The Erb Principles for Corporate Political Responsibility

An Invitation to Non-partisan Leadership in Establishing CPR as a Norm

Developed by the Corporate Political Responsibility Taskforce
An Initiative of the Erb Institute at the University of Michigan (bit.ly/ErbCPRT)
Elizabeth Doty (dotye@umich.edu); Tom Lyon (tplyon@umich.edu)

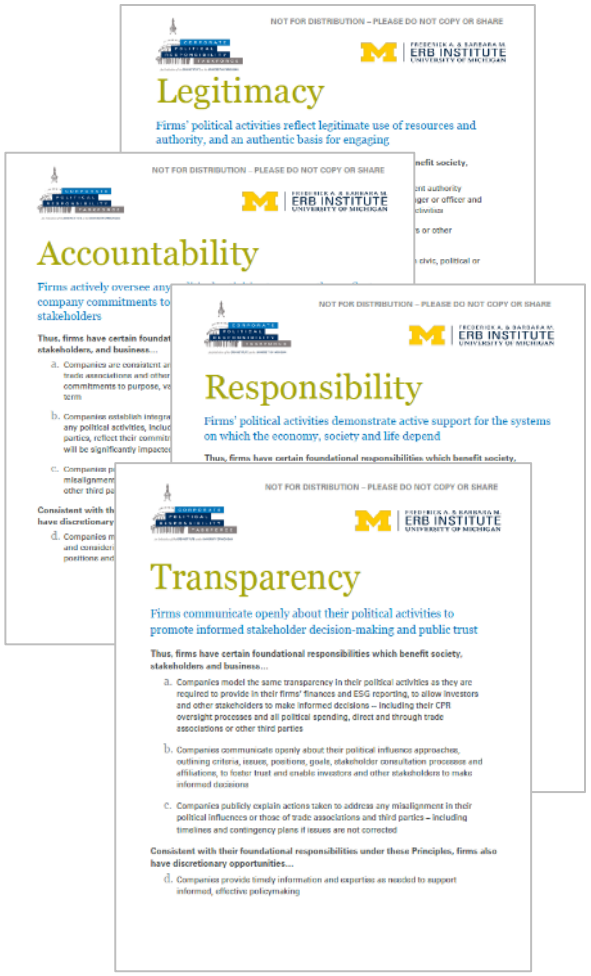
Two Invitations to Consider

Support the Erb Principles for CPR

A non-partisan and principled approach to help companies decide whether and how to engage in civic and political affairs

Join the CPR Taskforce (CPRT)

A private forum to help individual leaders apply the Erb Principles for CPR *(with or without public commitment)*



Learn More

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Principles: bit.ly/ErbPrinciples4CPR
Taskforce: bit.ly/ErbCPRT

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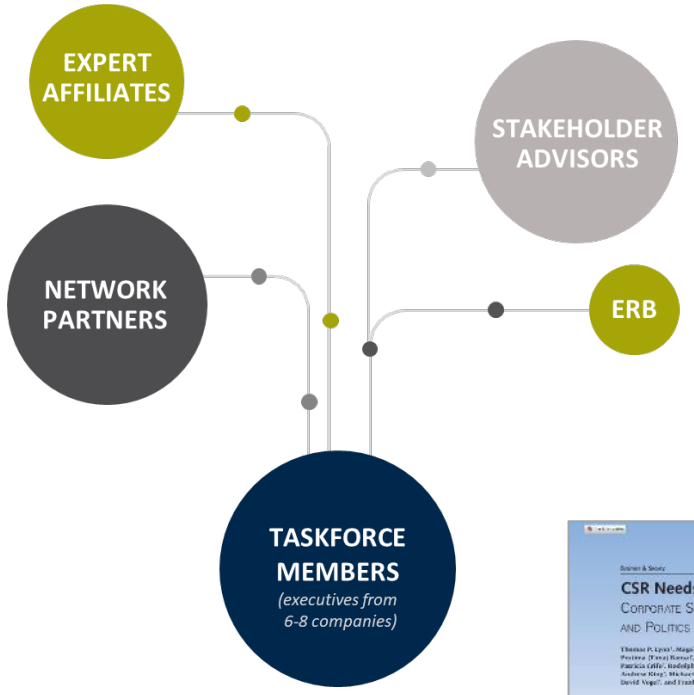
The Corporate Political Responsibility Taskforce (CPRT)

- **Helping companies better align their approach to political influence** with their commitments to values, purpose, sustainability & stakeholders

- **Making CPR the norm** to reduce risk, accelerate shared solutions & strengthen trust in civic institutions



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CPRT

Why CPR May Be Relevant for You Now

New Stakeholder Pressures
from employees, investors, lawmakers, others

New Policy Discussions
for sustainability & long-term value

New Systemic Risks
economic & civic institutions, natural systems

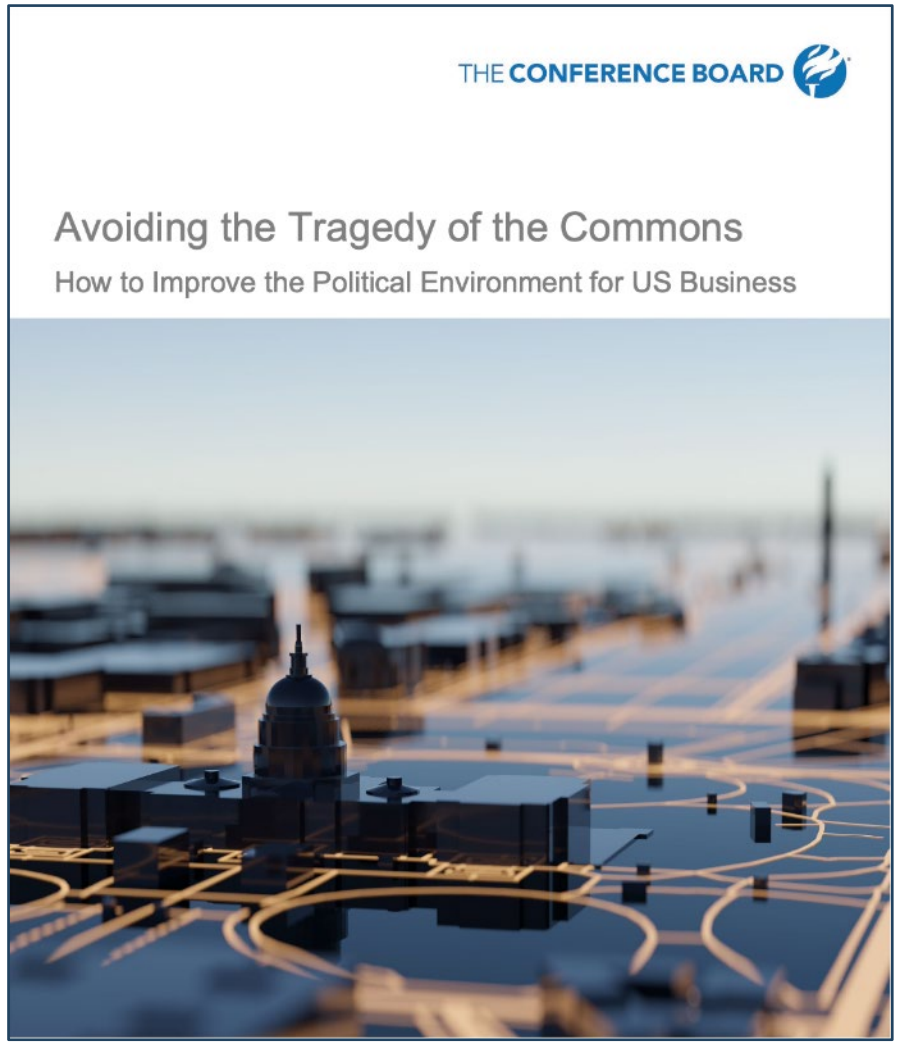
Companies Face New Questions & New Pressures

98% say the political environment is challenging

...due to:

1. **Extremism/polarization** among policy makers;
2. **Anti corporate** rhetoric and actions from policy makers;
3. **Weakening of trust in government**;
4. **Sharply divergent** state policies.

...and **71%** believe things will be at least as bad or worse two years from now.

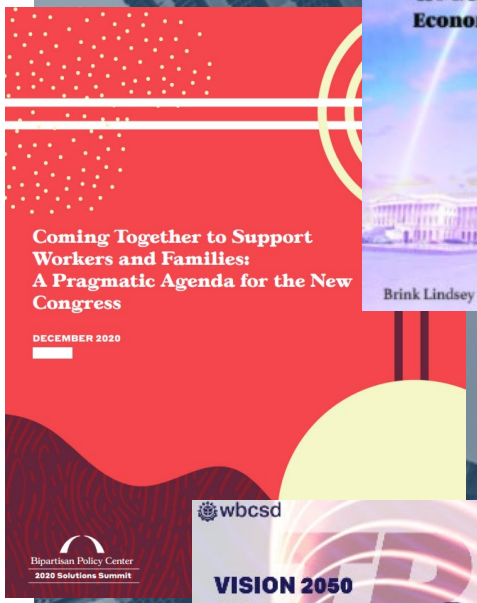


Please see conference-board.org/topics/corporate-political-activity/How-to-Improve-Political-Environment-for-US-Business

Business Needs a Stable & Aligned Policy Environment

SOLUTIONS BRIEFS
CED
COMMITTEE FOR ECONOMIC DEVELOPMENT
THE PUBLIC POLICY CENTER OF THE CONFERENCE BOARD
Sustaining Capitalism
A series focused on nonpartisan reasoned solutions in the nation's interest to the central challenges we face in order to provide prosperity for all Americans.
Debt Matters: A Road Map for Reducing the Outsized US Debt Burden to 70% of GDP
2023 Policy Agenda: Top Priorities Bipartisan Leadership Needed to Restore Growth, U.S. Leadership and National Unity
A Road Map for a Sustainable Clean Energy Transition During Economic and Geopolitical Uncertainty

Faster Growth, Fairer Growth
Policies for a
HIGH ROAD, HIGH PERFORMANCE
Economy
Brink Lindsey


Coming Together to Support Workers and Families: A Pragmatic Agenda for the New Congress
DECEMBER 2020
Bipartisan Policy Center
2020 Solutions Summit

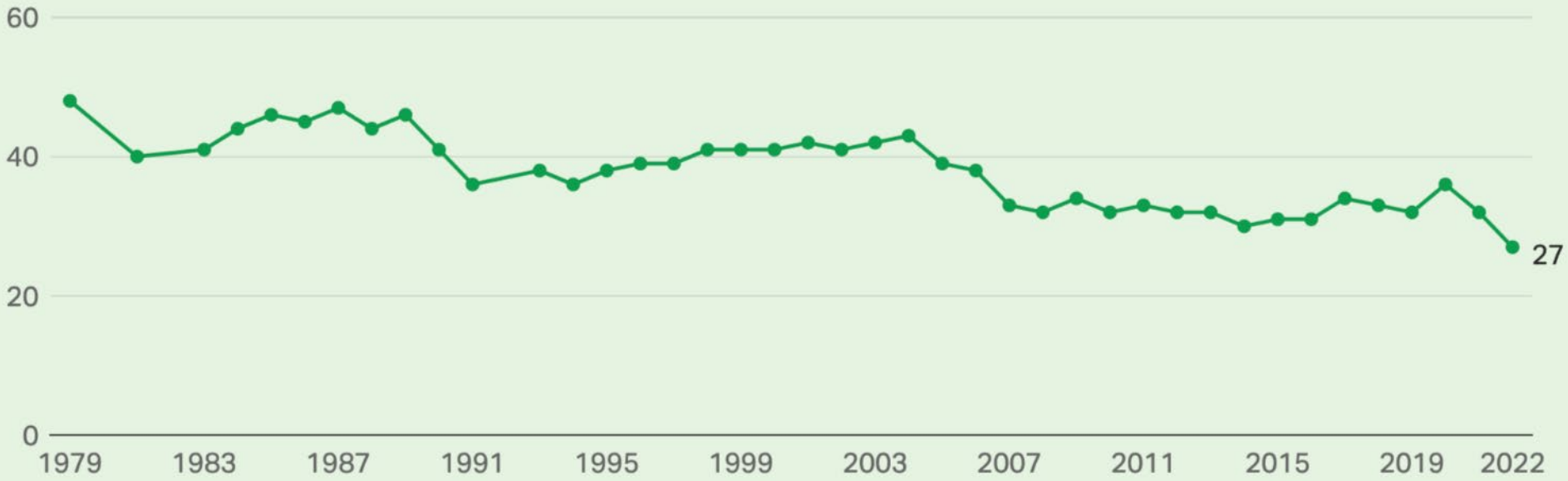
AMERICAN COMPASS
Rebuilding American Capitalism

wbcsd
VISION 2050
TIME TO TRANSFORM
HOW BUSINESS CAN LEAD THE TRANSFORMATIONS THE WORLD NEEDS

Confidence in Institutions Hits a New Low

Average Confidence in Major U.S. Institutions, 1979-2022

Figures are the average percentage of U.S. adults who have a great deal or quite a lot of confidence across institutions asked consistently by Gallup.



The average includes only those asked consistently by Gallup since 1979 or 1993 (when the list of institutions was expanded). The institutions asked consistently since 1979 are the church/organized religion, the military, the Supreme Court, banks, public schools, newspapers, Congress, organized labor and big business. In 1993 the list of institutions was expanded to include television news, the presidency, the police, the medical system and the criminal justice system.

Get the data

GALLUP

Expectations of Business Keep Rising

05

Fake news concerns are at an all-time high

Concerns over fake news or false information being used as a weapon is now at an all-time high of 76%.

06

There is a collapse of Trust in democracies

In many of the democracies studied, institutions are trusted by less than half of their people, including only 46 pts in Germany, 45 pts in Spain, 44 pts in the UK and 43 pts in the U.S. Moreover, no developed countries believe their families and self will be better off in 5 years time.

07

Societal fears on the rise

Without faith that our institutions will provide solutions or societal leadership, societal fears are becoming more acute. Most notably, 85% are worried about job loss and 75% worry about climate change.

08

Business needs to step up on societal issues

While business outscores government by 53 points on competency and 26 points on ethics, respondents believe business is not doing enough to address societal problems, including climate change (52%), economic inequality (49%), workforce reskilling (46%) and trustworthy information (42%).

09

Societal leadership is now a core function of business

When considering a job, 60% of employees want their CEO to speak out on controversial issues they care about and 80% of the general population want CEOs to be personally visible when discussing public policy with external stakeholders or work their company has done to benefit society. In particular, CEOs are expected to shape conversation and policy on jobs and the economy (76%), wage inequity (73%), technology and automation (74%) and global warming and climate change (68%).

10

Business must lead in breaking the cycle of distrust

Across every single issue, by a huge margin, people want more business engagement, not less. For example, on climate change, 52% say business is not doing enough, while only 9% say it is overstepping. The role and expectation for business has never been clearer, and business must recognize that its societal role is here to stay.

Edelman Trust Barometer 2022

All data is based on general population sample unless otherwise noted.

To explore the full 2022 Edelman Trust Barometer, visit **www.edelman.com/trust** #TrustBarometer

But Delivering
Is Easier Said
Than Done

Your Current CPR Challenges

New Stakeholder Pressures
from employees, investors, lawmakers, others

Do you feel prepared for new questions & risks?

Selected examples...

New Policy Discussions
for sustainability & long-term value

Are you weighing more complex policy tradeoffs?

Selected examples...

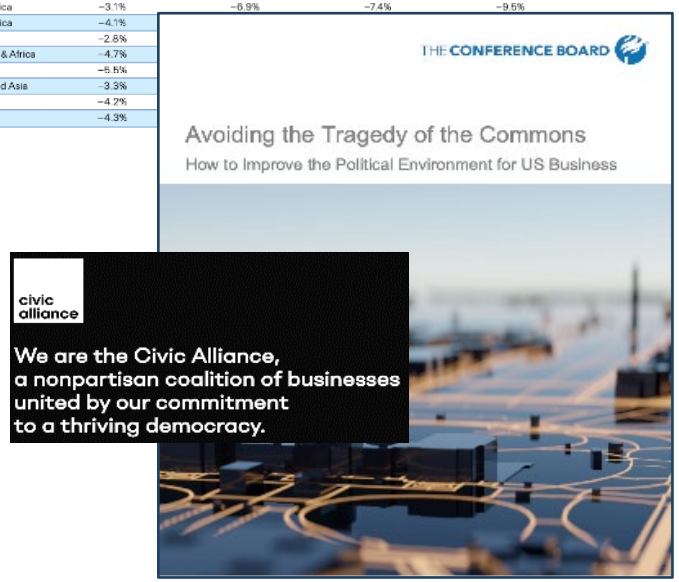
New Systemic Risks
economic & civic institutions, natural systems

Is there an appetite to lead on systemic issues?

Selected examples...

The economics of climate change
Swiss Re Institute, 2021:

	Temperature rise scenario, by mid-century			
	Well-below 2°C increase	2.0°C increase	2.5°C increase	3.2°C increase
	Paris target	*The likely range of global temperature gains*		*Severe case*
Simulating for economic loss impacts from rising temperatures in % GDP, relative to a world without climate change (0°C)				
World	−4.2%	−11.0%	−13.9%	−18.1%
OECD	−3.1%	−7.6%	−8.1%	−10.6%
North America	−3.1%	−6.9%	−7.4%	−9.5%
South America	−4.1%			
Europe	−2.8%			
Middle East & Africa	−4.7%			
Asia	−5.5%			
Advanced Asia	−3.3%			
ASEAN	−4.2%			
Oceania	−4.3%			



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Principles as a Place to Stand

Escaping the cycle of action and reaction

Use non-partisan third-party principles to:

- **Weigh decisions internally**
- **Articulate decisions externally**

What is Business' Legitimate Role?

The social responsibility of business is to increase its profits

Shareholder Value Maximization

Stakeholder Capitalism

Civic & Political Processes

We share a fundamental commitment to all of our stakeholders

What is the legitimate role of business in influencing society's civic and political processes?

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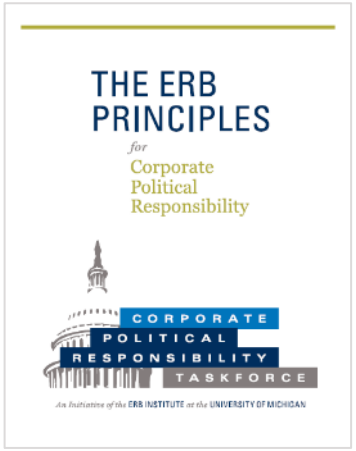
CPRT

The Erb Principles for CPR

Key Elements



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Legitimacy

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

- Legal & fiduciary duties
- Non-coercion
- Authenticity based on *Contribution*, *Commitments* or *Consequence*

Responsibility

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

- Healthy market "rules of the game"
- Strong constitutional democracy
- Healthy civic discourse
- Avoiding harm to human rights & environment

Accountability

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

- Consistency & alignment
- Oversight & governance
- Addressing misalignment

Transparency

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

- Disclosure & reporting
- Open communication
- Sharing expertise

For full text, please see:
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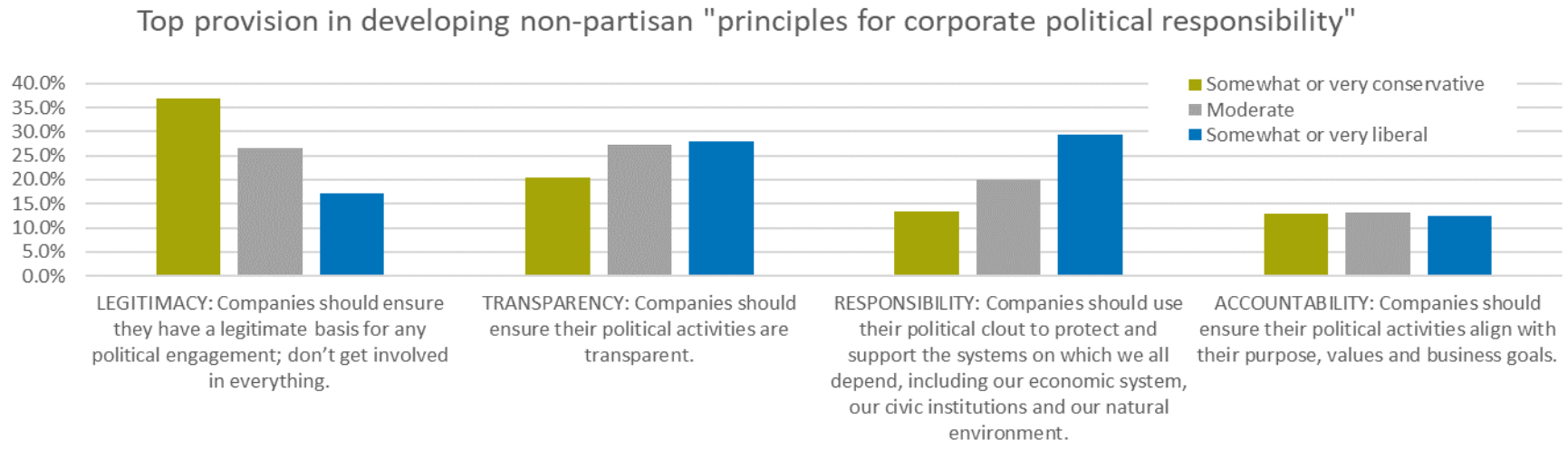
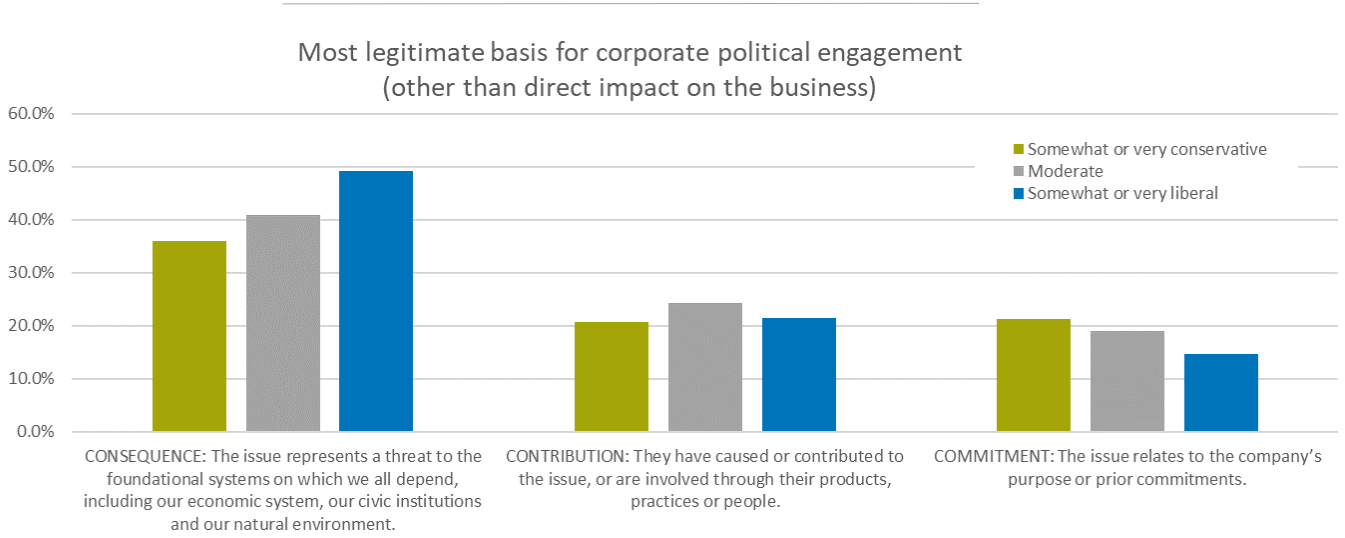
Initial Survey Results





CitizenData Omnibus Survey, June, 2023 - N= 1,004 registered voters. 34.0% Somewhat or very conservative. 38.3% Moderate. 26.1% Somewhere or very liberal. 1.5% Not sure (not shown). .

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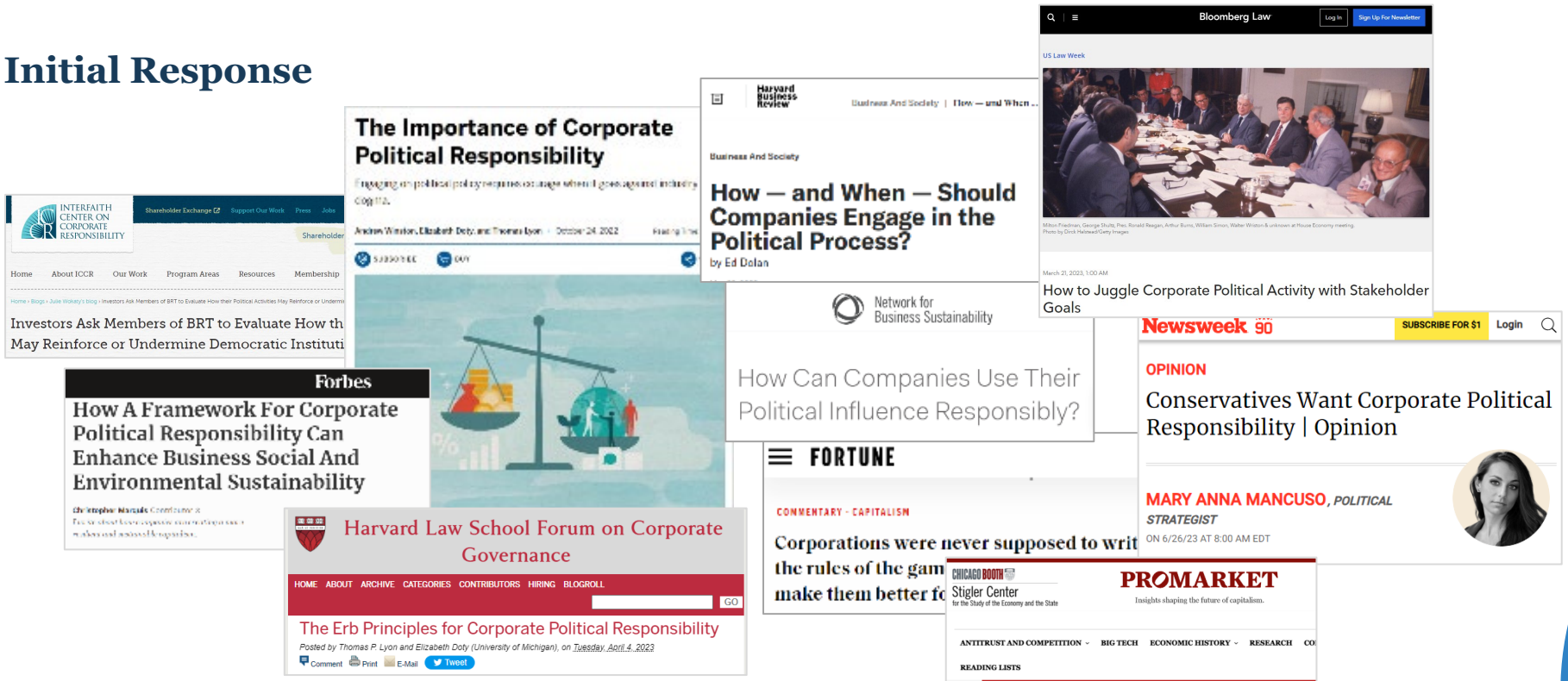
Laying the Foundation for CPR as a Norm

Initial Response



Inaugural Supporters

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Top Priority Companies for Round 2

Outreach List – Working Draft

Aerospace/Defense	
Delta ❸	GA
Northrop Grumman ❶	VA
United Airlines ❷	IL

Apparel	
The Gap ❷	CA
Levi Strauss ❷	CA
Ralph Lauren ❶	NY
Under Amour ❷	MD

Automotive & Related	
Ford Motor Company ❶	MI
General Motors ❶	MI
Rivian	CA

Chemicals & Mining	
Albemarle ❹	NC
Dow	MI
Dupont ❶	MI

Consulting/Advisory	
BCG ❷	MA
Deloitte ❷	NY
Ernst & Young	NY
KPMG	NY
PwC	NY

Energy & Utilities	
AES ❹	VA
Calpine ❹	TX
ConEdison ❶	NY
Eversource Energy ❶❹	MA
Exelon ❶	IL
NRG Energy ❹	TX
PSEG ❹	NJ
Republic Services ❹	AZ
Southern Company ❸	GA

Financial Services/Insurance	
AIG ❹	NY
Allstate	IL
American Express ❶	NY
Bank of America ❶❹	NC
Capital One ❶❷	MN
Chubb ❹	NJ
Citi ❶❸	NY
Mastercard ❶	NY
Morgan Stanley ❶	NY
Prudential ❶❸❹	NJ
State Street ❶	MA
The Hartford ❶	CT
Vanguard ❹	PA
Visa ❶	CA

Food & Bev/Agriculture	
The Coca-cola Company ❶	GA
General Mills ❶❹	MN
J.M. Smucker	OH
Kellogg & Co. ❶	MI
Mondelez International ❶❷	IL
Monster Beverage ❶	CA
PepsiCo ❹	NY

Hospitality	
Darden Restaurants ❶	FL
Hilton Worldwide ❶	VA
Host Hotels & Resorts ❶	MD
Marriott ❶	MD
McDonald's ❶❷	IL
MGM Resorts ❶	NV

Industrial	
Cummins Engine ❷	IN
EcoLab ❹	MN
General Electric ❶	IL
Honeywell ❶	NC
IronMountain	WA
WestRock ❶❹	GA

Medical/Healthcare	
Abbvie ❶	IL
Becton Dickinson ❶	NJ
Bristol-Meyers Squibb ❶	NY
Humana ❶	KY
Johnson & Johnson ❶	NJ
Medtronic ❹	MN
Merck ❶	NJ
Pfizer	IL
Thermo Fisher Scientific ❹	MA
United Healthcare ❶	MN

Retail/Consumer Goods	
Colgate-Palmolive	NY
CVS Health ❶❸	RI
Dick's Sporting Goods	PA
Estee Lauder ❶❷	NY
Overstock	UT
Proctor & Gamble	OH
Rite Aid	PA
Clorox ❶❹	CA
Ulta Beauty ❶	IL
Walgreens Boots Alliance	IL
Walmart	AR
Wayfair ❷	MA
Whirlpool ❹	MI

Tech	
Apache ❶	TX
Apple	CA
Cisco Systems ❶❷❹	CA
Dell Technologies	TX
Hewlett Packard ❶❷	CA
Intel ❶❷	OR
LinkedIn	CA
Microsoft ❶❷❹	WA
Nextdoor❷	CA
Paypal ❶❷	CA
Qualcomm ❶	CA
Salesforce ❷❹	CA
Texas Instruments ❹	TX

Telecom & Media	
Nielsen Holdings ❶	NY
Verizon ❷	NY

Goal: Premier companies whose support attracts other supporters

- Mix of industries & geographies, mostly US
- Start with Fortune 500
- Not easily categorized politically
- Have demonstrated CPR and have work to do
- Not necessarily CPRT members

Legend
- ❶ CPA-Zicklin Trendsetter or Most Improved
- ❷ Civic Alliance
- ❸ BPC Business Alliance for Elections & Democracy
- ❹ CREW Report "Promises Kept"

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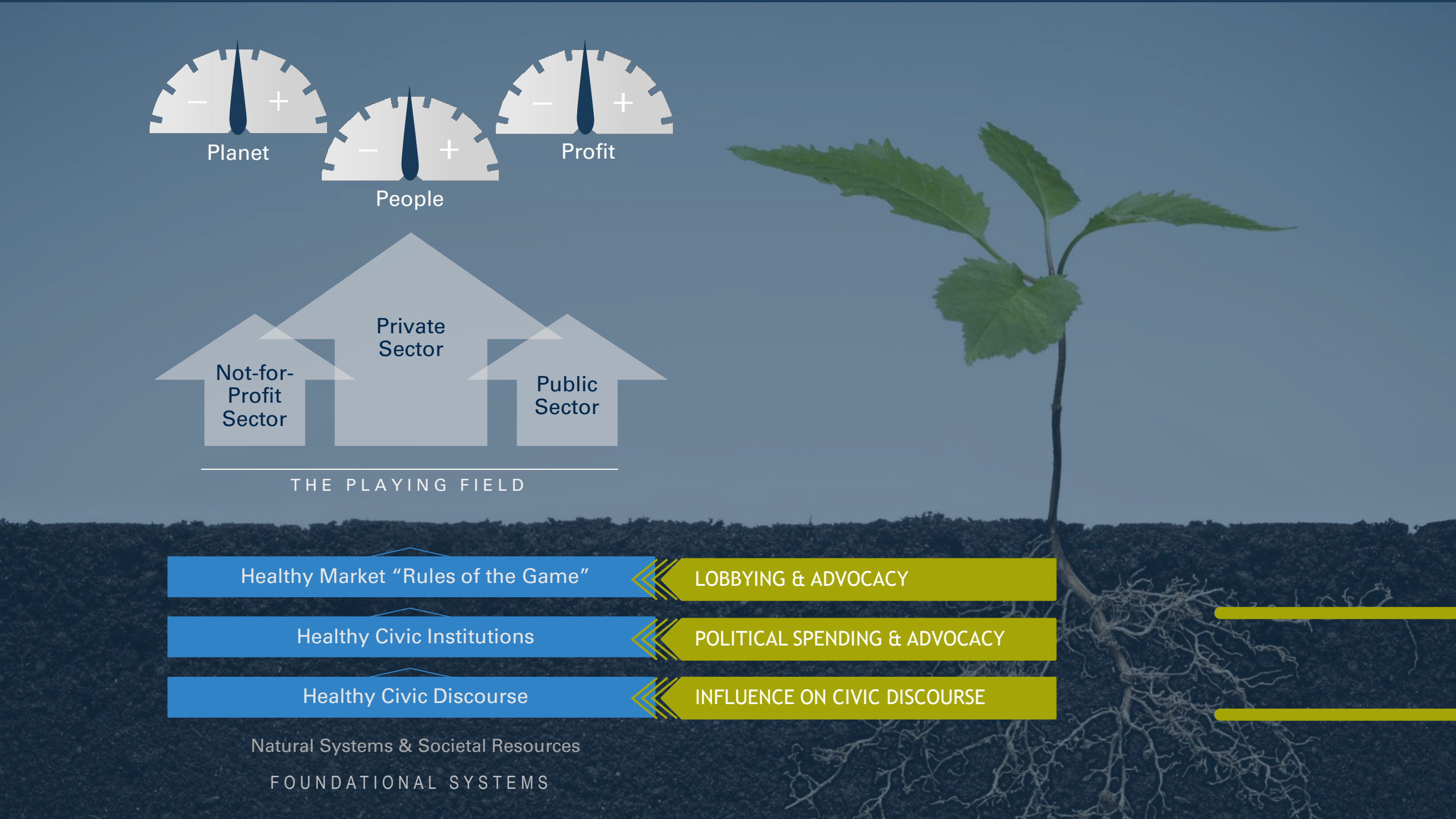
CPR is About Capitalism Done Right


Planet
People
Profit
Private Sector
Not-for-Profit Sector
Public Sector
THE PLAYING FIELD
Healthy Market "Rules of the Game"
Healthy Civic Institutions
Healthy Civic Discourse
LOBBYING & ADVOCACY
POLITICAL SPENDING & ADVOCACY
INFLUENCE ON CIVIC DISCOURSE
Natural Systems & Societal Resources
FOUNDATIONAL SYSTEMS

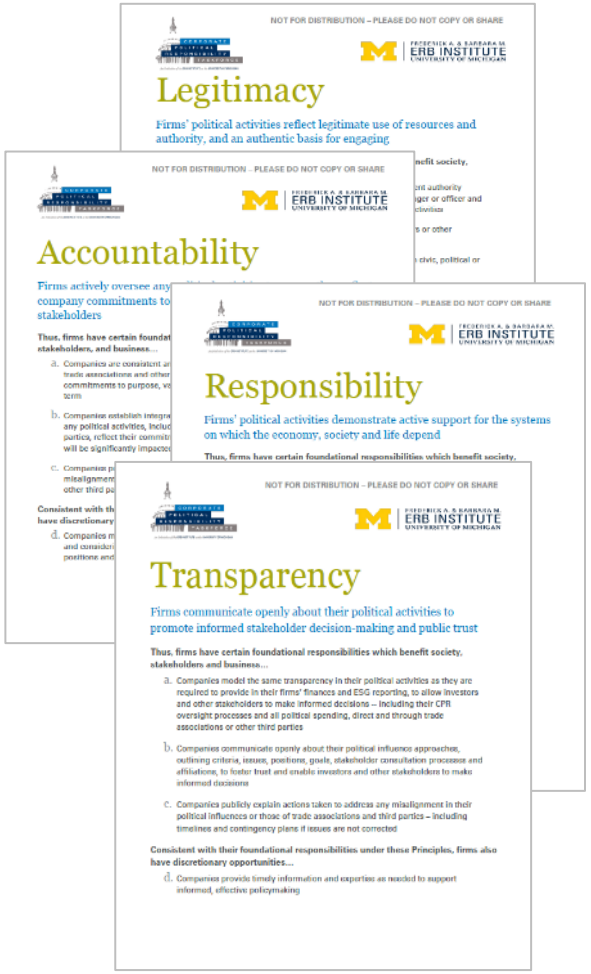
What is the Commitment?

Supporters commit to:

Sustain current CPR actions that align with the Principles

Take additional actions over time, starting with:

- **CPA/Zicklin Model Code of Conduct for Political Spending**, *or*
- **GRI Standard 415: Public Policy**, *or*
- **A policy prohibiting the use of corporate treasury funds for election-related spending**



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Support for CPR Taskforce Members

The CPRT helps individual leaders apply the Erb Principles for CPR, with or without public commitment

We do this by providing:

Forums

- CPR Action Projects & Problem-solving Process
- Peer-coaching & Best-practice Sharing
- Brainstorming Sessions with Diverse Experts

Foresight

- Support in Analyzing Constraints & Leverage Points
- Curated Resource Lists & Recorded Dialogues
- Opportunities to Survey Employees/Stakeholders

Frameworks

- The Erb Principles & CPR Framework
- Best Practices for Political Engagement Reporting
- CPR Tradeoff Decision Tool

Current CPR Action Projects

New Stakeholder Pressures
from employees, investors, lawmakers, others

- Communicating amidst Polarization
- Competing Values & Requests

(Inclusion, Human Rights, Long-term Value, Sustainability)

New Policy Discussions
for sustainability & long-term value

- Trade Association Alignment
- Responsible State-level Policy

(Sustainability, Opportunity, Long-term Value)

New Systemic Risks
economic & civic institutions, natural systems

- Civic Engagement Programs

(Trust in Civic Institutions, Sustainability, Long-term Value)

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IBM's Statement of Support

Christopher A. Padilla
Vice President, Government & Regulatory Affairs, 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.**

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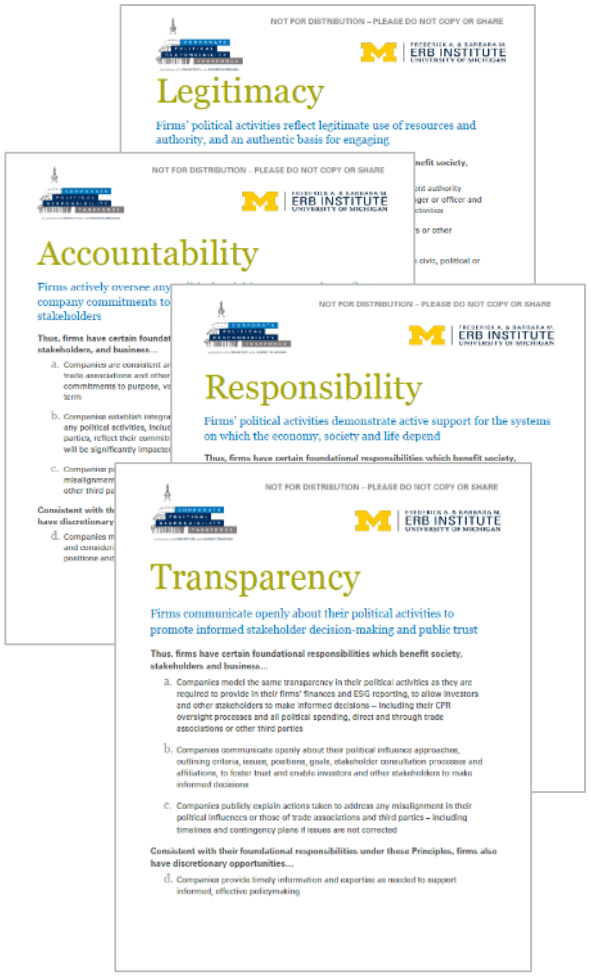

Learn More

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