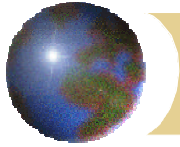


# *Valuing Corporate Citizenship*

**CCI Executive Briefing**

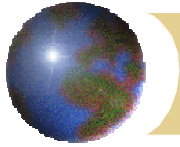
November 28, 2001

Amy Muska O'Brien



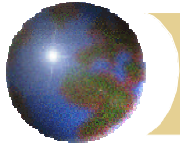
## *Fundamentals of CSR*

- “The integration of business operations and values whereby the interests of all stakeholders including customers, employees, investors, and the environment are reflected in the company’s policies and actions.”



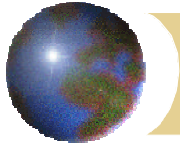
## *Presentation Outline*

- UCC Statistics and CSR History
- Growth of the CSR Movement
- Socially Responsible Investing (SRI) Tools
- Measurement of Corporate Citizenship
- CSR Movement following 9-11
- Discussion



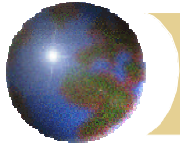
## *United Church of Christ*

- Formed in 1957
  - Congregational Christian Churches
  - Evangelical and Reformed Church
- 1.5M members
- 40 Conferences
- ~6000 local churches
- Six National Ministries
- ~\$3.2 billion in assets under management



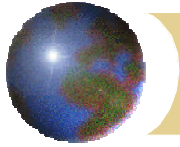
## *Early Roots of the CSR Program*

- 1967 General Synod
- 1969 General Synod
  - Committee on Financial Investments
  - *Investing Church Funds for Maximum Social Impact (1970) - the “COFI” Report*
- First CSR staff member appointed in 1971



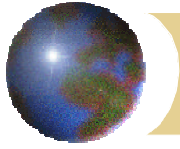
## *Office of CSR Today*

- To assist UCC National Ministries and their constituency groups in achieving greater harmony between their financial and social goals
  - Education & Research
  - Communication & Outreach
  - Participation
  - Shareholder Activism



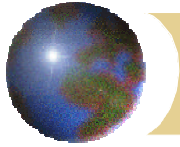
## *Growth of CSR*

- Changing Expectations of Stakeholders Regarding Business
- Shrinking Role of Government
- Increased Customer Interest
- Supply Chain Responsibility
- More Competitive Labor Markets
- Demands for Increased Disclosure
- Growing Investor Pressure
- The Business Case



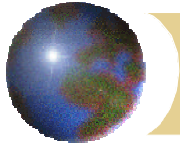
## *Business Case for CSR*

- Reduced Operating Costs and Increased Productivity
- Enhanced Brand Image and Reputation
- Increased Sales and Customer Loyalty
- Reduced Regulatory Oversight



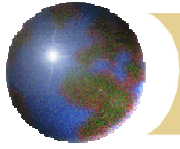
## *Socially Responsible Investing (SRI)*

- The integration of personal, religious or organizational values and societal concerns into investment decision-making
  - Screening
  - Shareholder Activism
  - Community Investing



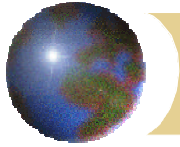
## *SRI Tool: Screening*

- Avoidance
  - Products
  - Country-specific operations
  - Negative CSR policies & practices
- Affirmative
  - Positive CSR policies & practices
  - “Best-in-class”



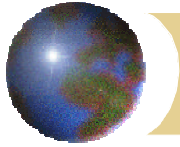
## *SRI Tool: Shareholder Activism*

- Constructive dialogue with company management
- Voting proxy statements
- Sponsoring shareholder proposals
- Divestment



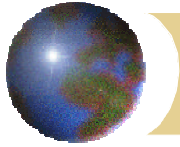
## *Shareholder Highlights for 2001*

- Proposed social/environmental shareholder resolutions = 261
  - Withdrawn = 73
  - Omitted = 23
  - Voted = 157
- Average Vote "For" = 8.5%



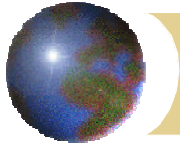
## *SRI Tool: Community Investing*

- Addresses financial needs of low income and underserved communities
- Investments made via intermediaries
  - Community development banks
  - Community development loan funds
  - Community development credit unions
- Loans, checking, savings, CDs, & money market accounts
- Market or below market rates



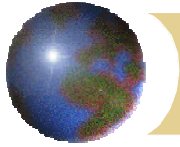
## *Scope of SRI in the United States*

- Social Investment Forum Trends Report (1999)
  - 2.16 trillion
  - \$1 out of every \$8 under professional management
  - Almost half used for shareholder advocacy
- Look for 2001 Trends Report soon...



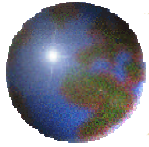
## *Investment Issues Survey Project*

- SRI-related questions:
  - Policies, practices & preferences
  - Product/industry investing
  - Shareholder activism
  - Resource needs
- ~20% response rate

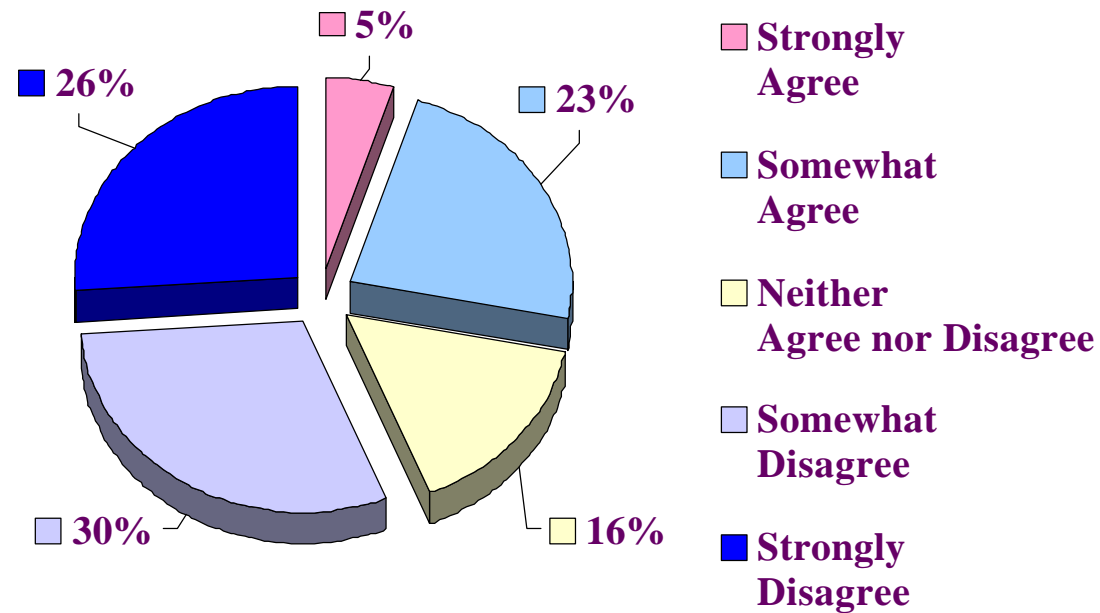


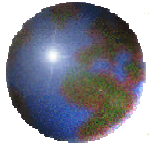
## *Key Findings*

- Churches and church-related organizations:
  - Should use financial return expected as the only criterion for investment decisions.
  - Should invest in community development initiatives and other socially responsible efforts even if it means a lower rate of return.
  - Should take a positive approach, i.e. focus on investing in companies that have the best record on environmental and other social issues.

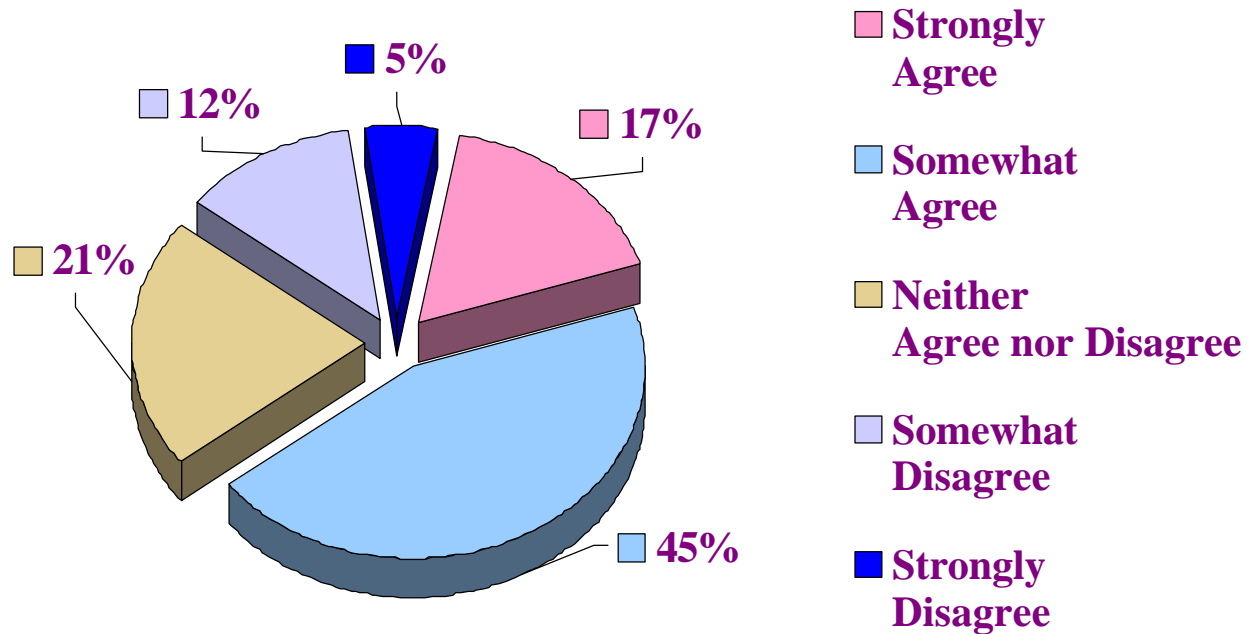


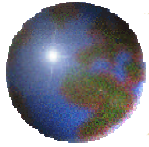
*Should use financial return expected as the only criterion for investment decisions*



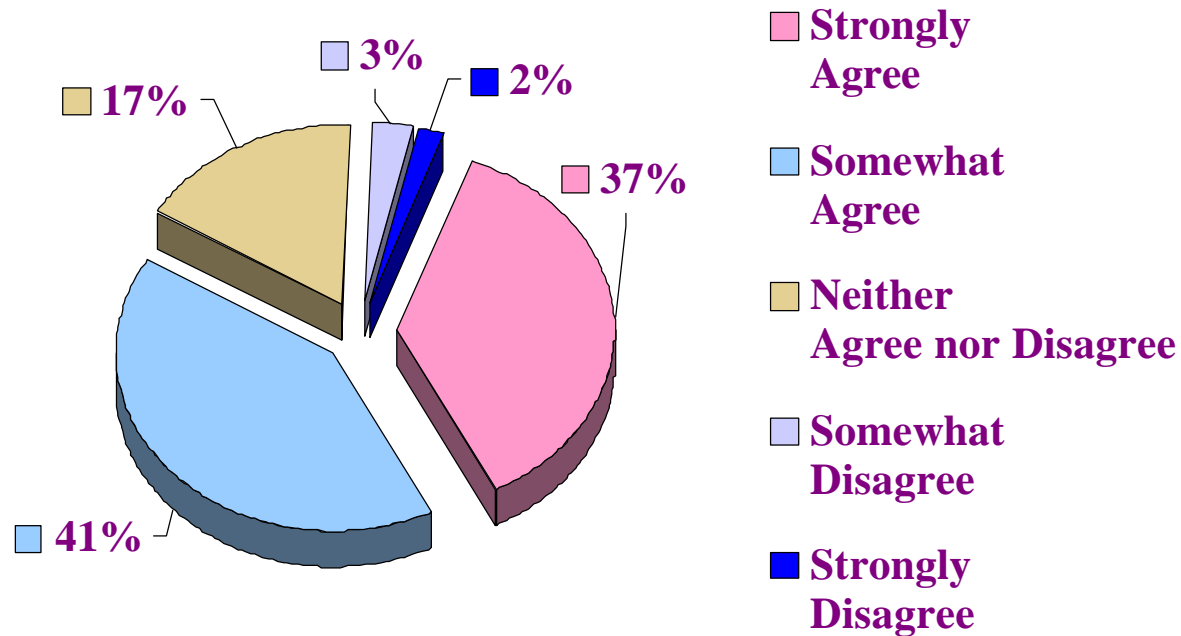


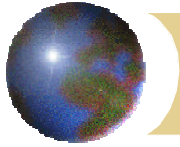
*Should invest in community development initiatives and other socially responsible efforts even if it means a lower rate of return.*





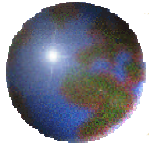
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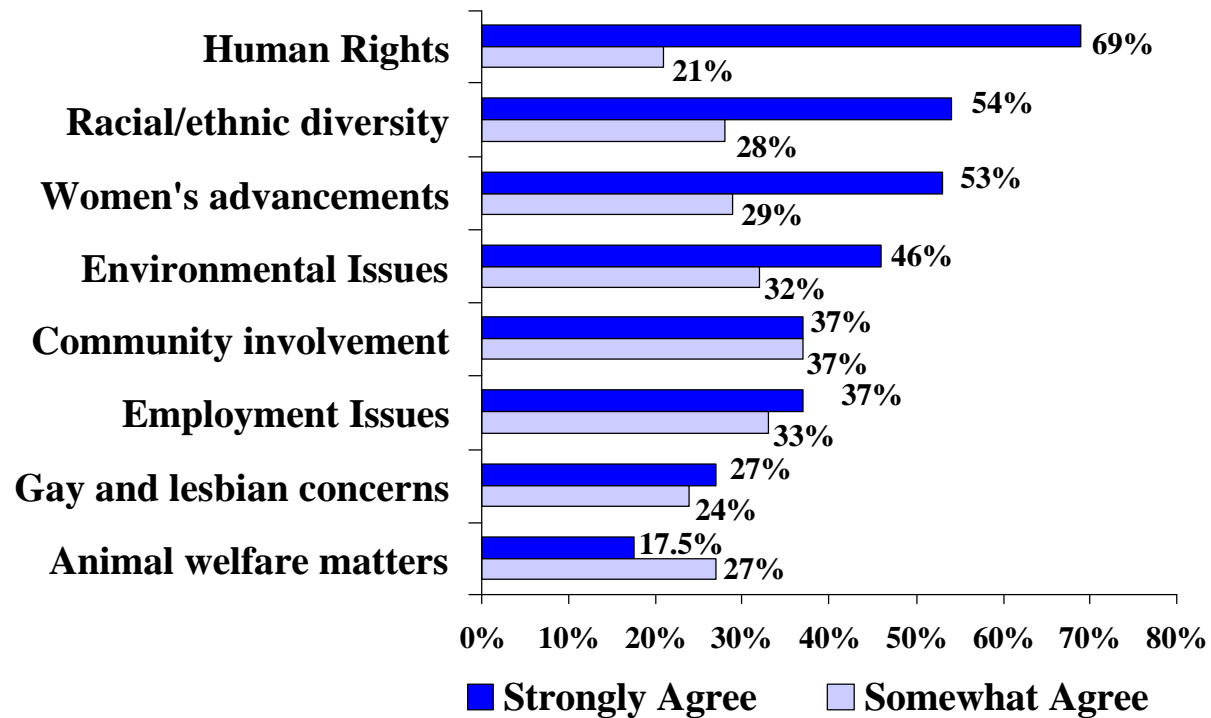


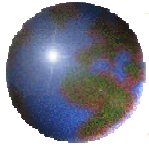
## *Shareholder Activism Preferences*

- A Church or Church-Related Organization Should Use its Power as a Shareholder to Advocate Change in Corporate Policies and Practices Concerning:

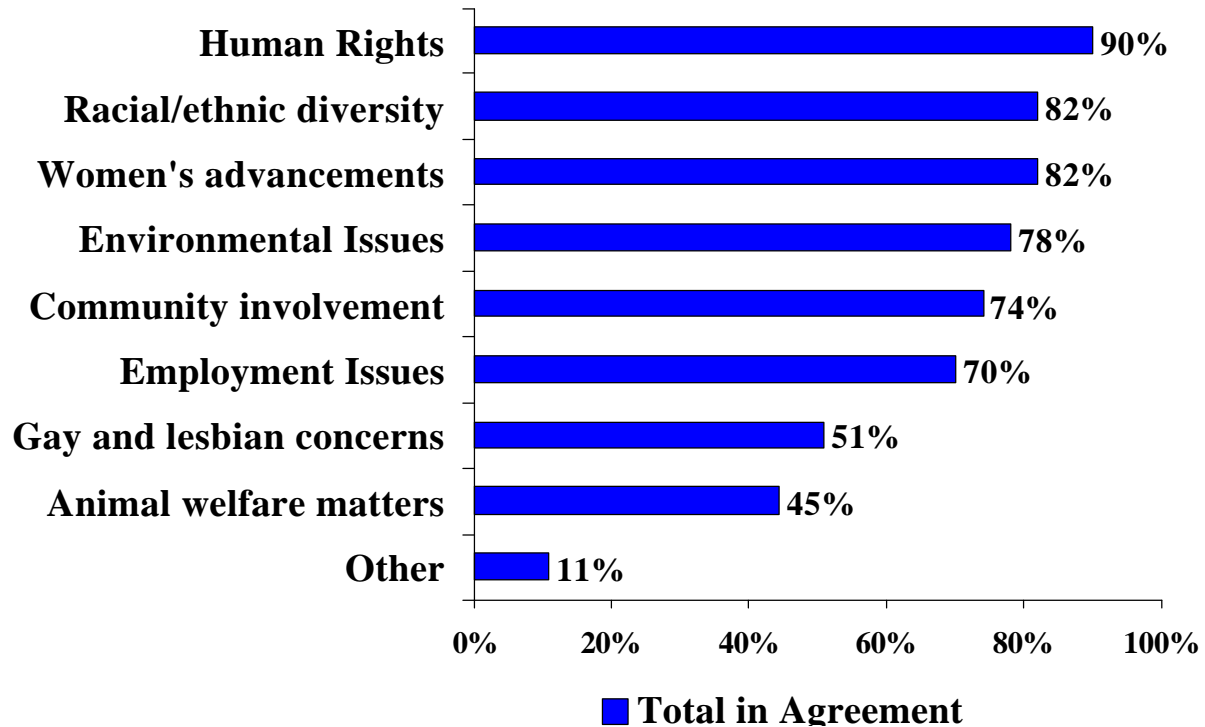


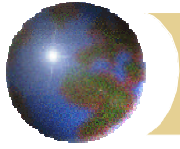
## *CSR Issue Area Ranking*





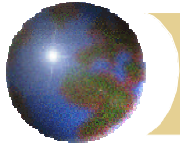
# *Shareholder Activism Preferences*





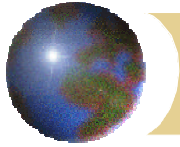
## *How to Value Corporate Citizenship*

- Primary Sources
  - Various reports
  - Company contacts
- Secondary Sources
  - governmental databases
- Ratings Organizations
- Media
- NGOs



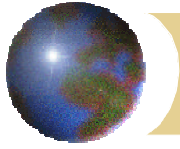
## *Limitations*

- Anecdotal/incomplete information
- Relevance
- Comparability
- Consistency



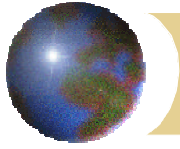
## *Global Reporting Initiative*

- Make corporate sustainability reporting as routine and credible as financial reporting
- Design a standardized reporting guideline reflecting the dimensions of sustainability:
  - environmental
  - social
  - economic
- Ensure a permanent and effective institutional host



## *Beyond September 11<sup>th</sup>, 2001*

- Possible implication on the CSR agenda
  - Positive
  - Negative
- Refocus on the long-term?
- Unchanged truths



## *Resources*

- Business for Social Responsibility: [www.bsr.org](http://www.bsr.org)
- Social Investment Forum: [www.socialinvest.org](http://www.socialinvest.org)
- SocialFunds.com
- Shareholder Action Network:  
[www.shareholderaction.org](http://www.shareholderaction.org)
- Interfaith Center on Corporate Responsibility:  
[www.iccr.org](http://www.iccr.org)
- Global Reporting Initiative: [www.globalreporting.org](http://www.globalreporting.org)
- SustainAbility: [www.sustainability.co.uk](http://www.sustainability.co.uk)