



Socially Responsible Investment Coalition

Justice and Peace Through Corporate Responsibility

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It's Meeting Time for Texas-Based Firms

ExxonMobil: SEC Says Shareholders Can Vote

ExxonMobil shareholders will meet in Dallas on May 29. Socially Responsible Investment Coalition members have filed resolutions concerning energy and the environment. Shareholders gained an important victory when the Securities and Exchange Commission (SEC) issued letters supporting the inclusion of two environmental shareholder resolutions in the company's 2002 proxy statement. The resolutions were filed by some fifty-six investor groups overall.

For years ExxonMobil has refused to admit global warming is real, refuses to set emissions reductions goals and resists calls to invest in renewable energy. The resolutions call for a report on ExxonMobil's plans to develop clean energy and ask for executive compensation to be linked to environmental and social performance. ExxonMobil challenged the resolutions at the SEC, seeking to omit them from the annual proxy, but on March 27 the SEC refused their request.

"Rather than address concerns about ExxonMobil's environmental accountability directly, ExxonMobil chose to go to the SEC to try to cut off debate," said Father Michael Crosby of the Province of St. Joseph of the Capuchin Order, the primary filer of a resolution on renewable energy. "This company simply refuses to address these issues head on in a responsible manner."

"In the wake of the Enron scandal, vigilant shareholder oversight and responsibility is more necessary than ever," said Sister Patricia A. Daly of the Dominican Sisters of Caldwell, New Jersey, the principal filer of a resolution on executive compensation. "Just as Enron's board members failed to properly oversee their company's financial dealings, ExxonMobil's board is failing to oversee their company's position on vital environmental issues. We are pleased that investors will be able to examine these issues at the annual meeting."

ExxonMobil's isolationist position on global warming

contrasts with that of its leading competitors. In a March 11 speech to a Stanford University audience, Sir John Browne, Chairman and CEO of BP, reaffirmed his company's acceptance of the science of global warming. Browne stated, "I believe the American people expect a company like BP, the largest single supplier of oil and gas in this country, to offer answers and not excuses. People expect successful companies to take on challenges, to apply skills and technology and to give them better choices."

Browne also announced that BP had successfully reached its initial goal of reducing global warming emissions 10% below 1990 levels and publicly announced a new goal of keeping emissions level throughout the next decade. In addition, Browne announced that BP would continue to invest in solar energy. BP's solar operations have a 17 per cent

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Can We Talk?

We love to talk about the burgeoning socially responsible investment movement and have made presentations recently to political, church, and university groups.

Please invite us to speak to your group. Call Jim at (210) 344-6778.

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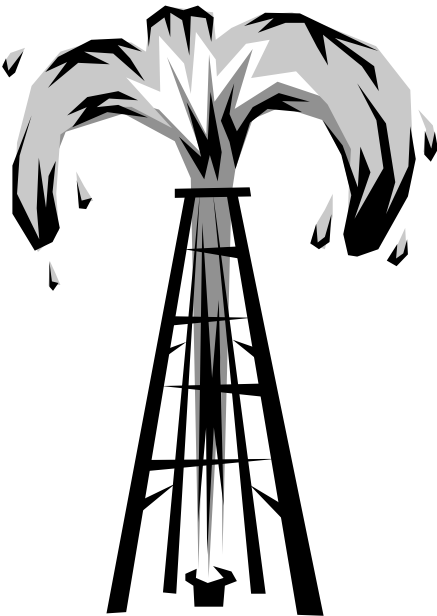
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share of the world market and are expected to grow by 40 per cent this year.

The very different approach taken by ExxonMobil was featured the following day in a *Financial Times* story ("A Dinosaur Still Hunting for Growth") in which Chairman and CEO Lee R. Raymond reaffirmed his skepticism about global warming and then insulted Europeans for their emissions reductions efforts. "In Europe you like to tell people what kind of cars they ought to use. Most Americans like to make that decision themselves—that's why they left (Europe)." ExxonMobil refuses to set goals for reducing its greenhouse gas emissions.

Raymond also sneers at renewable energy. "We've been there, done that," Raymond is quoted as saying in the *Financial Times* story. ExxonMobil claims to have invested \$500 million in solar, wind and battery power in the 1980s before giving up. Renewable energy prices and technologies have come a long way since ExxonMobil looked into it, shareholders point out. "Who can imagine a company rejecting computers because they looked unattractive the last time they looked twenty years ago?" asked Daley.



Many companies agree that global warming is real and are committing to solutions. Royal Dutch Shell has specific emissions reductions goals and is investing \$1.5 billion in renewables. DuPont has also committed to reduce emissions and meet its internal energy needs through renewable energy.

"Exxon Immobile is a good description of this company. They refuse to move despite scientific fact and consensus, despite growing demand for clean energy and despite the long-term threat their position poses to the global economy," said Peter Altman of Campaign ExxonMobil. "It is long past time for ExxonMobil to drop its arrogance and take meaningful action. The company ought to be telling its investors and the public what its emissions reductions goals are and explain how it plans to meet them. ExxonMobil

should be a leader in fighting global warming, not a leader in fighting solutions." Campaign ExxonMobil is a national coalition of religious shareholders and environmental groups working to compel ExxonMobil to take a responsible position on global warming.

(These resolutions can be found at : www.campaignexxonmobil.org/shareholder/2002_resolutions.shtml)

Cooper Industries: Here's A Switch - Good News From Houston

Manufacturing activity along the U.S.-Mexico border is a key interest of many Socially Responsible Investment Coalition members. Houston-based Cooper Industries is an important player in the El Paso-Juarez area and, for several years, shareholders, led by the Benedictine Sisters of Boerne, have tried to engage it concerning its practices there. The company, however, has generally refused to participate in dialog with these shareholders. The shareholders, in turn, have submitted resolutions seeking a stronger code of standards for its international operations. But, the most recent resolution, in 2001, failed to obtain the minimum shareholder support necessary under Securities and Exchange Commission rules for it to be brought up again.

Confronted with this reality, Sr. Susan Mika, who leads the Benedictines' corporate responsibility efforts, decided on a different approach. At the 2002 meeting of shareholders, held in Houston on April 5, she presented a resolution that was supported by fellow SRIC member, the Congregation of Holy Cross-Southern Province, and five other religious and social investors. This resolution spoke of the challenge faced by global corporations in creating sustainable development in the communities in which they operate and, specifically, requested that the board prepare a report dealing with the triple- bottom line—economic, social, and environmental—associated with sustainability. Management responded that it thought this was a good idea but it opposed the resolution because, it claimed, it was already doing everything in this area that could be expected of it and that its Web site is full of reports of one sort or another that anyone and everyone can look at. (The full text of the resolution and management's response appears on pages 23 and 24 of the company's proxy statement. This document may be viewed at www.cooperindustries.com.)

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cooperindustries.com/inv_center/index.htm.)

But the real story was how the resolution fared. Shareholder resolutions must get 3% of the vote in the first year to come back the next. In the second year this threshold moves up to 6%, and then, on up to 9% in years after that. A rule of thumb among religious and social investors, however, says that at 10% an issue begins to get attention and becomes something that management must seriously deal with. Well, the Benedictines' resolution pulled down a whopping 21.85% of the vote!

Sr. Susan observed afterward that the concept of sustainability and the triple-bottom line seems to be catching on fast. She also noted that a major proxy voting service had highlighted the fact that the company had consistently refused to meet with shareholders. Maybe you can't do that so easily in a post-Enron world. Cooper CEO H. John Riley, Jr., announced at the meeting that he'll be meeting with

ingredients. (The entire resolution may be viewed by going to www.iccr.org and clicking on the current resolutions on the right near the top of the page.) As is often the case, the filing led to dialog between the shareholders and the company. In dialog the company insisted that private label products manufactured after October 1, 2001, did not contain GE ingredients but, for a variety of legal, technical, and production reasons it was unwilling to label them as such at this time. The shareholders, of course, maintained that such labeling would seemingly enhance the marketability of the products.

The shareholders eventually concluded that sufficient progress had been made in the meetings to justify withdrawal of the resolution. The company agreed to increase the visibility of its GE consumer education and lobbying information in its stores and on its Web site; to improve store-to-store consistency of its consumer education materials; to address the issue of re-labeling Bakehouse and Commissary products, which may contain GE ingredients; to establish timelines for the implementation of these measures; to continue to update shareholders on the progress of these measures; and, to continue the dialog with shareholders.

Moreover, the company agreed that the shareholders could report on this exchange at the annual shareholder meeting which was held in Fort Lauderdale on March 25. Shelley Alpern, a Trillium executive, made the presentation and was applauded by the other shareholders present.

Whole Foods: Progress in Dialog

Austin-based genetically-engineered ("GE") food activist and Whole Foods Market shareholder Jenny Clark approached the Socially Responsible Investment Coalition last fall for assistance in using her stock ownership to encourage that company to be more forthcoming in its food labeling practices. Together we proceeded to write a shareholder resolution.



Although none of our SRIC members was a Whole Foods shareholder, we found Interfaith Center on Corporate

Responsibility members and others who were and who were interested in taking up this struggle. They included the General Board of Pension and Health Benefits of the United Methodist Church, Trillium Asset Management, and a handful of individual investors. Other ICCR members without stock but with specialized knowledge of the GE food issues pitched in with technical assistance.

The resolution, filed in October, essentially asked the company to label products sold under the Whole Foods private labels as to their GE and non-GE

PepsiCo: Donovan to Present Labeling Resolution

PepsiCo will meet in Plano on May 1. SRIC Executive Director Jim Donovan will present a resolution concerning the labeling of genetically engineered foods.



If there is no struggle, there is no progress. Those who profess to favor freedom and yet depreciate agitation want crops without plowing up the ground ... power concedes nothing without a demand. It never did and it never will.

... Frederick Douglass

Public, Private Interests Conflict in the River City

As shareholders we're pro-business. Business is the efficient means by which many goods and services are delivered to consumers and we have chosen to play a role in that activity. As religious investors, however, we have an obligation to see that business is carried on in a manner that furthers the common good. A classic business versus the common good case is now unfolding in San Antonio.

Several months ago, Temple Inland, a Texas-based Fortune 500 company with interests in timber, paper, financing, and development, came to town. It announced it was going to develop a 2,800-acre tract it owns near the edge of town. Development would be in the form of a resort—maybe a hotel and two golf courses, maybe a golf course and two hotels—something along those lines.

San Antonio already has lots of hotels and golf courses. Neither provide many good jobs. Golf courses are a problem for another reason. They suck up inordinate amounts of water. San Antonio was founded, in large part, because of its rich water resources. But, in the 300 years since then, per capita availability has dropped like a rock. Now, in a typical summer, mandatory rationing is necessary. Just this year, arrangements have been made to pipe water in from the Colorado River at a cost of hundreds of millions of dollars and ecological damage to that waterway's estuary that can only be imagined. Finally, resorts like the one proposed have a reputation for bringing in clients who never leave the property and thus spin little or no money out through the rest of the economy.

The next piece to fall out was that the tract was located over the recharge zone of the Edwards Aquifer. The aquifer is a huge underground lake spreading out to the west of the city and, since the Colorado River water won't be on line for several years, constitutes essentially the city's sole water source. The recharge zone is where rainwater can get back into the aquifer and replenish it. It is also where the aquifer risks being polluted. The other thing golf courses are famous for—besides their voracious thirst—is their voracious hunger for fertilizers and chemicals that must not be permitted to get into the aquifer. Some

experts have come forward and said this might happen and others have said that it probably wouldn't. Temple has promised to be very, very careful but refuses to accept responsibility for any such damage in excess of \$1 million and apparently no insurer is willing to take on this risk.

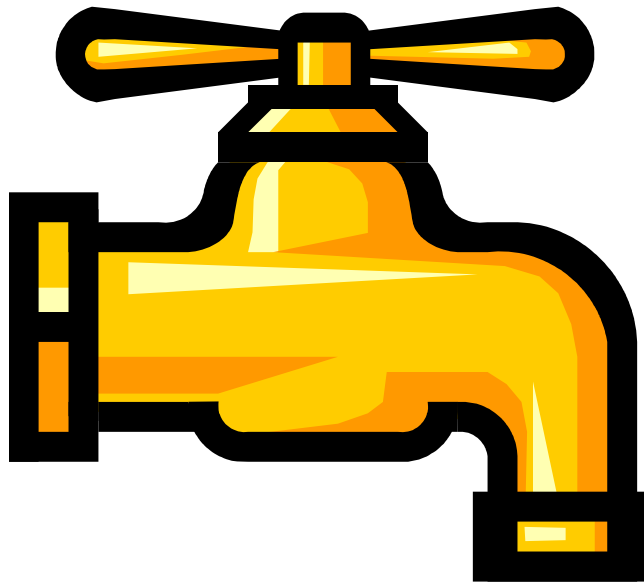
But, the worst part of all for many is the financing. It seems that at the last session of the Texas Legislature, one of democracy's stranger aberrations, a bill passed at the eleventh hour that would permit Temple to pocket the first \$60,000,000 or so of sales, property, and other taxes the project would generate if the San Antonio City Council would agree. Veteran state Senator Jeff Wentworth, in whose district the property lies, sponsored this legislation. While usually cautious and conservative, he now admits he never read it.

So, on balance, what does the public have here? We get a business that exists for the purpose of amusing prosperous out-of-towners. Its profits flow to out-of-town investors and managers. It will provide a few jobs locally but most of these will be low-paying. Its multiplier effect on the economy is limited. It joins the competition for our increasingly scarce and increasingly expensive water but, beyond that, constitutes at least some threat to the physical safety of that critical resource. And, finally, it gets to simply pocket \$60,000,000 that would otherwise flow into our public coffers.

Many, many San Antonians did not think this was a new business that we needed but nine members of the eleven-member City Council disagreed. The proposal was approved in the wee hours of April 5. Many citizens are now engaged in a petition drive that would force a vote on this issue. 68,023 signatures must be hand-collected within forty days. This number represents 10% of the city's registered voters at the time of the last general election. It's, of course, a much higher percentage of those who are sufficiently tuned in to bother to vote. The petition forms have twelve lines so some 5,700 forms must be completed. Over eleven reams. Can it be done? We'll see.

SRIC members have been active in this struggle in many ways. Sr. Gabriella Lohan of the Sisters of the Holy Spirit and working through Metro Alliance has been before City Council, at press conferences, and

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everywhere. Others have sent letters, worked on the petitions, and helped in other ways. Still others are getting on board the new Clean Money San Antonio movement that will seek to have mayor and council campaigns publicly financed. This will go to the roots of the problem.

Other Company Notes

Last summer—I'm still trying to cool off, in fact—some of our members distributed Department of Labor worker rights information to production employees at the **Tyson Foods** plant in Seguin. Since then we have seen a federal indictment come down against the company and six former managers which accuses them of conspiring to smuggle in undocumented immigrants to work at 15 plants. Now, in early April, a civil suit has been filed by four former employees that accuses the company of depressing wages through its use of such workers. We appear to have a Harvard Business School case study on our hands here. The perishability of the product won't permit taking the operation off-shore. So, how can we establish off-shore conditions here? They appear to be well on the way. The Department of Labor reports that fourteen out of every hundred poultry processing workers become ill or are injured due to their job each year. One hundred percent of the plants surveyed by the Department did not pay employees for all the hours they worked. Forty-four percent did not pay proper overtime to their chicken catchers.

Fortune Magazine reported earlier this year that **SBC Communications**, San Antonio's biggest company by far, is America's Most Admired Telecommunications Company, the World's Most Admired Telecommunications Company, and, finally (are you holding on?), one of the Top 50 Companies Anywhere! But, then, as my pulse rate began to return to normal, I noticed that General Electric was at the top of one of the other categories. Wait, I said. What's this based on and who says? Digging in, I found there were nine categories: quality of management, quality of products or services, innovativeness, investment value, financial soundness, ability to attract and retain talented people, social responsibility, globalness, and use of assets. (Globalness? Maybe globality? No, the word processor doesn't buy that either.) The judges were senior executives and board members from leading companies and financial analysts. Oh,

OK.

Several SRIC members have filed resolutions with **Wal-Mart** this year on tobacco. Don't have any final figures but it now appears that the company is the biggest retailer of the killer weed on the planet. Their stores themselves are, of course, a blight on the landscape but they do have those low, low prices. The Winter 2002 issue of *TAHN Monitor* has some other interesting facts about **Wal-Mart**. For example, although **Wal-Mart** boasts selling clothing made in America, 53% comes from China. And, about 60% of **Wal-Mart** employees are not covered by the chain's health care package. And, hourly workers at **Wal-Mart** make, on average, \$2/hour less than unionized supermarket employees. And, again on average, a single parent with two dependents working full time at **Wal-Mart** will fall \$2,000 short of escaping poverty (even by the federal government's hard-nosed definition) And, finally, on women ... they make up 72% of the work force, less than 33% of the supervisors and managers, and less than 10% of the top managers. Women have been awarded millions of dollars in sexual harassment and discrimination claims against the company. But, hey, it does have those low, low prices.

~~Philip Morris boasted a few months ago of its role~~ in helping to get the Czech social security system on a sound financial footing. Its customers, by not living long enough to make much of an impact, were leaving lots of money for the other participants. I never could quite put my finger on it but it just seemed like there was something wrong with this argument. As a result, I quit drinking Miller Lite beer, which I might enjoy otherwise, because I didn't want to support the parent. I was encouraged, then, by a recent headline suggesting the beer business might be sold to South African Brewers. But, then I read the fine print. **Philip Morris** would be a major stockholder in the combined South African-Miller entity. Upshot: the transaction would result in less, not more, beers that I can ethically drink.

BP PLC, nee **British Petroleum**, has announced that as of April 1, it "will make no political contributions from corporate funds anywhere in the world." This is great news—or it would be if it actually means anything. For years, U.S. laws have barred corporations from making political contributions. Their executives, their employee PACs, their trade associations, and their lawyers make the contributions. So, we wait to learn if BP PLC plans to behave differently or if this is just some nonsense it thought might sound good in the post-Enron environment.

The Automakers and Fuel Efficiency

We hear a great deal about the perils of our dependency on unreliable foreign oil. So frightening is this prospect to some that they're anxious to tear up the Alaskan National Wildlife Refuge for just a few months' supply. In March, however, Senators Kerry (D, MA) and McCain (R, AZ) thought they might have a better idea. They proposed a measure that would raise overall fuel economy from 24 to 36 mpg by 2015. The National Academy of Sciences and the Union of Concerned Scientists had determined that fuel efficiency could be raised to 35 mpg by 2013 without giving in on either safety or performance. And polls have consistently shown that the public supports increases of this magnitude. Further, there have been no mandated increases since 1975.



Kerry and McCain, however, had not counted on the ferocity of the campaign of opposition automakers and their employees would unleash. Television ads, reminiscent of the attacks on single-payer health insurance ten years ago, warned that SUVs would become extinct and that farmers would have to tend their crops in subcompact cars. Ford drafted letters for their employees to use in lobbying Congress. General Motors, which from the days of *Unsafe at Any Speed* and before, has had no notable interest in safety, improbably led the charge on that issue.

The Senate ultimately voted up a substitute measure that would appear to simply defer the whole matter for two years. Senator Kerry, however, believes the damage done was much worse. He points to the complex criteria in the bill that passed and predicted that the automakers could use those to tie up future proposed increases in the courts for many years. Meanwhile, less than a month later, General Motors was back to its more accustomed posture on safety. It announced that it was considering changing antilock brakes and side air bags from standard equipment to optional extras.

News Updates

Social Security ... We reported in our last issue on this topic. According to the usual suspects, it's bad, very bad. Costly. Racist. Going broke. Maybe broke already. The sort of thing that only someone like, say, Saddam Hussein could dream up. Anyway, despite all this, The Wall Street Journal reported in late March that trustees of the Social Security and Medicare programs had discovered that the former would remain solvent through 2030 and the latter through 2041. This was one year and three years *longer* respectively than previous estimates had indicated.

Genetically Modified Food ... Several issues ago we reported that genetically modified corn that hadn't been approved by the U.S. government for human consumption had gotten away from farmers and made it all the way to grocers' shelves. Later we noted that Mexico, which had never approved genetically modified corn at all, found itself awash in it. Now (mid-April) comes forward Monsanto to announce that it ... er ... uh ... believes that some of its unapproved genetically modified canola seed may have jumped the traces and be off to dinner tables somewhere. The company hopes to avoid a massive recall and has asked the government to forgive it. Early indications are that this wish will be granted. Once again, the proper stance for a concerned citizen is to stand very straight, look sincere, cross his or her fingers very tightly, and hope that this all turns out all right. As long as we have wind and insects, all this stuff will soon be everywhere.

Notes

SRIC Executive Director Jim Donovan has been appointed a member of the CHRISTUS Health Socially Responsible Investment Advisory Committee for a three-year term by Thomas Royer, M.D., President and CEO of that organization.

Jim will have a class on socially responsible investing on Thursday evening, June 13, from 6:30 to 9:30 at Alamo Heights High School in San Antonio. This is a component of the North East Independent School District's Community Education program. Please call the district at 210-657-8866 for further details.

Individual income-tax collections totaled nearly 53% of all IRS collections in fiscal 2001. Corporate income-tax revenues represented only about 8% of the total.

The Wall Street Journal, April 3, 2002

SRIC Urges You to Join Us

We have several categories of membership

Who We Are and What We Do



Socially Responsible Investment Coalition (SRIC) is a religiously sponsored corporate responsibility office headquartered in San Antonio, Texas. Institutions and individuals belonging to SRIC work to balance their economic policies and practices with their faith and social concerns. As investors and shareholders, they act to influence corporations towards social responsibility. SRIC is a member of the Interfaith Center on Corporate Responsibility (**ICCR**).

SRIC has the following goals:

- ◆ to educate members about social issues relating to corporate responsibility;
- ◆ to effect changes in corporate policy through a variety of strategies, including actions by shareholders;
- ◆ to use the networks provided by membership in ICCR for research information, analysis and action strategies.

SRIC researches and promotes action in the following areas of ongoing social concern:

- ◆ Energy and the Environment
- ◆ Militarism and Violence in our Society
- ◆ International Codes of Conduct for Businesses
- ◆ Minority and Women's Issues
- ◆ The Maquiladora Issues
- ◆ Northern Ireland's MacBride Principles
- ◆ Community Reinvestment
- ◆ National and International Healthcare

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JUSTICE AND PEACE THROUGH CORPORATE RESPONSIBILITY

“The wreck of Enron ... is not the result of sin; this is the way markets work. It is simply what happened when regulatory oversight is systematically shut down, bought off and defunded; when business journalism becomes salesmanship; when investment banking becomes salesmanship; and when political power is a prize that goes to the highest bidder.”

... Thomas Frank, in “Shocked,
Shocked! Enronian Myths Exposed,”
The Nation, April 8, 2002