

Corporate Political Responsibility Taskforce

Expert Dialogue with Kron

Kron - Module #3

Elizabeth Doty: [00:00:00] Hello and welcome. This is the Erb Institute's Corporate Political Responsibility Task Force Expert Dialogue. My name is Elizabeth Doty and I'm the task force director and I'm delighted to be moderating today's conversation with Jonas Kron, who is the Chief Advocacy Officer for Trillium Asset Management.

The Corporate Political Responsibility Task Force or CPRT is an initiative of the Urban 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 URB 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 [00:01:00] CPRT's mission is to help companies better align their approach to political influence with their commitments to 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.

Today, I am delighted, as I said, to be talking with Jonas Kron. Jonas is the Chief Advocacy Officer of Trillium Asset Management. He leads their advocacy program, which involves engagement, talking with corporate leadership, filing shareholder resolutions building investor education and awareness, and even public policy advocacy.

So it's a pretty thorough when they say engage approach and we'll be talking about that. He's a recognized legal expert in the field, and is on the board of the Forum for Sustainable and Responsible Investment, the USSIF. And before that [00:02:00] he was an environmental attorney and public defender. So really a precise thinker and I've always learned a lot in our conversations.

Today we'll be approaching the conversation in three rounds. Talking about impact investors in the current environment, all the debate about ESG and impact investing then go to, is it really possible for an investment management firm to represent shareholder voice? And what are the challenges in practice there and legitimate voice?

And then finally, what are the implications for action? I can't actually think of a topic that would be more timely given the debates about investor voice, ESG, corporate political influence in the environment today. So thank you so much.

Jonas Kron: Yeah, no, thank you so much for for having me. It's really it's actually a pleasure and honor to be here and wonderful to have everybody else that has joined and look forward to a great conversation.

Elizabeth Doty: I'd like to look at kind of a larger picture. I mean, you talked about impacts at the beginning. You talked about [00:03:00] democracy as one of your you know, one of the

areas of concern and priority in the framework. And we know that trust in civic institutions is has been declining since the 70s. Thank you, Watergate.

Right. So do you see a role for companies to either do things or stop doing things that would impact trust in those institutions? And this is a little different than the narrative that they should step in because those aren't trusted, but rather. How do they impact the, the, the future of that trust or distrust?

Jonas Kron: Yeah, so for this section, I actually want to talk about something a little bit different than what we've been talking about before. I guess the place I want to start with is this, is that election day in the United States is a Tuesday and it's not a holiday. And a lot of people have to make a choice between voting and going to work.

Especially in places where you could end up spending, you know, four, six, eight, [00:04:00] 11 hours standing in line where they are not resourced to be able to facilitate, you know, people's ability to exercise the franchise, you know, obviously hundreds of thousands, millions of. Working Americans you know, without it being a federal holiday, need to look to their employers to make a decision about whether they will provide them with paid time off to vote.

So for the last couple of years, we've gone to a growing group of companies to basically ask this question. Are you providing paid time off? To vote to your employees, you know, some companies take a very compliance based approach to that. They're just like, well, I'll just do whatever the state law requires me to do.

You know, some, you know, companies are like, well, you know, we are, we're open, you know, and you can go talk to your manager and, you know, it's all sort of, you know, like dependent on the whims of a manager.

They can, you know, as part of the human resources systems, whenever somebody comes and moves. Make sure that they move their voting [00:05:00] precinct information with them so that, you know, if they move across town, they don't go to cast their ballot and find that they're actually not registered in that precinct.

You know, you can also do things like bring polling places to work and make it really easy so nobody actually has to. to take any time off, but they can just on their way in the door, take 15 minutes and they can vote. they can also do things like encourage, you know, mail in voting, but that sort of has its own set of controversies, but I think there's a lot that companies can really do to support our democracy that are fully within their own control.

And so we continue to try to support, you know, and encourage companies to do that. And I just would like to take the opportunity for anybody who's going to be listening to this podcast ask their HR department what the policy is at the, at their company and whether they can actually provide some form of paid time off to vote.

Gotcha.

Elizabeth Doty: Thank you. And that seems like one of the most, like you said, it's not into the controversial areas. It's increasing participation. So let me flip this and and use this as the unwrap on our last bit here to [00:06:00] the objections right to the to the pushback to the Woke ism. So what objections might you hear to companies offering paid time off to vote?

Like what, what would be the pushback from, say, the folks that strive to talk about another, you know, investment firm? What would

Jonas Kron: you hear? I always hesitate to be the one that, like, gives voice to the anti ESG. Point of view, because it's really a lot of nonsense, to be honest, you know, and, you know, I think it's evidence of the level of nonsense that is being slung around right now is the amount of pushback that is coming from within not only business ranks, but also the Republican end.

Party against the anti ESG effort, you know, that just that the intellectual bankruptcy of the whole approach is, is becoming evident and that the only reason it's continuing is that there are some very deep pockets keeping it alive. You know, in that sense, it's kind of a zombie, you know, it's this dead body that is animated, nevertheless, [00:07:00] and in this case, I made by money.

So I really, I always hesitate to sort of, you know, give credence to any of this. The one argument that I feel like I hear a fair amount, that I think is worth sort of pausing on though for a moment. Is that a lot of folks, you know, whether it is actually folks that criticize ESG efforts from the left or the right is they say it's a distraction from the political process and that, you know, the political process is where all these decisions need to be made and it shouldn't happen in the business community.

And I guess my response to that is is sort of multifold. One is, is that I don't think there's any evidence that we have, you know, not been able to get, say. Robust climate change legislation, because companies are doing something about climate change like that. Like, I think there's zero evidence that this is a distraction and the people are using it as a solve, you know, to not do the hard work of.

You know, public policy. The other is that [00:08:00] I, you know, I think we have to be really honest about, you know, our constitutional form of democracy. We have built so many veto points into our democratic systems that it is really hard to get anything done. And I think, you know, to say that, you know, we haven't been able to You know, do public policy the way, you know, these critics would like us to because of ESG is ridiculous.

Like our political system is really not set up to do a whole lot. It is an inherently conservative hair and inherently status quo system with, you know, veto point after veto point after veto point. That just makes it really hard to get work done. You know, I think if anything, the ESG efforts have been really to help.

Encourage companies to be an active part of solving public policy solutions. And so I tend to find those criticisms to be really misplaced.

Elizabeth Doty: Based on a shared interest, which is where you started at the [00:09:00] beginning, right? Yeah. Is that necessary? Do we need companies to be an active part?

Jonas Kron: This is the tension where I like, I'm again, like, I, I, I say this in the hopes that people are generous with me, where I am saying that I see that, you know, I see the, the, the tension, you know, on the one hand, I, I think it's really difficult for companies and businesses to participate in the public policy process, because it's just very difficult to get, you know, for companies to be reliable partners in that, and to really think beyond their own self interest and to really legitimately reflect, you know, all of their stakeholders.

On the other hand, not participating is favoring the status quo. And I don't think that's a good outcome either. So I, you know, I think there's a, there's a tight rope that we're walking and it is one that I am continuing to, to explore and try to. Trying to find a pathway forward on.

Elizabeth Doty: Great. Thank you very much.

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Grace. If you have things from the chat or if some of our other [00:10:00] participants want to come in. So let me turn to grace first. It's super

Jonas Kron: compelling to think about something as simple as, you know, giving your employees a half day off the impact that that can have on on the whole political system. And I don't know that the power that companies hold even by not for Engaging in political activities is still a political

Elizabeth Doty: statement.

The one that troubles me about that one is the and I think this goes to the, this is a distraction or it's deflecting from needed policy. I think the non gerritorious version of that would be large companies can do that and small companies can't. So then it doesn't really so then it's skewed right towards and there'd be attribution that it's some particular companies can afford and will likely do it.

And there

Jonas Kron: is a public, you know, like again, you know, having election day be a national holiday, you know, like there's some been some talk about just moving election day a little bit later in November and put it on veterans day. You know, that veterans have been fighting and dying for our ability to cast [00:11:00] a vote, you know, for our freedom, for our democracy, and what better way to honor them than to actually turn that into an election day.

And that

Elizabeth Doty: one was proposed in this great report, Our Common Purpose, by the American Academy of Arts and Sciences, about citizenship, bipartisan, cross partisan process. And I just thought that was one of the most inspiring proposals. But anyway, so grace to your point that then there are these. Larger proposals that you have to wonder how those get voiced.

Christopher: Maybe one comment. Even in terms of supporting democracy, companies supporting democracy is something that Strine and others have pointed to, too, is I think that if companies pay their fair share of taxes might be one legitimate way of doing that. And so like the global reporting standards around the tax percentages that are paid in different jurisdictions seems another aspect of that element.

Yeah, no, actually, thank you for bringing that up. I think that is sort of a cornerstone aspect of this. And in some ways, it's sort of that bridge between [00:12:00] democracy and democratic legitimacy and business community and our economy. And more generally,

Elizabeth Doty: the article from Leo Strine and Dorothy Lund actually is really talented on this is political spending is bad for business.

And it's just he takes as a Leo Strine does. He takes a provocative approach, but he goes through some pretty big Buckets of the rationale and may find it interesting. We also had him on one of our one of these conversations and he explained further so you can find that on our website in the video links.

Francis, did you have anything you wanted to add I know you have thoughts on this topic actually from our conversations if you care to share them.

Francis: This is just a quick story on the side I was doing. I'm in the governmental relations business that I was doing work for a client out in the state of Nevada, and it was getting close to election day.

This was back in the Harry Reid days when he ran basically ran everything in the state, and there was this question that someone came up and says, Well, you know, we have all these people that work in the [00:13:00] hotels and so forth and, you know, getting Time for them to get off. Well, they took care of that. They basically all the unions work with the MGM and all the major hotel owners.

There, they had buses that they brought up. And the shift and one of the main things that if you work for any of these hotels, you got right on that bus, you went right to the polls, they're back. They gave you the the box lunch and so forth. So it's been going on in Nevada for a long time, as I said, it was just kind of bringing that up that, you know, I've kind of seen that, but I think there could be.

You know, some way to help, you know, individuals to get out to vote. I think if we could do that, it would also stop some of the conversations that we're saying we're having these illegal voting issues coming up by, you know, people getting ballots and so forth. So I think if we can make it easier[00:14:00] you know, for individuals and working with employers, if they could.

Actually get time off. I think it's something that really needs to be you know, worked on. We need to take a look at that.

Elizabeth Doty: Where to go from here. The task force is forming that that's the private group that works on wrestling with these dilemmas and trying to use the principles we've been working on as a guide. We're thinking through dilemmas. We have just had our first goal setting session. Every company came up with a, how might we question for a political responsibility dilemma.

And if you know someone who'd like to join that, please let us know, or to look at the principles that we are about to publish on March 7th, that's our big announcement that will be coming out then. And if you'd like to see that or know someone who might consider supporting them, please be in touch email addresses at the bottom.

And then if you want to follow up with Jonas and learn more about Trillium and their incredible. Thoughtful approach, clear, explicit, transparent point of view. You can do so here or follow us on [00:15:00] Twitter at the Urban Institute. Thank you all. This was a, this was a delight and I really appreciate it. Any final comment as we sign off Jonas any call to action for if you were a government affairs person listening to this sustainability officer, sustainable policy officer.

What one thing would you want to leave them with? And then we'll sign off.

Jonas Kron: Sure. Well, thank you so much for again for this opportunity. This has really been wonderful and appreciate the conversation. I think, you know, I would just end probably would just reiterating a couple of key points is, you know, stop the political spending and provide paid time off to vote.

Elizabeth Doty: That's very interesting and then you listen to the rest of the the conversation and you'll know why Thank you so much. Thank you all

Jonas Kron: Thank you Elizabeth

