OVERVIEW
APPLICATIONS
SUPPORTING INDICATORS

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

GOVERNANCE NO. 3

reviews and challenges the company's efforts to influence public policy and regulation to ensure they do not undermine human rights.

Significant disconnects between a company's approach to lobbying and its policies and processes for addressing human rights risks can result in the company undermining regulatory initiatives intended to protect human rights. Such disconnects may not be easily identified where there are distinct decision-making structures and incentives.

Where the governing body reviews whether lobbying efforts may be in tension with respect for human rights it is more likely that such contradictions will be identified and addressed.

Evidence of these practices signals an intention of ensuring consistency and coherence in the company's approach to addressing significant risks to people, including where tensions with profit-making and other core business motives may arise.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- What evidence does the Governing Body have available to it to understand whether lobbying positions that the company adopts, or adopted in its name, are likely to undermine the protection of human rights?
- Does the Governing Body consider what incentives are in place when it comes to those internal or external to the company who lobby on its behalf?
- Does the Governing Body consider what policies and controls are in place to avoid lobbying activities undermining human rights?
- Are Government Affairs/Public Affairs or others in the company and outside charged with lobbying activities aware of the Governing Body's engagement on this issue?

CONNECTION TO CULTURE

AUTHENTICITY

ACCOUNTABILITY

EXPLORE OTHER INDICATORS

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OVERVIEW

APPLICATIONS

SUPPORTING INDICATORS

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal
- Self-assessment / internal audit
- Third party assessment / culture audit

External
- Required disclosure
- Regulatory provision (governance / due diligence)
- Investor engagement

SOURCES OF EVIDENCE

DOCUMENTATION

- Governing Body briefing documents and Minutes including action points
- Policy/ies on lobbying and political donations
- Records of lobbying activities

CONVERSATIONS

- with Governing Body Chair and Company Secretary
- with public affairs /government affairs
- with external lobby groups with which the company engages

OVERVIEW

APPLICATIONS

SUPPORTING INDICATORS

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ADDRESSING LIMITATIONS

The limits of this indicator lie in the need for the governing body to have insight into which lobbying positions may have direct or indirect implications for human rights protections in laws or regulations. This may be easier to identify in relation to the company's direct lobbying activities than when lobbying activities happen through a business association.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

	G1	G2	L3	L9
SUPPORTING INDICATOR	The most senior governing body and/or its relevant subcommittees... reviews and challenges the company's business model and strategy to ensure any inherent human rights risks are identified and addressed.	The most senior governing body and/or its relevant subcommittees... regularly discusses progress and challenges in addressing the company's salient human rights risks, informed by related complaints or grievances from the workforce or external stakeholders, root cause analyses of major human rights-related incidents and knowledge of current leading practice.	Senior leaders at corporate, regional, country and business unit levels... pro-actively and regularly seek the insights and critique of credible experts to inform the company's understanding of and responses to human rights issues.	Senior leaders at corporate, regional, country and business unit levels... encourage the workforce to raise questions or concerns about the company's impacts on co-workers or external stakeholders.
RATIONALE	Where the governing body does this, it is less likely that the these will dictate lobbying priorities that are at odds with human rights.	Where the governing body does this, it is more likely to identify areas where company lobbying interests may be at odds with respect for human rights.	Where senior leaders do this, they are more likely to hear about incidents where they are involved with lobbying that undermines human rights.	Where senior leaders do this, they are more likely to hear about incidents where they are involved with lobbying that undermines human rights.