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University of Michigan's Erb Institute Launches New Principles for Corporate Political Responsibility

IBM, Pirelli, Danone, Aspen Skiing, DSM Sign On as Initial Supporters; Additional Corporate Engagement Underway

March 7, 2023 – Today, IBM, Pirelli Tire North America, Danone North America, Aspen Skiing and DSM North America joined with the University of Michigan's Erb Institute in announcing the *Erb Principles for Corporate Political Responsibility (CPR)*, which are designed to provide a non-partisan, principled framework to help companies determine whether and how to engage in civic and political affairs. Each inaugural supporter has committed to take a measurable action based on the Principles, as a key step in strengthening trust in American civic institutions and promoting collaboration on shared challenges.

As confidence in US institutions continues to decline, many are turning to business for solutions to societal issues or to help reverse the current cycle of distrust, while others are concerned that companies are encroaching on civil society. This means companies are facing new questions and new pressures from employees, investors and other stakeholders about whether and how they engage in civic and political affairs. The Erb Principles for CPR were developed over the past 12 months to help with this challenge, by providing a non-partisan, principled thought process that does not prescribe specific policy positions.

Crafted specifically for a US context, the Principles were created by the Erb Institute's Corporate Political Responsibility Taskforce (CPRT), in collaboration with business leaders, stakeholder groups and experts from across the political spectrum. Their goal is to help companies better align their approach to political influence with their values, purpose and commitments, making it easier to manage enterprise risk, articulate their reasoning, and foster CPR as a shared norm.

"The interplay between government institutions and businesses engaging in both policy and politics is rightfully being scrutinized in ways not seen for generations," said Christopher Padilla, Vice President, Government and Regulatory Affairs at IBM. "IBM is proud to have joined the Corporate Political Responsibility Taskforce and contributed to the development of these principles so that companies trying to navigate this moment can have an actionable framework to follow and so that, collectively, we can strengthen society's trust in the ways that businesses impact policymaking."

"Neither traditional shareholder primacy nor stakeholder capitalism has been really clear about the legitimate role of business in civic and political affairs," said Elizabeth Doty, Director of the

Erb Institute's Corporate Political Responsibility Taskforce. "Yet, through our conversations, we believe CPR may be an area of common ground. We developed the Erb Principles as a place to start, enabling better conversations and more aligned action, internally and externally."

To ensure the Erb Principles for Corporate Political Responsibility lead to tangible impact, supporting companies commit to one of the following three measurable actions, certified by trusted benchmarks:

1. Adopting the CPA-Zicklin Model Code of Conduct for Political Spending -- Developed by the Center for Political Accountability, which publishes the CPA-Zicklin Index of Corporate Political Disclosure and Accountability, the Model Code outlines policy provisions needed to address governance gaps in political spending, helping companies reduce enterprise risk, exert greater control, act as responsible citizens, mitigate risk, and improve their scores on the CPA-Zicklin Index.
2. Adopting GRI Standard 415: Public Policy – Created by the Global Reporting Initiative, developer of the most widely used sustainability-reporting standards, GRI 415 defines meaningful disclosure of lobbying activity -- including significant issues, the company's stance, and any differences with other stated policies, goals or positions. By focusing on alignment, such disclosure supports transparency, accountability and stakeholder trust.
3. Prohibiting the use of corporate treasury funds for election-related spending - Companies also have the option to adopt a policy prohibiting election-related spending from corporate treasury funds, as outlined by the CPA-Zicklin Index. Twenty companies were recognized for such policies in 2022, a significant increase over recent years.

"Our approach is unusual because it links commitments to Principles with commitments to substantive action, which we believe will amplify interest among investors, boards, advocates, customers, employees, and students." said Thomas Lyon, Faculty Director of the Erb Institute at the University of Michigan. "The Erb Principles for CPR represent a much-needed nonpartisan effort at a time when Americans want all sectors to work together to safeguard American constitutional democracy and invest in broad-based prosperity. They provide a tool to help firms shift from reactive, siloed responses to proactive, principled approaches that align with their values, purpose, and commitments."

The Erb Institute's CPRT [website](#) provides companies with additional information and resources. The Erb Institute plans to add more major companies as supporters and participants every few months, with the goal of 30-40 signed on in support of the Principles by the end of 2023. During 2023, the CPRT will focus on supporting members in taking action, conducting research on the impact of CPR actions, and hosting multi-stakeholder forums to recognize companies that take action. As the business-sustainability hub at the University of Michigan, the Erb Institute is uniquely positioned to advance this effort, tapping experts from across the country, and conducting research to test and share the impact of CPR practices.

During 2022-23, top priority issue areas for applying the Erb Principles for CPR include:

1. Strong civic institutions

2. Environmental stewardship and sustainability

3. Economic opportunity and inclusion

4. Long-term shareholder value

“Together with the Erb Institute, we look forward to encouraging more companies to adopt these principles,” added Chris Padilla.

Maureen Kline, Vice President of Public Affairs and Sustainability at Pirelli Tire North America said “Pirelli has an ethical lobbying policy and a global ban on political campaign contributions. It was a natural fit for our US subsidiary to join the Corporate Political Responsibility Taskforce and help develop the Erb Principles for CPR, in hopes that they herald a new way for companies to engage politically.”

“DSM North America supports and endorses the Erb Principles for CPR. In an age when trust in our institutions continues to erode, the business community needs guidelines that help ensure we advocate on policy, not politics, in a non-partisan principled manner focused on issues adjacent to our corporate strategy, mission and purpose where we can meaningfully contribute.”
- Hugh Welsh, General Counsel, Secretary & President of DSM North America

“Aspen Skiing Company hopes these principles will daylight the gap between stated corporate values and corporate spending, and force businesses to either withdraw from misaligned trade groups, or change them.” - Auden Schendler, Senior VP of Sustainability at Aspen Skiing

“The Erb Institute and its Principles for CPR create a critical guide for companies who understand that a healthy democracy is fundamental to a healthy business environment - and that engagement is imperative when our most foundational institutions are at stake. This framework takes intention into action with practical steps that benefit all stakeholders inside and outside a company.” - Marjorie Clifton, Corporate Engagement, Strategy & Communications, The Leadership Now Project

“In today's toxic and tumultuous climate, companies need to take a broader look at the impact of their political engagements, including the risks for their reputations and threats to democracy in a time of crisis. Alongside the CPA-Zicklin Model Code of Conduct for Political Spending, the Erb Principles provide a template to help companies take this broader view, moving from disclosure and accountability to responsibility for their impacts and ultimate interests, which can help in evaluating when and how to engage in political influence, framing talks with their employees and other stakeholders, and articulating their reasoning in non-partisan ways.” - Bruce F. Freed, President of Center for Political Accountability

About the Erb Institute

The Erb Institute is a partnership between the Ross School of Business and the School for Environment and Sustainability (SEAS) at the University of Michigan. The Institute's mission is to create a sustainable world through the power of business using the tools of research,

teaching and business engagement. As a hub for thought leadership and productive debate, the Institute adheres to a policy of strict non-partisanship, and does not support, endorse, or advocate for any political party, candidate, or legislation.

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