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# THE ERB PRINCIPLES

*for*

Corporate  
Political  
Responsibility



*An Initiative of the* ERB INSTITUTE *at the* UNIVERSITY OF MICHIGAN

## STATEMENT OF SUPPORT

**As business leaders from a range of industries and backgrounds, we have come together out of shared concern for our nation’s civic and political health at a time of severe strain.** We believe that safeguarding constitutional democracy and the rule of law, rebuilding trust in civic institutions, diminishing political polarization, fostering collaboration on systemic issues such as climate change and economic security, and responding as stakeholder expectations evolve are critical not only to our society but also to business’s ability to invest for the future.

**We believe business has a shared interest, a responsibility, and therefore, a role to play in supporting solutions to these challenges.** As firms, it is difficult to deliver for our stakeholders amid ongoing instability, division and destructive conflict. More systemically, business’s ability to create value depends on well-functioning markets, a stable regulatory environment, strong civic institutions, a healthy civil society and a flourishing natural environment. Finally, though business is one of many actors in the political process, we feel compelled to examine our role—including when, why and how we get involved—to ensure our firms are engaging responsibly in civic and political affairs.

**Therefore, we have come together to support and advance the Erb Institute’s Principles for Corporate Political Responsibility (CPR) in the U.S. and build a future where CPR is the norm.** Developed in a nonpartisan collaboration with business leaders and diverse stakeholders, these principles build on other commitments we have already made to our investors, our employees, our customers and our communities, serving as a focal point for continuous improvement and dialogue, and a key element of the evolving “license to operate” between business and society.<sup>1</sup>

**We are convinced that society, our stakeholders and our businesses will benefit if a critical mass of companies commit to putting these principles into practice.** Combined with similar efforts by other actors, we believe they will foster an environment in which more companies will thrive, more Americans will prosper, systemic risks will be reduced, and trust in our civic institutions will be restored.

**To help advance this process, we commit to sustaining our current CPR practices and taking new actions over time that align with these principles**—starting with adopting the [CPA-Zicklin Model Code of Conduct for Corporate Political Spending](#), [GRI Standard 415: Public Policy](#), or [a publicly stated policy prohibiting the use of corporate treasury funds for election-related spending](#). We recognize CPR as a journey that requires sustained ambition and action, and we invite all companies to join us.

<sup>1</sup> These are intended for a U.S. context, though they are informed by established global standards.

# Legitimacy

Firms' political activities reflect legitimate use of resources and authority, and an authentic basis for engaging.

This means firms have certain foundational responsibilities, including:

- a. Any political activities using company resources or management authority reflect the company's views, not those of the individual manager or officer, and they comply with all laws and regulations pertaining to political activities.
- b. Companies do not pressure or coerce employees, shareholders or other stakeholders when engaging in political activities.
- c. Companies articulate an authentic basis for their engagement on key matters of public policy and societal issues, drawing on the criteria below:

## ON WHAT BASIS DO FIRMS AUTHENTICALLY ENGAGE?

We believe firms have an authentic basis for engaging in civic, political or societal affairs when any of three Pillars of Responsibility is present:

### Contribution

The firm has **caused or contributed to** the issue or is involved through its products, practices or people; or

### Commitments

The issue **affects the firm or its business, has a material impact on key stakeholders, or relates to its purpose or commitments**; or

### Consequence

The issue represents a **threat to the foundational systems on which the economy, society or life depend** — and the company has the **capability to help**.

If a firm determines that it has an authentic basis for engagement, the remaining principles of accountability, responsibility and transparency outline how to do so responsibly.

# Accountability

Firms are accountable for their political activities, actively striving for alignment with their commitments to purpose, values, stated goals and stakeholders.

**This means firms have certain foundational responsibilities, including:**

- a. Companies actively strive for alignment between their political activities (including those of trade associations and other third parties influencing on their behalf) and their commitments to purpose, values, stated goals and stakeholders.
- b. Companies establish integrated governance processes to oversee their political activities (including those of trade associations and other third parties influencing on their behalf), in order to consult stakeholders who will be significantly impacted, minimize risks to the firm, advance alignment as outlined in item a) above and evaluate responsibility items a) through d).
- c. Companies commit to take meaningful and proactive steps to address any misalignment in their political activities as outlined in item a) above, providing mechanisms for hearing stakeholder concerns and prioritizing based on impact to affected stakeholders.

**Firms also have discretionary opportunities to demonstrate leadership, such as:**

- d. Companies model responsiveness and inclusion by identifying and consulting a broad range of stakeholders and considering their interests and concerns when planning political priorities, positions and activities.

# Responsibility

Firms' political activities demonstrate active support for the systems on which the economy, society and life depend.

**This means firms have certain foundational responsibilities, including:**

- a. Companies champion healthy market “rules of the game” that foster competition on the basis of quality, price and long-term value, minimizing costs externalized to other stakeholders and aligning private interests with the broader public good.
- b. Companies support and protect America’s constitutional democracy; the rule of law; civic freedoms; effective, transparent and accountable civic institutions; and equitable access to civic and political processes for all eligible participants.
- c. Companies’ contributions to policy-making and civic discourse are made in good faith, based on evidence and respect for independent, peer-reviewed science.
- d. Companies strive to ensure their political activities do not cause or contribute to adverse impacts on environmental sustainability, human rights or the public good.

**Firms also have discretionary opportunities to demonstrate leadership, such as:**

- e. Companies may promote civic engagement if they do so in unbiased ways that respect stakeholder choice.
- f. Companies may participate in civic discourse to clarify and advance the public good, consistent with their foundational responsibilities under these principles.

# Transparency

Firms communicate openly and honestly about their political activities to promote informed stakeholder decision-making and public trust.

**This means firms have certain foundational responsibilities, including:**

- a. Companies provide transparency in their political activities, publicly reporting on their CPR oversight processes and policies, all direct political spending, spending through trade associations or other third parties influencing on their behalf, and any actions to address misalignments under accountability item c).
- b. Companies communicate openly about their political influence approaches, outlining criteria, issues, positions, goals, stakeholder consultation processes and affiliations, to foster trust and enable stakeholders to make informed decisions.
- c. Companies provide timely, accurate information and expertise to elected representatives at all levels of government as needed to support fully informed, effective policy-making.

## KEY TERMS

<b>Authentic</b>	Genuine, something that is what it is claimed to be. Developed in settings where participants can voice their views or choose to exit without fear of retribution. <sup>3</sup>
<b>Civic and political affairs</b>	Of or relating to the electoral or governing processes, civic institutions, citizenship, civic discourse or public life of a nation, state or municipality. <sup>4</sup>
<b>Constitutional democracy</b>	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. Similar to "democracy," "democratic republic" and "republic." <sup>5</sup>
<b>Good faith</b>	Sincere conduct free from malice or a desire to defraud others. <sup>6</sup>
<b>Political activities</b>	Actions intended to influence the electoral or governing processes, civic institutions, citizenship, civic discourse or public life of a nation, state or municipality, directly or via third parties, through spending, lobbying, advocacy, internal and external communications, philanthropy, etc. <sup>7</sup>
<b>Political spending (or election-related spending)</b>	Any direct or indirect contributions or expenditures, direct or indirect (from corporate treasury funds or a corporate-affiliated PAC), used to support or oppose any political campaign, on behalf of or in opposition to a candidate for public office or referendum; any payments made to trade associations or tax-exempt entities used for influencing a political campaign; and any direct or indirect political expenditure that must be reported to the Federal Election Commission, Internal Revenue Service, or state disclosure agency. <sup>8</sup>
<b>Responsible</b>	Being the cause or originator of something; deserving of credit or blame. Being answerable or liable to be called to account for something, due to one's role, moral obligations or promises. Overall qualities of being a reliable, trustworthy, sensible, prudent actor. <sup>9</sup>
<b>Private interests</b>	Interests or benefits that are relatively concentrated, involving a limited number of individuals, organizations or segments of a community or society. <sup>10</sup>
<b>The public good</b>	The well-being of a community or society as a whole, involving widely diffused shared interests (such as national security and clean air). Similar to the public interest, the common good, societal benefit and the general welfare. <sup>11</sup>

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8 Center for Political Accountability (2022). 2022 CPA-Zicklin Index of Corporate Political Disclosure and Accountability, p. 41–42. <https://www.politicalaccountability.net/wp-content/uploads/2022/10/2022-CPA-Zicklin-Index.pdf>. Retrieved November 15, 2022.

9 Oxford English Dictionary. "Responsible" definition. Retrieved October 10, 2021.

10 Britannica. "Common Good" definition. <https://www.britannica.com/topic/common-good>. Retrieved September 20, 2022. Also adapted from Oxford English Dictionary. "Public Interest" definition. Retrieved September 9, 2022.

11 Britannica. "Common Good" definition. <https://www.britannica.com/topic/common-good>. Retrieved September 20, 2022. Also adapted from Oxford English Dictionary. "Public interest" definition. Retrieved September 9, 2022.