



ICCR Advocate eNewsletter - June 2006

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After the Storm: The Corporate Responsibility Challenges of Hurricane Katrina

***"It is beyond belief – gut-wrenching.
You have to see it with your own eyes in order to fully comprehend the total devastation."
- Daniel Rosan, ICCR's Director of Access to Capital Working Group***

As the 2006 hurricane season commences, it's impossible not to recall the devastating impact of last year's double threats, Katrina and Rita. Katrina created the largest natural disaster in the United States in a generation. More than one million people fled, and in New Orleans, as many as 50,000 houses were completely destroyed. Many of the remaining homes in the city (approximately 130,000) are severely damaged. Louisiana and Mississippi, the hardest-hit states, are also the nation's poorest, both with approximately 1 in 5 residents living in poverty. The people left behind in the rebuilding of the region are the poor, the sick, the elderly, the disabled, and children, mostly African-American.

The continuing media coverage of the impact of the disaster and the complicated rebuilding process is infused with lingering outrage. And we all view these updates on the region with hope that the wounds of Katrina and Rita can be healed and the area can flourish once again. While the role of government in this process is crucial, the powerful influence of corporate choices on the future of the Gulf Coast must be monitored and addressed. The decisions that corporations make today will effect the South for decades to come.

For 35 years, ICCR Members have used their investment assets as leverage to improve corporate social responsibility. ICCR Members practice what they preach, investing substantial sums in community development. In Katrina's wake, our members responded quickly. Faith-based disaster relief services like the Lutheran Disaster Relief and Church World Service were on the scene immediately. Investors such as the Shefa Fund, Mennonite Mutual Aid (MMA) and Christus Health moved quickly to make deposits in local financial institutions, so they could remain viable during the immediate crisis. Later, socially responsible mutual fund leader Calvert released a set of principles specifically addressing the unique issues of corporate citizenship after Katrina.

But the effects of the disaster and the tasks ahead are great and will need to be continually scrutinized. Earlier this month, fourteen institutional investors journeyed with ICCR to New Orleans and rural Louisiana, areas devastated by Hurricanes Katrina and Rita. While there, ICCR members began sketching out the possibilities for corporate responsibility advocacy over the next 6 to 24 months. This interfaith delegation, including Jewish, Catholic, and Protestant institutions, met with clergy, business leaders, political elites, and ordinary people struggling to rebuild their lives and communities. All were convinced more must be done to

tell the story of human suffering, economic dislocation and hardship in the area. To see pictures of the delegation's trip to New Orleans, [click here](#).

“Come Back and Bring Others”

New Orleans remains a vibrant city in the areas that have been rebuilt. Even institutions hit very hard have put plans in place which will make them stronger post-Katrina than they were before. But the city feels abandoned and continues to be dramatically divided along racial and class lines. Frustration at the lack of direction is draining the energy from those who want to rebuild or come back.



The hurricanes have created a deep communal trauma, as they are constantly reminded by blue tarps on roofs, water-lines on the houses, trailers in driveways, entire neighborhoods dark at night, friends and colleagues scattered to the wind. Descriptions, analysis, photographs, and conversations simply fail to do justice to the scope of the disaster. Perhaps that is why so many the delegation spoke with ended the

conversation with "Come back. And bring others. Everyone should see this for themselves."

There is a very real possibility that New Orleans as we knew it will not return, and that as a center of American culture, commerce, and community New Orleans will die, or more accurately limp along as a shadow of its former self. While there are many ways in which we must engage corporations to aid the recovery, the only entity which can prevent that sorry state is the federal government.

Accordingly, the ICCR Katrina Delegation has created an [Institutional Investor Letter to Congress](#). The letter simply asks Members of Congress to personally visit the impacted areas and see it with their own eyes, as we have done. **The overwhelming majority of Members have not yet done so.**

The **Institutional Investor Letter to Congress** does not advocate any specific policy positions, legislation, or partisan issue. The letter does not lobby or campaign in any way. We would like institutional investors to join us in signing this letter. Our goal is to have fifty institutional investors sign by Friday, June 16th. ICCR will then distribute the letter to all Members of Congress before the 4th of July.

If you are involved with institutional pension funds or endowments, please encourage them to sign on to the letter. [Click here](#) to contact Nadira Nadine with your institutions information.

Corporate Responsibility Challenges: Goals

Corporate America has a number of roles to play in the rebuilding process, and so do corporate responsibility advocates. In looking to be a positive force in the rebuild after the storm, ICCR's primary goals are:

Community Investing: Developing community investing opportunities for areas hit by Katrina and Rita, including cities absorbing new residents, New Orleans proper and rural areas. Look for ways to integrate community investing with long-term rebuilding plans.

Solidarity: Bear witness to, and support, the work of the faith community and show solidarity with the communities hurt most by the disaster.

Advocacy: Bring ICCR's ministry of corporate social responsibility to bear on issues facing the region, especially on increasing access to capital by working with banks and insurance companies.

Corporate Responsibility Challenges: Issues

With this in mind, the delegation has highlighted the following issues on which to focus going forward:

Insurance

The primary source of capital for rebuilding on an industry and household level will come from insurance payments. However, insurance companies have been reticent to pay policyholders. The vast majority of people the delegation spoke to have yet to receive any money, and many – who have the means to – are contemplating legal action. Rebuilding requires a critical mass of others who also rebuild. Insurance companies who nickel-and-dime individual policyholders could create a macro-economic climate where rebuilding is impossible.



This house in the Lakeview neighborhood of New Orleans sits directly behind one of the failed levees. The homeowner has placed a sign reading "Allstate paid \$10,113.24 on this house for storm damage."

Payments are only one piece of the puzzle: insurance companies also need to participate in the post-Katrina marketplace. If insurance companies exit the market in large numbers or homeowners policies become impossible to get, the real estate market can not recover.

Lending

Local banks have a knowledge of their customers and community that large national banks cannot. As money flows into the region, it's paramount that the wisdom and understanding of the people "on the

ground" not be overlooked. Community business leaders can help decipher where new capital is needed most. If these voices in the community are ignored, the influx of capital could be squandered where it's needed least. While local banks are short on resources, they are long on insight and experience. Partnerships which utilize the knowledge base of local banks with the financial power of national banks would have a profound impact. Yet, ICCR found little evidence that such partnerships are in the works. Such partnerships would substantially contribute to the efficient, profitable and just distribution of the new Gulf-state income.

Contracting

It is up to agencies such as FEMA and the Army Corp of Engineers to direct the clean up and reconstruction efforts. However, the implementation of these efforts is primarily in the hands of large corporations kept on retainer by these agencies. In order to increase their profit margins, some of these companies have been bringing in migrant labor, and with them, allegations of horrid living and working conditions. Responsible corporations have a unique opportunity to bring in a large number of long-term unemployed people with solid skills in the building trades into the formal economy. The immense and long-term labor needs of rebuilding the region also provide many opportunities to rebuild a vital work force.

Oil and Gas

The Gulf Coast has always been a working coast, with oil and gas playing a major role. Pre-Katrina, ICCR was actively engaged in the fight for environmental justice in the region, partnering with local community organizations. Now, there are widespread fears from health experts that the flood created environmental health hazards which have not been addressed or even examined. Most of those are related to the petrochemical industry.

Corporate Responsibility Challenges: Action

What YOU can do

- [Contact](#) your representatives and encourage them, as a voter and investor, to personally visit the impacted areas and see it with their own eyes. The overwhelming majority of Members have not yet done so.
- [Write](#) to companies and encourage them to rebuild based on [fair and sustainable business practices](#).
- Consider making an investment in a community investment fund. To search ICCR's SRI database for socially responsible investment firms specializing in community investment, [click here](#). For more information on community investing in the areas affected by Hurricane Katrina, [click here](#).
- [Write](#) to Congress and encourage them to consider [Calvert's business guidelines](#) as they award contracts and develop a plan for rebuilding the area.

ICCR in the News

[Watchdog group makes quiet gains for transparency in corporate giving](#) – The Hill (the Newspaper for and about the U.S. Congress)

[The Critical Importance of Risk Management](#) - Sci-Tech Today

[Global Warming Shareholder Resolution Wins Sufficient Support to Be Voted Again in 2007](#) – Yahoo Business News

[Shedding light on perks](#) - NorthJersey.com

[Wal-Mart opens books on labor diversity](#) – Business Week

For more information on ICCR and its programs – please [click here](#).

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