Interfaith: relating to activities involving members of different religions

Center: a place connected with a particular activity

Corporate: an organization that has a legally separate existence from the people who run it

Responsibility: a duty to take care of something
A Faithful Voice for Justice

ABOUT ICCR

Currently celebrating our 44th year, the Interfaith Center on Corporate Responsibility has been a leader of the corporate responsibility movement for four decades. Beginning with our calls for corporations to withdraw 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 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 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 database offers members a historical record of shareholder actions with hundreds of companies. 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, along with our ability to convene 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.
Interfaith: relating to activities involving members of different religions
As the New Year begins, I'd like you to consider what the name “Interfaith Center on Corporate Responsibility” means to you.

This past year the ICCR community ratified its five-year strategic plan and began the prioritization process. It was inevitable that these internally-focused processes would lead us to a bit of healthy soul-searching. Over four decades, the “ICCR” brand has resonated across the investor engagement and corporate responsibility fields. It speaks to our forty-plus-year history. It speaks to our mission. And it speaks to a broad community who, like us, is “inspired by faith and committed to action”.

We’ve begun to ask ourselves how do we “live into” our rather lofty name? What do the words really mean for the future of our work? In this issue of the Corporate Examiner, we highlight a number of areas that demonstrate what the words that make up our “ICCR” nickname have meant or could mean in the near term.

We wrestle with the gap between our intentions as an “interfaith” organization and the reality, despite our outreach efforts, that our membership is largely comprised of progressive, Christian organizations and secular investment service providers. We understand that this result is largely related to our historical roots and yet, we long for the wisdom, experience, richness and energy that a more diverse, truly interfaith membership could bring. As we look to the next few years, we recommit to ensuring that we are living into our intentions through the hospitality and openness we demonstrate to all institutional investors looking to work with corporations on their social and environmental performance.

We’ve been thinking about what it means to be a “center”. As new ways of accomplishing our mission emerge, whether through technology or our deepening commitment to expanding the audience and impact for our dialogues, does the notion of a center truly represent the way we work as a coalition or define our collective commitment to influence corporate policies promoting greater justice and sustainability?

Finally, the phrase “corporate responsibility”: how has the meaning of those two words changed since the phrase was adopted nearly 40 years ago? What was once a novel concept is now a widely accepted term covering everything from corporate philanthropic efforts to sustainability programs. As often happens with pioneers, in defining the goal of our organization’s work back in 1971, we created a discipline and started a movement.

So as we face the New Year with all its challenges and opportunities, I hope you continue your support of the Interfaith Center on Corporate Responsibility. Perhaps you’ll share some thoughts about what’s in the ICCR name.

With appreciation for all you contribute to our mission, we look forward to a dynamic and successful year.

Laura Berry
Executive Director
Corporate “Guest” and “Good Neighbor”: Sasol in Mossville

Once a comfortable and thriving community devoted to farming, fishing and hunting, Mossville in southwestern Louisiana is now struggling — hemmed in by 14 industrial facilities that collectively release more than 1,000 tons of toxins into the air each year. In 1998, Mossville residents began developing chronic and life-threatening diseases including cancer, respiratory, immune and reproductive illnesses — all of which have been linked to chemicals released by the surrounding facilities. Predominantly African American communities like Mossville are more apt to have polluting facilities locate nearby than are white or wealthy neighborhoods, because they lack the financial resources and political power to ensure their concerns are heard and addressed.

Members of ICCR have partnered with the community since 2009, when its residents first asked members to use their leverage as shareholders to open doors for dialogue with the neighboring companies. ICCR’s members agreed to help community members bring their questions and demands directly to corporate management.

Said Donna Meyer of Mercy Investment Services, Inc., “ICCR members provide a much-needed source of support for the people of Mossville as they seek accountability and meaningful involvement in the corporate decision-making that impacts their lives and well-being.” To support the community, ICCR members successfully pressed Conoco Phillips’ CEO to keep his promise to meet with community members, and urged PPG Industries and Georgia Gulf to likewise engage the community.

The Mossville community and ICCR have built a constructive working relationship with Sasol, the South African energy company. Two years ago the company announced plans to develop a $21 billion complex in Mossville and neighboring Brentwood. Community members were not consulted, and turned to ICCR for help.

ICCR members Mercy Investment Services, Inc. and Trillium Asset Management asked for a meeting with Sasol management to discuss its community engagement plan, and Sasol responded positively. Said Susan Baker of Trillium, “Companies without strong community engagement plans face real reputational risks. We were pleased Sasol sought to mitigate these risks by meeting regularly with the community in Mossville, and seeking meaningful ways to communicate.”

Sasol has instituted a comprehensive, voluntary home purchase program (VPP) to purchase the land on which it seeks to build its new plant. Sasol has agreed to pay for up to three appraisals per home, and will pay up to 160% of the average of the two highest appraisals. The community further asked to be allowed to retain any mineral rights they may currently have as property owners, and Sasol has consented.

Over 80% of eligible homeowners initially registered to participate; as of July, 294 have accepted offers and 116 homes have closed. While not an ideal solution — i.e., one that would allow residents to stay in their homes with clean air and water — it is a step in the right direction.

Compared to several industry peers, Sasol has exhibited elements of exemplary community engagement. Instead of ignoring community members, Sasol met with them weekly. Sasol is also spearheading a workforce retraining program and a community impact study. The company also sent its environmental permit applications to the community’s advisors for feedback.

Michael Hayes, Manager, Public Affairs, Sasol US Megaprojects Westlake/Houston, has been shareholders’ and the community’s main point of contact for two years. “In the early days of the Mossville community interaction, we sought the input of the EPA’s Office of Environmental Justice. The office’s advice was to consider ourselves ‘guests’ of the community, even though we already considered ourselves ‘neighbors.’ As we continued to engage with the community, we realized the wisdom of this advice, because guests are held to a higher standard than neighbors and receive their permission to operate from the community. We learned that a higher standard is required of us, and being a ‘good neighbor’ is not enough. Our performance must be exemplary.”

While negotiations are ongoing and not every Mossville resident has accepted relocation, ICCR has been impressed with Sasol’s comprehensive approach to community engagement. Importantly, Sasol has committed to regular meetings with community members, devoted resources to better understanding Mossville’s rich history and has focused on delivering a transparent VPP process to residents.
Invested in Better Working Conditions for Garment Workers in Bangladesh

By Lauren Compere, Boston Common Asset Management

Low-cost goods often come at the expense of workers, who labor in unsafe conditions, receive unsustainably low wages and have no collective bargaining rights. This was highlighted by the November 2012 Tazreen garment factory fire and the April 2013 Rana Plaza building collapse in Bangladesh, which together resulted in the deaths of over 1,500 garment workers.

Members of ICCR, who see their work through a social justice lens, have been working with companies across all sectors to eradicate human rights abuses, including sweatshop labor in their operations and supply chains, for nearly two decades.

Since May 2013, ICCR has led an investor coalition of more than 200 organizations from across Europe, North America, and Australia with $3.1 trillion in collective assets, in addressing supply chain risks in Bangladesh. The coalition encourages apparel and retail companies to join the Bangladesh Accord on Building and Fire Safety (the “Accord”), which is implementing factory inspections and remediation efforts to create safe and healthy workplaces in 1,500 factories in Bangladesh. To date, more than 190 companies have joined the Accord, which includes worker representatives, and is legally binding. The investor coalition successfully persuaded Adidas to join the Alliance, and continues to engage the 21 companies that have joined neither the Accord nor the Alliance for Worker Safety (the “Alliance”).

In May 2014, ICCR member Lauren Compere of Boston Common Asset Management (Boston Common) met with key stakeholders in Bangladesh to assess progress in implementing the Accord and learn what more needs to be done. She met with the local teams of the Accord and the Alliance, the ILO Bangladesh office, and the Gap’s fire and building safety team. She also shared what ICCR was doing in meetings with local trade unions, and the Awaj Foundation -- which works with women garment workers -- and Impactt -- which provides worker training on health and safety and productivity measures.

Bangladesh’s ready-made garments (RMG) industry is improving. Lauren also was able to see first-hand how supplier factories for Debenhams, H&M and Marks & Spencer have invested in automation and on-site amenities such as water treatment, free and subsidized lunches, and child care. The Accord and the Alliance are also conducting inspections, while the Bangladesh government is hiring factory inspectors, removing import tariffs, streamlining the labor union registration process, and raising the minimum wage.

On October 1st, ICCR co-convened a faith-based salon “Investing in more sustainable apparel supply chains: Strategies for investors in listed equities, private equity, and impact investing” with Boston Common, Christian Brothers Investment Services and Tau Investments. The salon focused on new private equity and venture capital strategies that are emerging to upgrade factories, and invest in building a more ethical and sustainable garment industry.

Oliver Niedermaier, CEO, Tau Investment Management described how private equity can help build more sustainable supply chains and improving worker health and safety in Bangladesh by investing directly in large-scale factories to increase automation, invest in water and waste management treatment, and provide workers with clean drinking water and improved nutrition. This ultimately helps brands and retailers as they seek to build strategic long-term partnerships with their suppliers.

Spencer Ton, Executive Director, Cordes Foundation, and Co-Founder, Fashion4Freedom described how the Foundation has committed to invest 100% of its portfolio in impact investments and empowering women and girls to become social entrepreneurs. Spencer shared a story of working in Cambodia with Fashion4Freedom, a social enterprise and design incubator that creates products and processes that lead to ethical and alternative supply chains, and how this model could be effectively applied in Bangladesh.

Investors’ ultimate goal is to shift the current compliance and auditing model to one that builds long-term strategic relationships with suppliers and incorporates more advanced living wage policies. ICCR and its coalition members will continue to push companies to take concrete actions to create a more sustainable apparel supply chain in Bangladesh which places worker rights and factory conditions front and center.
What Does It Mean to be an Interfaith Organization in Today’s World?  
By Laura Berry

Lately, in my everyday experience, I seem to be blessed with opportunities to reflect on what unites people of faith—in spite of popular insistence that faith divides. My participation in the Islamic Society of North America’s (ISNA) Detroit conference in September served to remind me how important our continued commitment to broadening our membership is to our future. In a time of extraordinary challenges, many individuals in the ICCR community gain strength and comfort from the teachings of our faith traditions. When I reflect on the world’s turmoil and ask myself why evil and ignorance exists, I am both comforted and energized by the social justice teachings of my Catholic tradition.  

A wonderful book to which I return over and over again is called “The Mystic Heart: Discovering a Universal Spirituality in the World’s Religions”, by Wayne Teasdall. When I think about ICCR’s interfaith outreach efforts, I try to recapture Teasdale’s spiritual message that what so often forms the basis for conflict can really be the meeting place of understanding. In my own humble attempts to study theology, I find most traditions teach us to love God, love Creation and, most importantly, love each other. People of faith are often united by their call to do those three superficially simple things. Among Abrahamic traditions, the faithful are united by the call to worship one Almighty God. In the Holy Qur’an, Islam teaches that Allah created different peoples and religions to help us better understand Him. This is but one example of difference that leads to understanding.  

The ICCR community acknowledges that using “interfaith” in the name of our organization continues to be aspirational. Throughout ICCR’s 43-year history we have welcomed only a handful of faith-based members from outside the Christian tradition. From time to time members have wondered why we insist on continuing to call ourselves “interfaith”; some suggesting that we should focus on recruiting a wider range of Christian organizations before taking on the more challenging task of recruitment from traditions that are under-represented in our community or not represented at all. Might this approach lead to a greater likelihood of growing our membership numbers? It might. But what richness would we lose? What opportunities for learning across difference would we miss?  

Those of us who participated in the People’s Climate March this fall saw the magnificent Ark, created by our friends and new 18th floor neighbors from Auburn Theological Seminary. The Ark carried incredibly diverse “sailors”, including indigenous tribal leaders and Harvard’s Chaplain, representing secular humanists. The Auburn Climate Ark represented far more than climate activists; it symbolized the need to continue to celebrate faith in the broadest possible way. It reminded us to appreciate the work and spirit of all ICCR members, believers or not, who share our values and faith that we can transform the world.  

In the view of most of ICCR’s members, recognizing the need to challenge our practice of hospitality, how can we be even more open and more welcoming? How do we actively encourage a more robust interfaith membership? In my role, I plan to continue to make organizations like ISNA and AASHE a priority in our outreach time.  

Our ability to realize the transformation we seek depends upon our ability to reach across conflict. In doing so I believe we will continue to learn from each other and find the sometimes elusive “meeting place of understanding” that both Teasdall and The Prophet Mohammed describe. By creating opportunities to work with a wider range of organizations I believe we will create an even stronger future for the Interfaith Center on Corporate Responsibility.
The Many Faces of Food Justice

ICCR members engage food producers, manufacturers, retailers and media companies on a host of food-related issues to ensure a safe, sustainable and just food system. On October 24th, Food Day in the U.S., we posted a series of reflections written by ICCR staff, members and our NGO allies illustrating the role of investment and the private sector on the many facets of food justice around the world.

RAYMOND FOXWORTH (NAVAJO)  
First Nations Development Institute
Accessing healthy food is a challenge for many Native American children and families, and they suffer grossly exaggerated rates of diet-related diseases because of it, such as diabetes, obesity and heart disease. Without access to healthy food, a nutritious diet and good health are out of reach. To increase access to healthy food, we support tribes and Native communities as they build sustainable food systems that improve health, strengthen food security and increase the control over Native agriculture and food systems. First Nations provides this assistance in the form of financial and technical support, including training materials, to projects that address agriculture and food sectors in Native communities.

DONNA MEYER  
Mercy Investment Services
Both in developing and developed countries, family farming is the predominant form of agriculture and impacts efforts at rural development, improving livelihoods and protecting the environment. Selecting this focus for

World Food Day 2014 announces that the international community recognizes family farmers’ important contribution to world food security. Having grown up on a family farm, I appreciate farming’s impact on our food supply and understand its environmental hazards if not done thoughtfully. In my work in the public health sector, I’ve seen the impact of nutrition on a person’s physical, mental and emotional well-being.

SR. GWEN FARRY  
Sisters of Charity of the Blessed Virgin Mary
We at ICCR are asking companies to make consideration of local nutrition needs an integral part of their growth strategy. This means not just acting through philanthropic channels to address hunger and encourage physical activity, but gaining an understanding of the nutrition and public health needs of consumers and using this knowledge to drive innovation, prompt reformulation of existing products, and shape parameters for responsible marketing practices. Companies need to adopt this approach globally, wherever they do business – or risk exacerbating the already-stark health disparities that exist between communities.

SR. JUDY BYRON  
Northwest Coalition for Responsible Investment
Social media companies offer marketers access to an unparalleled amount of personal data. The online surveillance of children and teens is disturbing to both parents and public health advocates, who worry about how the commercial use of this information will impact kids’ health and well-being. It is an issue of children’s rights, and it is also a source of reputational, regulatory, and financial risk for companies. As shareholders, we are asking companies to uphold children’s right to privacy – enshrined in Article 16 of the U.N. Convention on the Rights of the Child. We are also asking for more responsible food marketing to youth.

RABBI RACHEL KAHN-TROSTER  
T’ruah: The Rabbinic Call for Human Rights
Who picked the food you eat? Too often in the conversation about food justice, we focus on the product rather than the worker. We clean up supply chains and make good choices when we go to the grocery store. But as a rabbi, I know that it is not my tomato or banana that is created in the image of God: it is the person who picked that product. Fighting for food justice means ensuring the human rights and wages of agricultural workers, and doing so in a way that places the needs, dignity, and expertise of the workers at the head of the table.
We’re in restaurants a lot. The average adult eats out four to five times a week; as a nation, we spend 47 percent of our food budgets dining out. People think they’re pretty familiar with the restaurant industry. Until, that is, you find out that of the country’s 10 lowest-paying jobs, six of them are restaurant jobs. Servers use food stamps at twice the rate of the rest of the U.S. workforce and are three times as likely to live in poverty. There will be growing attention on initiatives that do more than raise the abysmally low tipped minimum wage, but eliminate it entirely — and require all employers to directly pay their employees at least one, fair minimum wage.

More than 60 percent of all processed foods available today contain GE ingredients such as soy, corn, or canola; and because in the U.S. there is no mandate that GE food be labeled, most people have been unknowingly eating them for years. ICCR members contend that all GE foods should be labeled so that consumers have the opportunity to make informed food choices. We need long-term studies to better understand how GMOs interact with the planet’s ecosystem, including their impact on animal and human health. Failure to do our due diligence on this could have disastrous consequences for agricultural sustainability and our world’s food supply.

ICCR members are concerned about reports that over-speculation and excessive hedging in food commodities markets may create global food price bubbles as these price spikes have been linked to growing food insecurity that keeps millions of people from escaping poverty. As many investors are simply unaware of the potential pitfalls, ICCR members are attempting to build awareness in the investment community about the social risks of these markets by providing practical guidance to ensure their investments remain responsible.

A massive amount of water, land, food and energy is required to raise the animals we consume. Nearly half of all the water used in the U.S. goes to raising billions of food animals (watering the crops they eat, their drinking water and cleaning factory farms and slaughterhouses). Livestock production is responsible for 18% of greenhouse gases. ICCR members are asking companies to commit to “agro-ecological” or sustainable production that will preserve the planet’s resources for future generations as well as the loyalty of consumers who are increasingly demanding sustainably produced foods.
A Small but Mighty Member of the Global Food System: Pollinators

Members of ICCR advocate for a more secure and equitable global food system that ensures that our food will be grown safely, sustainably and without adverse environmental or social impacts.

While many will be more familiar with investor actions that promote access to nutrition, discourage antibiotics overuse in meat production or call for increased transparency around the use of genetically modified ingredients in food products, our members’ work to protect pollinators, under threat from pesticides, is less well-known.

The term pollinator refers not only to bees, but also to butterflies, wasps, moths, birds and other animals that transfer pollen between flowers of the same species, leading to fertilization and fruit production. More than 85% of plant species on earth require pollinators to reproduce, and nearly one out of every three bites of food we eat comes from plants pollinated by honeybees alone.

Alarmingly, for much of the past 10 years, beekeepers have reported annual hive losses exceeding 30 percent. A growing body of science points to neonicotinoid pesticides or “neonics” -- the most widely used class of insecticides in the world -- as a major contributor to these losses. Other linked causes include habitat loss and fragmentation, and the growth in monoculture crops.

This dangerous trend threatens our global food system, and its financial ramifications are substantial. According to the USDA, “bee-pollinated commodities account for $20 billion in annual U.S. agricultural production and $217 billion worldwide.” If the decline in pollinators continues, the price for pollination services will increase, raising costs throughout the supply chain. The Houston Chronicle found that from 2004 to 2006, the price of honeybees to pollinate California almonds jumped from about $54 per colony to about $136 per colony.

Led by Trillium Asset Management and the Sustainability Group of Loring, Wolcott & Coolidge, in 2013 ICCR members approached nineteen food producers, food retailers and home improvement chains that were exposed to systemic risks from declining pollinator populations, asking them to take concrete action in response.

Initial company responses have been disappointing. Investors found that few of the nineteen companies surveyed had sufficiently assessed the risks within their own supply chains, or were planning to take proactive measures to address the crisis. The situation has further been compounded by inaction at the federal level, as the EPA has been noticeably slow to act to protect bee health by addressing the impact of “neonics” on the agricultural sector.

Home Depot and Whole Foods Market have been two notable exceptions. Following constructive dialogues with investors and NGOs, both companies announced they would be implementing formal policies and practices that incentivize suppliers to move away from use of the neonicotinoids, thereby protecting bees and other pollinators.

Whole Foods launched standards which rank produce and flowers based on suppliers’ efforts to protect air, soil, water, and human health. In taking this action, Whole Foods has become the first buyer to reward farmers who adopt bee-friendly practices and limit the use of bee-harming pesticides. “These standards sending an important market signal to growers by making clear that those that take steps to protect pollinators will be rewarded,” says Larisa Ruoff of the Sustainability Group of Loring Wolcott & Coolidge. “This action should encourage sustainable agricultural practices and give consumers increased choice.

Garden centers not only sell pesticides containing “neonics”, but also seeds and seedlings that come pre-treated with “neonics”. In June, home improvement retailer Home Depot announced that before year end, it would require its suppliers to label all plants treated with “neonics”, and that it will help suppliers eliminate their use. In addition, the company now offers customers a list of “neonic”-free alternatives for home use. Investors believe this will set a precedent for other retailers.

“We commend Home Depot and Whole Foods for taking meaningful steps to protect bees and our global food system,” said Susan Baker of Trillium, “but more needs to be done. We are asking food producers, food and home improvement retailers to promote pollinator health by incentivizing suppliers to adopt bee-friendly growing standards.”
Scenes from ICCR’s Annual Event: Weathering the Storm

ICCR’s friends and supporters gathered on October 2nd for a discussion meant to catalyze innovative investment strategies to counter the climate change crisis. We heard from leaders of the philanthropic, NGO, media and investment communities about what is needed to accelerate climate finance action and discussed on-the-ground examples of best practices to build climate adaptation and resiliency in both the private and public sectors.

As always, we are thankful to our event sponsors for their generous and continued support of our mission.

From left: Marcella D’Souza, Roberta Baskin, Paul Dickinson, Cristina Rumbaitis del Rio

Paul Dickinson, CDP and Cristina Rumbaitis del Rio, Rockefeller Foundation

Marcella D’Souza of the Watershed Organization Trust, India

Mary Wroten of Ford (left), with ICCR Members Steven Heim and Mary Ellen Gondeck.

ICCR members Cathy Rowan, Dan Nielsen and Katie McCloskey.
When we think of the human right to water we often picture poor, agri-dependent communities in sub-Saharan Africa. Yet right here in Texas we live with the challenge of persistent drought, and the human right to safe, accessible and adequate water is something we never take for granted. Too often, we awake to promising skies in the morning and pray for rain yet receive only a light shower or mist by day’s end. And the changing climate with more extreme weather patterns is certain to only exacerbate our water anxieties in the future.

We Texans have lived through droughts before, but currently the state is experiencing one of the five worst droughts in 500 years with 59% of the state in moderate to exceptional drought conditions. Some of us experienced severe drought in the fifties and remember only brown lawns. Today, driving along San Antonio streets rimmed by luxurious green lawns one could easily be in denial about the realities of the water shortage, but this is only a reflection of our misplaced priorities and a camouflage of the very real inequities of the water distribution system. The human right to water it seems, is protected for some more than others.

One of the realities of living through this drought is how local authorities manage information about our existing water supply. Our local water system has been praised for its conservation approach yet weekly lawn watering is still being permitted. Local officials fear that announcing a water shortage might dissuade businesses from relocating here.

In our work as shareholder advocates for improved corporate water stewardship we recommend companies implement the following three key best practices to ensure the human right to water is protected for all:

• Report on how the corporation ensures that it is accountable for its environmental impacts, including water consumption and impacts, in all of the communities where it operates.
• Conduct Human Rights Risk Assessments of its business and publically disclose results, including the social impacts related to safeguarding the human right to water.
• Develop a comprehensive Human Right to Water Policy articulating the company’s respect for and commitment to the human right to water which addresses potability, supply, physical accessibility and affordability of water.

We believe there are better solutions to San Antonio’s persistent water shortages than the proposed pipeline, including enforcing greater conservation and a smart urban development plan that would enable aquifer regeneration and encourage the use of reservoirs. Paramount in researching water plans for our city must be a focus on finding equitable solutions that put the human right to water for citizens first, and that reasonably measure and limit corporate water use. We believe that ethical corporations can and should help find and fund these solutions and that the drought in the Southwest is a test case for enlightened self-interest for these forward-thinking companies.

In the meantime, we will continue to look to the skies every morning and pray for rain.
US SIF’s 2014 Sustainable and Responsible Investing Trends

US SIF, an important colleague in the field of socially responsible investing, this month published its latest biennial Trends report summarizing developments in the field of socially responsible investing (SRI). Chief among their findings is that SRI assets have expanded 76 percent in two years, from $3.74 trillion at the start of 2012 to $6.57 trillion at the start of 2014. These assets now account for more than one out of every six dollars under professional management in the United States.

More key findings follow:

**ESG Factors Applied by More Investors and Across More Asset Classes**
- Much of the growth is explained by the expansion of funds that incorporate ESG factors into investment decision-making. Assets managed at the start of 2014 considering ESG issues grew more than three-fold—from $1.4 trillion at the start of 2012 to $4.8 trillion.
- Similarly, the pool of assets to which institutional owners apply ESG criteria has grown to $4.04 trillion, up 77 percent since the start of 2012.
- A subset of 119 money managers responded to a question on why they offer ESG products. Apart from client demand, over 70 percent said they considered ESG factors in order to improve returns and to manage risk.
- Mainstream investment firms are increasingly active in creating and marketing targeted products for sustainable investors. In recent years they have launched a variety of ESG-themed funds, created new staff positions for senior sustainable investment professionals and dedicated other resources to advance the field.

**Climate Change, Gun Control and Board Election Processes of Increasing Importance to Investors**
- For both money managers and institutional investors, climate change remains the most significant environmental factor in terms of assets, affecting $275.6 billion and $551.5 billion, respectively.
- Furthermore, fossil fuel restriction or divestment policies, tracked for the first time, accounted for $29.4 billion in money manager assets and $13.5 billion in institutional investor assets at the beginning of 2014.
- Following the December 2012 elementary school shooting in Newtown, Connecticut, policies restricting investments in weapons manufacturers have spread. Consideration of these criteria has grown nearly four-fold in asset-weighted terms to affect $588 billion. Among institutional asset owners, concerns over weapons now apply to $355 billion in assets, a nearly five-fold increase.
- In response to shareholder campaigns for better corporate governance practices, the number of U.S. companies establishing more stringent standards for their board elections continues to grow. These companies are requiring directors to submit to annual elections and to offer their resignations if they fail to receive approval from the majority of shares voted.

**Shareholder Proposal Filings Remain Consistent, but Support for them Increases**
- While the number of institutions and managers involved in filing shareholder resolutions has remained consistent over the past four years, shareholder support for these proposals is tending upwards.
- Even if they are not filing shareholder resolutions, money managers are increasingly pursuing shareholder engagement strategies on ESG issues.

Said Meg Voorhes, US SIF Director of Research and Operations, “The 2014 season saw a record number of shareholder proposals filed on social and environmental issues, and shareholder advocates could point to indicators that companies, in a number of areas, were responding to their engagement by revising policies and improving disclosure.”
What Does an Ethical Bank Look Like?

Merriam Webster defines a “bank” as follows: an establishment for the custody, loan, exchange, or issue of money, for the extension of credit, and for facilitating the transmission of funds.

This rather modest definition doesn’t square well with the image we have of today’s banks. Trading trillions of dollars each day in global currencies, ETFs, commodities and other markets, today’s global wealth is concentrated in the hands of a small number of financial institutions which individually wield unprecedented power over our world’s politics, and our planet’s food and water security. When banks are designated “too big to fail” because their failure could have far-reaching and catastrophic impacts on global economies, you know we’re not talking about the local savings and loan. And when fines for mismanagement total in the billions for a single year, and executive compensation packages are hundreds of times greater than that of the average bank employee, you know the sector has lost its way and its social license is imperiled.

A core group of ICCR members has been engaging the top U.S. banks to call for a return to banking that focuses on providing financial tools to fuel the real economy, extends credit to those who most need it, and that invests in the environmental and social solutions that will create prosperity for all members of society.

A relatively new organization has been established in the Netherlands with parallel goals. The Global Alliance of Banking on Values (GABV) is an independent network of banks using finance to deliver sustainable development for unserved communities and the environment.

The Global Alliance for Banking on Values (GABV) is made up of the world’s leading sustainable banks from Asia, Africa, Australia, and Latin America, to North America and Europe. Members include microfinance banks in emerging markets, credit unions, community banks and sustainable banks financing social, environmental and cultural enterprises. All comply with sustainable banking principles and have a shared commitment to finding global solutions to international problems – and to promote a positive, viable alternative to the current financial system.

The six principles the GABV espouse are:

1. triple bottom line approach at the heart of the business model;
2. grounded in communities, serving the real economy and enabling new business models to meet the needs of both;
3. long-term relationships with clients and a direct understanding of their economic activities and the risks involved;
4. long-term, self-sustaining, and resilient to outside disruptions;
5. transparent and inclusive governance; and,
6. all of these principles embedded in the culture of the bank.

According to Rev. Séamus Finn who has connected with GABV leadership, “These principles are right out of the ICCR playbook. In our dialogues we’ve been asking banks to adopt similar practices and are delighted to see members of the banking community recognizing the need for what is essentially an ethical overhaul of the system.”

The network’s members have to meet three criteria:

• they are independent and licensed banks with a focus on retail customers;
• have a minimum balance sheet of $50 million; and,
• most significantly, they must be committed to social banking and the triple bottom line of people, planet and profit.

ICCR member Ugo Biggeri of Banca Etica said of the GABV, “Unlike mainstream banks, all of the GABV’s members have a values-driven agenda at the core of their missions. The GABV’s members are very different from each other: we have small ethical banks and big cooperative banks, banks specialized on financing renewable energy and banks specialized in microfinance. In working with other values-driven banks, Banca Etica sees a great opportunity to learn new ways to maximize our ability to achieve the goal of banking for the people and the planet.”

The GABV presents a model of what ethical banking looks like and for that reason, ICCR members will continue to promote its work and the expansion of its membership.
The Walt Disney Company

In each issue of the Corporate Examiner, ICCR features a corporation and its work to advance ESG issues. Following is a conversation with Heather Rubin, Director of the Magic of Healthy Living in Corporate Citizenship, Disney, regarding the company’s work in promoting more nutritious offerings to children.

10 years ago, Disney committed to “creating a healthier generation of children.” What prompted the company to make this commitment?

Our long-standing commitment to help create a healthier generation stemmed from a growing societal concern over children’s health, and our company’s belief that we could make a real difference. Almost ten years ago we embarked on a journey to understand what parents needed in their lives with respect to healthy living and how Disney could uniquely help. Our research showed families knew fruit, vegetables and physical activity were healthy, but struggled in getting the whole family to participate in healthy eating and activities together. Parents needed help making healthier foods more appealing to kids. Disney saw this as an opportunity since our company is built on entertainment that brings kids and families together. So, in 2006 we became the first media company to launch nutrition guidelines, and we leveraged our popular characters to add kid appeal to nutritious foods.

Can you talk about the Magic of Healthy Living Initiative? Can you describe its main components - promotions/sponsorships, advertising on all Disney platforms, licensing, parks/stores, and the Mickey Check?

Disney’s Magic of Healthy Living is committed to making healthy living simple and fun. We are focused on promoting nutritious foods, physical activity, and other simple ways to be your best. Within this framework we focus on the following:

• Best-in-class nutrition guidelines to help our businesses promote nutritious foods to kids and ensure any food marketing to adults is done responsibly
• The Mickey Check icon to help families identify nutritious food choices that meet our company’s nutrition guidelines
• A multi-platform consumer campaign to inspire kids and families to live healthier lifestyles
• Philanthropic investments to increase access to active play and nutritious food

With respect to the Disney nutrition guidelines, we maintain public goals and targets, and report on their progress every year in our Citizenship Performance Summary report. For example, our food advertising standards will ensure that all Disney-controlled food and beverage advertising on U.S. kid-focused media platforms will comply with the nutrition guidelines by the end of 2015.

Similarly, the entire Disney licensed food portfolio is within the scope of our Disney nutrition guidelines. Although Disney does not manufacture foods for retail, we do license our characters to third parties. Our public goal for licensing is our “85/15 Balance Rule”. This means that 85% of our entire licensed food and beverage portfolio are everyday foods that comply with Disney nutrition guidelines. These foods may carry the Mickey Check icon. Our research shows parents expect that Disney be a part of special celebrations and an occasional treat can be part of a healthy diet. Therefore, 15% of our licensed portfolio is reserved for special occasion treats, like a birthday cake or a holiday cookie.

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How is the Magic of Healthy Living Initiative impacting Disney’s business?
Have there been major obstacles in implementing the Initiative and, if so, how did you overcome them?

Doing the right thing for kids and families is a smart strategy for The Walt Disney Company. Given the breadth and size of the company, implementing policies and programs across our multiple businesses and families of brands is complex. For example, to implement the nutrition guidelines, we needed to develop tools and training. We needed to build new IT systems and processes. This took time but was important to ensure accurate reporting and compliance with goals and targets.

When Disney became the first major media company to launch nutrition guidelines and food advertising standards, there were questions as to how business would be impacted. Our businesses needed to sunset certain contracts, work with partners to reformulate, and creatively seek out new revenue streams. Consumers responded positively to the changes and the healthier foods were selling, both good signs of success.

How are you measuring the Magic of Healthy Living Initiative?

We continue to ask and listen to parents – do they notice and like our efforts? Are we making a difference for their family? Do our healthier choices resonate? The answers we’ve received to date have been overwhelmingly positive. For example, in North America alone, four billion servings of our licensed fruits and vegetables have been sold since 2006. In our Parks & Resorts, six out of every ten kids’ meals are served with nutritious sides and beverages, such as low-fat milk and applesauce rather than soft drinks and French fries, because parents choose to keep the healthier default options.

We also look at progress towards our public goals and targets. Through an internal compliance system and third-party validation, we report on progress in the company’s annual Citizenship Report.

When Disney announced an expansion of its nutrition initiatives in 2012, Michelle Obama was by the company’s side. What role does Michelle Obama have with Magic of Healthy Living?

Disney Magic of Healthy Living and Michelle Obama’s Let’s Move! share the goal of creating a healthier generation of children. Teamwork and collaboration are essential ingredients to attaining that goal. We greatly appreciated First Lady Michelle Obama’s participation in Disney’s 2012 food advertising standards announcement as well as her overall leadership to inspire kids and families to lead healthier lives. Disney will continue to collaborate with several organizations, health leaders, and a variety of experts so that our healthy living initiative maintains its utility and integrity as it expands.

What does the future of Disney’s commitment to “creating a healthier generation” look like?

In the coming years, we will continue to stay abreast of the changing landscape to ensure our nutrition guidelines remain best-in-class, consistent with emerging science and marketplace availability of nutritious products. We have also recently started a multi-year effort to evaluate and update our nutrition criteria internationally, where Disney does business. We are working to meet the needs of families and increase the availability of the Mickey Check Icon. We are also looking to expand consumer engagement through our media and on-line platforms to inspire even more kids and families over time. Lastly, we are looking to share research and insights with others in the field to identify new ways to advance the cause of creating healthier generations.
Why is it important for the philanthropic community to align mission and investments?

Philanthropies typically pay out between five and six percent of their assets each year in furtherance of their mission. The rest, usually around 95 percent of a foundation’s assets, sits in the foundation’s endowment. In the absence of strategies like active ownership and impact investing that help to align a foundation’s mission and its investments, foundations are failing to leverage the bulk of their assets to further their programmatic objectives. The Nathan Cummings Foundation (NCF), for example, has a programmatic focus on climate change and has used its standing as a shareholder to persuade companies to report on their approach to addressing the risks and opportunities associated with a changing climate and even establish voluntary greenhouse gas (GHG) emission reduction goals.

Increasingly, we’re finding that our grantee partners are interested in the use of active ownership strategies as a tool to create change. In addition to providing support through grants, we’ve been able to assist grantee organizations like Restaurant Opportunities Centers United by submitting shareholder proposals and requesting dialogues with companies that are central to our grantees’ work.

Active ownership strategies, particularly the submission of shareholder proposals and other forms of direct corporate engagement, can also help to mitigate risks to long-term shareholder value, thereby helping to preserve or even enhance the value of a foundation’s holdings over the longer term. This, in turn, can translate into additional dollars to fund grant making.

What led NCF to begin actively exploring responsible investment as a way to achieve its mission?

The Foundation has a long history of interest in responsible investment. In 2001, NCF was funding work relating to corporate agriculture when the Smithfield Foods proxy came up for a vote. It was pretty clear that we could address issues not only as a grant maker, but also as an institutional investor. NCF’s Board passed Shareholder Activity Guidelines in 2002 and we filed our first shareholder proposal, at Smithfield Foods, in 2003. The resulting conversations with Smithfield eventually led to vast improvements to the Company’s sustainability reporting and a multi-year partnership that was the subject of a National Academies case study.

Which responsible investing strategies has NCF found most successful? (And would you describe NCF’s “voice-based” activism?)

While many socially responsible investors employ screens as a key tool, NCF has chosen to use its voice as an owner to advocate changes on issues with implications for both its program interests and long-term shareholder value. While it can feel ethically satisfying, screening is unlikely to actually change corporate behavior. Voice-based strategies like the submission of shareholder proposals and other forms of corporate engagement, however, can and do lead to changes in corporate policies and practices. Even where we are unable to catalyze change, we’ve found voice-based activism to be particularly effective at drawing attention to issues like corporate political spending or a company’s approach to addressing climate change.

What issues are of greatest importance to NCF today and why?

The Nathan Cummings Foundation’s shareholder work is driven by its focus on climate change and inequality. Each issue we engage on must have implications not only for long-term shareholder value, but also for our program interests. Of course, we file directly on climate change. But we also seek to...
Climate change is one of the gravest issues our planet faces. How is NCF working with corporations to help address its social and environmental risks?

The most obvious way in which NCF is working to encourage the companies it owns to address climate change is through the submission of shareholder proposals focusing directly on climate change. For instance, in 2014, we were the lead filer of a proposal asking Marathon Oil to establish quantitative reduction targets for methane emissions stemming from the Company’s operations.

We also address climate change through a number of other proposals that, while not as obviously related on the face of it, get at issues with pretty significant implications for the climate. Pushing companies to implement board oversight and disclosure of their political spending and trade association memberships, for instance, can help to ensure that companies that publicly endorse the need to reduce greenhouse gas emissions are not wittingly or unwittingly supporting candidates, organizations or policies that oppose action to reduce GHG emissions or deal with the effects of climate change. Likewise, shareholder proposals calling for proxy access—which we’ve filed at several companies over the last few years—can help to ensure that investors have the ability to nominate director candidates with the expertise needed to help corporations formulate thoughtful and strategic approaches to the issue.

NCF’s engagements frequently focus on traditional corporate governance issues such as executive pay and board declassification. Why are these such important issues?

At the end of the day, most corporate governance issues are really about making the board of directors and management more responsive to their shareholders, whether their concerns focus on the quantum of pay or social and environmental issues like climate change or access to medicines. Board declassification, for example, ensures that investors don’t have to wait for years to hold accountable board members who ignore a strong vote on a shareholder proposal. Instead, investors are able to elect the full board on an annual basis and can withhold their votes from any directors who may not have been properly responsive.

In our view, engagements focusing specifically on pay are not just governance issues, but also relate directly to inequality. Chief executives and other named executive officers of publicly traded corporations are among the most highly paid people in the United States. The compensation packages of senior executives play a significant part in the growing income gap in the United States. Eliminating unjustified compensation packages for CEOs was one of the demands elevated by the Occupy Wall Street protests in cities around the US. Addressing sky-high executive compensation and unearned windfalls stemming from practices like accelerated vesting upon a change in control is an important component of tackling the broader issue of income inequality.

How does NCF benefit from working in coalition with other ICCR members?

The ability to work in coalition with other ICCR members is a significant benefit of membership. In our experience, the world of shareholder activism is a uniquely cooperative field, with experienced investors happy to help newcomers to the field, or even just a particular issue, by showing them the ropes. When NCF joined ICCR more than a decade ago, we benefitted greatly from the knowledge and expertise of our fellow ICCR members as we filed our first proposals and worked to get up to speed on issues like sustainability reporting and ethical criteria for the extension of patents. ICCR continues to allow us to expand our impact by leveraging the issue-area expertise of our fellow ICCR members as we filed our first proposals and worked to get up to speed on issues like sustainability reporting and ethical criteria for the extension of patents. ICCR also provides a forum for us to speak about the importance of addressing issues like executive compensation. Over the years, we’ve also benefitted from the unique moral authority some of ICCR’s members bring to our work.

While it can feel ethically satisfying, screening is unlikely to actually change corporate behavior. Voice-based strategies like the submission of shareholder proposals and other forms of corporate engagement, however, can and do lead to changes in corporate policies and practices.
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.

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.