

COMMITTEE ON CORPORATE SOCIAL RESPONSIBILITY

MEMBERSHIP

The Rev. Kathleen J. Cullinane, <i>Chair</i>	Indianapolis, V, 2009
Mr. Richard H. Gillons	Arizona, VIII, 2009
The Rev. Edward Miller, Jr.	Virginia, III, 2009
Mr. Paul Neuhauser	Southwest Florida, IV, 2009
Ms. Lindsey W. Parker	Massachusetts, I, 2009
The Rt. Rev. William D. Persell	Chicago, V, 2009
Ms. Celeste Ventura	El Camino Real, VIII, 2009
The Rt. Rev. Orris Walker	Long Island, II, 2009
The Rev. Benjamin Webb	Iowa, VI, 2009
Mr. Warren J. Wong	California, VIII, 2009
Edgar K. Byham, , <i>Executive Council Liaison</i>	Newark, II
Harry Van Buren, <i>Consultant</i>	

SUMMARY OF WORK

The Committee on Corporate Social Responsibility (formerly known as the Social Responsibility in Investments Committee) was formed by Resolution A109 of the 1971 General Convention. The Committee on Corporate Social Responsibility has been an active part of broader ecumenical and secular movements focused on environmental responsibility for the past thirty-eight years. Through filing shareholder Resolutions, engaging in dialogue with companies and making voting recommendations for the church’s corporate proxies, the Committee contributes to the church’s witness for peace, justice and the integrity of creation. The Committee meets once in person and at least twice by teleconference during each calendar year to review proposed shareholder resolutions, corporate dialogues and proxy voting positions. This report will focus on shareholder resolutions and corporate dialogues during the present triennium, although it should be noted that voting proxies on social issues is also an important part of The Episcopal Church’s social witness.

Since 1971, The Episcopal Church has filed social-issue Resolutions with companies held in its investment portfolios. Many Resolutions are withdrawn after successful dialogue, and other Resolutions go to a vote by shareholders at company annual meetings. Two basic propositions underpin the Committee’s work: (1) there are moral minima that apply to all business activities and (2) more information about corporate social performance is better than less. Much of this work is coordinated with our interfaith partners (Protestant, Catholic, and Jewish) at the Interfaith Center on Corporate Responsibility (“ICCR”). The Committee on Corporate Social Responsibility’s work implements various Executive Council and General Convention Resolutions on a broad range of topics, including labor justice, environmental responsibility, human rights and peace.

The Committee’s work encompasses broad areas of focus, including access to health care, contract supplier and vendor standards, corporate governance, environmental issues and predatory lending. With regard to access to health care, one of the pressing issues in the United States is access to affordable health care for all. The Episcopal Church has filed shareholder Resolutions asking companies to adopt health care principles that address access and affordability.

Contract suppliers allow companies to outsource manufacturing operations to plants owned by other companies. Contract suppliers tend to operate in developing countries that have low wages and poor worker safety enforcement. In many cases, contract supplier employees work in hazardous conditions for wages that are insufficient to feed their families. Most of the Committee’s work in this category during this triennium has focused on dialogues with companies.

Corporate governance Resolutions have focused on board diversity and pay disparity between senior executives and lower-level employees. Most board diversity Resolutions are withdrawn after companies agree to adopt

language relating to the value of board diversity as a board policy. Pay disparity is a new issue area as of September, 2008.

There are two main areas of Committee and Episcopal Church shareholder activism vis-à-vis environmental responsibility: environmental justice and global warming. Environmental justice, a movement started in part in the aftermath of a 1983 United Church of Christ report, addresses concerns about differences in exposure to environmental harms based on race and income. Resolution D005 of the 2000 General Convention directed the Committee on Corporate Social Responsibility to engage in work on this issue, and The Episcopal Church has filed a number of shareholder Resolutions and engaged in corporate dialogues with companies—mostly focused in the natural resources sectors. The second area of shareholder activism addresses issues related to greenhouse-gas emissions and global warming, which together represent a dire threat for humanity and creation. In response to the 2006 General Convention Resolution, the Committee began a series of dialogues with companies regarding their policies on global warming and reductions of greenhouse gas emissions. In 2008 the Committee is also taking on the issue of how banks assess the global-warming impact of their lending activities.

The human rights category is quite broad. For companies with operations outside of the United States, the analogue of the contract supplier issue for company-owned manufacturing facilities is “protecting human rights” through developing and implementing some set of human rights standards. A number of dialogues continue in this issue area. Another human rights issue is preventing the commercial sexual exploitation of children with the travel and tourism industries; two Resolutions were withdrawn after the companies agreed to adopt policies and conduct employee training. Work on the issue of Israel and Palestine continues; a number of Resolutions have been filed with companies that have operations in the Occupied Territories or that sell materials to the Israel Defense Forces.

Finally, work on predatory lending – lending with abusive and unconscionable terms to customers with poor credit records – continues. Given the events of the fall of 2008, the issue of responsible lending has been maintained by the Committee as an issue focus.

Like many socially concerned investors, The Episcopal Church’s Committee on Corporate Social Responsibility seeks to use its assets in ways that promote corporate social responsibility. By raising issues with companies, filing shareholder Resolutions, and engaging in dialogue with corporations, The Episcopal Church contributes to the debate about the place of business in society. The work of shareholder activism has done much over the last few decades to increase expectations of companies with regard to social responsibility.

BUDGET REPORT

The Committee on Corporate Social Responsibility asks that the Joint Standing Committee on Program, Budget & Finance make a budget allocation of \$165,000 for the work of the Committee in the 2010-2012 triennium.