



WORKSHOP SUMMARY

# LEADERSHIP INITIATIVE ON CORPORATE ENGAGEMENT WITH PUBLIC POLICY:

## SUMMARY AND RECOMMENDATIONS

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January 2019

*“As business leaders, you know that responsible business cannot thrive in failing societies, where tension spikes and communities bristle with grievances and mutual contempt. Strong civil societies, due process, equality and justice: these are what enable real economic empowerment....By taking action to combat discrimination, inequality, xenophobia, violence and hate, you can help to build societies that are more inclusive, cohesive and strong.”*

**Zeid Ra’ad Al Hussein,  
UN High Commissioner for Human Rights, November 29, 2017**

### Key Themes

In an 2018 article entitled, “[The Corporate Soul](#),” *The New York Times* reported: “Business leaders today are reshaping the internet, reimagining health care, upending transportation and more. But being a chief executive is no longer just about running a company. It means taking political stands on everything from immigration to gun rights. It means weighing in on tariffs and taxes—all while balancing short-term profits with long-term goals, dealing with activist investors and attracting talented employees.” A week earlier the *Times* had examined in, “[Our Newest Culture Warriors: Activist CEO’s](#),” a “recent phenomenon in which corporations and their chief executives pick a side in the culture war.” The article discussed how a significant

number of corporations have been distancing themselves from the National Rifle Association following the Parkland massacre, which had been preceded by the Las Vegas mass killing. Business leaders publicly [denounced](#) the US government's policy of separating families at the US-Mexican border, while several major airlines requested that the government not use their flights to transport migrant children forcibly separated from their parents. Some companies have taken the lead

**Business is “expected to lead” and be a “trusted partner for change,” based on a global survey. [Edelman Trust Barometer 2018, 2019]**

to address governance failures by advocating for tax increases on large businesses in order to generate resources to systemically tackle the homelessness crisis in their communities or correcting market failures by taking a pivotal role ensuring the development of an affordable housing option, which is historically a role of the federal government. This phenomenon has morphed into a broader trend that has attracted the attention not only of mainstream media, but also academic circles and business experts. *The Harvard Business Review* featured a foundational article on “[The New CEO Activists](#)” and their roles in polarized political times. CEOs and their corporations have been speaking out constructively on such issues as migration and the global refugee crisis, LGBTI rights, equality among citizens, gender bias, racism, sexual harassment, police brutality, freedom of expression and terrorism, climate change, gun violence, and human rights in a global economy. These are areas of increasing governance gaps both domestically and internationally, a development that becomes even more pronounced in light of the current political landscape globally. Forbes identified main Corporate Social Responsibility (CSR) trends for [2017](#) and [2018](#), which include “corporations [...] stepping up as advocates and problem-solvers” and more companies “bringing CSR into the C-suite” as a matter of corporate leadership. The [2019 Edelman trust survey](#) found for that a record high of some 71 per cent of participants have the expectation that CEOs be leaders of change by speaking up and “respond[ing] to challenging times,” including “industry issues, political events, national crisis, and employee-driven issues.”

**The question is: What should the next generation CEO look like?**

During April and May 2018, the Leadership Initiative on Corporate Engagement with Public Policy (“CEPP”) launched a frank and open dialogue in closed-door settings with corporate officials and stakeholder representatives with the goal of developing recommendations for corporate engagement with public policy issues for societal objectives. By “public policy,” we mean major issues of societal importance that (1) typically require governmental action, particularly in the fields of human rights, environmental protection, labor rights, health care, and domestic and international security, and (2) are not necessarily directly linked to a company’s business operations, but are “larger than self” issues. CEPP is *not* concerned with traditional lobbying efforts aimed at reactively supporting or opposing legislation or regulatory reform for the sake of maximizing corporate profit; rather, the issue is how corporations, individually or jointly, seek to steer public policy in directions that address constructively and progressively the major societal issues of our day and promote universal values, which can be considered the bedrock of democracy, a free society, and human dignity. CEPP does not address political spending by companies to influence elections, which poses

a risk to their reputations and brands, especially in today's polarized political environment, a recent [report by the Center for Political Accountability](#) shows.

The initial objective has been to draft non-binding principled recommendations, building upon Principles 11 and 19 of the [UN Guiding Principles on Business and Human Rights](#), to assist corporate officials in their decisions to engage, publicly or privately, in response to governance gaps and to help advance progressive societal objectives. While the UN Guiding Principles focus on the company's irrevocable baseline responsibility to respect human rights ("do no harm"), CEPP aims to examine the additional spheres of proactive corporate engagement to promote fundamental values and human rights in a free society as an extension of a company's responsibility to respect under Guiding Principle 11. Throughout this process, the firm underlying premise is that "a company cannot compensate for human rights harm by performing good deeds elsewhere." [John Ruggie, 2008] The UN Guiding Principles speak to the use of *leverage* by business enterprises for the advancement of human rights (Principle 19), which offers an important normative starting point for corporate engagement with public policy and yet a more nuanced and comprehensive examination of this new development is merited. In a second phase, the Leadership Initiative will engage in further consultations and research to prepare more granular operational guidance for companies to use for internal decision-making processes that pertain to their engagement with public policy. This will address the need expressed by corporate participants for guidance on how to operationalize the recommendations on CEPP at the firm-level.

**The UN Human Rights Office encourages the important role of corporate advocacy in the protection of human rights and supports the dialogue with top management on corporate engagement with public policy.**

With respect to the human rights component of public policy, the [UN Human Rights Office](#) encourages the important role of corporate advocacy in the protection of human rights and supports the dialogue with top management on corporate engagement with public policy as convened by Professor David Scheffer of Northwestern University Pritzker School of

Law and Dr. Caroline Kaeb, Co-Director of the Business and Human Rights Pillar and a Senior Fellow of the Zicklin Center for Business Ethics Research at The Wharton School. In coordination with the UN Human Rights Office, they held two closed-door roundtables on CEPP, one each in New York City and Geneva, for corporate representatives, and a third roundtable in Washington, DC, for stakeholders. The corporate roundtables brought together corporate officials from the United States, Europe, and Southeast Asia representing more than 12 different industries, including investment banking, asset management, manufacturing, clothing, extractive, information technology, transportation, pharmaceuticals, accounting, manufacturing, agriculture, and health care.

There were some prominent aspects pertaining to CEPP that were raised primarily during the stakeholder consultation and that were indicative of the stakeholder perspective, such as the notion that CEPP should be understood as a response to the retrogression of fundamental rights

**There is something unique about the current situation, where we see a global erosion of democratic freedoms. Business is increasingly looked to for holding the line, said one participant.**

and not necessarily to advance human rights *per se*. “The stakes are higher today,” said one stakeholder representative. Other participants agreed that there is something unique about the current situation, where we see a global erosion of democratic freedoms. “It is a unique moment in time,” one stakeholder observed. Stakeholders also considered transparency and accountability to be critical for CEPP. For example, in assessing a company’s commitment to CEPP, one should examine how lobbying dollars are spent and how corporate influence is exerted and whether such lobbying efforts align with publicly advocated positions of relevance to CEPP.

**There is a lot of common ground between the corporate and the stakeholder perspectives on CEPP.**

There was, however, a lot of common ground between the corporate roundtable discussion and the stakeholder perspective. Thus, companies and stakeholders shared the view that a systemic approach at the organizational level is largely lacking. Moreover, stakeholder representatives, as do corporate participants, confirmed that a

bottom-up approach has proven effective in many instances. Both stakeholders and companies agreed further on the critical importance of identifying and empowering personal champions within companies to engage on public policy issues in an impactful way. Corporate officials and stakeholders also recognized the promise of collective action, arguing that it is essentially more about leveling the playing field than promoting a first-mover mentality among companies. Several participants shared the view that, in certain situations, corporate privacy diplomacy might prove more effective than being on the public stage or generating a tweetstorm on a particular public policy issue. Regarding the question whether companies should only engage on public policy issues that are linked to their business (directly or indirectly), stakeholders voiced concern that companies have been reluctant to engage on issues that in essence “hit too close to home,” i.e., are too closely linked to their business operations, for example income inequality and gender discrimination/sexual

**Benchmarking shows competition at the top and at the bottom; so the first mover concept might not be helpful for all the in-between cases.**

**Silence on prominent public policy issues has occasionally been seen as a necessity by companies, especially if it is beyond their value chain. Participants highlighted the potential of corporate private diplomacy in certain circumstances.**

harassment. Stakeholders felt that these are exactly the areas where companies can have an impact in an effective and credible way and should therefore engage. Before companies address these kinds of issues, it is hard for their stakeholders to view their efforts in other public policy areas as credible.

Companies and stakeholders look to business associations and trade associations as important platforms and partners for CEPP. In particular, it was raised on several occasions that a statement coming from the US Chamber of Commerce or from the Business Roundtable may hold significant weight in the US context. Finally, and not surprisingly, while companies are very focused on the expectations of their employees and customers, stakeholders framed their CEPP more in light of the expectations of the broader public.

Recognizing that there is an “event” every day and that one cannot speak out on

**Civil society sees its role in setting the agenda and define the issues for corporate engagement.**

everything, corporate participants formulated the need for guidance on how companies should prioritize which public policy issues to engage on. Civil society groups have seen their role in helping to shape the agenda for CEPP by driving the issues for attention by corporations and enjoying public support in doing so. Some issues

pertinent to CEPP, which are universal and enjoy widespread support, were identified to include climate change, refugees, shifts towards extremism, and the closing of the civil space.

The corporate consultations revealed an interesting nuance on the role of a company’s top executives with regard to CEPP.

While corporate advocacy in a broader sense is a shared phenomenon on both sides of the Atlantic, CEO activism is a concept that is predominantly shaped by a US context. The role of the CEO seems not quite as pivotal in Europe as in a US context. Rather, European

**The leadership role of the CEO appears to be more qualified in Europe than in the United States. “We have champions for causes in every function [within the company],” so a European participant.**

companies tend to focus more strongly on organizational action at the corporate level reaching decisions on CEPP through internal processes and communicating those decisions with a corporate voice.

Corporate officials and stakeholders overwhelmingly expressed the utility and desirability of receiving recommendations on corporate engagement with public policy. The lack of clearly established internal decision trees for making decisions pertaining to CEPP, a concern which was raised repeatedly, also points to the usefulness of recommendations that can assist companies in how they focus their attention on public policy issues.

Participants noted that a principled set of recommendations would provide companies with one way to reconcile their positions in countries with different hostility levels to issues on which they want to take a stand. Further, recommendations also would ensure that “we are all speaking from the same lexicon.”

Companies pointed out that while United Nations or UN-inspired guidance is generally “nice to have,” it is not sufficient. Rather, corporate participants expressed a heightened need for guidance on how to implement and operationalize the general concepts, which will be the focus of the second phase of the Initiative. Also, companies viewed the recommendations as a guidepost to delineate “what to engage on and what not to engage on.” It was remarked that the recommendations addressing these engagement issues are particularly helpful for companies “when they have to build their case.”

One corporate official stated that they would see “these kind of non-binding [recommendations] in a positive manner as a way to inspire and stimulate more corporate leaders to stand out and support global development from this perspective.” Both companies and stakeholders agreed that a multi-institutional approach would be useful, including collective consultations.

In that spirit, the Leadership Initiative on CEPP aims to provide a starting point for a multi-stakeholder dialogue to develop a framework and formulate a methodology for when and how companies can and should engage on public policy issues in an impactful way. A major objective of the Initiative is to understand the global specifications of the phenomenon of corporate advocacy and CEO activism and to explore whether this constitutes a global trend and, if so, how corporate advocacy translates into different cultural settings and operating environments and across different key markets. This includes empirical research through an AI-enabled sentiment analysis to determine whether there is a significant (positive or negative) change in pre- and post announcement perception in light of such corporate and executive interventions and engagements on prominent public policy topics and social issues.

## **Principled Recommendations on Corporate Engagement with Public Policy**

The following non-binding principled recommendations on corporate engagement with public policy have benefited in their drafting from the consultations with corporate officials and stakeholder representatives as well as the UN Human Rights Office. They are put forward by the Leadership Initiative on Corporate Engagement with Public Policy, which takes sole responsibility for them, for the purpose of advising corporations on fundamental concepts that should be considered in determining corporate engagement with public policy issues. The recommendations are designed to point corporate officials in the direction of responsible and meaningful engagement on public policy issues that can neither be ignored nor treated with indifference by corporations, which have central roles to play in society and in advancing the universal values that should sustain the civilized treatment of all human beings. Together with the final report, the recommendations were presented to the former UN High Commissioner for Human Rights, Zeid Ra’ad Al Hussein, and his staff on June 29, 2018.

## **Respect for Human Rights:**

1. The responsibility of all business enterprises is to respect human rights wherever they operate and as such avoid infringing on human rights and address adverse human rights impacts with which they are involved. (“Do no harm.”) To this end, business should implement the UN Guiding Principles on Business and Human Rights.
2. To meet their responsibility to respect, companies should have a human rights policy commitment in place and they should conduct effective human rights due diligence in order to prevent, mitigate and account for how they address any adverse human rights impacts. Implementing the UN Guiding Principles on Business and Human Rights requires due diligence, which includes assessing actual or potential human rights impacts, integrating the findings, tracking the effectiveness of responses, and accounting for how impacts are addressed.
3. Doing good deeds in the realm of human rights through corporate engagement does not absolve companies of the responsibility to respect human rights. As the former UN Secretary-General’s Special Representative on Business and Human Rights, John Ruggie, wrote, “[A] company cannot compensate for human rights harm by performing good deeds elsewhere.” For example, philanthropic actions or corporate activism (in the realm of human rights) do not discharge a company of the responsibility to respect human rights in its own activities or its operations, products or services or in its business relationships.

## **Corporate Engagement with Public Policy Issues:**

4. Beyond meeting their responsibility to respect human rights, companies should consider using their leverage to intervene on public policy where relevant to advance human rights principles, through private corporate diplomacy as well as public statements and action.
5. Companies and their executives can help steer public policy in directions that address constructively and progressively societal matters of significance at home or abroad, often of great controversy and pertaining to human rights, sustainability, fundamental freedoms, or social justice (“public policy issues”).
6. Corporate senior officials, including the CEO, C-suite, and Board of Directors, have unique influence to engage on public policy issues, including those relevant to human rights, in local, national, and global contexts, especially where they can have significant impact. They can demonstrate the corporate leadership’s moral and ethical commitment to such issues and their relevance not only to the company’s role and operational stability in society but also to universal values that are “larger than the self,” transcending the company’s more narrow business objectives. In particular, corporate officials should

engage on public policy issues where there are governance gaps (for example, on policies concerning immigration, climate change, racism, income inequality) that governments, in particular, are failing to close.

7. Companies should take into account their legitimacy to speak to a particular issue and consider the expectations of stakeholders, especially employees, to foster a bottom-up approach when making the corporate decision about whether and how to engage. Also, companies should be transparent about their engagement and communicate clearly their rationale for why they are engaging.
8. Empowering personal champions across business functions within the company is an effective way to cultivate and promote a company's core values and encourage public policy engagement around those core values.
9. Beyond identifying and addressing actual or potential human rights impacts, effective due diligence can assist companies to identify opportunities for how they can engage on public policy issues for the advancement of universal values, including human rights. The Sustainable Development Goals can provide further useful guideposts for companies to determine on what matters to engage. For issues that are not in a company's value chain, corporate management nonetheless should be prepared to exercise fearless moral inventory and to be guided by a company's core values as a member of society.
10. Companies and their executives are in a unique position to seize immediate media exposure when taking principled positions on public policy issues and thus have a potential for impact unavailable to most individuals.
11. Corporate officials should assess the consequences of maintaining silence in the face of human rights violations and actions undermining environmental or other societal objectives, including whether such silence will encourage further violations that erode the bedrocks of democracy, rule of law, and an open society and ultimately risk undermining business operations and profitability.
12. Where society suffers from a governance gap in addressing systemic societal challenges (such as climate change, human rights, sustainable development) and associated retrogression in rights, companies should determine whether to intervene with principled public and private statements and actions to positively impact the public dialogue and thus become a change agent to help close governance gaps.
13. Guided by the UN Declaration on Human Rights Defenders (General Assembly Resolution A/RES/53/144 (1999)), companies should stand with human rights defenders by refraining from action that would obstruct their work and by using their influence to contribute to an enabling environment for human rights defenders, as they are intertwined with the society in which business operates. It is the responsibility and in the interest of business and investors

to promote and protect human rights defenders. This includes facilitating access to government and their own corporate community and providing support for human rights defenders when they are imprisoned, particularly by making public statements and private entreaties. Companies should have an internal process that examines whether prospective deals would contribute to human rights violations and undermine the work of human rights defenders.

14. Corporate executive public statements or collective statements relating to public policy issues can be amplified when backed up with supportive actions.
15. Collective engagement through multi-stakeholder initiatives or business associations (in terms of awareness raising and/or collective action) promotes transparency and provides a platform for business to join voices and forces for an amplified positive impact of such engagement with public policy issues.
16. CEO activism and corporate advocacy on public policy issues translates differently into various cultural contexts, but still should be guided by fundamental freedoms and international principles of human rights, environmental protection, and democracy.