

Committee on Corporate Social Responsibility

Membership

Mr. Edgar K. Byham, <i>Chair</i>	Newark, II
Mr. Paul M. Neuhauser, <i>Co-Chair</i>	Iowa, VI
Mr. William B. McKeown	New York, II
Ms. Lindsey W. Parker	Massachusetts, I
Ms. Anita Sanborn	Colorado, VI
The Rt. Rev. Pierre Whalon	Churches in Europe, II
The Rev. Dr. Monrelle Williams	California, VIII
The Rev. Benjamin Webb	Iowa, VI
Ms. Lelanda Lee, <i>EC Liaison</i>	Colorado, VI
Mr. Harry Van Buren III, <i>Consultant</i>	

Summary of Work

The Committee on Corporate Social Responsibility was officially formed by Resolution 2006-A109 of the 75th General Convention, though the work of the Committee has been part of broader ecumenical and secular movements focused on environmental responsibility for over forty years. Through filing of 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 during each triennium 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 Many resolutions are withdrawn after successful dialogue, and other resolutions go to a vote by shareholders at company annual meetings.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:

- there are moral minima that apply to all business activities; and,
- 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.

The Committee'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 also encompasses broad areas of focus, such as access to health care, contract supplier and vendor standards, corporate governance, environmental issues, and predatory lending. The Committee's work is done in partnership with the Church Pension Fund's Committee on Social and Fiduciary Responsibility in Investments; the Church Pension Fund provides significant financial support for the Committee's work, in addition to facilitating the proxy voting activities of many Church bodies by providing a way of voting their proxies without any cost.

The Committee met in Charleston, West Virginia in September 2010 to learn about the social, economic, and environmental effects of coal mining, particularly in rural and economically poor communities. As a result of this meeting, resolutions regarding the health and environmental effects of coal mining have been filed with coal-related companies, and several of these resolutions have been withdrawn after dialogue with the companies involved. The Committee anticipates that coal and its associated social and environmental effects will continue to be an area of focus over the next few years, as this issue encompasses concerns about human health, environmental justice, and global warming.

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.

The main focus of the Committee, and the Church's shareholder activism vis-à-vis environmental responsibility, has been environmental justice. 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 2000-D005 of the 73rd General Convention directed the Committee 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, including the work on coal previously mentioned.

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, and several new resolutions with companies have been filed. Another human rights issue is preventing the commercial sexual exploitation of children with the travel and tourism industries; dialogues continue with two companies in the travel and tourism sector, and The Episcopal Church is participating in ongoing activism regarding linkages between this issue and sporting events such as the Super Bowl and the Olympics.

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. Many of these resolutions have also addressed general human rights concerns.

Finally, work on predatory lending—lending with abusive and unconscionable terms to customers with poor credit records—continues. Given the long-lasting effects of events related to the financial crisis of 2008, the issue of responsible lending has been maintained by the Committee as an issue focus.

Like many socially concerned investors, the Committee in partnership with the Church Pension Fund 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. In a world that is increasingly becoming globalized and in which business enterprises play a leading role, this work continues to be significant as The Episcopal Church offers its vision of a world in which peace and justice are paramount values that shape economic activities.

Budget Report

The activities of the Committee and consultant work (shareholder meetings and corporate dialogues) during the 2010–2012 triennium totaled nearly \$200,000. 80% of these costs have been funded by the Church Pension Group; 16% by the Church endowment; and a modest 4%, or \$9,000, fall within the Executive Council budget. Assuming this partnership structure continues, the Committee requests a budget allocation of \$10,000 during the 2013–2015 triennium.