

Corporate Political Responsibility Taskforce

Expert Dialogue with Bennett Freeman

Bennett Freeman - Module #3

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.

This is where we try to have the third round of our conversations. Focus a bit more on the mechanics and the tactics thinking ahead to this year. And some of what you've recommended about board involvement, about companies being more proactive and recognizing the risks of inaction[00:04:00] being weighing these threats to peaceful transition of power, all the shared space dimensions.

I'm thinking about a particular business and what you would engage them to do or invite them to do is say you were Doug McMillan at Walmart. Came down on a number of things. The business roundtable statement around voting rights, but declined to sign some more active statements on this and said, you know, I'm we're loathe to get involved in anything that's partisan.

How would you have them think about now midterms are underway? Right? ESG is scaling with more attention to the S. How would you have someone in that role or the staff supporting them think about this discretionary opportunity to support shared space?

Bennett Freeman: Doug McMillan has a valid point that he as CEO of Walmart can't get involved in every issue and there's no more Main Street America company out there than Walmart.

I mean, they're across rural and small town America. Felt they've devoured [00:05:00] small town america or something too bad. But you know There's no company that that or completely straddles Blue and red america and i'm sorry to put it in those terms. He's right to want to be careful, but I do i'll come back to the point I made before I think that walmart can and should take principled stance on, on certain issues.

And I know that they have both in the U. S. And abroad. They had some pretty forthright statements during the Black Lives Matters protests summer of late spring, early summer of 2020. They've taken some actions there that I recall. There's some leadership from that company, much greater than some of us, my critics of theirs, myself included.

You know, a decade or more ago, but look again, I'll go back to the talk about the midterms. You know, if I'm Doug McMillan and his board and C suite and I'm running a, you know, doing political contributions, I want to be contributing to both [00:06:00] sides of the aisle. But transparently, and I want to be making a point of not contributing to supporters of the insurrection.

I want to make a point of contributing to Democrats and Republicans alike who believe in constitutional democracy. And frankly, I'll just say it again, I want to make a point of contributing to Republicans who believe in constitutional democracy and supporting some of the Republicans who come under attack from their own.

supposedly their own side for recognizing that Joe Biden is the United States. You know, it's not my place to suggest that Walmart contribute to Liz Cheney, but that's an example. I

mean, she's somebody with whom I probably disagree on 11 out of 10 domestic policy positions. And I know that's mathematically impossible.

That's why I said it for emphasis. But she stood up where it mattered most, you know, on constitutional democracy and the legitimacy of our election. And I think that the Walmarts of the world need to be supporting [00:07:00] Republicans who stand in their ground on those most fundamental how how ground of all, along with Democrats, where I'd like to take the conversation, you know, to the board level, if you're interested, is You know, this happens to be an issue I'm living in at the moment is the Beijing Olympics.

What are you talking about the board level? If you're a corporate sponsor, an American or for that matter, a non American corporate sponsor of the Beijing Olympics. What's that conversation look like? Is it even happening? I'm happy to talk about that. If that's of interest,

Elizabeth Doty: Elizabeth, I think it I think it is because it gets to the of course, but it gets to this.

The common denominator is that shared civic space, right? That's what triggers needing to take a deeper look. So what kind of thought process would you love to see about the Beijing Olympics? What questions would companies ask and how, what went away?

Bennett Freeman: The cohort of companies who are directly involved in the Beijing Olympics are [00:08:00] those that are the formal official corporate sponsors of the International Olympic Committee, plus those that are formal official sponsors of the Beijing organizing committee, plus those that are suppliers of Goods and merchandise that are Olympic branded that are sold or worn in connection with the games and all each of those sets of companies, in my view, you know, has certain degrees of responsibility here.

These Beijing Olympics are taking place. Against the backdrop of what I think most people would agree are crimes against humanity, against the Uyghur Muslim minority in Western China, the United States government calls it genocide. And it certainly has elements of genocide, of mass incarceration Massive forced labor for sterilization of women, which is terrific stuff.

And so I could tell you that the these Beijing Olympics are Emerging is the biggest [00:09:00] story in the world the next couple of weeks only Exceeded by the Russia Ukraine crisis, of course kovat And that's only going to intensify in the coming days and these olympics are going to have a shadow over over hanging them of human rights, labor rights issues to a much greater extent.

Beijing 2008 and arguably to a greater extent in the Olympics since Berlin 1936, which is pretty horrifying comparison. But I think A valid one. So here we go. You know, at this point, just take the corporate sponsors, it's, it's too late for them to pull out. I mean, some of us were hoping that they would pull out you know, in, in the face of the, the human rights abuses perpetrated by the government of China in the face of the apparent lack of accountability on the part of the International Olympic Committee. Some of us were hoping that the corporate sponsors would pull out calls from [00:10:00] members of Congress last summer and subsequently, God knows how many op ed columns have been written about this calling on the corporate sponsors to, to exit.

But at this point, they're, they're hanging in there. Understandably, they have a return on investment. They want to make a billion dollars or so they put into these brand sponsorships with the IOC. Plus they don't want to cross swords unless they absolutely have to. And even

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then they may not with the government of China, but I'll tell you where push is going to come to shove.

We have a little insight into this because I spent part of this morning editing a statement that's likely to go out tomorrow, working with various human rights groups challenging the International Olympic Committee and the corporate sponsors to support athletes freedom of expression. It is very likely that we will see and hear protests by athletes.

of various nationalities about the treatment of the Uyghurs. The treatment of the Chinese tennis star, Pei Xue. [00:11:00] About Hong Kong. About Tibet. It's highly likely. And amazingly, the official of the Beijing Organizing Committee just last week, threatened certain punishment. That was his phrase. Certain punishment against athletes who would speak out politically contrary to quote unquote the Olympic spirit.

So the statement that's gonna go out, I think, in the next 24 hours challenges corporate sponsors and the IOC, but especially the IOC, but also the corporate sponsors to support athletes freedom of expression and challenges them to protect athletes who may face the threat of quote unquote punishment.

And the statement will also challenge NBC to cover any protests. So to cut to the chase, why does this matter for corporate boards? I don't want to be an Olympic sponsor and to be perceived to be fairly or unfairly complicit [00:12:00] with human rights abuses. Not only they're the backdrop of the Beijing Olympics that could be committed during the Beijing Olympics.

And if I'm a board member or senior executive of one of those major corporate sponsors, I want to be having a conversation now, if I haven't already had it. About what I'm going to do is a corporate sponsor. If athletes are hauled away in front of the cameras or otherwise for saying something about the oppression of leaguers, if they're detained, if they're harassed, if they're deported, you know, companies need to speak out.

When when, if that kind of thing happens, and I'm sorry to say it's likely to happen, and we will have to stay tuned to see what the IOC and the corporate sponsors say. But that's an example of the kind of tough conversation that needs to take place at these corporate bed boardrooms and C suites. And I can't think of a more urgent or important one for the corporate sponsors of the IOC, the International Olympic [00:13:00] Committee, and the Beijing Organizing Committee to have that conversation.

Tomorrow, if they haven't already had it by today.

Elizabeth Doty: And it strikes me that it is just preparation because what you're saying is to know where you stand, why be consistent, what are the principles, not be expedient, and to know where your stakeholders stand, and then think through and advance what your options and best options are.

Let me turn it to the group. What do you all think about We've been talking about many other issues, worrying about voting rights, worrying about climate policy. We haven't addressed many of the international crises that Bennett, you've been involved in. Terry, come on in.

Terry: Well, I was just following up on Bennett's last comment.

If you could walk into that theoretical boardroom, a more diverse An informed order than the average day, but you can make that argument. We've been talking a lot in CPRT with our business partners about the [00:14:00] business case versus the values case. Yeah, and there

seems to be an emerging values case that goes beyond the dollars and cents of the business case.

But could you make that values case to that board? Or would you have to translate all of your concerns into risk and opportunity through a business lens to them still?

Bennett Freeman: Great question, Terry. The answer is you make the case both in values terms and business terms. You know, I gotta tell you, there's a wonderful man who passed away 10 years ago who was really the father of the contemporary business and human rights movement.

Some of you I had the privilege of knowing and being directly inspired and educated by him, Sir Geoffrey Chandler. He died in 2011 in his late 80s. And he had been a senior executive at Shell and a very senior British civil servant. And he founded or co founded the Amnesty International. Business and human rights group in the mid nineties, in the wake of the execution of [00:15:00] Ken Sarava and the Ag nine by the Abacha regime in Nigeria in November of 1995.

Nobody was more articulate or eloquent than Sir Jeffrey Chandler in making the. Business case for human rights, but the what he said that I use every PowerPoint I give on business human rights is wonderful quote from him to hell with the business case. It's about doing the right thing. And that's where I come down when push comes to shove.

Yes, we have normative standards. We built the whole shared space under pressure framework. based on the normative standard of the UN Guiding Principles on Business and Human Rights. Yes, the business case is critically important in various circumstances, but by God, you know, the hell with the business case when it comes down to doing the right thing.

And sometimes companies, CEOs, boards, Just have to make a moral judgment, [00:16:00] and they've got to do it on a principled basis, and you know, last time I checked, they're not paid to be priests or ministers or rabbis or imams, but by God, they've got to make some moral judgments. If I'm in the boardroom of one of those corporate sponsors of the Olympics I, I want to be prepared.

I want to give my executives a mandate. To put out a statement in almost real time, in minutes, not hours, minutes, if one of those athletes gets harassed, assaulted, or whatever, for making a statement about Hong Kong, Tibet, Uyghurs, Peng Shui, and Me Too. They need to have that conversation, and they need to have that conversation.

Damn quick if they haven't already had it because it's likelier than not That on day two or day four or day eight or day ten, whatever the olympics There will be an incident or situation With that will put their brand [00:17:00] indirectly implicitly, but unmistakably on the map for the whole world to watch to see how they will react, whether they will support athletes freedom of expression and human rights.

So that's the kind of conversation that's hard and only somebody inexperienced or uninformed would suggest it's not hard. But you need to have that conversation and you need to think about What's my company stand for? What are my brand values? What's my corporate reputation? Those are values issues, but they're also interests, and that's the 21st century world we live in, where companies have to understand that interests and values converge, and they've got to stand their ground on common ground that links interest values.

That's a big, broad statement. But I hope that this very specific example I've offered with the Beijing Olympics brings it to life. That's the kind of test there where companies have to take a stand. I

Terry: would hope that the IOC is the first [00:18:00] company that has had that tough internal conversation, but I doubt it.

Bennett Freeman: Yeah, I just spent eight months trying to engage the IOC on behalf of the coalition and Uyghur forced labor and they refused to engage in a constructive, mutually respectful dialogue with us. So after eight months, we put together a statement, went to the New York Times, and it made the front page on, on January 5th, Olympic officials deflect calls to press China on forced labor, shutting down meeting with rights activists.

So, you know I'm a diplomat. I'm not somebody who, you know, puts the combat boots forward. First, you know when these institutions power corporations with immense power governments act unaccountably act disrespectfully act with impunity, we got to take them on. But I believe in diplomacy and dialogue first.

But when that [00:19:00] fails, we got to take them on. And I'm, you know, privileged to work with activists in the United States and around the world who do just that, and we don't flinch. They don't flinch.

Elizabeth Doty: It's a really good reminder, Bennett, that behind activists that companies are reacting to and surprised by may be people waiting for that dialogue and to hear that, to hear that and go back to that.

Deirdre: My question was on you were talking about Corporate investment in the right politicians and tax. And my question is, I corporations right now in their PAC investments are, you know, struggling because if they agree in the opposite of 95 percent with a candidate, but don't agree on that 5%. And that 5%.

issue tends to be something employees or other stakeholders are very vocal about or care about. How do you guide corporations that are, that find themselves in that predicament?

Bennett Freeman: Great [00:20:00] question. I, I don't know. I mean, you know, I think that employees considerations have to be, if not paramount, then second to none in these decisions, you know, companies.

May have made these decisions for decades of corporate contributions in terms of, you know, which members, you know, House, Senate, you know, I'm just talking at the federal level now sit on various committees that, that affect them from a regulatory or tax basis trade and otherwise, but employee considerations have to be really taken foremost, but not necessarily just positive in every case.

And, you know, I could. It would be interesting to see a company with, say, in the tech world that has a let's just say at a pretty liberal young workforce that, let's say, for argument's sake, is not particularly enamored of Republicans, you know, of whether that company would still contribute to Liz Cheney's campaign now in Wyoming, be interesting to see [00:21:00] the reaction.

You know, I'm not going to decide, try to decide that one for him. 30 plus years ago in the late 80s, early 90s, when I was toward the end of my eight years, GE, General Electric in the corporate headquarters in the Washington office, I was actually on the committee as a, still kind of a kid. It made the decisions on the GE PAC contributions in Washington.

And I don't really recall after all these years, the specific conversations, but at least we didn't have to worry about who was supporting or attacking constitutional democracy in the United States. All I recall is that we gave, we, GE at the time, gave more or less equally 50 50 to Democrats and Republicans, ran a totally bipartisan lobbying shop in Washington.

But, you know, we've moved on now and, you know, Bruce Freed has been at the forefront, you know, and others have weighed in here that there's got to be accountability and transparency in general, but in particular in the wake of the [00:22:00] insurrection last January 6th. So I, I do hope that that's. critical criterion for companies in making these decisions?

It's a great question. I just don't have a perfect answer. It's one that you have to sort of approach, you know, with different interests and values at the table and try to balance different factors. But God help a company, God help a company that makes contributions that go against the grain of its employee base.

Elizabeth Doty: And Deirdre, I just want to to add on to the importance of your question. Thank you for bringing this in. One of the things Bruce has been really articulate about in the report Corporate Enablers that Tom wrote the forward for and Conflicted Consequences is that companies often speak about their difficult choices at the federal level and won't focus enough on how are at state legislative levels and state AGs that I think it's something like 60 percent of the funds going through [00:23:00] 527 groups, which is an enormous part of the political spending comes from companies and their trade associations.

So there's a huge. role at the state level. And I'm kind of surprised that doesn't get in the news more. And it's also a leverage point. There's just one more

Bennett Freeman: question. I'm wanting to hear your thoughts or experience from your conversations with the companies on how to drive home the cost of an action to a company.

So I'll just give you, you know, a classic the classic example, maybe in the whole field of business and human rights, if not corporate responsibility in general, goes back to Shell, Ken Saro Weaver, Agoni 9. Nigeria, November 1995. So these Niger Delta activists from the Ogoni tribe were taking on both the military dictatorship at the time and Shell for human rights abuses, for environmental pollution for, really strangling their livelihoods for not respecting the cultural traditions of the [00:24:00] Ogoni.

It was, it was complicated, but they ended up being put on trial and trial for their lives and then were summarily executed. And there was a firestorm of criticism around the world, not just in Nigeria. In that early November 1995 and Shell was accused of indirect complicity in the murders by not using its huge power and voice people felt it had as the dominant oil producer in the Niger Delta.

to basically tell the Nigerian government you just can't do this. And Shell actually did make some private statements, but they were too little and too late. They did not have a full conversation about the global implications of their decision. I know this because I discussed it with Sir Mark Mooney Stewart, who was a senior Shell executive at the time, and subsequently not long later afterwards.

The CEO of Shell. And, you know, he told me in the interview we did for the Shared Space [00:25:00] Under Pressure report that they really didn't look at all aspects of the national and global and think through all the implications for the future as well as the present. So, you know, as a result, Shell sustained intangible but lasting, I think, reputational damage, but

much more tangibly were Forced to withdraw operations from the Ogoni land region, which they had started to withdraw even before the executions, I think as early as 1993.

But the wrath that came down upon them from across the communities of the Niger Delta, not just from Ogoni. Made certain parts, particularly at Goney Land of the Niger Delta, so called no go zones for them, and that put a direct crimp in their production and output, and therefore revenues and income.

Ever since, I mean, we're talking up close to three decades now, two and a half decades. 20 over a quarter century. So that's the textbook example of weighing the risks of [00:26:00] action versus inaction. Plus, the Apache regime was ousted and replaced by a democracy several years later. So my point is, is that companies, you know, we make this shared space under pressure report.

Companies need to look at. Both sides of the ledger. The risks of acting and of inaction. Companies are not well advised to say, Oh, so what? Let's not worry too much about how the government might react negatively if we criticize them. Of course they have to worry about that, but they've got to work. worry at least as much about how local communities, stakeholders, and not just local stakeholders, global stakeholders will view their actions, not just for the immediate short term, but the medium and long term.

That's what companies really need to focus on are is that that longer term perspective or values and interests.

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 [00:27:00] 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 see about upcoming expert dialogues.

We have two folks who are experts. In corporate political rights and the legal history behind those and Kristen Hanson 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 on you'll let us know where you take them.

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

Thanks so much. This is Great. Thank you all. Cheers. Go Big Blue.[00:28:00]