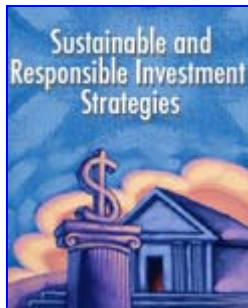


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News

March 25, 2008

ICCR Defines the Past, Present, and Future of Shareowner Activism

by Bill Baue and Francesca Rheannon

Interfaith Center on Corporate Responsibility Executive Director Laura Berry speaks with SocialFunds.com about transformative changes in shareowner activism.

The Interfaith Center on Corporate Responsibility ([ICCR](#)) essentially invented modern shareowner activism, and continues to define new directions in the practice of engaging corporations in dialogue and filing shareholder resolutions on environmental, social, and governance issues. For example, the coalition recently launched a campaign opposing genetically modified beets, the source of sugar for thousands of food products in the United States, through the [DontPlantGMOBeets.org](#) website. A similar campaign, entitled Don't Buy Coal, encompassed a [report](#) and [presentations](#) to the New York Society of Securities Analysts to highlight the risks of investing in new coal-fired generating facilities.

SocialFunds.com writers Bill Baue and Francesca Rheannon recently spoke with ICCR's executive director, about the coalition's history, present, and future. In this excerpt from the interview, Berry discusses transformations she sees taking place in the corporate social responsibility landscape, and clarifies common misconceptions about the role of shareowner activism.

Bill Baue: Who is ICCR, and what is its history until the present?

Laura Berry: ICCR is a coalition of about 300 faith-based institutional investors. We have somewhere north of \$100 billion in invested capital. We like alliteration, because it's easier for people to remember things, so we think of ourselves as working to bridge the divide between morality and markets. ICCR members challenge themselves to challenge the corporations they invest in to think about how to contribute to a more just and sustainable global community.

ICCR was founded in 1971, when a group of primarily Protestant denominations invested in South African companies and started to ask the questions, are some of the assets we hold contributing to the unjust regime in South Africa? And is there something we can do to encourage the corporate owners to encourage the US-based corporations we own to behave differently? In 1986, a group filed the first advisory resolution with GM asking the company to consider not doing business in apartheid South Africa. When you look at the history of the fall of apartheid leading up to 1994, most historians will credit the flight of capital initiated by faith-based investors as one of the factors that accelerated the process and probably created the conditions where this could happen with less bloodshed.

BB: Nelson Mandela himself credited the shareowner activism movement with a significant role in helping end apartheid. And since then, ICCR and shareowner activism in general have had a huge impact on the transformations we're seeing in the business sector toward recognizing the obligation and necessity from a financial perspective of adopting more sustainable practices socially and environmentally. You see shareowner activism as a way to open up new directions in the future. What are these transformations that you foresee happening?

LB: There is something that has clearly gone on, dating back to the 1970s, but it's become more and more sophisticated as time goes by. ICCR members are guided by the voice of faith--and I don't use that expression in italics at all, I sincerely mean that

look at corporate behavior through eyes that are guided first by notions of justice and sustainability, you see things differently. I'm not saying you see them better or worse differently than looking through the lens of mere wealth creation. That has given us investors regular moments of bringing issues to the table with C-level executives in global corporations, and being right.

For example, ICCR investors filed the first resolutions on global warming back in the 1990s, in the day when major policy wonks still weren't absolutely convinced that change was happening. We've been filing resolutions for well over ten years on predatory lending, addressing issues that could evolve from subprime lending or from the most huge irresponsible risk.

As new generations of leadership start to rise up in the corporate context, we're seeing that people recognize how our members and investors are providing arbitrage opportunities looking at markets differently and allowing them an opportunity to take advantage of differentials.

Francesca Rheannon: ICCR reports that 313 shareholder resolutions with 208 co throughout the US and Canada have been filed in this past year. As of press time, 100 resolutions were withdrawn, mostly in response to agreements reached with company shareholders. What does this mean? Is this an indication of a change in corporate

LB: I think it's an indication of efficacy and more cooperative dialogue. We see wins and real victories. And it's not a victory in the sense of, somebody wins and somebody loses because that's really not what the dialogue game, if you will, is about. These are wins because we have seen corporations that are willing to push themselves further to their own business practices and how justice and sustainability plays out. In a typical year, members file about 250 to 300 resolutions, so when we have an opportunity to win, it's almost always worth celebrating.

BB: And that's something that is not particularly well understood in the broader space, especially in the media coverage of the shareholder resolution process and shareholder activism. It's often framed that a withdrawal is some kind of defeat for the shareholder, when in fact, what you're saying is that it's the exact opposite: it often means that the expectations have been met, and met in a way that is mutually agreeable. The other thing that is mischaracterized by media accounts is the voting on shareholder resolutions--specifically, it's often framed that a less-than-majority vote is a defeat of some sort, suggesting that a vote of less than 50 percent vote is somehow a victory. Could you clarify this?

LB: Your question goes to the heart of the matter, framing a really important issue. It also goes back to the transformative nature of some of the work of the next generation of shareholder activism. When this work began, the idea that activist shareholders were viewing through this more complex lens of both fiduciary responsibility and social environmental justice was in-and-of-itself a revolutionary thing. There is, though, a perception of winning and losing, kind of a digital or binary approach to this work.

Winning is not about getting a majority. Winning is about raising issues that are also important to how we as human beings treat each other, one of the fundamental principles of every faith tradition I know about, and also, how we take care of our planet. Is 51 percent a "win" and 49 percent a "loss"? Neither answer is appropriate.

What is appropriate is firstly to raise the issue, document the dialogue, bring the issue to the attention of the board of directors and the governance structure of these major corporations, and also to bring media attention to issues around justice and sustainability. It's about acting as that leading edge, that vanguard around issues that might emerge.

Take my earlier examples of climate change and predatory sub-prime lending. We were looking at those issues through a very different scope. We were not getting "wins" through majority shareholder votes, but in fact our voices helped to raise these issues in powerful ways.

FR: ICCR has a number of different issue areas--corporate governance, enabling capital, environmental justice, human rights. Could you talk about one of these issues and the sub-areas within it--for example, health care?

LB: Some of the big issues on health care revolve around access. And on the domestic scale, the access issues are primarily driven by access to health care because of lack of health insurance. Our working groups file resolutions and engage corporations on questions such as, what health insurance is provided to the employee base? What companies provide insurance? Is health insurance is affordable? Do people have universal access? These issues are absolutely essential to a thriving democracy.

And then on the global scale--and please know I am grossly oversimplifying--access is more an issue of access to medicine. Some of our key allies are organizations like Oxfam, which is doing some brilliant work in thinking about how major pharmaceutical corporations can respect intellectual property rights, respect their market and their fundamental driving wealth-creation mechanism, while at the same time making sure that people on continents like Africa have access to the medicine they need to keep healthy. These are issues that are huge and that ICCR's corporate dialogues are wrestling with in concert with allies every single day.

You can listen to the complete interview by Corporate Watchdog Radio hosts Bill Baue and Francesca Rheannon with Laura Berry at the [Corporation Watchdog Radio](#) website.

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