Cramer and Jen Stark, BSR, July 2022)

[The Threat Mis- and Disinformation Pose to Business](#) (Bank of America, accessed September 2024)

[Misinformation Is Eroding the Public's Confidence in Democracy](#) (Gabriel R. Sanchez and Keesha Middlemass, The Brookings Institution, July 2022)

[Disinformation Is Harming Businesses. Here Are 6 Ways to Fight It](#) (Matthew F. Ferraro, CNN Business Perspectives, CNN, June 2019)

[What Employers Can Do to Counter Election Misinformation in the Workplace](#) (Stephanie Pappas, American Psychological Association, November 2022)

[Disinformation Is On the Rise. How Does It Work?](#) (The Economist, May 2024)

[Misinformation Poses Threat to Business, Political Process](#) (American Bar Association, accessed September 2024)

[Countering Disinformation Effectively: An Evidence-Based Policy Guide](#) (Jon Bateman and Dean Jackson, Carnegie Endowment for International Peace, January 2024)

[Good Corporate Citizenship We Can All Get Behind?: Toward A Principled, Non-Ideological Approach to Making Money the Right Way](#) (Leo E. Strine, Jr., Harvard Law School Forum on Corporate Governance, December 2022)

PERFORMANCE TARGET 13.3

Zero corporate dollars are spent annually on political activity that is inconsistent with the company's values.

Requirement

Proactively ensure that all [direct](#) and [indirect](#) corporate spending on [political activity](#) is consistent with the company's values (including advancing [equity](#), [inclusion](#), and social responsibility) by regularly assessing spending plans and making adjustments where needed for coherence.

Metrics

Policy metric: Documentation of at least one annual written assessment consistent with the guidelines.

Practice metric: Annual (i) dollar amount of corporate political spending; and (ii) percentage of such spending consistent with this Target.

Share Progress & Achievement

Disclosure available to the public of the company's (i) commitment to responsible civic and political engagement, (ii) adoption of the code of conduct set forth in Target 13.1, (iii) annual political activity including the purpose and amounts (or value) of direct and indirect spending, and (iv) the policy positions taken by or on behalf of the company, either on the company's website or in an annual report (or other publicly available filing). Update disclosure annually.

At least annual disclosure to the Board of (i) the percentage of corporate political spending that aligns with this Target and (ii) concrete actions taken (or to be taken) to achieve the Target, if not already achieved.

(Disclosures related to this Target are not intended to require disclosure of any information under attorney client privilege or attorney work product protections.)

Rationale, Tips, and Guidelines**RATIONALE:**

A dynamic, resilient, and equitable economy upon which businesses can thrive alongside people and our planet depends on a healthy and stable democracy.

By regularly assessing local, state, and national policy positions as well as other political activity, the company can ensure its activities are consistent with its values and [impact goals—as well as the expectations of investors, workers, and customers alike](#). Doing so will also mitigate reputational risk, protect company resources and teams from working at cross-purposes, and ensure the company steers clear of exacerbating inequality and other social issues.

Accordingly, this Target focuses on appropriately vetting planned corporate political activity in line with code of

conduct in Target 13.1, including the policy positions of trade groups and lobbyists the company may engage.

IMPLEMENTATION TIPS:

1. This Target is not intended to encroach on individual freedoms or advocate for any specific political outcome. The application of this Target is limited to corporate-level political activity.
2. Key to success under this Target is ensuring relevant [leaders](#) understand how advancing equity, inclusion, and social responsibility is connected to corporate political activity—and how such efforts are [fundamentally nonpartisan, uphold American values of equality and freedom, and ensure opportunity for everyone](#). Companies can work across the aisle to help combat the significant misinformation about equity, inclusion, and social responsibility.
3. If any leaders exhibit aversion to this Target, share the Resources to help build greater understanding and invest more time in building buy-in.
4. Board oversight as well as cross-functional collaboration is important in this Target (i.e., government relations, sustainability, DEI, compliance, and legal). Adopting Targets 1.3 (board oversight) and 2.2 (internal collaboration) will support success on those fronts.

GUIDELINES:

1. To meet this Target, the company must annually demonstrate that zero corporate dollars are spent (whether directly or indirectly) on political activity that is inconsistent with the company's values, including advancing equity, inclusion, and social responsibility, in one of the following ways:
 - a. The company does not engage in, or spend on, any political activity and has adopted and communicated a formal policy codifying the

same, consistent with Target 13.1 (see Guidelines 1, 2, and 4).

- b. The company regularly assesses current and planned political activity, including all spending and whether such activity is consistent with its values, taking the concrete steps outlined below.
2. If the company engages in political activity in the U.S. and/or any other jurisdictions, Guideline 1.b. applies and the company should take the following concrete steps:
 - a. Establish the appropriate cadence and put processes in place to assess all current and planned political activity and related spending.
 - b. Assess such activity and spending against the company's values by conducting research and validating the same with experts, including [grassroots](#) and [grass-tops organizations](#). This may include the following:
 - i. Determining through desk research and expert consultation the potential impacts of policy positions on workers, consumers, communities, and other relevant stakeholders. Expert consultation can be integrated into the company's engagement with grassroots and grass-tops organizations for materiality assessments, human rights impact assessments, or civil rights audits in line with Targets 2.5 (human rights assessment), 2.6 (civil rights audit), and Target 10.1 (community engagement).
 - ii. Requiring lobbyists, trade groups, and any other third parties the company engages (or is affiliated with) to conduct similar research and expert consultation

to validate and explain in advance how proposed policy positions remain consistent with the company's values.

- iii. Requiring lobbyists, trade groups, and any other third parties the company engages (or is affiliated with) to restrict spending to identified candidates and policy positions the company can screen in advance.
- iv. Reviewing planned political activity for coherence against the research and policy platforms of grassroots and grass-tops organizations focused on economic inclusion and other social issues. A few examples are listed below. Additional examples will be included upon the launch of the final Standards.
 1. [Recommendations to Increase Opportunity and Decrease Poverty in America](#)
 2. [Policy Agenda to Advance Black Work, Wages, and Wealth](#)
 3. [14 Policy Priorities to Heal the Nation: A Moral and Economic Agenda for the First 100 Days](#)
 4. [Toward a Just and Equitable Future](#)
 5. [We Choose Now: Gulf to Appalachia Climate Action Strategy](#)
 6. [Business For Nature Policy Recommendations](#)
 7. [Equitable and accountable AI policy](#)
 8. [Environmental and Housing Justice Policy Platform](#)

9. [Alliance for Housing Justice](#)
10. [NAACP Federal Policy Priorities](#)
11. [The People's Platform to advance LGBTQ+ affirming legislation](#)
12. [Policy platform for people with disabilities](#)
13. [Policies to improve workforce services for older Americans](#)
14. [National Women's Law Center policy focus areas](#)

- c. Formally document the findings of the assessment, including the percentage of current or planned spending that remains consistent with the company's values and the permitted parameters of any further spending plans. This should include review and approval by the senior leader(s) with oversight of civic and political activity and the code of conduct in Target 13.1.
3. Take concrete action if the assessment surfaces any conflicts or risky political spending and policy positions. The company should determine the most appropriate course of action based on its circumstances, which may include the following:
 - a. Adjusting the company's planned spending and policy positions where needed for coherence.
 - b. Ceasing or steadily reducing engagements, memberships, or contributions to/with organizations that are not aligned with the company's code of conduct or have not demonstrated an intention to align with the code of conduct within a reasonable period.

- c. Proactively supporting the public policy advocacy of grassroots and grass-tops organizations focused on economic inclusion and other social issues, such as those listed in Guideline 2.b.

Example Interim Targets

Note: these examples are not intended to be exhaustive. At launch, guidance on setting interim targets will be available.

- [Gap analysis](#) conducted of current and last three years' political activity, including all spending.
- Over 50% of corporate political spending aligns with this Target.
- Over 75% of corporate political spending aligns with this Target.

Example Interim Metrics

Note: some metrics may apply to more than one Example Interim Target; not necessarily one-to-one alignment.

- Record of gap analysis results shared with [senior leadership](#).
- Percentage of corporate political spending that aligns with this Target.

Relevance to Other Frameworks

Coming with the launch of the final standards: mapping to other standards and frameworks that address similar issues.

Resources

[Looking Behind the Curtain: Corporate Due Diligence of Political Spending Essential to Protect Companies From Growing Risks](#) (Jeanne Hanna, Bruce Freed and Karl Sandstrom, Harvard Law School Forum on Corporate Governance, April 2023)

[Corporate Political Spending Is Bad Business](#) (Dorothy S. Lund and Leo E. Strine, Jr., Harvard Business Review Magazine, January – February 2022)

[Corporate Underwriters and the Democracy Gap](#) (Jeanne Hanna, Center for Political Accountability, December 2023)

[CPR Decision Tool & Executive Conversation Guide](#) (Erb Institute, University of Michigan, July 2024)

[Responsible Policy Engagement](#) (We Mean Business Coalition, accessed September 2024)

[The Erb Principles for Corporate Political Responsibility](#) (Erb Institute, University of Michigan, 2022)

[CPA-Zicklin Model Code of Conduct for Corporate Political Spending](#) (The Center for Political Accountability and Wharton Zicklin Center for Business Ethics Research, October 2020)

[Principle One of the UN Global Compact: Human Rights](#) (Ten Principles of the UN Global Compact, n.d.)

[UN Global Compact - Blueprint for Corporate Sustainability Leadership](#) (UN Global Compact, 2010)

[Exploratory Principles: Making Progress Together for People and the Planet](#) (Harvard Law School Center for Labor and a Just Economy, Clean Slate Working Group on Equity, Justice, and Democracy, March 2023)

[For CEOs, Are the Days of Sidelining Global Challenges Numbered?](#) (EY, July 2019)

[The Self-Destructive Downside to Corporate Political Spending](#) (Bill Snyder, Stanford Graduate School of Business, February 2021)

[The Changing Role of Business in Society](#) (Michael E. Porter, Harvard Business School, July 2021)

[More Than 180 Businesses and Financial Institutions Call for Renewed Policy Ambition to Implement the Biodiversity Plan and Halt and Reverse Nature Loss This Decade](#) (Business for Nature, accessed September 2024)

[Unilever Threatens to Quit Trade Associations that Block Climate Policy](#) (Heather Clancy, Trellis, March 2024)

[Recommendations to Increase Opportunity and Decrease Poverty in America](#) (National Council of Young Leaders, Opportunity Youth United, 2020)

[14 Policy Priorities to Heal the Nation: A Moral and Economic Agenda for the First 100 Days](#) (Poor People's Campaign, December 2020)

[Policy Agenda to Advance Black Work, Wages, and Wealth](#) (Black Economic Alliance Foundation, February 2024)

[Architecture for Action](#) (Black Economic Alliance Foundation, 2024)

[Toward a Just and Equitable Future](#) (SPLC Action Fund, accessed September 2024)

[We Choose Now: Gulf to Appalachia Climate Action Strategy](#) (Climate & Community Institute and Taproot Earth, accessed September 2024)

[Environmental and Housing Justice Policy Platform](#) (California Environmental Justice Alliance, October 2021)

[Alliance for Housing Justice Home Page](#) (Alliance for Housing Justice, accessed September 2024)

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