A Faithful Voice for Justice

ABOUT ICCR

Currently celebrating our 41st year, the Interfaith Center on Corporate Responsibility has been a leader of the corporate responsibility movement for four decades. Beginning with our calls for divestment from South Africa in opposition to apartheid, ICCR members have been actively engaging the world’s largest companies in an effort to transform corporate practices on a host of issues from rooting out human trafficking and supply chain abuses to ensuring safe food and water, to calling for financial and health care reform to protect the world’s most vulnerable. Today our membership is comprised of 300 institutional investors with over $100 billion in invested capital. Representing faith-based communities with congregations all over the world, SRI asset management companies, unions, pension funds and a global network of allies, ICCR members are not only shareholders, but trusted partners in corporate responsibility initiatives that promote a more just and sustainable world.

We do this in a variety of ways:

• CORPORATE ENGAGEMENT THROUGH DIALOGUES: As active shareowners who have built productive and long-term relationships with management, ICCR members conduct hundreds of dialogues every year to advance a wide range of issues. Because we have a vested interest in a company’s success and propose realistic solutions as opposed to making demands, these dialogues often bear fruit in the form of meaningful reform and have a positive impact on long-term profitability.

• SHAREHOLDER PROXY RESOLUTIONS: When dialogues are unproductive, ICCR may issue shareholder resolutions to engage management and other investors’ attention around a specific issue.

• CSR TOOLS: ICCR’s shareholder database offers members a historical record of shareholder actions with hundreds of companies. ICCR is known for our insightful reports on emerging trends such as our 2011 Social Sustainability Resource Guide, Extracting the Facts (an investor guide to hydraulic fracturing operations) and Effective Supply Chain Accountability, offering investor guidance on the new California supply chain legislation. ICCR regularly convenes key stakeholders from the business, NGO, community and investor sectors. ICCR is a resource for all those working in corporate responsibility.

OUR MISSION

ICCR seeks a global community built on justice and sustainability through transformation of the corporate world by integrating social values into corporate and investor actions.

We invite you to join us. We are inspired by faith and committed to action.
Table of Contents 1

Letter from the Executive Director 2

The Price of Denial: The Real Impacts of Global Warming 3

Best Wishes for a Healthy New Year: Implementing the Affordable Care Act 4

Hungry for Health: ICCR’s Access to Nutrition Initiatives 6

Statement of Principles and Recommended Practices for Sustainable and Equitable Food Production 8

Disciplined Listening: ICCR Members Meet with Mining Communities in Cajamarca, Peru 10

Mossville, LA, “Cancer Capitol” 12

The Price of Denial 14

Overview of Key ICCR Shareholder Resolutions on Global Warming 16

The Corporate Examiner Spotlights: The Ford Motor Company 17

ICCR Member Profiles: The Unitarian Universalists 19
January 2013

Dear ICCR Community,

In late October, ICCR’s offices on New York’s Upper West Side were thankfully saved from the worst of Hurricane Sandy’s wrath. Staff were safe and sound and our offices were up-and-running after a brief shutdown. However, our region, like so many others in recent storms, was not as fortunate. The “Frankenstorm” gave us a vivid example of the real impacts of global warming and the price of denial.

So many communities have been devastated in recent years by catastrophic, once-in-a-lifetime weather events. And yet, during the most expensive Presidential campaign in U.S. history, the urgent call to address global warming and climate change – an issue that threatens the very survival of our planet – was conspicuously absent in the national discourse. As we pick up the pieces of so many broken lives in the wake of Hurricane Sandy, it is important to recognize the consequences of our collective inaction and renew our vow to make climate change action a global policy priority.

It is also important that we recognize the decades of persistent action and advocacy on global warming and climate change undertaken by members of the Interfaith Center on Corporate Responsibility. ICCR members were among the first to issue shareholder resolutions citing “planetary global warming” and to call for “reductions in greenhouse gas emissions”, to question the “continued reliance on coal” and to “halt drilling operations” in Arctic preserves. Importantly, ICCR investors were among the first to ask companies to “address climate change” and “adopt renewable energy policies” that will wean us from our dependence on fossil fuels and put us on the path to comprehensive sustainable energy development.

This year, ICCR members have been fully engaged in this work; filing climate change-related resolutions and conducting ongoing engagements with dozens of companies in the energy sector. We seek to transform these companies, and by extension the industry, from the inside as shareowners. This work takes time, discipline, persistence and, above all, faith. While the progress is admittedly slower than we would wish, there has been measurable success overall and, in a few cases, cause to celebrate.

This authentic engagement is at the core of all ICCR’s work and is reflected throughout this issue of the Corporate Examiner: the engagement of industry to build healthier communities by providing equitable and affordable access to nutrition; the engagement of investors to advocate for corporate responsibility and accountability on issues of environmental justice; and the engagement of community members to insist corporate leaders address their concerns about local operations, ensuring broader justice for the world’s most vulnerable.

This is faith in action, and we welcome any and all who share our vision of justice and sustainability and our conviction that the price of denial is unacceptably high.

As always, we are grateful for the continued financial and moral support you provide that makes our work possible.

With deepest appreciation,

Laura Berry
Executive Director

As we pick up the pieces of so many broken lives in the wake of Hurricane Sandy, it is important to recognize the consequences of our collective inaction and renew our vow to make climate change action a global policy priority.
The Price of Denial
The Real Impacts of Global Warming

From “Turn Down the Heat: Why a 4°C Warmer World Must be Avoided” by the World Bank.

Global Warming
“According to the Intergovernmental Panel on Climate Change (IPCC) it is very likely that the length, frequency, and intensity of heat waves will increase over most land areas, with more warming resulting in more extremes.”

Extreme Weather
“Temperature anomalies that are associated with highly unusual heat extremes today (namely … events occurring only once in several hundreds of years in a stationary climate) will have become the norm over most continental areas by the end of the 21st century. Researchers expect that many extremes, including heat waves, droughts, extreme rainfall, flooding events, and tropical cyclone intensity, are likely to respond nonlinearly to an increase in global mean warming itself.”

Increased Transmission of Disease
“Increased transmission of disease because of favorable conditions on the one hand (warmer temperatures), and undernourishment because of famine on the other, can be more likely to coincide under higher levels of warming.”

Food and Water Insecurity
“Food prices can be expected to rise sharply, regardless of the exact amount of warming. The effects of climate change on agricultural production may exacerbate under-nutrition and malnutrition in many regions—already major contributors to child mortality in developing countries.”

Displacement
“Sea-level rise in atoll countries [will likely] exceed the capabilities of controlled, adaptive migration, resulting in the need for complete abandonment of an island or region.”

Desertification
“Climate change also has the potential to catalyze rapid shifts in ecosystems such as sudden forest loss or regional loss of agricultural productivity resulting from desertification.”

Loss of Biodiversity
“Recent research suggests that large-scale loss of biodiversity is likely to occur in a 4°C world, with climate change and high CO₂ concentration driving a transition of the Earth’s ecosystems into a state unknown in human experience.”

Increased Poverty
“Increasing intensity of extreme dry events appears likely to have adverse implications for poverty, particularly in developing countries in the future.”

Market Insecurity
“The increasing fragility of natural and managed ecosystems ... is in turn expected to diminish the resilience of global socioeconomic systems, leaving them more vulnerable to non-climatic stressors and shocks, such as emerging pandemics, trade disruptions, or financial market shocks.”

Cost to Rebuild
“The IPCC found it very likely that the net economic damages and costs of climate change would increase over time as global temperatures increase.”
As 2013 was being rung in around the world, a weary U.S. Congress continued to haggle over the bloated federal budget, searching for ways to raise money to pay our nation’s debts without further endangering the financial security of millions of Americans still reeling from the 2008 financial crisis. A key component of these discussions is finding a way to provide health care services for all our citizens while reining in the escalating costs of those services and their crippling impact on our economy. The Council of Economic Advisors reports that health care costs currently account for 18 percent of GDP and is on track to almost double to 34 percent by 2040.

The Patient Protection and Affordable Care Act (PPACA), passed in 2010 and in the first stages of implementation, contains meaningful provisions for cost containment. The health care system is so enormous and the challenges so numerous and ever-evolving, it is likely that in its implementation the need for further reforms will become apparent. But it has become abundantly clear that changes are urgently needed to fix our current broken system. Said Colleen Scanlon of Catholic Health Initiatives, “We believe that in complying with and actively promoting the benefits of the new legislation, particularly the coverage expansions, companies will be doing their part to increase the access and affordability of health care services for all. Further, as investors and, some of us, representatives of the health care sector, we can work with other stakeholders to advance new models of health care delivery that provide high-quality, coordinated care and achieve the goals and efficiencies the bill espouses.”

ICCR member engagements on issues of domestic health span four key sectors: pharmaceutical companies; medical insurance providers; medical device manufacturers and, as employers of large workforces; big box retailers and key companies in the hospitality sector. Across all sectors, the ICCR domestic health group has identified three overarching goals for its 2013 engagements:

- Assure corporate commitment to quality, affordable health care for all and alignment of public communication/education.
- Encourage cost effective practices and exploration of new business models for health care companies.
- Encourage employers to cover their employees and educate about and foster enrollment in available plans.

Eager to understand how the companies they are engaging are working to achieve these goals, in September, members sent letters to 19 health-related companies in their portfolios (see text box page 5). The companies were asked to report back on their activities in support of PPACA fundamental goals of access, quality and affordability and, importantly, to explain how these activities were being advanced by their membership in trade associations, by their political contributions and through their lobbying activities.

Said Tom McCaney of the Philadelphia Area Coalition for Responsible Investment, “We were seeing press reports about health care companies that were found to be underwriting anti-ACA activities while, in their conversations with us and in public messaging were affirming their support of reforms. As investors, we want to ensure that our companies aren’t inadvertently financing campaigns that directly contradict stated goals, as that can have clear and serious ramifications for brand integrity and, ultimately, share price.”

“In most cases the responses helped to affirm what we presumed about our companies’ positions on these issues and, in several cases, surpassed our expectations,” said Sr. Ruth Kuhn of the Sisters of Charity of Cincinnati. “At the very least, we have a more refined framework for our engagements going forward and a benchmark of their performance on these specific measures.”

In the adjacent follow up letter, the group renewed its call for health care companies to assume their leadership role in the current health care system and to help us all live into our personal resolutions for a healthier new year.
An Open Letter to Health Care Companies from Your Investors

We write to you as members of the Interfaith Center on Corporate Responsibility (ICCR), an investor coalition with representatives from the health care industry, faith-based communities and socially responsible asset management companies and, importantly, as shareholders in your companies. As many of you know through our long-term engagements with your management, ICCR members have been advocating for the equitable access and affordability of health care for over 20 years. Through letters, shareholder proposals and dozens of private meetings with management, we have consistently called upon industry leaders to publicly declare their support for a more just and equitable system that ensures health care for all.

We regard health care as an immutable human and civil right, and work to ensure that all Americans will have security in times of sickness as articulated by Article 25 of the UN Universal Declaration on Human Rights.

With the closing of a presidential campaign featuring health care reform as one of its central and most divisive themes, we are eager to see members of the industry now pull together to help implement the key aspects of health care reform. Prior to the election, ICCR members sent letters to 19 companies in the pharmaceutical, health insurance and medical device sectors including Pfizer, Johnson & Johnson, Bristol-Myers Squibb, UnitedHealth Group, Humana, Baxter and Wellpoint, among others. Each company was asked to provide information in regards to: a) its programs and activities that support the goals of the Patient Protection and Affordable Care Act (PPACA) to expand access, reduce cost of care and improve health care quality, including public messaging that underscores the benefits of health care reform; and b) its lobbying activities and support of trade associations (in particular those groups which participated in anti-health care reform messaging that would present conflicts of interest for our companies).

We received responses from all but one company and were generally impressed with both the level of detail provided regarding specific programs and the commitment to the spirit of the PPACA. While all the companies that responded cited the positive steps they were taking to improve access and affordability, some companies were indeed more intentional in their efforts to support the Affordable Care Act and its implementation and we want to commend them for their efforts.

As investors, we are deeply concerned about the long-term sustainability of our nation’s health care system. We know that America prospers when we are healthy and able to work, when families are secure and our social fabric is strong, and when our elderly are provided for and able to retire with dignity.

We have witnessed first-hand what can happen when our most vulnerable citizens, the poor, the elderly and the chronically ill, are allowed to fall through the cracks of a broken health care system. As we implement this historic legislation, we will continue to look to you, the leaders of the health care industry, to help policymakers find the best solutions for our citizens and to help the industry renew its moral mandate to provide quality and affordable health care for all Americans.

HEALTH CARE COMPANIES THAT RECEIVED ICCR’S INVESTOR LETTER

• 3M
• Abbott Laboratories
• Baxter International
• Boston Scientific
• Bristol-Myers Squibb
• Eli Lilly
• General Electric
• Health Net
• Humana
• Johnson & Johnson
• Medtronic
• Merck
• Pfizer
• Roche/Hoffman-La Roche
• St. Jude Medical
• Stryker
• UnitedHealth Group
• Wellpoint
• Zimmer Holdings
Hungry for Health: ICCR’s Access to Nutrition Initiatives

Advancing business solutions that address the serious public health risks posed by under-nutrition and obesity forms the basis of ICCR’s engagements with nearly 20 of the largest global food and beverage companies. This shareholder season, ICCR members are urging these companies, as well as food retailers, fast food restaurants and media companies to improve access to nutrition through changes in four key areas: Product, Price, Policy, and Promotion.

PRODUCT

Food and beverage companies are being asked to expand the health and wellness portions of their portfolios and reformulate current products to emphasize more nutritious alternatives. “We are asking large food retailers to expand their offerings of nutritious pre-packaged and fresh foods — foods lower in excess sugar and solid fat — especially in low-income communities, and to support the parallel efforts of farmers’ markets and food co-ops,” said ICCR’s Nadira Narine.

PRICE

The U.S. Department of Agriculture (USDA) has documented that those least able to afford food consume the most added sugar, and generally have more calorie-dense and lower-quality diets than the general population. Said ICCR’s Ava Alkon, “On a per calorie basis, grains, sugars, and fats are cheaper than fruits and vegetables. Providing equal access to quality nutrition means making healthy foods affordable, which the food and beverage sector must make a priority going forward.” Select retailers across the country are setting an example with price discounts and coupons to incentivize healthier food purchases.

POLICY

ICCR members encourage companies to align their public policy positions and lobbying activities with internal policies that increase access to nutritious foods. The Federal Trade Commission (FTC) and the Food and Drug Administration (FDA) have developed regulations and guidelines for food marketing. In December 2012, the FTC revised the Children’s Online Privacy Protection Act (COPPA) to prohibit website operators from knowingly collecting personal data from children under 13 without their parents’ consent and to regulate new forms of mobile and digital marketing. Regulatory loopholes remain, however, so companies’ compliance with the letter and spirit of these new rules will be crucial for protecting children.

PROMOTION

Marketing and promotion to youth will be a major theme in ICCR discussions with companies this year. Responsible marketing provides consumers with the nutritional information they need to make informed food decisions and considers the unique vulnerabilities of audiences such as children, teens, and minorities.

According to a 12/12 Federal Trade Commission (FTC) report, youth-directed marketing of products high in non-nutrient calories (sugar, fat) and/or sodium fell 19.5 percent since 2006 due largely to declines in television advertising. While this reduction was a step in the right direction, it was offset by a dramatic 50 percent increase in spending on more efficient forms of marketing: online, mobile, and viral.

Thus, while important progress has been made, more needs to be done to support healthy eating habits among children. “Kids are saturated with messaging that blurs the lines between educational programs, entertainment and advertising,” said Jennifer Harris, Director of Marketing Initiatives at the Yale Rudd Center for Food Policy and Obesity. “Marketing strategies are designed to reach children at school, as they watch TV, listen to music, browse the internet and social media websites and as they use smartphones. Moreover, ‘advergames’ increase the length and frequency of traditional ad exposures. Food and beverage messages are ubiquitous and overwhelmingly sell products with questionable nutritional benefits.”

To address this pervasive messaging, a few forward-looking companies are adopting new standards and models that focus on promoting healthier choices and eating habits for children and teens.

In June 2012, The Walt Disney Company announced that top-rated Disney channels had adopted food advertising standards in line with federal standards promoting increased consumption of fruits and vegetables, reduced-calorie products, and healthier lifestyles. All Disney food and beverage
advertisers will need to comply with the new standards by 2015, or be barred from advertising on any of its kid-oriented networks.

“As a global media company, Disney correctly recognizes its responsibility to its customer base,” said Lauren Compere of Boston Common Asset Management. “Young children are not always able to distinguish between the programs they’re watching and commercials and, unfortunately, some food and beverage marketers take full advantage of this.”

Also noteworthy was McDonald’s decision in September 2012 to list calorie information on its menus. While calorie listing will become mandatory next year under the Affordable Care Act, ICCR members hope that McDonald’s proactive stance will encourage the fast food industry to follow suit.

Said Ed Gerardo of Bon Secours Health Systems, Inc., “We know how effective advertising is in generating preferences, especially with children, and we ask the companies we own to self-regulate through such groups as the Children’s Food and Beverage Advertising Initiative (CFBAI) and the International Food and Beverage Alliance (IFBA) to ensure that the products they market to children meet certain minimum nutritional standards.”

Moreover, getting children to adopt healthy eating habits will require the creative promotion of more nutritious alternatives through media, packaging, and in-store displays. Several companies are also participating in public-private partnerships that promote the importance of healthier lifestyles. These efforts need to be expanded, and companies need to make marketing healthy products to children a core business principle.

ICCR members are also developing strategies to address the broader impacts that both under-nutrition and obesity are having on an already-stressed domestic health care system. Said Susan Smith Makos of Catholic Health Partners, “ICCR’s work with the health care industry centers on increasing the access and affordability of health care services. For this reason, early education on responsible nutrition and obesity prevention are poised to become important themes in our engagements with pharmaceutical and insurance companies.”

As ICCR’s Access to Nutrition initiative evolves, members hope to enlist industry leaders in all relevant sectors to begin implementing policies and practices that will serve as examples for other companies in their sectors.

“Our objective is to enlist companies in the solution to the dual burdens of obesity and under-nutrition by encouraging them to produce and market healthy and nutritious foods, and to increase their accessibility via responsible pricing and promotion,” said Narine.
Statement of Principles and Recommended Practices for Sustainable and Equitable Food Production

It is widely cited that agricultural production will need to increase 70 percent to feed the global population of 9 billion expected by 2050. Moreover, as a result of unfair trade, production and distribution practices, today’s food system fails to provide equitable access to nutrition for nearly one in seven people. Increased demand for biofuels and speculative investments in land are artificially inflating the price of vital natural resources and concentrating them in the hands of multinational corporations and hedge funds. We see evidence of the unrest caused by rising food prices in land and water conflicts that are surfacing with increased regularity not only in developing countries, but in wealthier countries long thought immune to the threat of food insecurity. The situation is exacerbated by the impact of climate change, which has produced increased flooding, more frequent and enduring droughts, and pollution. How businesses respond to these growing pressures on our world’s food supply will determine whether hunger and poverty are eradicated or soar to new heights.

Members of the Interfaith Center on Corporate Responsibility (ICCR), many with global ministries in food-insecure communities, have long advocated for an equitable, accessible and sustainable food system that nourishes both people and planet. These principles are an articulation of our positions on corporate responsibility regarding access to food, along with our recommended best practices. We welcome affirmation of these principles and practices by all stakeholders.

Principles and Recommended Practices

I. SUSTAINABILITY

Respect the universal right to healthy, nutritious and safe food with food production that is environmentally and socially sustainable and that will safeguard our planet’s resources for future generations.

- Minimize, monitor, and measure water consumption, wastewater discharges and impacts on groundwater in all business operations and supply chains.
- Respect and protect the human right to food and water in all operations including business planning, public policy positions/support and public-private partnerships.
- Conduct regular impact assessments of the food security implications of company land and water use along the value chain.
- Formalize policies regarding land and water use in relation to marginalized rural communities and the potential impacts to their food security.
- Participate in disclosure initiatives (for example: Carbon Disclosure Project (climate); CDP Water Disclosure (water), Forest Footprint Disclosure, Roundtable on Sustainable Palm Oil, etc.).
- Implement animal welfare guidelines that support humane conditions and avoid close confinement and intensive systems for livestock.
- Increase farmers’ preparedness and resilience in the face of more frequent and extreme weather events by assessing risk and vulnerability and developing and sharing strategies for more efficient use of natural resources.
II. FOOD SAFETY

Protect consumers' right to safe food.
- Minimize, monitor, and measure use of herbicides/pesticides.
- Develop internal controls related to potential adverse impacts on public health (particularly, unknown allergic effects) and the environment from genetically modified organisms (GMO).
- Develop internal controls for food safety, monitor food safety risks throughout all stages of food production and processing; facilitate a dialogue involving workers, growers and purchasers around how to improve production processes to reduce risks.
- Implement animal raising practices that do not require routine administration of antibiotics to prevent and control disease, particularly antimicrobial resistance.
- Respect consumers “right to know” with clear labeling on food ingredients and nutritional information.

III. LABOR

Respect and protect workers’ rights throughout the food supply chain.
- Adopt a policy on human rights and labor in accordance with the United Nations’ Guiding Principles on Business and Human Rights and the International Labor Organization’s Declaration on the Fundamental Principles and Rights at Work with accessible, confidential grievance mechanisms available to workers.
- Adopt, implement and verify a code of conduct that guarantees workers the right to a living wage and the right to organize and bargain collectively, and protects against retaliation for organizing.
- Prevent and address the health and safety risks imposed upon workers in the food supply chain.
- Implement measures to prevent labor recruiters from trafficking workers into slavery.
- Support anti-discrimination policies (gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin) and protect migrant workers.
- Participate in multi-stakeholder initiatives and global partnerships to address and prevent entrenched labor issues such as child labor and forced labor.
- Bridge the gap between corporate responsibility and human resources and integrate ethics into supply chain management.
- Incentivize compliant suppliers with more favorable contracts and terms.

IV. ACCESS TO NUTRITION AND OBESITY

Develop access to nutrition strategies that will address both global hunger (often referred to as under-nutrition) and the growing obesity epidemic, particularly childhood obesity.
- Implement product development and reformulation, pricing and distribution strategies that recognize specific regional and community needs.
- Ensure all marketing programs, particularly those targeting children, support responsible nutrition and, at minimum, adhere to WHO Recommendations for Marketing Food to Children.
- Be transparent in public reporting of nutrition policies, practices and performance on an ongoing basis integrating a clear narrative about how addressing nutrition issues is benefitting business and consumers.
- Participate in the Access to Nutrition Index (ATNI).
- Be transparent about how the company’s nutrition strategy integrates the dual burden of under-nutrition and obesity in key emerging markets.

V. RESPONSIBLE INVESTMENT

Support impact investing in food-producing solutions that help mitigate the risk of famine and build sustainable food systems.
- Limit speculative investments in food commodities markets.
- Implement a moratorium on large-scale foreign land purchases.
- Support investments in sustainable farming/production.
- Invest in the productivity, resilience and sustainability of small-scale producers, particularly women, who produce much of the world’s food.
When a five year dialogue with Newmont Mining did not sufficiently address shareholder concerns, in 2007, ICCR members filed a resolution asking the company to research and resolve community opposition to its projects. The board accepted the challenge and agreed to undertake a study of the company’s relationship with local communities near its mining operations. The resulting 2009 report, the Community Relationships Review (CRR), based on more than 250 interviews in Nevada, Peru, Ghana and New Zealand and input from a variety of stakeholders including NGOs and ICCR members, provided Newmont with numerous recommendations on a wide range of environmental and human rights issues.

Unfortunately, the company’s relationship with its stakeholders in the city of Cajamarca, Peru continues to be fraught with problems, and in July of this year, clashes between local community members and the police at Minas Conga became violent and five protesters were killed. Directly following that incident, Newmont commissioned a study of stakeholder perceptions in Cajamarca city and learned that the company’s inability to listen effectively to the community was cited as the primary source of conflict. Newmont released the findings last month in a report titled “Listening to the City of Cajamarca.”

But believing it was important to hear from local stakeholders firsthand, in mid-November a delegation of four ICCR members, Sr. Pat Daly of the Tri-State Coalition for Responsible Investment, Rev. Séamus Finn of the Missionary Oblates of Mary Immaculate, Julie Tanner of Christian Brothers Investment Services and Pat Zerega of Mercy Investment Services traveled to Peru to meet with government officials, company representatives, faith organizations, local and national NGOs and, importantly, members of the communities surrounding the mines.

We are the universe, conscious of ourselves.
We are the universe, reflecting on ourselves.
We have cosmic consciousness.
*Welcome message at ICCR meeting with Cajamarca community members*
Finn, who coordinates the extractives initiative at ICCR said, “The extensive footprint of the Yanacocha and Conga mines, only 24 kilometers apart, is both a significant source of employment and development in the region and a potentially disruptive intrusion into the lives of the people in the area. Celendín community members voiced concerns about many mining impacts including the lack of access to traditionally unfenced open land, the immediate and long term impact on both the supply and quality of water, increased use of roads and infrastructure and impacts on basic services like transportation and energy. These issues have direct bearing on the quality of life and livelihoods of people living in the area and Newmont has a responsibility to address them.

Regarding their meetings with government groups and NGOs working with the community, Zerega said, “We went to hear all types of voices – the decision makers and those impacted by the decisions – to make sure they were actively listening to one another. Mining agencies in the capital must find creative ways to listen to the voices of the citizens in regions most impacted by their decisions. All government agencies we met with are hopeful for a brighter future and envision a day when the country’s natural resources will benefit all the people of Peru equally. NGOs are a good broker for these discussions as they have a long history with communities in the area and a good understanding of their struggles but also see the broader systemic picture for the country as well.”

Said Julie Tanner, who leads the ICCR engagement with Newmont, “We intend to continue to dialogue and monitor Newmont’s action plan to strengthen its programs, policies and procedures. Maintaining productive relationships with stakeholders requires disciplined listening. Newmont must proactively engage with a wider variety of stakeholders to not only understand their perspectives but to rebuild trust with the people of Cajamarca and to ensure that their rights are respected. By making public the results of their ‘listening study’ they have taken an important first step.”

Sr. Patricia Daly spoke of the group’s meetings with Bishop José Carmelo Martínez Lázaro and members of the Celendín community, “As their welcoming message articulated so beautifully, the people of the Cajamarca region are mindful of both their dependence on the region’s resources and their responsibility to protect them. The Bishop spoke to the many ways that the government and company have failed to share in this responsibility, but also voiced hope that, if they learn from their mistakes, all could prosper.”

“As Newmont’s new leadership team in Peru, we are committed to taking a fresh approach to listening to our stakeholders and rebuilding our relationships in the region as a top priority. We wanted to underscore this commitment by sharing the results of this listening study as one of our first actions. We are not proud of the current state of our relationship with the people of Cajamarca. We want to take this opportunity to acknowledge the mistakes we have made in how we have conducted ourselves and conducted business. Most importantly, we apologize for the distress we have caused and for failing to earn your trust.” — Excerpt from Newmont cover letter – “Listening to the City of Cajamarca”
The Environmental Justice (EJ) movement first gained public attention when the United Church of Christ issued a report in 1987 which found that poor communities and communities of color were disproportionately impacted by industrial pollution. Today, not only are poor and minority populations more apt to live near polluting facilities, but because they lack both financial resources and political power, they are also less able to redress these inequities. Nowhere is there a better illustration of the harmful, ongoing effects of environmental injustice in our country than in Mossville, LA.

Founded in the 1790s by Jim Moss, a former slave, Mossville is an unincorporated community in Southwestern Louisiana settled by African Americans looking for a haven from racial hostility. Mossville’s rich and diverse ecosystem afforded even the poorest families a comfortable life through fishing, hunting and farming.

But in the 1920s and 1930s, oil and chemical companies lured south by cheap labor and favorable laws began building manufacturing plants along the 85-mile corridor between New Orleans and Baton Rouge, a stretch of land now commonly known as “Cancer Alley”. To the southwest, Mossville, surrounded by 14 industrial facilities that spew over 1000 tons of toxic pollution into the air including oil refineries and the largest concentration of PVC plants anywhere in the U.S., could easily be designated Louisiana’s “Cancer Capitol.”

Chief among these toxins are the known carcinogens vinyl chloride, benzene and dioxins – by-products of PVC manufacturing. Mossville residents’ blood dioxin levels were tested by the U.S. Agency for Toxic Substance and Disease Registry (ATSDR) in 1998 and in 2001, and found to be three times that of the general U.S. population. Moreover, the EPA recorded vinyl chloride emissions at 120 times the ambient air standard. Surface and groundwater contamination has also been well documented. ATSDR confirmed that fish caught in waters near the Mossville community are contaminated with unsafe levels of dioxins and PCBs. Ethylene dichloride from local facilities has also leaked into Mossville residents’ well water. Despite these findings, government agencies and industry have been uniformly unresponsive to community requests for medical services, appropriate relocation assistance and, critically, stricter emissions standards.

“Mossville residents are quite literally being poisoned by their environment,” said Susan Baker of Trillium Asset Management. “While they have organized to reclaim their right to a healthy environment, the political and corporate powers have stalled meaningful corrective action.”

In 1998, residents began exhibiting chronic and life-threatening diseases such as cancer, and rashes, as well as respiratory, immune system, reproductive and other organ illnesses that have been linked to the toxic chemicals released by the facilities surrounding Mossville. These toxins have also been connected to serious learning disabilities and behavioral problems.

Facing a dying community, Mossville residents created Mossville Environmental Action Now, Inc. (MEAN) and began collaborating with other groups like Advocates for Environmental Human Rights (AEHR), Earthjustice, Louisiana Environmental Action Network (LEAN), Air Alliance Houston and the Sierra Club, to call for stricter emissions standards policies and practices.

“Environmental Justice (EJ) is the fair treatment and meaningful involvement of all people – regardless of race, ethnicity, income or education level – in environmental decision making. Environmental Justice programs promote the protection of human health and the environment, empowerment via public participation, and the dissemination of relevant information to inform and educate affected communities. Environmental Justice programs are designed to build and sustain community capacity for meaningful participation for all stakeholders.”

- The Environmental Protection Agency
Said Dorothy Felix of MEAN, “Moss-ville has been shouldering the burden of breathing this poisoned air for much too long, leaving us with unprecedented levels of disease and illness. Stakeholders from all sectors must continue to call on both industry and government to strengthen standards and advocate for environmental justice for the people of Mossville.”

According to Sr. Judy Byron of the Northwest Coalition for Responsible Investment, “Phillips 66, PPG Industries and Georgia Gulf Corporation all had facilities that were contributing to the environmental degradation of Mossville. As shareholders in these companies we knew we had an important role to play in helping to represent the concerns of this disenfranchised community.”

In the summer of 2009, a group of ICCR members traveled to Mossville on a fact-finding trip and met with local community groups including AEHR, representatives from indigenous communities, and local and regional environmental groups. “We are appreciative of ICCR members supporting the defense of Mossville residents’ basic human rights to life, health, and racial equality,” said Monique Harden of AEHR, which is currently representing MEAN in a human rights case against the United States that will be decided by the Inter-American Commission on Human Rights of the Organization of American States.

Recognizing the need for corporate accountability, in addition to the governmental accountability being pursued by MEAN and its allies, ICCR members sent letters to ConocoPhillips and PPG Industries, urging both to meet with Mossville community groups. A meeting between James Mulva, Chairman and CEO of Phillips 66 (previously ConocoPhillips) was finally convened in August of 2009. When PPG failed to respond to their letter, ICCR members filed a community accountability shareholder resolution in 2010 and again in 2011.

“ICCR members believe companies have a moral and legal responsibility to protect the well-being of the communities where they operate, said Christina Herman of the Missionary Oblates of Mary Immaculate. In the cases of ConocoPhillips and PPG, we urge the companies both in dialogues and through shareholder resolutions to implement robust community engagement policies that will help mitigate the health and quality of life concerns being voiced by Mossville residents. Their obligation to these residents springs directly from their social license to operate, which is granted through community consent.”

Investor pressure was successful in motivating both ConocoPhillips and PPG to improve their communications with community representatives; ConocoPhillips also began reporting these engagements on its website. Furthermore, the EPA, industry and local government are collaborating to improve Mossville’s water quality and infrastructure, and both ConocoPhillips and PPG are participating in a water engineering study to explore ways to help mitigate their operational impacts.

Separately, ICCR members called a meeting with top EPA regional staff to discuss strategies to reduce the toxic burden in Mossville. The EPA also convened a taskforce with industry representatives to improve plant operations and reduce episodic emissions. Armed with this information, ICCR members began asking ConocoPhillips and PPG to better account for their environmental impacts and disclose any corrective actions taken in the Mossville area.

In July of 2012, ICCR investors, in collaboration with the Center for Health, Environment & Justice, sent a letter to the EPA asking it to reconsider a prior ruling on emissions standards for the PVC industry. Stakeholders contend that the ruling was noticeably weakened and would be ineffective in protecting communities such as Mossville, LA and Deer Isle, TX.

“Exposing communities to chemicals that cause sickness and cancer is no way to keep our economy strong,” said Sr. Judy Byron. “These facilities have more than enough money to install protections that would limit the amount of poison people breathe. But when reductions aren’t voluntarily adopted by industry, the responsibility of the EPA to regulate them is clear.”

Said Baker, “The good news is the EPA has agreed to review its ruling and we will be monitoring the process to ensure that all environmental justice concerns are appropriately addressed. The bad news is we don’t know how long it will take.”

For the sake of Mossville residents whose lives hang in the balance, we hope it won’t take long.

“Exposing communities to chemicals that cause sickness and cancer is no way to keep our economy strong.”

Excerpt from investor letter to Lisa P. Jackson, Administrator of the EPA, July, 2012

ConocoPhillips plant, Mossville, LA

“...In setting the rules for area source PVC plants, EPA did not consider nor provide sufficient protection for public health and the impacts on environmental justice communities where people of color are disproportionately overburdened with toxic pollution.”
The Price of Denial

In October of 2012, “Superstorm Sandy” roared up the east coast, leaving 110 people dead, more than 8 million households without power, and wreaking economic havoc in excess of $60 billion and involving nearly half the states.

And before power could be fully restored, the area was again hit with a powerful and premature nor’easter. Even earlier, the spring of 2012 was the warmest ever, shattering prior records and making it the “largest temperature departure from average of any season on record” according to meteorologists. According to the recently released World Bank report, Turn Down the Heat, Why a 4°C Warmer World Must be Avoided, average global warming is already .8°C above pre-industrial levels and, without significant further reductions in greenhouse gas (GHG) emissions, is likely to increase by more than 3°C, radically impacting global weather patterns and sea levels. The National Climactic Data Center reports that 2012 was the hottest year ever recorded in the U.S., with the average temperature up a full degree Fahrenheit versus the previous record, set in 1998. That this is at least partially attributable to man-made greenhouse gas releases is undeniable and the implications could not be more ominous (see page 16). Our failure to fully accept the realities of global warming and take immediate action has imperiled the survival of our planet, and much faster than originally predicted.

Inconvenient Truth” sparked an international debate that pitted climate scientists against global warming skeptics, ICCR members were addressing the environmental impacts of GHG emissions by filing some of the first-ever shareholder resolutions to address energy conservation, renewable energy and pollution controls. And in 1989, ICCR filed its first resolution referencing “planetary (global) warming” with General Electric. Said Bill Somplatsky-Jarman of the Presbyterian Church (USA), “The call to action we issued to companies 20 years ago to safeguard the planet becomes more urgent each day. Greenhouse gas concentrations in our atmosphere are increasing. Climate change impacts are being felt, with the poor and vulnerable suffering the most. Climate change is the new normal, and both industry and governments and even ourselves, need to accelerate efforts to stem the damage by reducing emissions and helping people, especially those without resources, to adapt to this reality.”

Despite ICCR’s persistent calls for action on global warming, most companies were in denial for years. Yet, over time, ICCR’s strategy of long-term engagement with management has proven successful in transforming company policies. When ICCR first broached the subject of global warming in the late 1980s, it urged companies to adopt the “precautionary principle” as the science was still in debate. At the same time, members were discouraging corporate efforts to discredit climate change science and corporate membership in the Global Climate Coalition (GCC), an industry association that was actively opposing calls for GHG emissions reductions. Said Margaret Weber of the Basilians of Toronto, “Ford Motor Company was one of the first companies to leave the GCC in 1999. Its decision was the impetus for dozens of companies to follow suit and discontinue their memberships. As a result, by 2002 the GCC was defunct.”

ICCR members acknowledge Ford’s leadership in setting an example for the auto industry (see page 17): not only in planning for a carbon-constrained future, but doing so with the best human rights code in the industry. Added Weber, “By 2020, more of the cars you see on the road will have better gas mileage and emit less pollution – a major step in reducing atmospheric CO₂. For that we have Ford to thank, along with other forward-thinking auto manufacturers.”

Beginning in 2000, ICCR shareholder proposals began featuring “climate risk” and asked for emissions disclosures. At the same time, the European re-insurance companies Swiss Re and Munich Re were urging the board members of energy companies to

“Banks and investors can play an important role in promoting green energy solutions that will reduce our dependence on finite fossil fuels. Investing in the sustainable energy sector but also asking companies they invest in to be more accountable in monitoring and reducing their GHG emissions is a great way to do this.” - Laurence Loubieres of Sustainalytics
review climate risk in their operations. According to the 2007 report “Resilient Coasts: A Blueprint for Action” published by Ceres and the Heinz Center, “every dollar spent on (climate change) mitigation saves society about four dollars on recovery costs.”

“The economic and social tolls of global warming were becoming alarmingly clear, and in 2004, members decided to set a higher bar and file a resolution asking companies to set firm reduction targets. We were concerned that the pension funds in our coalition would not be able to support it because our “ask” went way beyond disclosure. But it was approved by the SEC, and because pension funds were able to rewrite their guidelines, we garnered great support for the proposal,” said Sr. Patricia Daly of the Tri-State Coalition for Responsible Investment.

Not surprisingly, the most strident climate change deniers are those most directly responsible – the fossil fuel industry and its lobbyists, who mount expensive campaigns to discredit global warming science and postpone serious discussion of the problem. Groups like the Heartland Institute and the U.S. Chamber of Commerce spend millions lobbying against climate change legislation and regulation. The Koch brothers alone have given $61.5 million to groups and political candidates that refute the existence of global warming. ExxonMobil, meanwhile, have spent $16 million between 1998 and 2005 with 43 different advocacy groups promoting a narrative that is meant to cast doubt on global warming science. Said Laura Campos of the Nathan Cummings Foundation, “ICCR members seek disclosure on lobbying efforts and political spending by energy companies because of a desire to ensure that the spending is used to further long-term shareholder value rather than the short-sighted obstruction of environmental reforms. ICCR members aren’t alone in their concerns; the proposals often garner more than 30 percent of the vote at shareholder meetings.”

Said Fr. Michael Crosby of the Province of St. Joseph of the Capuchin Order, who has waged a campaign with ExxonMobil on the environment since 1997, “As the most profitable oil and gas company in the world reaping over $41 billion in profits in 2011, Exxon clearly has a vested stake in the outcome of this public debate. By continuing to deny that its business model must be adapted to the realities of climate change, ExxonMobil is out of sync with its industry peers. For this reason, we are once again forced to file a 2013 shareholder resolution on climate risk.”

Added Daly, “This is the seventh year we are filing with ExxonMobil on GHG reduction. Investors expect ExxonMobil to show leadership in developing solutions, as the company plays such a critical role in energy markets, but to date what we have seen is stubborn denial and a refusal to adapt.”

ICCR members also engage the underwriters of the fossil fuel industry who have a clear responsibility to manage the environmental impact of their investments. “The financial services industry is one of the less-understood drivers of climate change,” said Laurence Lubiere of Sustainalytics, “International banks inject billions of dollars into extractive industry projects with questionable environmental and social impacts. ICCR members are asking banks to assess the carbon footprint of their loans, investments, and services.” In 2013, ICCR plans to publish a ranking of major U.S. banks, analyzing their performance in four key governance areas, including environmental risk. Said Lubiere, “Banks and investors can play an important role in promoting green energy solutions that will reduce our dependence on finite fossil fuels. Investing in the sustainable energy sector but also asking companies they invest in to be more accountable in monitoring and reducing their GHG emissions is a great way to do this.”

Meanwhile, in the wake of “Superstorm Sandy” a movement calling on university endowments and faith groups to divest from the fossil fuel industry is gaining momentum on college and university campuses around the country. Said Somplatsky-Jarman, “While they are 40 years apart, the movement challenging apartheid in South Africa that gave birth to ICCR, and today’s urgent calls for action on global warming have similar roots: both are about justice and the importance of engaging corporations about their social and environmental impacts, and together finding a more ethical and responsible way forward.”

Added Daly, “Promoting justice and sustainability is a core component of all our company engagements and global warming has implications for our members’ work on food and water security, environmental justice and human rights and, ultimately, on the security of the financial services sector. The consequences of a 3°-4°C temperature increase on our planet are unimaginable. Companies must make meaningful efforts to reduce their carbon footprints as the stakes will only get higher.”
Overview of Key ICCR Shareholder Resolutions on Climate Change

THE ASK: shareholders request a report describing “company-wide policies, targets, plans and programs to reduce those (CO2) emissions annually; adoption of cost-effective energy efficiency measures and their contributions to reducing CO2 emissions.”

1998 – “Financial Exposure to Climate Change”
THE ASK: shareholders request “the Board report on the company’s anticipated liabilities due to property loss and/or healthcare costs potentially caused by climate change.”

2000 – “Drilling Halt in ANWR Due to Global Warming”
THE ASK: shareholders request that “the Company unconditionally cancel any future plans for oil drilling in Coastal Plain, 1002 Area, of the Arctic National Wildlife Refuge and immediately stop the expenditure of any corporate funds targeted to achieve this objective.”

2001 – “Global Warming”
THE ASK: shareholders request that “the Board of Directors report on the gas emissions from the company’s operations and products, including (i) what the company is doing in research and/or action to reduce those and ameliorate the problem, and (ii) the financial exposure of the company and its shareholders due to the likely costs of reducing those emissions for damages associated with climate change.”

2004 – “Renewable Energy Needed: Climate Change”
THE ASK: shareholders request the Board “adopt a company policy to promote renewable energy sources consistent with the newly-created Cabinet-level council and to develop strategic plans to help bring bioenergy and other renewable energy sources into the company’s energy mix. Shareholders shall be kept advised regularly as to the ways the Company is moving from its existing overdependence on fossil fuels to the promotion and marketing of renewables.”

THE ASK: shareholders request that “the Board report on: (a) performance data from the years 1994 through 2003 and ten-year projections of estimated total annual greenhouse gas emissions from its products in operation; (b) how the company will ensure competitive positioning based on emerging near and long-term GHG regulatory scenarios at the state, regional, national and international levels; (c) how the company can significantly reduce greenhouse gas emissions from its fleet of vehicle product (using a 2003 baseline) by 2013 and 2023.”

2005 – “Global Warming – Kyoto Compliance”
THE ASK: shareholders request “the Board report on how the company will meet the greenhouse gas reduction targets of those countries in which it operates which have adopted the Kyoto Protocol.”

2006 – “Lobbying Related to Fuel Economy”
THE ASK: shareholders request that “the Board report on all the company’s lobbying efforts and financial expenditures intended to influence government regulation of fuel economy standards. The report should present the business case for these activities in light of long-term economic trends and the company’s widely publicized plans to increase the fuel economy and reduce the environmental impact of its vehicles.”

2008 – “Banks & Coal Financing”
THE ASK: shareholders request that “the Board amend its GHG emissions policies to cease all financing, investment and any further involvement in activities that support mountain top removal coal mining or the construction of new coal-burning power plants that emit carbon dioxide.”

2012 – “Adopt Greenhouse Gas Reduction Goals”
THE ASK: shareholders request that “the Board adopt quantitative goals, based on current technologies, for reducing total greenhouse gas emissions from the company’s operations.”

2013 – “Climate Risk”
THE ASK: shareholders request that “the Board review the exposure and vulnerability of the company’s facilities and operations to climate risk and issue a report that reviews and estimates the costs of the disaster risk management and adaptation steps the company is taking, and plans to take, to reduce exposure and vulnerability to climate change and to increase resilience to the potential adverse impacts of climate extremes.”
How does Ford integrate social and environmental sustainability into its business decisions and operations?

Viera: At Ford we are truly committed to supporting positive change and reducing the environmental impact of our products and facilities. A big part of this work has been reducing our greenhouse gas emissions and energy use across all our operations. So far, we’ve made significant progress. In 2011, we successfully reduced CO₂ emissions from global operations by 8 percent on a per-vehicle basis compared to the baseline year of 2010. Likewise, the amount of electricity used to produce each vehicle in Ford’s manufacturing facilities has been reduced by about 800 kilowatt-hours – from 3,576 kwh in 2006 to 2,778 kwh in 2011. By comparison, average households in states like California, New York, Illinois and Michigan use between 562 kwh and 799 kwh monthly. We’ve done this by investing in energy-saving practices and equipment. We plan to further reduce usage another 25 percent on a per-vehicle basis by 2016, a key goal as global energy use is being projected to soar 53 percent between 2008 and 2035.

And yet, environmental progress is not our only goal. Ford affects a broad range of stakeholders – employees, dealers, investors, and communities – and we felt it important to revise our “Code of Human Rights, Basic Working Conditions and Corporate Responsibility”. The Code now applies not only to Ford itself, but to its $75 billion supply chain as well. The code deals with subjects such as working hours and conditions, nondiscrimination and other health, safety and environmental issues. Nearly 400 suppliers around the world were trained in 2011 through both Ford-led and joint industry programs.

We are also working with responsible investor groups like ICCR on such social & labor issues as safe working conditions, conflict minerals and human trafficking risks in our company’s supply chain.

In 2008, Ford and ICCR reached a historic agreement in which the company set itself the goal of reducing by at least 30 percent the greenhouse gas (GHG) emissions from its new vehicle fleet by 2020. How has Ford been making progress towards that goal?

Niemann: To meet the climate change goals emerging from the agreement, we focused in the near term on implementing the most cost-effective fuel-efficiency technologies possible across a large volume of our vehicles, as well as on introducing new products that offer improved fuel efficiency without compromising style or performance. We are concentrating on affordable and near-term sustainable technology solutions that can be used not for hundreds or thousands of cars – but for millions of cars, because that is how Ford can truly make a difference. And that strategy is paying off, for both Ford and our customers.

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Ford Motor Company

In each issue of the Corporate Examiner, ICCR will feature a corporation and its work to advance ESG issues. Following is a conversation with David Berdish, John Viera and Thomas Niemann of Ford Motor Company.

Ford and ICCR have a long history of engagement that dates back to the early 1970s. How has that relationship changed over time?

Berdish: When Ford began speaking out on environmental and social issues more than 30 years ago, ICCR was a welcome voice of encouragement among many that were doubtful. They cheered us on when we made progress, and challenged us to move faster and do better when we didn’t. Thanks in large part to the work done by ICCR, today the idea that businesses can do well by doing good is widely acknowledged.

The Corporate Examiner Spotlights

Ford Motor Company

In each issue of the Corporate Examiner, ICCR will feature a corporation and its work to advance ESG issues. Following is a conversation with David Berdish, John Viera and Thomas Niemann of Ford Motor Company.
Specifically, for the 2011 model year, our fleet CO₂ emissions decreased by about 3 percent relative to our 2010 model year, and improved 9 percent compared to the 2007 model year. Preliminary data for the 2012 model year project that the Corporate Average Fuel Economy (CAFE) values will improve for cars and stay about the same for the truck fleet, compared to the 2011 model year. On an overall fleet basis, preliminary estimates indicate a 2012 CAFE improvement of 7.6 percent compared to 2011.

In Europe, we reduced the average CO₂ emissions of our car fleet by 8.5 percent between 2006 and 2010. We have achieved this through the introduction of a variety of innovations, such as advanced common rail diesel engines available across the European model range – including the ECOncetic Technology range of low-CO₂ vehicles and the introduction of EcoBoost direct-injection, turbocharged gasoline engines.

Our showpiece is the EcoBoost® engine, which uses gasoline turbocharged direct-injection technology to improve vehicle fuel efficiency. EcoBoost engines deliver 10 to 20 percent better fuel economy, and 15 percent fewer carbon dioxide emissions than larger-displacement engines. Because EcoBoost is affordable and can be applied to existing gasoline engines, we can implement it across our vehicle fleet, bringing fuel-efficiency benefits to a wide range of our customers. We are on track to equip as much as 80 percent of our global lineup and 90 percent of our North American lineup with EcoBoost engines by 2013. That’s about 1.5 million engines.

By 2013, we will have introduced 62 new or significantly upgraded engines, transmissions and transaxles globally to help us improve fuel economy and reduce carbon dioxide emissions across our global fleet. By the end of 2012, we will have delivered 50 of the 62 planned new or significantly updated powertrains, or approximately 81 percent of our planned introductions.

How is Ford adapting its business model to climate change realities? Is it making significant or innovative investments in green tech?

Niemann: With a 108 MPGe city EPA rating, the 2013 C-MAX Energi is Ford’s first production plug-in hybrid vehicle and part of the company’s first dedicated line of hybrids. C-MAX Energi achieves up to 21 miles in all-electric mode, meaning at least one leg of the average work commute — reportedly 20 miles each way — could be completed each day solely on electric battery charge, allowing customers to save gas as they face traffic congestion during their commute.

The C-MAX Energi is America’s most efficient utility vehicle, a symbol of how Ford gives customers the power to choose leading fuel-efficiency across our lineup as gas prices spiral to upwards of $5 a gallon in some parts of the country. The C-MAX Energi’s leading range also means customers can spend more time on the road and more money on their priorities instead of at the pump. Ford’s other electrified vehicles include:
- Focus Electric: Production began late 2011;
- C-MAX hybrid;
- All-new Fusion hybrid;
- Fusion Energi plug-in hybrid

Beyond environmental risk, such as that posed by climate change, how is Ford managing human rights risks, such as the risk of conflict minerals in its supply chain?

Berdish: As your readers know, in the U.S., a new law passed by Congress and signed by President Obama in 2010 — the Dodd-Frank Wall Street Reform and Consumer Protection Act — included a provision relating to conflict minerals. That provision requires manufacturers like Ford to report to the Securities and Exchange Commission (SEC) annually on whether their products contain metals derived from conflict minerals, and if those metals are necessary to the functionality and production of their products. Columbite-tantalite, cassiterite, wolframite and gold ores — which are refined into tantalum, tin, tungsten and gold, respectively — are considered to be conflict minerals.

Ford is concerned with the potential connection between the automotive industry and conflict in the DRC (Congo) region and is working with multiple stakeholders, including its peers in the automotive industry, to address these supply chain concerns. A multilateral approach will be required. We intend to require suppliers to use only metals that have been procured through a validated supply chain, so as to ensure that they have not, at any point, financed conflict. The processes to support validation are in development by local governments, industry groups, international organizations and NGOs, with support from governments outside of Central Africa. While these processes are being developed and implemented, Ford is taking action to educate ourselves and our suppliers, initiate automotive industry activity and begin the necessary due diligence. The steps we follow are:

- Establish strong corporate management systems.
- Identify and assess risk in the supply chain.
- Design and implement a strategy to respond to identified risks.
- Third-party audit of smelters/refiners’ due diligence practices.
- Report annually on supply chain due diligence.

What challenges and opportunities lay ahead for the company?

Viera: At this point, Ford and many other companies are working to adjust to economic conditions such as those taking place in Europe. We are confident, however, that consumers will continue to seek out fuel efficient vehicles, and we are committed to continuing to provide best-in-class options to meet this growing demand.
Can you tell us about the origins of the UUA, and how the UUSC relates to the UUA?

Tim Brennan: The Unitarian Universalist Association (UUA) traces its roots in North America back to the early Massachusetts settlers. UUA congregations are democratic in polity and operation, meaning, they govern themselves. As Unitarians, we believe in the inherent worth and dignity of every person; in justice, equity and compassion in human relations; in a free and responsible search for truth and meaning; and in acceptance of one another and encouragement to spiritual growth in our congregations.

Patricia Jones: The UUSC is a member organization of the UUA dedicated to advancing human rights and social justice around the world; we envision a world free from oppression and injustice, where all can realize their full human rights.

How did the UUA first come to join ICCR?

Jim Gunning: I first started in SRI activities — socially responsible investing, that is — before anyone had even yet coined the term “SRI”. It was in response to Apartheid, and I was a young member of the First Unitarian Church in Brooklyn. I got a call from one of ICCR’s founders, Tim Smith, then a young staffer at the National Council of Churches, who invited me to attend an inaugural meeting of several national Protestant denominations concerning a boycott of the racist government of South Africa. I was invited to represent the Unitarian Universalists. This moment was the genesis of ICCR and also my, and the UU’s, initiative into SRI, so you could say we were there from the very beginning.

Can you tell us about the UUA’s mission and how it benefits from working with other ICCR members?

Tim Brennan: To this day, our work is enabled and strengthened by being a part of ICCR. Our understanding of the issues is deepened through ICCR meetings, working group calls, and the tremendous resources available through the members’ area of the website. And even on those issues that are not ICCR priorities, the connections with other members lead to valuable collaborations.

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But perhaps the greatest value of being part of ICCR is the inspiration that comes from other members, particularly those women and men of faith who have pursued
justice together for decades. As Martin Luther King said, “We are looking for a new earth in which dwells righteousness. It is our prayer that we may be children of light, the kind of people for whose coming and ministry the world is waiting.”

**What are the UUSC’s core goals and how does it advance its mission?**

Patricia Jones: The UUSC works through a combination of advocacy, education, and partnerships with grassroots organizations like ICCR to promote economic rights, advance environmental justice, defend civil liberties, and preserve the rights of people in times of humanitarian crisis. Our work is built on the conviction that all people are entitled to basic human rights, which transcend divisions of class, race, nationality, sexual orientation, ethnicity, religion, and gender.

**What process does the UUA follow to set its social justice priorities?**

Tim Brennan: The UUA has a deep and long commitment to socially responsible investing and shareholder advocacy. Today this manifests itself through the way we set our public witness priorities. For each issue we ask several questions, including: “Does the issue have grounding in our principles and in resolutions from our General Assembly?” “Does it fit with the principles and in resolutions from our General Assembly?” “Does it fit with the principles and in resolutions from our General Assembly?” “Does it fit with the principles and in resolutions from our General Assembly?” “Does it fit with the principles and in resolutions from our General Assembly?” And lastly, “Is there an opportunity for the UUA’s voice to make a real difference?”

This analysis leads us to focus our shareholder advocacy on four issues: climate change; the rights of gay, lesbian, bi-sexual, and transgender people; the corrupting influence of corporate spending on politics and lobbying; and immigration justice.

**What issues most concern the UUSC today?**

Patricia Jones: That would be the environment, and more specifically – water. Access to safe, sufficient, affordable water for daily human needs – the human right to water – has become an urgent concern not only for communities who do not have the right, but also for corporations whose actions affect this right on a great scale.

Working with ICCR makes it possible for UUSC and its partners to move the water issue to the forefront in their dialogues with corporations and their affected communities. ICCR members are now active on the issue of water with 70 of the world’s leading corporations, applying ICCR principles based on the human right to water and giving voice to people across the world. The collaboration has been a mutual road with ICCR members and staff generously sharing their expertise, knowledge, and time to guide UUSC’s corporate engagements, and UUSC and partners contributing their experiences to help shape our collective water agenda.

ICCR has gone beyond corporate reform and has also helped to set human rights policy. ICCR joined the UUSC and others in advocating for the U.S. mission of the UN Special Rapporteur on the human right to water and sanitation in 2011. Many positive developments have emerged from the Special Rapporteur’s mission: the U.S. government has signaled it will work toward addressing rights like the human right to water, and California became to first state to sign into law a human right to water bill at the state level.

**How did the UU Shelter Rock congregation come to join ICCR?**

Paul Johnson: One of the five aspects of our congregational mission is social justice. We have a number of social justice task forces that offer members of our congregation a chance to engage with a wide range of issues, such as peace, affordable housing, the environment, hunger, and long-term solitary confinement. Our Social Justice Committee provides support to these issue-specific task forces, and helps new ones form as needs change. The committee also keeps the congregation informed about social, ethical and economic issues, and takes public positions on selected issues.

We joined ICCR in 2006 after a period of long-range planning to find more effective and impactful ways of using our congregational resources. One way to do that, we found, would be to vote our corporate proxies in line with our values, and so we sought out other organizations in this line of work and came across ICCR. Another avenue we discovered was community investing, and so we decided to dedicate 1% of our portfolio to several community-focused projects.

This year, we decided we wanted to become more directly active, and we asked our socially responsible investment committee to recommend 8-10 companies to our Board of Trustees that we should invest in. Just this past November, the Board approved the purchase of stock in up to ten U.S. companies. We plan to hold onto those shares, which will allow us to file our first-ever shareholder resolutions. Based on what other ICCR members are doing with those same companies, the Congregation will choose which issues at those companies to become involved with. Filing shareholder resolutions will allow us to make an important public statement about our mission and our values.
Join Us

Founded in 1971, ICCR members first gained international attention for their campaign to bring down the oppressive system of apartheid through their collective power as shareowners of corporations with investments in South Africa. Today, with 300 institutional investors as members, ICCR's growing coalition is at the center of the Corporate Social Responsibility Movement they began nearly forty years ago. Actively engaging global corporations on social justice issues that impact the health of our planet and all its inhabitants, we invite you to join us in our mission to build a more just and sustainable world.

memberSHIP beNeFITS

As pioneers in socially responsible investing (SRI), ICCR members form coalitions both within the membership and with external allies that work with corporations on a wide range of issues from supply-chain accountability and corporate governance to a host of human rights and environmental concerns. ICCR provides our members with critical resources such as research and staff support, as well as access to our growing membership with which to partner, for more effective corporate engagement. Through shareholder proposals, in corporate dialogues and in participation with other CSR organizations, every day ICCR members are helping to change the conscience of the world's most influential corporations and keep them mindful of the human and environmental costs of doing business.

As we look towards the future, our growing coalition seeks new members who bring with them new visions and fresh ideas. The Interfaith Center on Corporate Responsibility is committed to broadening our membership by actively reaching out to all who support our mission.

In short, ICCR members are inspired by faith and committed to action, as we work together to bridge the divide between morality and markets.

For more information or to become a member of ICCR please contact ICCR's Member Relations Associate Allison Lander at alander@iccr.org or 212-870-2984.