



**TRANSPARENCY
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CORPORATE POLITICAL ENGAGEMENT INDEX 2015

Assessing the UK's Largest Public Companies

Transparency International (TI) is the world's leading non-governmental anti-corruption organisation. With more than 100 chapters worldwide, TI has extensive global expertise and understanding of corruption.

Transparency International UK (TI-UK) is the UK chapter of TI. We raise awareness about corruption; advocate legal and regulatory reform at national and international levels; design practical tools for institutions, individuals and companies wishing to combat corruption; and act as a leading centre of anti-corruption expertise in the UK.

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Key statistics

45% - the overall average score (Band D)

1 company achieved Band A

10 out of 40 companies report board-level oversight of political engagement

3 out of 40 companies consult regularly with stakeholders on their political engagement

25 out of 40 companies ban political contributions. But 4 companies make exceptions for certain jurisdictions.

13 out of 15 companies that allow political contributions do not provide clear criteria for making them

28 out of 40 of companies do not report having a dedicated policy and procedure for lobbying

31 out of 40 companies do not require third party lobbyists to comply with their lobbying policies

36 out of 40 companies do not report details of fees paid to trade associations

7% – the average score for the Revolving Door

0 companies report details of secondments to or from the public sector

Key findings

Internal information

- In many areas, companies have appropriate policies and procedures in place, but do not publish them. Improving transparency in these areas is simply a matter of making existing information public.

Control environment

- Board accountability is weak or fragmented, with only ten companies reporting formal oversight of political engagement by the board or a designated board committee.
- The vast majority of companies do not consult stakeholders about their approach to political engagement, the activities carried out, expenditures or outcomes.

Reporting

- The majority of companies surveyed (63 per cent) limit their reporting on lobbying to a description of key policy issues or a summary of their approach to engaging with governments and political stakeholders.
- Only 12 companies (30 per cent) publish a dedicated web page or online report covering their political activities in detail.

Political contributions

- Companies performed best in this area, with an average score of 71 per cent. This is likely due to the existence of statutory reporting requirements in many jurisdictions.
- Most companies prohibit political contributions, publicly report their annual global political contributions or state explicitly that they have not made any.
- However, among companies that allow contributions, the criteria for making them is often not clearly stated. Further, where companies prohibit contributions but allow exceptions, the criteria for exceptions is often unclear.

Lobbying

- Only 30 per cent of companies report having a dedicated policy and procedure for lobbying.
- No companies provide a breakdown of their global lobbying expenditure.
- Only nine companies report requiring third party lobbyists to comply with policies for responsible lobbying.

Memberships

- Only three companies publish a complete list of their global memberships of trade associations.
- Only four companies report details of membership fees and payments to trade associations.

Revolving door

- Companies performed worst in this area, with an average score of 7 per cent.
- The vast majority (93 per cent) of the companies surveyed do not report having specific policies for the revolving door.
- None of the companies surveyed publish details of secondments to or from the public sector.

1. Introduction

This corporate transparency index assesses the public reporting practices of the 40 largest companies in the FTSE 100 Index in relation to their engagement with the political process.¹ It assesses how open companies are about their political engagement and, specifically, the quality of their reporting on how their political activities are governed, managed and implemented.

Corporate political engagement is a legitimate activity. When done responsibly, it helps to shape the business environment and benefits the democratic process by providing expertise and ensuring that legitimate points of view are heard by public decision makers. This can result in laws and regulations that are well-designed and in the public interest.

However, in the UK and many other countries, repeated political scandals and revelations of the unethical actions of a small number of lobbyists have led to high levels of public mistrust in the relationship between government and so-called 'big business'.

For companies, corporate political engagement carries clear risks of bribery and corruption, conflicts of interest and reputational damage. Any interactions with the political process need careful management to avoid falling foul of anti-bribery and corruption legislation. The risks are increased by the fact that companies are vulnerable to mistakes or abuse by employees and third parties acting on their behalf such as agents, advisers and consultant lobbyists.

Investors and other stakeholders are increasingly concerned about the risks of corporate political engagement. In the USA, this has led to a rise in shareholder resolutions demanding greater disclosure.² Rating services used by investors, such as Vigeo, are also focusing on lobbying transparency.³ Companies have a duty to engage with these initiatives to meet the material expectations of stakeholders.

Although transparency achieved through public disclosure does not necessarily equal good performance, TI-UK believes that reporting demonstrates a company's commitment to ethical conduct and makes companies more accountable for shortcomings. By reporting publicly on relevant policies, procedures and activities companies not only mitigate risk, but also provide the necessary information to make them accountable to investors and the public.

As leaders in the marketplace and in ethical business practice, the companies in this index are uniquely placed to win the trust of stakeholders by opening up about their political engagement. They should make use of this opportunity to raise their own standards and become world leaders in this area.

¹ As at 30 January 2015

² *2014 CPA-Zicklin Index of Corporate Political Disclosure and Accountability* (Center for Political Accountability and the Zicklin Center for Business Ethics Research, September 2014).
http://files.politicalaccountability.net/2014_CPA-Zicklin_Index_PDF.pdf

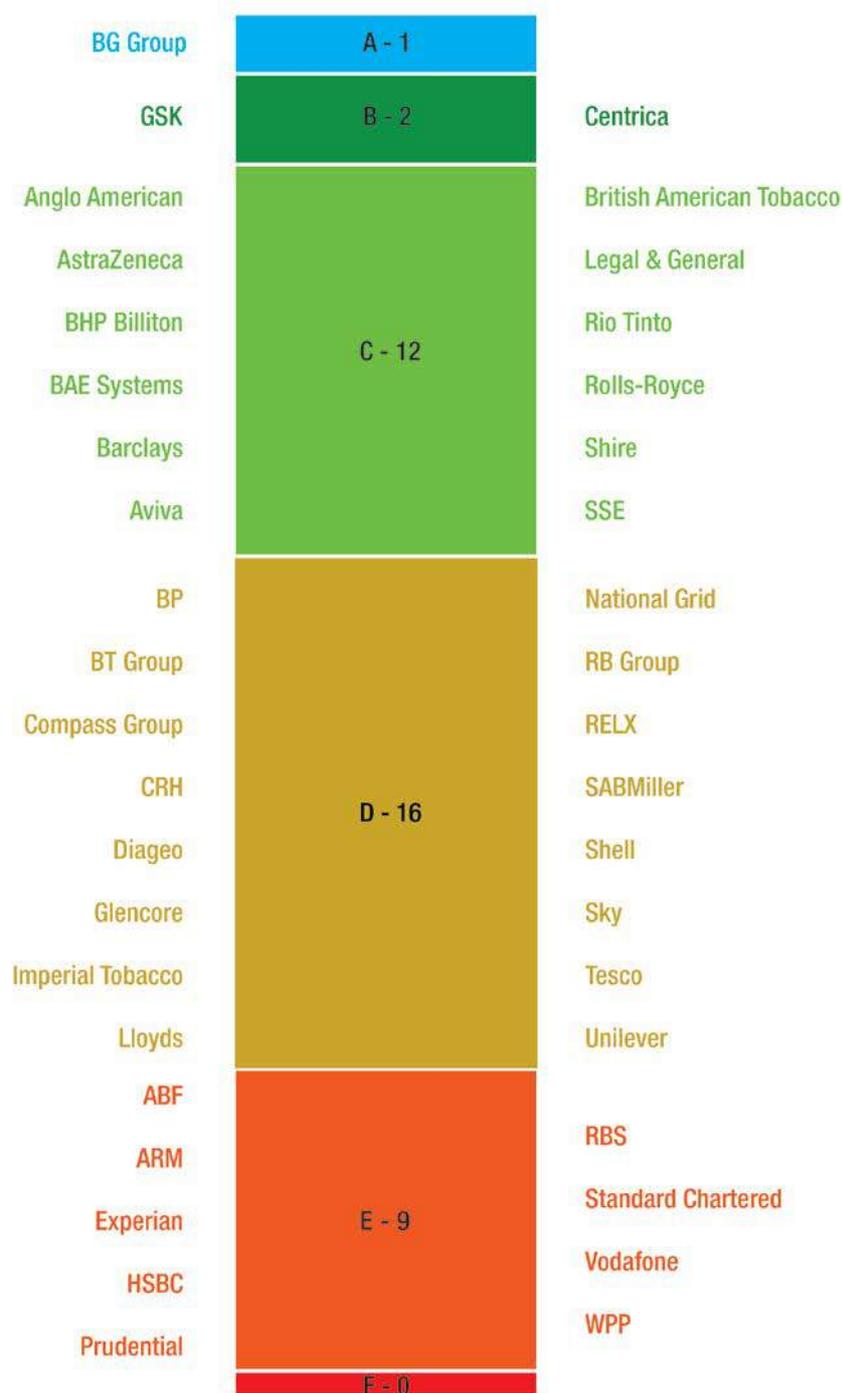
³ *European and North American Best Performers in Terms of Integrity and Transparency of Lobbying Practices* (Vigeo, 2013)
<http://www.csrhub.com/files/Vigeo%20Thematic%20Report%20sample.pdf>

Index results overall

(Based on publicly reported information)

Based on this survey, the UK's leading companies are falling short in publicly reporting their corporate political engagement.

- The average score is 45 per cent, which is in Band D.
- The majority of companies (70 per cent) are in Bands C and D.
- Only one company achieved Band A, while only two companies are in Band B.



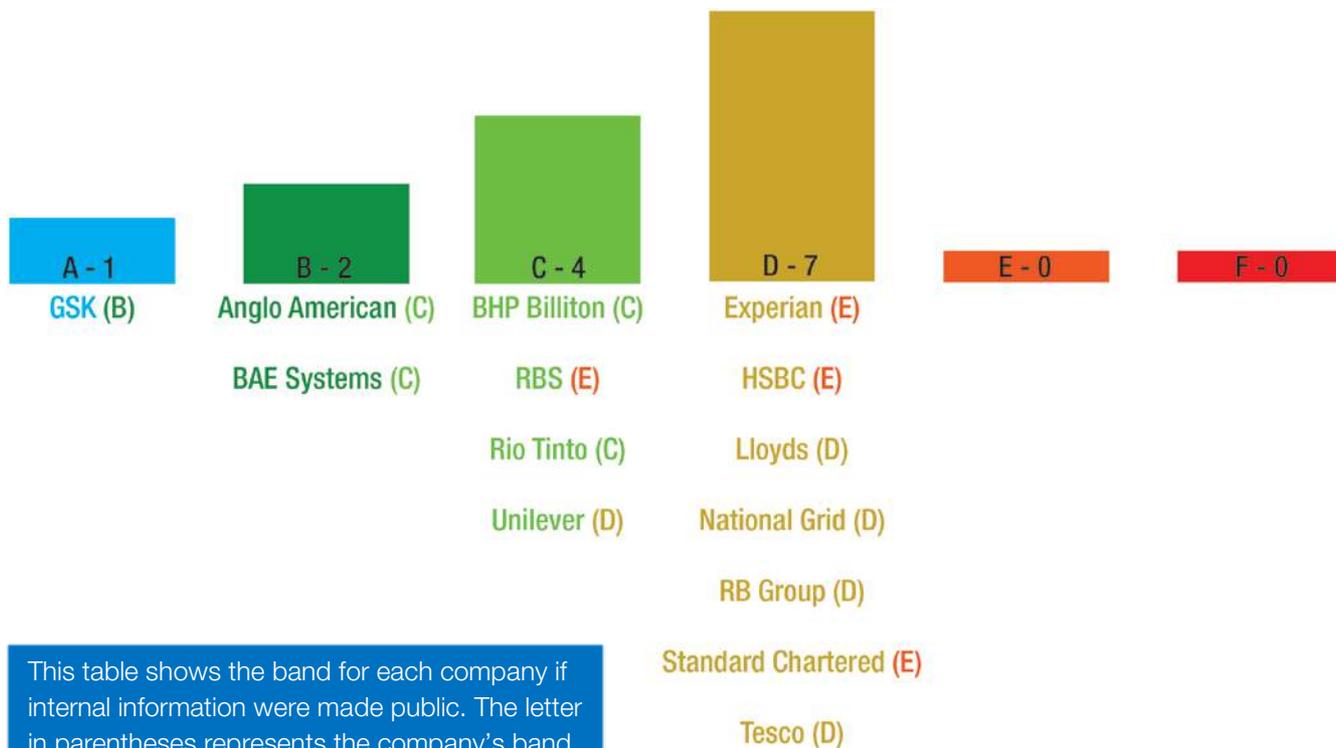
Impact of internal information

A review of internal information shows that, in many areas, companies have appropriate policies and procedures in place, but do not publish them. Improving transparency in these areas is simply a matter of making existing information public.

All of the 14 companies that submitted internal information raised their scores, in some cases dramatically. On average, internal information raised companies' scores by 33 per cent. One company's score increased by 138 per cent.

Half of the companies' scores increased by one band, including the top three companies. One company's score increased by two bands.

Nevertheless, despite these improvements, 11 of the 14 companies that submitted internal information still did not achieve a score higher than C or D. This indicates that, in many areas, companies do not report publicly because they do not have the relevant internal policies and procedures in place.



2. Control environment

The control environment sets the tone of a company. It includes the integrity, ethical values and competence of employees, the philosophy and leadership style of management, the assignment of authority and responsibility and the attention and direction provided by the board of directors.

To manage political engagement responsibly, a company's board should ultimately be accountable for the company's political activities, provide direction and oversight and assign overall responsibility for political activities to the chief executive or a senior manager.

This part of the index assesses the information companies disclose on the oversight and management of political activities, particularly information on guiding principles, board accountability, delegations of authority, stakeholder consultation, internal controls and third party management.

Company results

Evidence of good practice

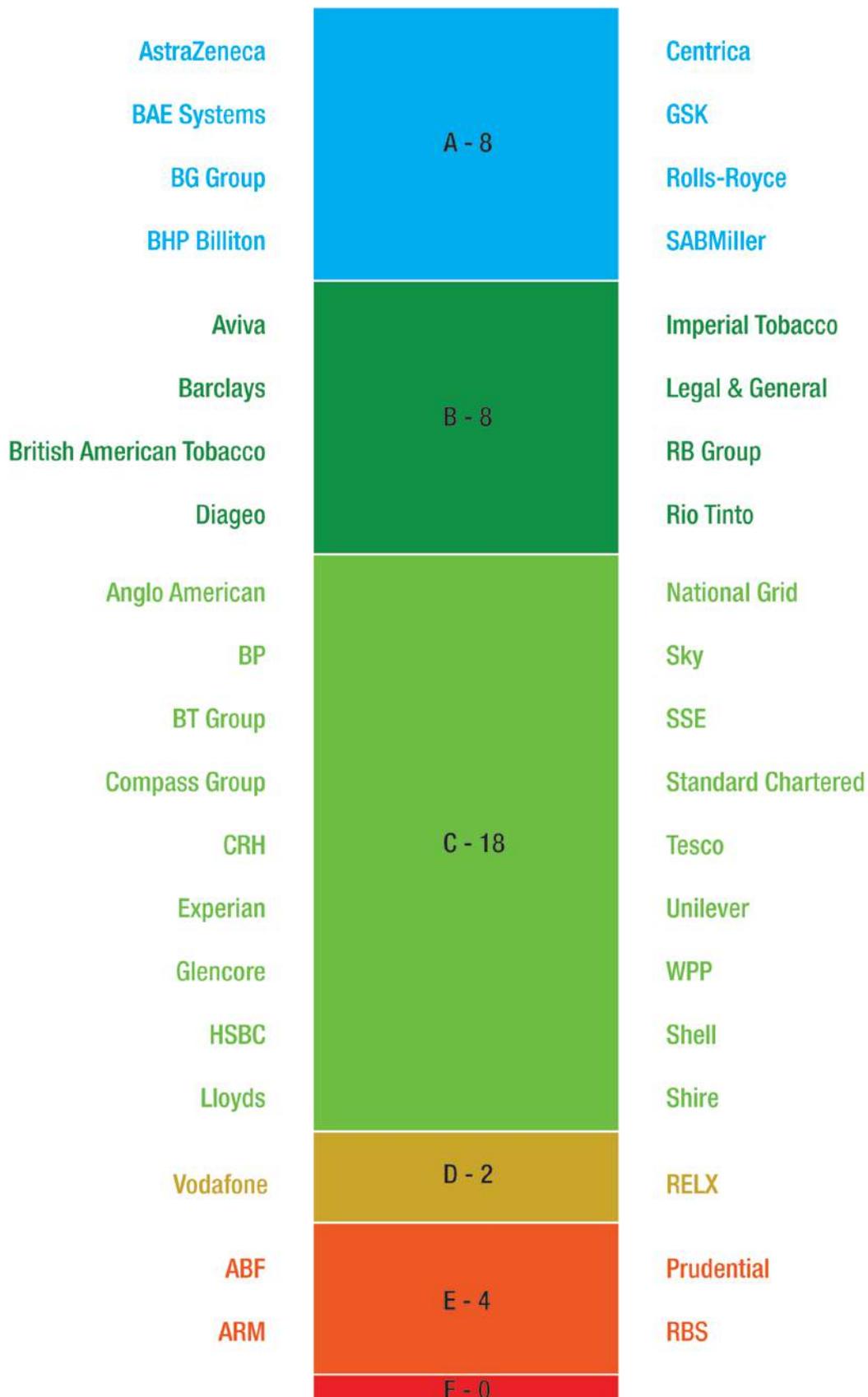
Some good practice was demonstrated in this area, with an average score of 67 per cent:

- 37 companies (93 per cent) reported having group-wide policies for political activities.
- 31 companies (78 per cent) reported having a set of principles which guided their approach to political engagement.

However, companies under-performed in the following areas:

- **Board oversight:** In only ten companies (25 per cent) does the board or a designated board committee oversee the group's political activities and receive regular reports from management.
- **Stakeholder consultation:** Only three companies (8 per cent) consult regularly with stakeholders about their political activities. While most companies report that they discuss their policy positions on corporate responsibility issues, they do not report on the topics on which they lobby and the specific activities they carry out.
- **Approvals and thresholds:** With the exception of political contributions, only five companies (13 per cent) report having thresholds for spending on political activities. In 22 companies (55 per cent), spending on gifts, hospitality and travel expenses is strictly controlled, but similar controls are not reported for lobbying and other forms of political engagement.

Index results for control environment



3. Reporting

Public reporting is one of the most important ways in which companies communicate with stakeholders and demonstrate their commitment to ethical conduct. It is key to improving corporate transparency which underpins good governance.

This part of the index assesses the completeness and accessibility of the information that companies publish about their political activities. In particular:

- the amount of information a company publishes about their overall approach to political engagement
- the issues and topics of material interest to them and to their stakeholders
- the specific activities they undertake
- key expenditures and outcomes

It also assesses the accessibility of the information, whether it is available through the company website or whether it is scattered across various sources, inconsistently presented and/or difficult to find.

Company results

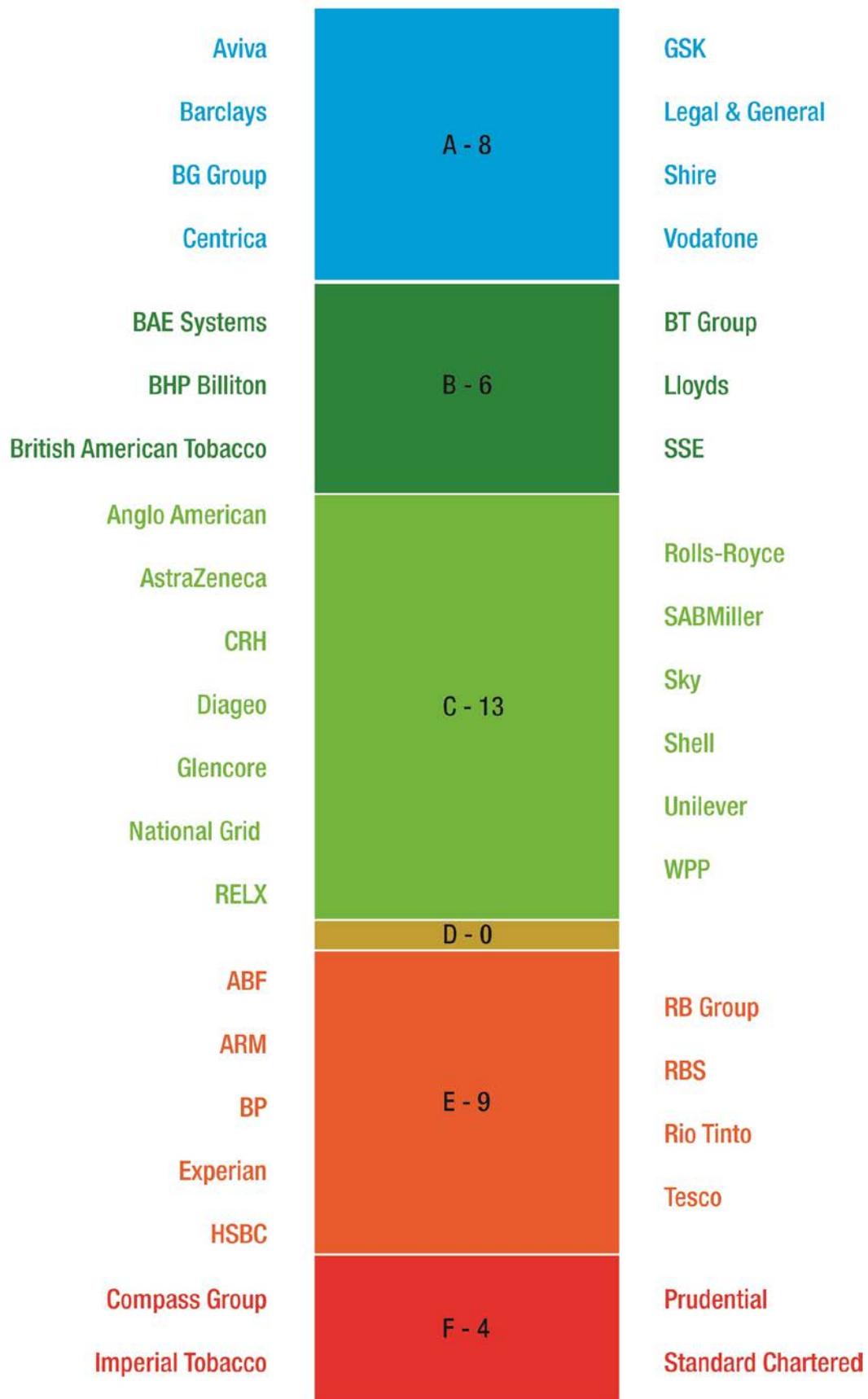
Reporting practices vary widely

The average score for this area was 53 per cent. Individual scores varied widely, with eight companies achieving full marks in this area, while four companies scored zero.

Nearly all the 40 companies, 35 (88 per cent) reported at least some information on their approach to political activities and issues of material interest to them. However, of these, 25 companies (63 per cent) provided only limited examples, did not report details of specific activities or focused primarily on corporate responsibility issues.

Only 12 companies (30 per cent) published a dedicated web page or online report covering their political activities in detail. A further 16 companies (40 per cent) provided dedicated sections on political activities within other reports, such as annual reports and corporate responsibility or sustainability reports, but the information was limited or not easily found. The remaining 12 companies did not provide any meaningful form of dedicated report covering their political activities.

Index results for reporting



4. Political contributions

Money and in kind gifts transferred to a political party, politician or political candidate, including sponsorships, subscriptions and affiliation fees, money to meet expenses, and loans, property, services and other facilities at less than market value.

As they involve transfers of value to political parties, politicians and political candidates, political contributions pose clear risks of bribery, corruption and undue influence.

In both Europe and the United States, companies are becoming increasingly transparent about their political expenditures as a response to growing legislation and stakeholder demands. Transparency is important not only as a means of building public trust, thus protecting a company's reputation, but also because it allows shareholders to evaluate whether a company's activities in this area are in the shareholders' long-term interest.

This part of the index assesses the information companies disclose about their policies and procedures for political contributions, particularly whether they are allowed or prohibited, the criteria for making them, controls to ensure they are not used as a subterfuge for bribery, and information on expenditures.

Company results

An area of strong performance

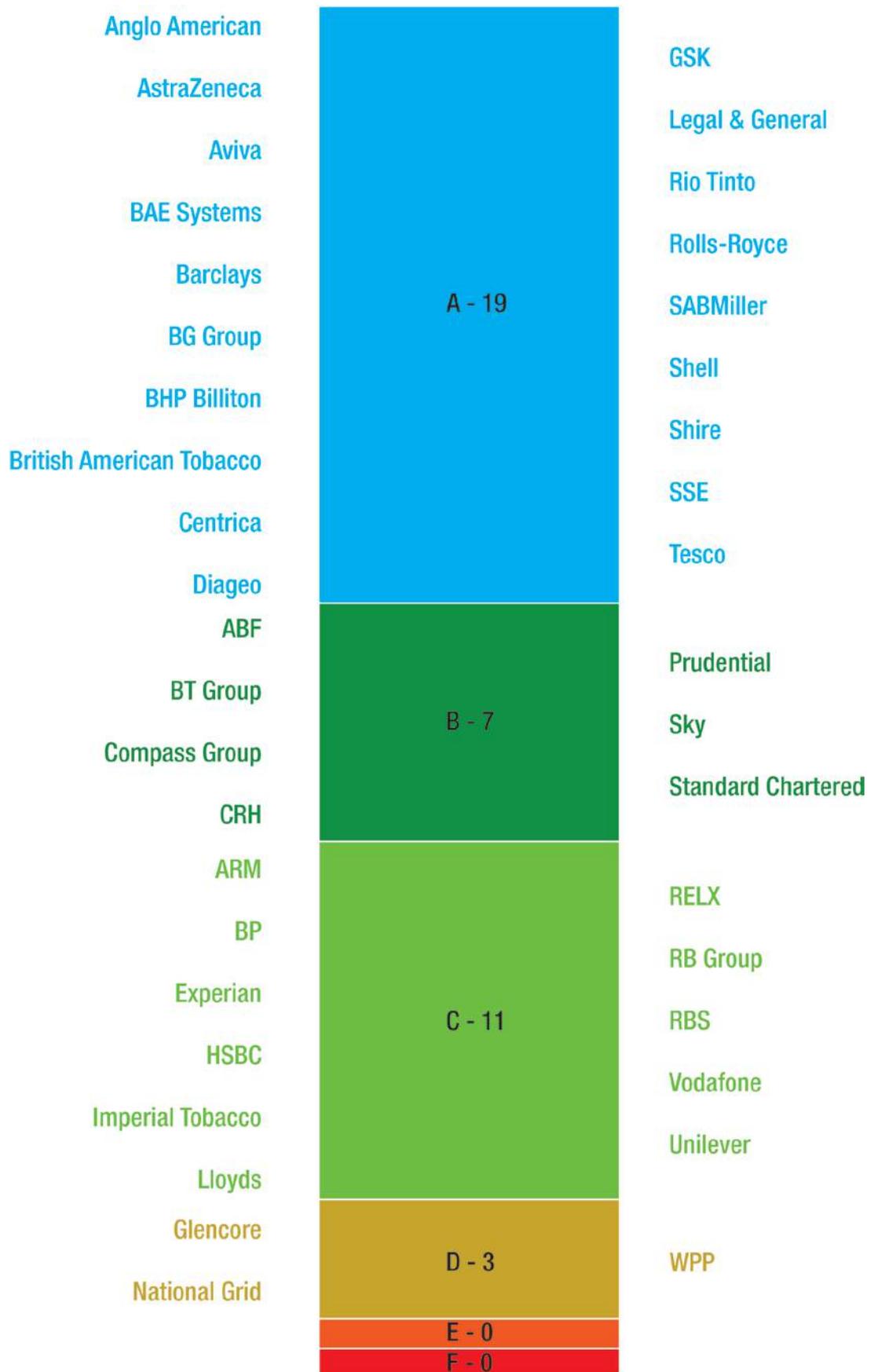
Companies overall scored highest in this area, with an average score of 71 per cent. On average, companies scored 4.25 out of 6 possible points.

Of the 40 companies in the index, 26 (65 per cent) have clear policies in place for political contributions, while 25 (63 per cent) prohibit political contributions altogether. A majority of 23 companies (58 per cent) publicly report their annual global political contributions or state explicitly that they did not make any.

However, companies under performed in the following areas:

- **Not all reporting is global:** Of the 40 companies, 11 (28 per cent) only report political contributions for certain jurisdictions, such as the United States, UK and EU. This is likely to reflect statutory reporting requirements in these countries.
- **Policies are inconsistent:** Of the companies in the index that prohibit contributions, two report an exception for the United States, while a further two appear to ban contributions only in the EU.
- **Criteria for making contributions are not stated:** Only two companies that allow political contributions require that they support genuine democratic processes.

Index results for political contributions



5. Lobbying

Any direct or indirect communication with public officials, political decision-makers or representatives for the purposes of influencing public decision-making, and carried out by or on behalf of any organised group.

Lobbying, while in itself a legitimate activity, has come to be associated in public opinion with undue influence, opaque processes and dishonest practices. Restoring trust is only possible if companies are open and transparent about their lobbying activities.

This part of the index assesses the information companies publish about their policies and procedures for lobbying, management of in-house and consultant lobbyists, specific lobbying activities, global expenditures and participation in lobbyist registers.

Company results

The average score for this area is 38 per cent. Companies' scores varied widely, ranging from 17 to 92 per cent.

Limited reporting

Only 30 per cent of companies reported having a dedicated policy and procedure for lobbying.

Of the 40 companies, 33 (83 per cent) provided some information on their lobbying activities, but only 16 (40 per cent) reported in detail on specific activities and outcomes. The remainder did not report in a systematic way or limited reporting to a statement of key issues or general approach.

None of the 40 companies provided a full breakdown of their global lobbying expenditure. Only nine companies reported aggregate sums or provided links to lobbyist registers containing data for certain jurisdictions.

Policies are not applied to third party lobbyists

Of the 40 companies, 73 per cent reported that third party lobbyists were required to comply with their anti-bribery policies. However, only nine companies (22.5 per cent) reported that they were required to comply with specific policies for lobbying.

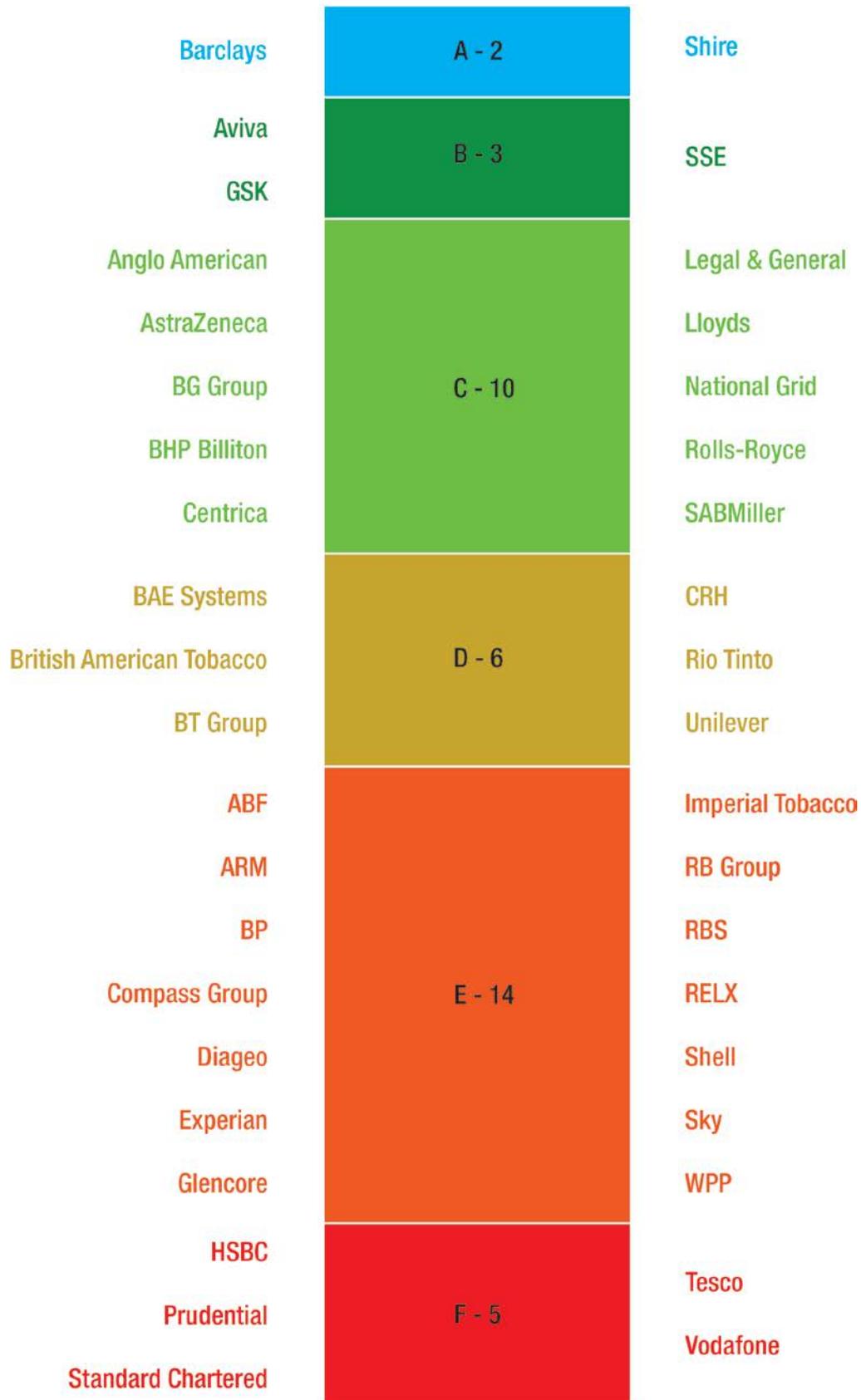
Participation in registers is not disclosed

Only nine companies reported participating in lobbyist registers.⁴ This does not reflect actual practice. Checks of the EU Transparency Register⁵ on 7 October 2015 showed that 34 of the 40 companies are registered, while a further four are listed as clients of consultant lobbyists.

⁴ Some countries, notably the USA and Canada, have introduced mandatory lobbyist registers. Others, such as the UK and the EU, have introduced limited or voluntary registers. For example, the UK lobbyist register applies only to consultant lobbyists and excludes in-house lobbyists.

⁵ <http://ec.europa.eu/transparencyregister/public/homePage.do>

Index results for lobbying



6. Memberships

Trade associations and chambers of commerce are an important and often preferred route for lobbying, but lobbying through these types of bodies is often opaque.

Trade associations rarely publish financial information, such as membership fees and expenditures on lobbying, or non-financial information, such as their lobbying activities and on whose behalf they are carried out.

For companies, lobbying through trade associations is a particularly risky area. Acting through a third party can make it difficult for a company to control its messaging. It risks becoming associated with lobbying activity that contradicts the company's own stated policy positions.

Lobbying by trade associations has led to public mistrust and suspicion of companies' statements on policy issues. Notably, inconsistencies in companies' positions on climate change have led to fears of 'greenwashing', where a company promotes environmentally friendly statements or images and conceals or understates the environmentally damaging aspects of its activities.⁶ Public trust can be restored only when companies are open about the rationale, nature and extent of their involvement with trade associations. This should be supported by equal disclosure on the part of membership bodies themselves.

This part of the index assesses the information companies publish about their memberships of trade associations and industry bodies, including their policies for joining, engaging with and exiting associations, which associations they are members of, the issues on which associations lobby on their behalf, and membership fees.

Company results

Memberships are widely under-reported

Companies' scores for this area were among the lowest, with an average score of 24 per cent. On average, companies scored 1.4 out of 6 possible points, while eight of the 40 companies scored zero.

Only three companies publish a complete global list of the trade associations they are members of. Only four companies report details of membership fees and payments to trade associations.

⁶ For example, the charity ShareAction campaigns on the issue of corporate lobbying and "greenwashing": <http://shareaction.org/guide-corporate-lobbying>

Index results for memberships



7. Revolving door

The movement of individuals between positions of public office and jobs in the private sector, in either direction. This includes hiring public officials, seconding staff to the public sector, receiving secondees from the public sector and contact with former staff now in public office.

The revolving door poses particular risks of conflicts of interest, trading in influence, bribery, reputational damage and public mistrust. This holds true whether people are coming from or moving to the public sector.

This part of the index analyses the information companies publish about how they manage risks associated with the revolving door, particularly policies and procedures for the revolving door, including provisions for 'cooling-off periods' for former public officials, and details of secondments and politicians associated with the company.

Company results

Revolving door policies are neglected

Companies overall scores in this area are the lowest, with an average score of 7 per cent. On average, companies scored 0.6 out of a possible 8 points.

Only three companies reported having policies and procedures for the revolving door. Five companies described certain procedures for hiring former public officials, but did not report having a specific policy.

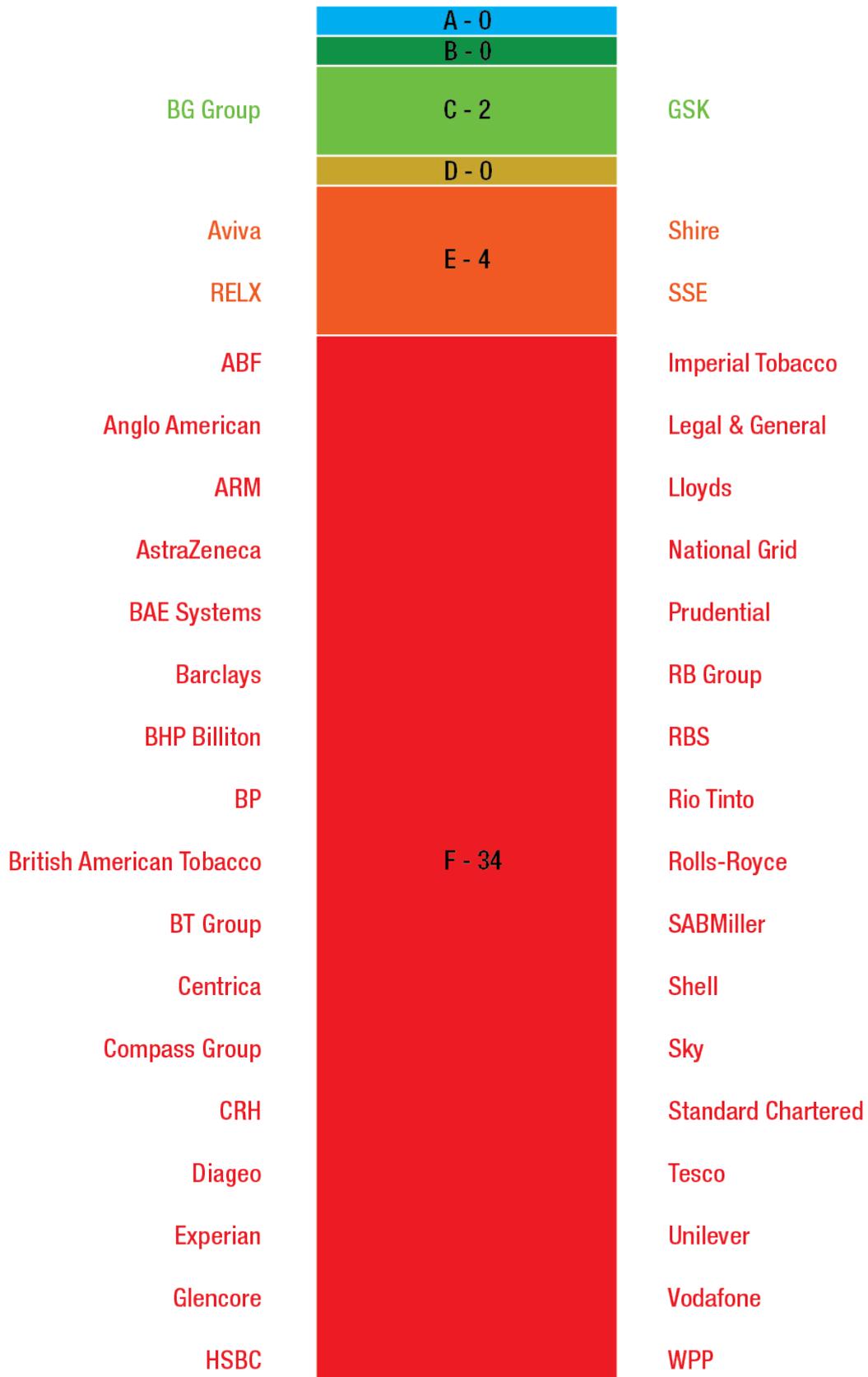
In fact, a review of internal documents and discussions with companies revealed that very few companies have specific policies in place and rely instead on conflicts of interest policies and standard human resources procedures. These procedures are devised by human resources without input from functions such as corporate affairs, public affairs, political risk or government relations. As a result, risks posed by the revolving door are not considered as part of the risk assessment process for the company's wider political engagement.

Cooling-off periods are applied only when officially mandated

Only five companies reported implementing cooling-off periods for discussions by employees hired from the public sector with their former employer. However, in three of these companies, rather than forming part of an internal policy, cooling-off periods were applied only when mandated by official rules for managing the post-public employment of officials. In the UK, they include provisions in the Ministerial Code, House of Commons rules and the Civil Service Management Code. However, as we argue in our recently published [Accountable Influence: Bringing Lobbying Out of the Shadows](#), these arrangements are inadequate and poorly enforced. A review of public and internal information revealed that only three companies have devised their own policies for the revolving door which include provisions for cooling-off periods.

No companies reported implementing cooling-off periods for discussions with former employees who have moved to the public sector. No companies reported on secondments of staff to or from the public sector.

Index results for the revolving door



8. Recommendations

Control environment

1. The board or a designated board committee should be accountable for a company's political engagement, providing direction and oversight and assigning overall responsibility to a senior manager.
2. Companies should consult with stakeholders on their policies, procedures and any activities related to political engagement and report to stakeholders on the topics raised with government and any steps taken.

Reporting

3. Companies should publish their internal information on their principles, policies, procedures and activities in relation to political engagement.
4. Companies should publish a dedicated web page or report on their political engagement, granting stakeholders a total view of the company's material issues and activities without having to search multiple reports or consult external sources.

Political contributions

5. Political contributions should not be made. If companies allow them by exception, they should clearly state the criteria for making them, which should include providing general support for a genuine democratic process, with full transparency and full explanation.
6. Companies should report contributions in every country where they operate whether or not it is a legal requirement.
7. Companies should put robust controls in place to ensure that contributions are not made in violation of a company's policy and that any inadvertent political expenditure is detected, investigated and reported.

Lobbying

8. Companies should report expenditures on lobbying activities, the main topics on which they lobby and the ways in which lobbying is carried out.
9. Companies should implement and publish specific policies and procedures for responsible lobbying and should require third party lobbyists to comply with them.
10. Companies should disclose which lobbyist registers they are registered with, including in-house and consultant lobbyists.

Memberships

11. Companies should publish their policies and procedures for managing relationships with trade associations. These should be group-wide and memberships should be overseen at central level.
12. Both companies and trade associations should be transparent about membership fees, expenditure on lobbying activities, the main topics for lobbying and the ways in which lobbying is carried out.

Revolving door

13. Companies should devise specific policies and procedures for the revolving door through cross-organisational collaboration between functions such as corporate affairs, public affairs, government relations and human resources.
14. In devising their policies, companies should go beyond compliance with laws governing the post-public employment of public officials to ensure responsible practices and mitigate associated risks.
15. Policies for the revolving door should cover both the hiring of former politicians and public officials by the company and the movement of former employees to public sector positions.
16. Companies should publish details of secondments to and from the public sector, including information on the locations of secondments, the numbers of secondees, and the purpose of particular secondments.

For further information, please see TI-UK's guide *Wise Counsel or Dark Arts? Principles and guidance for responsible corporate political engagement*, which also includes practical tools and checklists to help companies manage their activities in this area.

9. Annexes

Annex 1: Definitions

Political engagement: The ways in which a company contributes to or participates in the political process. This can include but is not limited to activities such as political contributions, indirect political expenditure, lobbying, lobbying through trade associations and other membership bodies, the revolving door, secondments, training of public sector officials and political activities related to the workplace.

Political contributions: Money and in kind gifts transferred to a political party, politician or political candidate, including sponsorships, subscriptions and affiliation fees, money to meet expenses, and loans, property, services and other facilities at less than market value.

(Indirect) political expenditure: Any independent campaign spending on activity that can reasonably be seen as intended to influence who or what people vote for at a poll that is not a political contribution as defined above.

Lobbying: Any direct or indirect communication with public officials, political decision makers or representatives for the purposes of influencing public decision-making, and carried out by or on behalf of any organised group (*Lifting the Lid on Lobbying: The Hidden Exercise of Power and Influence in the UK*, Transparency International UK, 2015).

Lobbyist: A consultant lobbyist or an in-house lobbyist (an employee who spends a significant proportion of time on lobbying).

Responsible political activities: Responsibility in political activities is based on values of integrity, legitimacy, accountability and oversight, consistency and transparency.

- **Integrity:** The company is committed to ethical behaviour, integrity and responsibility in political engagement; its policies and procedures for political activities are designed to meet these values and the laws, norms and expectations of stakeholders for integrity and ethical behaviour.
- **Legitimacy:** The company's political engagement activities meet business objectives, serve the interests of the company - and not those of the directors or management - and comply with laws. Stakeholders view the company as having a valid voice, expertise and contribution to make to the political process and that the company's political engagement addresses their material interests and the company's impact on society.
- **Accountability and oversight:** The board is accountable to shareholders and other stakeholders for the company's political engagement. The board sets the guiding principles and scope for political engagement, agrees the objectives and strategy, provides direction and guidance to management and receives reports on the implementation of the policies and procedures for political engagement.
- **Consistency:** The company carries out its political engagement activities consistent with its values, guiding principles and policies. It also ensures that its political engagement activities are carried out consistently across its organisation and third parties acting on its behalf.
- **Transparency:** The company is open about the guiding principles, objectives, policies and procedures of its political engagement and reports regularly to stakeholders on activities, performance and expenditures. Information is provided comprehensively and is easily accessible.

Revolving door: The movement of individuals between positions of public office and jobs in the private sector, in either direction.

Secondment: The temporary placement of a company employee in a public position or a public sector employee into the private sector. Typically, placements vary in length from a few weeks to even a year or more. There are also secondment schemes for MPs to gain work experience in UK companies.

Stakeholder engagement: The process used by an organisation to engage relevant stakeholders for a purpose to achieve accepted outcomes (AccountAbility, 2013).

Annex 2: Methodology

The purpose of the index is to raise standards among companies in the UK and globally, promote good practice in preventing corruption, and to increase transparency of reporting of corporate political engagement. In order to achieve this, the index seeks to:

1. Accurately gauge the transparency of policies, procedures and practice of corporate political engagement in the UK's 40 largest publicly listed companies.
2. Categorise evidence within two clear banding schemes: one relating to publicly available information, the other to internal information.
3. Enable comparison of companies by boards of directors, investors, analysts and other stakeholders, providing them with a tool to raise standards and prevent corruption.

The index examines evidence from publicly available sources. We deem transparent publication of information relating to political activities to be highly important, as it increases customer and investor confidence in the company and the political process, ensures the details of companies' involvement in the political process is open to public scrutiny and enables companies to share and understand best practice.

We also review internal material and evidence provided by companies to better understand the quality of political engagement policies and procedures. Although we hold transparent disclosure of such information in highest esteem, for some companies, developing appropriate policies and procedures for political activities is in itself a considerable milestone. Enabling internal information to be used also increases the likelihood of positive and productive engagement with companies.

TI-UK greatly appreciates company engagement in this process as it contributes to the high quality of data. As a result of this dialogue, a better overview and understanding of diverse reporting practices and standards was gained.

Underlying principles

TI-UK's methodology is based on a set of best practice principles for companies, as published in our guide, *Wise Counsel or Dark Arts? Principles and guidance for responsible corporate political engagement* and summarised here:

1. Include all forms of political activities in your management of responsible political engagement.
2. Do not make political contributions.
3. Ensure that all those who lobby on the company's behalf understand and align to its guiding principles, policies and procedures for responsible political engagement.
4. Manage relationships with trade associations to ensure their lobbying activities are aligned with your guiding principles for responsible political engagement.
5. Make sure accountability for political engagement sits in your boardroom.
6. State publicly your commitment to responsible political engagement.
7. Be consistent in your political engagement
8. Design and implement policies and procedures for political engagement based on your company's values and risk assessment.
9. Monitor and review the implementation of the policies and procedures covering political engagement.
10. Report publicly, comprehensively and accessibly on political engagement.

Process

TI-UK wrote to companies on 23 July 2015 informing them of the index, inviting them to appoint a point of contact and to indicate whether they wished to submit internal information. On 29 July preliminary data sets were shared with the company. Each company was given the opportunity to review its own data and provide feedback, propose corrections and/or provide internal information. Feedback was accepted until 18 September 2015. Those companies that did not respond were contacted multiple times by email and telephone.

Of the 40 companies surveyed, 35 took advantage of the opportunity to review their data. Input from the companies was validated and corrections were made if necessary. Whenever necessary, further information, substantiation or documentation was requested and obtained from companies. For the purposes of scoring, all sources that were published on corporate websites on or before 18 September 2015 were taken into account.

Corrections were most often the result of one or more of the following:

- the publication of new corporate documents or policies
- changes to or updates of policies
- identification of documents or sources that had been missed in the initial review
- clarification of specific terminology

In conducting the research, TI-UK did not investigate the veracity or completeness of the published information and did not make any judgement about the integrity of the information or practices disclosed.

The following companies provided feedback during the data review process: Anglo American plc, ARM Holdings, AstraZeneca plc, Aviva plc, BAE Systems plc, Barclays Bank plc, British American Tobacco plc, BG Group plc, BHP Billiton plc, BP plc, Centrica plc, Compass Group plc, CRH plc, Diageo plc, Experian plc, Glencore plc, GlaxoSmithKline plc, HSBC Holdings plc, Imperial Tobacco Group plc, Legal & General Group plc, Lloyds Banking Group plc, National Grid plc, Prudential plc, RB Group plc, The Royal Bank of Scotland Group plc, Rio Tinto plc, SABMiller plc, Royal Dutch Shell plc, Shire plc, SSE plc, Standard Chartered, Tesco plc, Unilever plc, Vodafone Group plc and WPP plc.

For companies providing internal information, TI-UK reviewed and discussed the documents with each company. Each company then received a second assessment based on the additional information provided. To be included in the internal information assessment, TI-UK had to be able to review original documentation or excerpts of original documentation. TI-UK has undertaken to handle all such information as commercially sensitive. We also offered to sign Non-Disclosure Agreements (NDAs), an offer that was taken by two companies.

Total number of companies in the survey	40
Number of companies that formally declined to engage	0
Number of companies from whom no communication was received	2
Number of companies that engaged with TI-UK	38
Number of companies that actively commented on the draft assessment	35
Number of companies that provided internal information	14
Number of companies that published additional information to their website	9

Question set structure and scoring

The question set contains 26 questions organised into six pillars:

1. Control environment
2. Reporting
3. Political contributions
4. Responsible lobbying
5. Memberships
6. Revolving doors

The questions cover what TI-UK regards as the basic capabilities that a global company should have in place to manage political engagement effectively. In TI-UK's view, the information to answer these questions should be available on companies' websites as a matter of good practice and public accountability. The full question set is reproduced in Annex 3.

Each question is worth a total of two points. The general principles underlying the scoring guidance are:

2 = The company fully meets the expectation of the question and there is evidence to substantiate this expectation.

1 = The company falls short of the benchmark response set under Score 2 in some regard.

0 = The company fails to meet the expectation of the question. The evidence is so weak that it cannot reasonably be said to be effective or there is no evidence.

The final scores for each pillar are weighted to reflect the importance attached to them by TI-UK:

Section	Number of questions	Highest Possible Score	Percentage of total questions	Adjusted Weighting (%)
Control Environment	8	16	31	30
Reporting	2	4	8	10
Political Contributions	3	6	11.5	15
Responsible Lobbying	6	12	23	15
Memberships	3	6	11.5	15
Revolving Doors	4	8	15	15
Total	26	52	100	100

The companies are placed into one of six bands, from A to F, based on their scores. The bands reflect the extent of public evidence of their policies and procedures for political activities.

Band	Percentage Score	Description
A	83.3-100	Extensive evidence
B	66.7-83.2	Good evidence
C	50.0-66.6	Moderate evidence
D	33.3-49.9	Limited evidence
E	16.7-33.2	Very limited evidence
F	0-16.6	Almost no evidence

Annex 3: Question set

Control environment	
1	Does the company have an integrated approach for political activities?
2	Does the company have guiding principles which provide the framework for responsible political activities?
3	Are the policies for political activities group-wide, global and consistent?
4	Does the company require its contracted business associates to act in a manner consistent with the company's policies for political activities in the services they carry out on its behalf?
5	Does the board have accountability for and oversight of the company's political activities either directly or through a specified board committee?
6	Does the company consult with shareholders and other stakeholders about its political activities and expenditures?
7	Has the company assigned authority to a designated senior manager for ensuring that its political activities are carried out consistently?
8	Is there a policy and procedure requiring political contributions and expenditures on political activities to be approved by appointed managers against designated thresholds of approval?
Reporting	
9	Does the company publish full information on its approach for political activities and the topics on which it engages?
10	Is the information on the company's political activities provided in an accessible way?
Political contributions	
11	Is there a publicly available policy covering political contributions whether made directly or indirectly?
12	Does the company have a procedure to implement its policy for political contributions?
13	Does the company publish up-to-date details of all political contributions made by the company and its subsidiaries or a statement that it has made none?
Responsible lobbying	
14	Is there a publicly available policy and procedure covering responsible lobbying?
15	Does the company implement a procedure to ensure that organisations contracted to lobby on the company's behalf comply with the company's policy for political lobbying?
16	Does the company publish details of the aims and significant topics of its public policy development and lobbying, and the activities carried out?
17	Does the company publish full details of its global lobbying expenditure?
18	Does the company report on its participation in registers of lobbyists?
19	Does the company report on details of the contracted services of serving politicians acting as consultants to the company including details of the fees?

Memberships	
20	Is there a procedure for managing the company's memberships of organisations that engage in political lobbying?
21	Does the company publish a list of organisations of which it is a member that lobby on topics relevant to the company?
22	Does the company publish full details of fees and payments to organisations of which it is a member that lobby on topics relevant to the company?
Revolving door	
23	Is there a publicly available policy and procedure covering 'revolving doors', the movements of directors and employees between the company and the public sector?
24	Does the company have a procedure for implementing a 'cooling-off period' for discussions on behalf of the company by current directors and employees recruited from public office or the public sector with their former organisation or department?
25	Does the company have a procedure for implementing a 'cooling-off period' for discussions about its business with former directors and employees hired by the public sector or appointed to public office?
26	Does the company publish details of secondments to or from the public sector?

Associated recent publications from Transparency International

Corporate Political Engagement Index (Transparency International UK, 2015)

Accountable Influence: Bringing lobbying out of the shadows (Transparency International UK, 2015)

Lobbying in Europe: Hidden influence, privileged access (Transparency International, 2015)

Lifting the lid on lobbying: the hidden exercise of power and influence in the UK (Transparency International UK, 2015)

Lobbying and democracy representing interests in Italy (Transparency International Italy, 2014)

How to Bribe: A Typology of Bribe-Paying and How to Stop It (Transparency International UK, 2014)

Business Principles for Countering Bribery, third edition (Transparency International, 2013)

Diagnosing Bribery Risk (Transparency International UK, 2013)

Doing Business without Bribery (Transparency International UK, 2012)

Towards transparent and democratic lobbying (Transparency International France, 2012)

Cabs for Hire? Fixing the revolving door between government and business (Transparency International UK, 2011)

Adequate Procedures: Guidance to the UK Bribery Act 2010 (Transparency International UK, 2010)

Available from www.transparency.org and www.transparency.org.uk