

Corporate Political Responsibility Taskforce

Expert Dialogue with Bennett Freeman

Bennett Freeman - Module #2

Elizabeth Doty: [00:00:00] Well, hello and welcome to the Erb Institute's Corporate Political Responsibility Task Force Expert Dialogue Series. My name is Elizabeth Doty. I'm the Task Force Director and I'm delighted to be moderating today's dialogue with Bennett Freeman.

The Corporate Political Responsibility Task Force, or CPRT, is an initiative of the Erb Institute. A 25 year long partnership between the Ross School of Business and the School for Environment and Sustainability at the University of Michigan. Led by Managing Director Terry Nelodov and Faculty Director Tom Lyon, the Erb Institute is known for its leadership in three areas.

Teaching and Learning. Business engagement with groups like the CPRT, and scholarly and applied research. The CPRT's mission is to help companies better align their approach to political influence with their commitments to [00:01:00] purpose and values, sustainability and stakeholders. As we're seeing, corporate political responsibility is an increasingly pivotal element in managing stakeholder trust, addressing systemic issues, and rebuilding public trust in institutions.

I am truly excited to be working with Bennett Freeman today. As our honored guest, the topic is CPR and civil society, the role of the private sector in protecting civic space. And over the last two decades, I'm going to go ahead and say it, Bennett, of a four decade career, Bennett Freeman has worked at the intersection, listen to this, government.

International institutions, multinational corporations, responsible investors, and NGOs, and I mean working, I mean in senior levels of leadership and in collaboration on human rights and sustainable development around the world. As an example, he was a senior vice president for sustainability research and policy at Calvert Investments, leading the firm's environmental, social, and governance research for over 40 mutual [00:02:00] funds.

Developing themes for new funds and directing their shareholder advocacy and public policy initiatives. And, under President Clinton, he served in three positions at the U. S. State Department, including Deputy Assistant Secretary for Democracy, Human Rights, and Labor. And, he is currently serving on the Steering Committee for the Coalition to End Uyghur Forced Labor, serves as the Vice Chair of the Responsible Sourcing Network, and is on the World Economic Forum's Global Future Council on Human Rights.

Based on this experience, sometimes he's described as wearing a suit with combat boots, bringing this composite perspective in a way that allows him to influence across sectors and develop global standards that have improved corporate accountability in numerous industries, from extractives to information and communications technology.

And drawing on this, in 2018, he was the lead author of a framework called Shared Space Under Pressure, Business Support for Civic Freedoms and Human Rights Defenders. It was a seminal framework that provides analytical and operational guidance for companies in [00:03:00] supporting human rights and was endorsed by the American Bar Association in 2019.

Then, in 2020 and early 2021, he was instrumental in mobilizing the U. S. business community as a stabilizing force in the aftermath of the U. S. presidential election. And we'll get into some of that. And then just this month, Bennett was appointed as an associate fellow of Chatham House, which is an international independent policy institute whose mission is to help governments and civil society develop a sustainably secure, prosperous, and just world.

And though you will not see it on his formal bio, we discovered recently that we went to the same high school. So welcome Bennett.

As I said in the beginning, Bennett, we talked about how your work has been international for decades, and you're aware of the trends internationally. There's a really important ones. I've just been reading some of [00:04:00] the evidence of the recession and how many people now live in more autocratic or authoritarian environments.

But with your work, you actually got involved in the US presidential election last year mobilizing business in support of a peaceful transition of power as a stabilizing force. What do you see as a connection between your international challenges and mobilizing US business networks? I think NAM.

National Association of Manufacturers Business Roundtable, fill in the details for me. What do you see as the connection between the international and these domestic business groups?

Bennett Freeman: You know, thank you, Elizabeth, for that question. You know, I got to say it's a very personal connection for me. I had the privilege in my third and final job at the State Department in the administration to The U.

S. Human rights diplomat around, you know, our credibility as the leading voice for democracy and human rights globally depends fundamentally on [00:05:00] the integrity and continuity of our democratic institutions, not least our democratic elections here in the United States. It's really impossible for the United States to be a leader in the international community for democracy and human rights.

Rule of law. Without demonstrating that in what we do here at home. We've never been perfect. We may never be perfect. But you know, the United States is distinct. You know, we're an idea. We're not just a place. We stand for constitutional democracy, for values of diversity, inclusion, civil and human rights.

And those values were under attack in my view, the view of, you know, billions, tens of Of other Americans in recent years and continue to be even with the change of administration. So, you know, as you noted, I mean, I've been completely focused entirely focused on on international affairs. You know, this whole shared [00:06:00] space concept recent years globally.

But it just struck me in mid 2020 that the single most important and urgent challenge and responsibility for American business to protect the shared space With with all due respect to all the countries in the world. We all care about including ones that I work on Was not going to be in cambodia or uzbekistan or venezuela or work You name the country?

But here in the United States of America. And so that, that perception motivated me and a number of others, I should say to really try to mobilize the American business community. Leadership now took a, put out a statement on October 15th, 2020, led by Michael. Porter, the Harvard Business School Professor Reed Hoffman, the founder of LinkedIn.

But I took a look at that statement. It was impressed by it, but felt that it needed to be broadened to really challenge [00:07:00] the commanding heights, if you will, of the America of corporate America and Wall Street that we needed to get the business roundtable. the U. S. Chamber of Commerce, the National Association of Manufacturers to make clear statements.

So in the matter of a few hours I wrote an op ed, got it submitted and accepted immediately by Fortune magazine, baking the case for why CEOs of corporate America Wall Street needed to stand up for American democracy. But going back to your nice image of me that made you laugh, and it out makes me laugh, you know, being a suit, a guy in a suit with combat boots.

It's not good enough, you know, just to write a piece, even a fortune magazine that's read by, you know, cross corporate America and wall street. What I then did was I spent about 75 hours, five or six days and nights working with NGO friends to do a social media. Storm, I guess, attack, challenge to [00:08:00] some of those very same business associations, tweets to, you know, the business roundtable, what part of corporate purpose don't you get when it comes to saving American democracy.

And I think that some of those messages got through. And, you know, you never know what any one single contribution makes but so many of us were working on this concurrently at the same time, but I was just thrilled that on October 20. 2020 that the business round, excuse me, October 27, 2020, that the business round table chamber and the national association of manufacturers came out with a very tight joint statement calling for elections to go forward, peaceful transfer of power, responsible transition bank.

They said it. And then fast forward to November, Saturday afternoon, November 7th, CNN, the other networks called it for Biden Harris. The very same three business groups then came in within minutes, I think, [00:09:00] within an hour, minutes, an hour, congratulating Biden and Harris as the president elect, vice president elect.

Corporate America and Wall Street, I'm sorry to say, had to, but I'm happy to say, that their responsibility in a time of dire crisis to effectively ratify the results of the U. S. Election. And then fast forward to that infamous day, January six. As the insurrection was finally being put down in late afternoon, that dark afternoon in Washington, the National Association manufacturers, hardly a hotbed of liberal Democrats, put out a statement calling for the cabinet to be convened and to invoke the 25th Amendment to remove the sitting president of the United States.

Extraordinary, coming from corporate America. And then fast forward to early April, the so called CEO Zoom Summit and I was happy to work with him. With Danielle Eris Ballou, rather, of [00:10:00] the Leadership Now Project, Jeffrey Sonnenfeld of Yale Management School. It's been others to help organize that CEO Zoom summit to produce those big statements on behalf of voting rights.

We need to frankly hear a lot more. Corporate America on voting rights at the federal and state level. That's another matter. But the point is, is that when we needed corporate America at wall street and not just wall street, the corporate America main street, that's the chamber of commerce, they stood up and they spoke out.

There's a huge further agenda on corporate political accountability. My friend, Bruce Fried, who gave one. did one of these dialogues with you, Elizabeth, a few months ago, has been leader in corporate contributions, accountability and transparency around those. I know

there's been a lot of backsliding. Some would say hypocrisy on the part of companies who said that they would pull back contributions to members of Congress who supported the insurrectionists.

We have a lot to do. A lot of ground. make up and further ground to take forward. But I was heartened to see [00:11:00] this historic intervention by American business to support democracy in its time of crisis.

Elizabeth Doty: Thank you. Yeah, I was too. and it calls to mind that this was a thought process. Right that and it kind of echoes what you said on the international level or the global level that companies don't immediately recognize the links.

It's not, you know, it's not as vivid as some other factors say your supply chain or your employees. And so I'm wondering if you could share a little bit of what you if you glean anything about the thought process or the progression that led to these. Proactive, you know, taking a position having a point of view.

What do you know about the thought process and what do you think it is now, because I don't see quite as much action right now.

Bennett Freeman: Yeah, I'm glad you you've asked that I'll be. I'm going to try to strike a balance, frankly, between being pretty candid but still being a little on the [00:12:00] diplomatic tactful side because I sometimes worry that, you know, we were in a fragile place right now with.

The political situation in this country and I think corporate America needs to be Challenge to do more, but also encouraged. And if there's some criticism, that's fair game, but we need to be erring on the side of encouragement. But look, I think the thought process was was pretty clear. I think that corporate leaders you know, companies, Wall Street were alarmed, particular following the first debate, September 28.

2020 when the then occupant of the Oval Office refused to come in even to a peaceful transfer of power. I think that was, that moment in that first debate was the turning point. That was just alarming. I've heard first, second, third hand from CEOs of major [00:13:00] companies, senior executives of major companies.

So I think that was the breaking point. And I think that, frankly, combined with growing discomfort and even, I'll just say it, antipathy. That more and more CEOs were feeling towards that individual in particular, who just felt that this was not a suitable person to have been in the White House in the first place and certainly should not be to continue.

So I think there were some political judgments made. I also feel that a lot of the same CEOs came to the conclusion that, You know, they say this is not nice, but, you know, they got what they wanted in the first year or two in terms of tax cuts and corporate tax cuts and deregulation. But at that point, they were just so alarmed by the, the, the specter of instability of erosion of rule of law, constitutional democracy.

That they wanted to return to sanity, but I was reporting by the Financial Times in particular, basically saying that corporate America given [00:14:00] up on Trump was done with Trump. And I think that there was nobody said it exactly this way, but the consensus, it's time to dump Trump. But I think that it was born, you know, mostly out of positive.

Motivations of, you know, this is not good for the United States of America For the world and it's not therefore good for our business I actually think that some business leaders thought

that way fast forward to the present We did not hear from corporate leaders at least not CEOs, major companies on the voting rights legislation.

The two great bills that were that passed the House failed in the Senate. We did not hear from them. And I think the reason has been partly that there's been some confusion about the plethora of, of, of, of legislation, particularly at the state level, and what should companies be for, do they really have the time and resources to study all the provisions, but frankly, I think that [00:15:00] was secondary.

I think what was primary was a disinclination to cross swords with, with Senate Majority Leader McConnell. The senate republicans on the filibuster reform, which was necessary To enact those two landmark pieces of voting rights legislation in the senate So corporate america in my view not everybody agrees, but in my view for what it's worth flinched From taking on mcconnell.

They just weren't willing to cross that line so This is a battle that's going to resume. It's it's on still at the state level. It's going to come back to the federal level you know, the late great john lewis didn't get his head bashed in on the edward edward edmund pettus bridge in selma alabama without coming back stronger than ever and civil rights voting rights are going to be on this country's agenda As long as necessary and corporate america is going to be challenged as long as necessary to take a stand

Elizabeth Doty: Very interesting.

Thank you. And it strikes me kind of back to your earlier comment about [00:16:00] not every issue, but those related to shared civic space is a way to draw a distinction. But and that is one of the objections I have heard right that we can't get involved in everything. Could you and there's this concern that.

I think the attribution is that it's disingenuous, but this idea that Paul Pullman responded to that this is woke capitalism. It's pandering. Could you describe some of the objections you've heard and how you respond to them and let's treat them as genuine objections for purposes of argument. What are the objections you've heard to engaging on things that relate to shared civic space.

Bennett Freeman: Great question. And again, I recommend the people Paul Pullman's piece of the Financial Times on Monday. Nobody is more thoughtful about these issues, including in an American context than a Dutch former CEO, if you don't believe her. But look, he's, you know, the biggest objection, the objection that is not voiced very often, but it's A very honest [00:17:00] one is serious.

One is what I was just alluding to a moment ago about, you know, corporate America being mostly M. I. A. Missing in action just now on the voting rights legislation in Washington. There is a reluctance to appear. political or at least partisan political. And that's an understandable reaction. Companies should not, in my view, be partisan political entities.

It's not what the American public wants or expects nor is it what company shareholders should expect. So that's understandable. But I draw a distinction between partisan political stance on one hand and principled policy stance. Principled policy stance on the other. that go to the fundamentals of business environment, the investment environment, the stability of the home country's own government.

And in this case, God help corporate America, God help [00:18:00] Wall Street, God help Main Street, without Legitimate, credible, durable, constitutional democracy in this country.

C

P

R

T

So, you know, I, when I hear, you know, the company's CEOs say we can't take a stand on everything, I agree with them emphatically, they cannot and should not take a stand on everything.

But they need to have, in my view a set of converging interest in values of what really matters. What really matters if you're an American company is the legitimacy and stability of constitutional democracy in this country. And voting rights and, and, and, and fair, free and fair and open accessible elections and ballots are cornerstones of that.

That's a place companies should be able to plant their flags. The whole diversity and inclusion agenda. I think is another. And again, you know, some companies may flinch from, you know, [00:19:00] being the focus of too overly prescriptive legislation or even the informal expectations. But, you know, we're still too far behind where we need to be on those issues.

But, you know, that's really the criticism, the concerns that I hear, you know, the, the, the, let's not be partisan. And there, I think companies are right. But then the criticism, well, we can't be doing everything. And again, I agree with companies there, but my pushback to them is be clear on where your values and interests converge.

Take into account the values and interests of your. market, your customers, your shareholders, and not least your employees. And we've seen an extraordinary surge of employee activism in the last half dozen years, particularly, but not exclusively in the tech sector. You know, millennial generation, you know, Gen X, millennials, and whatever the new generation is called, younger than the millennials.

I need to get on top [00:20:00] of this. If I'm still going to wear my combat boots under my suit, but you know, it's that's really where the action is, is with employee expectations. And in the wake of the disruptions, the last couple of years, we're seeing more worker activism, organizing unions, which I think is long overdue.

And I wish them well, but what we also were seeing in a much. broader based way is employee activism and companies have to be response to their employees if they're going to attract and retain, you know, really capable, committed workers. So look, you know, there's a lot of excuses put up by companies for Not weighing in on various issues, and I think in some cases they're valid explanations but we need to have a durable basis.

Companies, I think, are well advised at the board and CEO, C, C level to Have a basic understanding of what their core interest values are that they're prepared to defend in the policy arena. And I'll say it in the [00:21:00] political arena, provided that it's not in a partisan context. But where that really gets tested is where the policy arena and the partisan context collide, as they sure as hell did on Hill, where it was clear that the progress of the passage of those Landmark voting rights acts depended on taking on McConnell and the Senate Republicans on filibuster reform.

And that's where companies flinched and held back. I frankly think they made a mistake and they should have crossed that line to stand up for American democracy. That would be a prime example, I think, of acting on principle, even if not wanting to act as a partisan, but being willing when absolutely necessary to take a fundamental stand.

Elizabeth Doty: Let's pause for questions here. Tom, come on in.

Tom: Yeah, so Bennett, this is great. And we're starting to get on to really, really tough issues. So I think you're exactly right that employees are typically the key stakeholder group

that's calling for [00:22:00] companies to be more engaged and active. And what we're hearing from a number of companies, especially those who are not based in California that don't have to Attract really highly educated employees who tend to, you know, see things through the lens of education you know, is that their employee bases may be very divided.

And so it's, I think it's really hard for companies that find their employees are as polarized as the rest of America is. And I think at the same time, as you're pointing out, politics and. Policy increasingly are aligned. And, you know, I, Elizabeth and I go back and forth about whether to call a spade a spade, but You know, the Atlantic published a piece you may have seen in December talking about one of our two parties in the United States is actively working to undermine the basic pillars of democracy.

And when that activity becomes aligned in a partisan way [00:23:00] and your employees may be split 5050. What, what does the company do even if you feel as a matter of conscience and long term vision, you need to support. Democratic institutions. Do you speak out against state legislators that are removing a Brad Raffensperger from power because he spoke truth to the president and said, you don't have the 11, 000 votes and I'm not going to go find them.

What do companies do in that case?

Bennett Freeman: It's a, thanks for that question, Tom. I mean, it's, it's hard. And, you know, I think in those, those cases, when push comes to shove companies Really do have to take a stand and, you know, just take Brad Raffensperger, who's a conservative Republican, but believes first and foremost in constitutional democracy and rule of law.

I think that the big Georgia based companies, Coca Cola, Delta, Home Depot, should be supporting him. And, you know and, and I gotta say, just stepping back, [00:24:00] you know, obviously I'm a Democrat, I've been, you know, worked in democratic presidential campaigns, appointed by a democratic president and so forth.

But, you know, I believe, as I hope most of us do, that the continuity of American democracy depends on having strong, absolutely strong center left and center right parties to keep us together. I hope that, you know, business leaders, you know, who support both Democrats and Republicans, you know, who support our constitutional democracy, who support voting rights, who support the facts, the truth of election outcomes, who support election officials from either party whether Democrats, Secretary of State in Arizona or Republican Secretary of State in Georgia, who stand up for facts and, and election outcomes.

So I, I, I hope that the, the corporate [00:25:00] America sees a responsibility here. And I also think that globally, you know, corporate America has got to support. You know, American leadership in the world that American leadership in the world that's guided by values not just by economic interests that's guided by by democracy and human rights And you know at the risk of sounding Fancy here and as the foreign policy guy, I I still am in some ways You know, I can't think of a set of entities that have benefited more from what some call, some deride as, but I embrace is the liberal international order of the last three quarters of the century than American multinational corporations, you know, benefited from you know, our alliances around the world that have brought brought peace stability to a large extent now being tested, of course, with Russia and Ukraine, you know, for all of our inconsistencies and hypocrisies, I'm sorry to say over the world.

Nonetheless, the United States of [00:26:00] America has been a, in my opinion, a the single most positive contributor to, you know, the international community and international

institutions and rule of law and You know, we have our deficiencies, we have our hypocrisies, I'll say it, but you know, corporate America needs to support you know, the regeneration of American democracy at home, but also the regeneration of American leadership abroad.

And stand with American values and understand that they should see a convergence, except a convergence between values and interests and American companies are global. They can't just be American flag carriers, but they've got to carry American values with them. I'm an unapologetic believer in that at the risk of being provocative to some.

Elizabeth Doty: So in just a moment, I'll go to Jim. I just want to clarify one thing about the nonpartisan that I think is really important and what you said and is. I think the most important thing is for us to think through for [00:27:00] executives to think through on what basis are we taking this stand that we take, regardless of whether it fell against us or for us.

That's the basis. You know, the veil of ignorance you make the decision based on principles, not knowing which party or faction it benefits. And I think that if nothing else that needs to basis for articulating it but also for thinking it through as you as you just described as principled positions. I think that's the key, right, because otherwise it just looks like attack, and it generates counter attack.

Jim, can we go to you for another question on this round of the conversation.

Jim: I posted my question in the chat there the Morningstar firm Sustainalytics, they used to be independent but they were used by Morningstar they recently acquired them have an ESG rating that has. been proven to be just enormously influential in terms of stock prices.

And they [00:28:00] they've been criticized that some of their rankings have a little bit more sustainability governance components than they do in environmental, but they're, they have made great. Improvements on there. I've been watching them. I'm independent completely of them. The CEO there is Michael Jancy in Toronto, and I wish that you and interested parties will reach out to him.

I've got his LinkedIn and chat and get some of these basic, not just the, the kinds of political responsibility topics they've been talking about, but things like human rights That that may be the supply chain factors that they haven't been concentrating on. They have a great opportunity for improvement and they have a huge amount of power.

And so my question is, can you just please look into reaching out to Mr. Jancy and see what we

Bennett Freeman: can do. I know Michael Jancy, the founder and CEO of Sustainalytics and I know some of the work that some of the staff and a couple of his board members so you know they do a great job and they've been maybe the most, not the largest [00:29:00] but the most dynamic Of the so called ESG data providers and when I ran the SRI research and policy platform at Calvert we were a client of Sustainalytics and the team of analysts working with me used their their data, very happily but I agree that you know, there's a challenge for them and others to really refine the data sets and make them more consistent, I think, in different areas around the S and ESG.

Sustainalytics has traditionally, as I recall, been very strong, as you say, on the G, on the governance factors. But just one point I do want to make here that's broader than Sustainalytics or the ESG data providers, and that is we need more Coherent and consistent governance of environmental and social factors at the board level, and particularly when the

C

P

R

T

S issues the [00:30:00] social issues, and I've been struck in my work on business human rights for over two decades now that the labor and human rights issues are handled.

pretty consistently and for the most part responsibly and competently at the corporate staff level and the field level of company operations and increasingly well pretty well handled or at least addressed at the senior executive even the c suite level but there's a real gap when it comes to corporate boards and human rights and labor rights issues we now see Climate change experts, sustainability experts on major corporate boards, but I can't think of more than half a dozen people on major corporate boards, footsie 20 fortune 50 or 100 boards on either side of the Atlantic.

Who are human rights experts and I think that's a pity it's a shame and we need to do much better And i'm involved right now at the world economic forum [00:31:00] Council on on human rights, which is trying to address exactly this problem We're writing a report making the case for greater corporate board Governance of human rights issues and we're zeroing in on living wage and human rights defenders as particular issues that ought to focus the attention more of c suite executives but also corporate board members so it's a really important point what it did to use the acronyms we need to see greater g of ens more governance of environmental and social issues

Jim: it's great to know you're already In a dialogue with them.

Thank you so much.

Elizabeth Doty: This call has been an example of the kind of dialogue that we really value on these expert dialogues. Several ways you can follow up is to contact us via email addresses at the bottom of the screen here. To discuss potential membership, go to the website at the URL there to. about upcoming expert dialogues.

We have two folks who are experts in corporate political rights and the [00:32:00] legal history behind those and Kristen Hansen on civic health and toxic polarization. Both should be fascinating as well as a growing resource list created by our students and ways to sign up for news and updates. And then you can check out Bennett's work and posts around the Beijing Olympics occasionally there on LinkedIn.

Thank you all so much. I truly enjoy these conversations and I I hope they've sparked some interests and ideas for you and you'll let us know where you take them. Well, thank you.

Bennett Freeman: Thank you to Elizabeth and to Tom and Terry and Abby and, and Michigan, Irv. I really appreciate it. And thanks to all of your great questions, comments.

Thanks so much. This was, thank you. Great. Thank you all. Cheers. Go Big Blue.