



Interfaith Center on
Corporate Responsibility

475 Riverside Drive, Suite 1842
New York, NY 10115-0050
www.iccr.org

Tel: 212-870-2295
Fax: 212-870-2023
info@iccr.org

Inspired by faith, committed to action

"And those of us who manage the public's dollars will be held to account, to spend wisely, reform bad habits, and do our business in the light of day, because only then can we restore the vital trust between a people and their government."

"...This crisis has reminded us that without a watchful eye, the market can spin out of control. "

- President Barack Obama, Inaugural Address

January 23, 2009

Dear President Obama,

Being among the millions of Americans whose faith in the capital markets has been challenged by recent events, I offer two ideas that will allow new approaches to transparency and contribute to more rational investment management while creating a platform for dialogue across political boundaries that provides opportunities to think through the challenges we all face in the wake of the ongoing economic disaster.

First, our market regulators must enhance reporting and disclosure systems to account for net changes in social, natural and environmental capital. As the Open Source movement has demonstrated, creating powerful platforms for sharing information leads to innovation and tool creation that drives system reform.

Second, the Transition Team's Religious Outreach Staff must create a formal mechanism to incorporate the perspective, skill and "prophetic voice" of faith-based investors, who have been active and well-informed institutional investors for decades. We recommend convening a summit to incorporate the perspective of faith-based institutional investors as we all address the challenges presented by the erosion of "faith" in the capital markets. Such a gathering would allow experienced fiduciaries from across communities of faith to come together for the purpose of crafting concrete solutions to the crisis - a crisis that has profoundly impacted faith-based institutions, which represent the largest sector of philanthropic giving in the United States.

I make these recommendations from the perspective of my position as the Executive Director of the Interfaith Center on Corporate Responsibility (www.iccr.org). ICCR is a coalition of over 300 institutional investors representing faith-based institutions. Since 1971, ICCR members have worked to build more just and sustainable capital markets by working with the corporate sector as shareholders, through positions held in their institutions' investment portfolios. We appreciated the opportunity to participate by telephone in a recent meeting led by the Transition Team's Religious Outreach Staff on December 16th.

Our early work contributed to the fight to dismantle apartheid in South Africa, much like your own earliest advocacy efforts as a college freshman. Today our active engagement continues and we raise our collective voices in matters as broad-ranging as universal access to healthcare in the U.S. and human trafficking, as well as through our work to craft appropriate regulatory and enforcement responses to the current capital markets crisis. As was true when our coalition began, ICCR members are highly regarded global thought leaders, who are frequently called upon to balance our role as financial fiduciaries with our commitment to our stewardship of the mission and spirit of the faith communities we represent.

ICCR's work is well documented by our membership and the global press. In addition to participating in over 650 corporate dialogs each year, ICCR members have a long history of civil and effective interactions across the federal government, including recent meetings with the former Securities and Exchange Commission Chief, Christopher Cox, and numerous other federal agencies, including the Department of State.

From the perspective of ICCR's membership, a more powerful, flexible disclosure system and an opportunity to convene faith communities broadly in the Administration's efforts to reestablish faith and stability in the marketplace represent two compelling opportunities related to our role as financial fiduciaries: fiduciaries viewing their investments through the lens of our collective faith traditions. I provide additional detail in the paragraphs that follow.

Recommendation One: Expand the SEC's 21st Century Disclosure¹ Initiative to include the capacity to report and allow the analysis of net changes to social, environmental and natural capital; coordinating this Initiative with efforts such as the Environmental Protection Agency's project to optimize EPA data for financial and investment analysis.²

The capital market crisis presents an opportunity to rethink approaches to analysis and risk. This will require more accessible information and more rigorous translation of externalities. If we build systems of reporting that simply accommodates the current "state of the art" in financial reporting, we will miss opportunities to standardize and

¹ ICCR offered public comment on this initiative in a letter to the SEC dated October 18, 2008.

² With 60 other institutional investor representatives, ICCR was a signatory to a letter dated December 11, 2008. The letter requested the restoration of shareholder resolutions on risk.

monetize the impact of corporate activities on increasingly destabilized systems such as those contributing to climate change.

Based on decades of work with many allies and always mindful of the goal to improve corporate reporting, transparency and accountability; we are confident that anticipating an open system and beginning to internalize and standardize additional data would result in a more coherent and less burdensome system for corporations and financial fiduciaries alike. Such a system would lead to the documentation, analysis and perhaps even “monetization” of social benefits and burdens, allowing better federal policy making. A small example, and one with profound and timely implications to investors and families across the United States, is the competitive disadvantage created for the U.S. Automobile Industry as we struggle to provide healthcare for all who live here. **By standardizing a rational reporting system and encouraging corporate compliance, new valuation standards would begin to evolve for all publicly traded securities.**

Recommendation Two: Create a formal mechanism to incorporate the perspective, skill and “prophetic voice” of faith-based investors, such as a “Faith-based Investors Summit to Address the Capital Market Crisis.”

From the vantage point of ICCR’s membership, we have watched billions of dollars erode as the capital markets “gave back” \$12 Trillion in value since the summer of 2007. One could argue that it was excessive “faith” in particular indicators, such as “Value at Risk”, or insurance policies like “Credit Default Swaps” contributed to this collapse. Naturally, this erosion has profoundly impacted everyone, faith communities and civil society, governments and the private sector as well. Not to mention the millions of individuals whose ability to retire with dignity has been severely compromised. By convening a summit, anticipating the creation a working group or commission focused on solutions to this problem, the new administration could work on a number of its stated objectives simultaneously.

This commission, created to contribute solutions to a problem that transcends political boundaries and is “task-driven” rather than “ideology-driven,” would allow interfaith voices from a broad range of political perspectives to work on a crisis of immediate domestic concern. By bringing together our collective interest in reintroducing stability, growth and faith back into our fiduciary processes the Administration would provide another way to transcend our differences and work together with the objective of bridging the divide between morality and markets. ICCR’s 38-years of experience demonstrate that we have much to learn from each other, including how endowment funds are raised, invested and deployed. Throughout the years, these conversations have been lively and very productive as the longevity of our coalition indicates. Although our focus on justice and sustainability has often led to alignment with more typically “progressive” causes, we are reaching out to all people of faith who believe as we do that we must love our Creator, love each other and love all of creation.

In short, the creation of a formal mechanism to incorporate the perspective, skill and practices of financial fiduciaries and investment professionals who view the economy

through the lens of faith would contribute to two of the Administration's most difficult challenges.

The members of the Interfaith Center on Corporate Responsibility would welcome an opportunity to discuss this further with the appropriate Transition Team staff members. Please note that we are broadly supportive of ideas put forward by many of our allies in this work, including the recent comprehensive list of recommendations put forth in a submission by the Social Investment Forum.

Mr. President, I close this letter with heartfelt optimism and our very best wishes, we revel in our collective new beginning,

Sincerely,

A handwritten signature in black ink, appearing to read 'Laura Berry', written in a cursive style.

Laura Berry
Executive Director
Interfaith Center on Corporate Responsibility

cc. Senator Christopher Dodd
Representative Barney Frank

Securities and Exchange Commission
Environmental Protection Agency
Office of Religious Outreach