

Texas investing coalition marks 25 years of mixing faith, finance

SAN ANTONIO - Although the early founders of the socially responsible investment movement might be described as “fools with faith,” they can look with pride to years of providing a platform for religious communities to use their moral voice and financial vote to influence corporations, according to one of those pioneers.

Tim Smith, senior vice president and director of socially responsive investing at Walden Asset Management in Boston, addressed the 25th anniversary gathering of the Socially Responsible Investment Coalition, based at the Oblate School of Theology in San Antonio.

Smith, who worked for the Interfaith Center on Corporate Responsibility in New York for 29 years, 24 of them as its executive director, said members of the movement “constantly have to blend the mandate of the Gospel with financial decisions.”

As a result, he said, its members have used their faith, finances, values and power “to protect God’s earth and promote justice.”

The Socially Responsible Investment Coalition brings together religious congregations, institutions and individuals who work to balance their economic policies and practices with their faith and social concerns. As investors and shareholders, they act to influence corporations to be socially responsible.

Holy Cross Brother Thomas Krieter gave a brief history of the coalition, which began in 1982 as the Texas Coalition for Responsible Investment and then became a program of the Intercongregational Justice and Peace Office, Camino a la Paz. When that program ended in 1997, the group incorporated as the nonprofit coalition.

One of the early issues the pioneers in the new movement took on was addressing apartheid in South Africa. When they first raised the question of U.S. financial institutions lending money to the government of South Africa, they were told, “You can’t mix morals and finance,” Smith said. Eventually, banks did withdraw from this

lending, however, and began to examine the human rights impact of loans made around the world.

Other issues addressed by religious investors, Smith said, included infant formula abuse in Third World countries, the environment and climate change, diversity in the workplace and maquiladoras, which are factories built in Mexican border towns by U.S. corporations because of the cheap labor.

When the wave of scandals started at such corporations as Enron, WorldCom and Adelphia, Smith said, investors suddenly became concerned that companies be held accountable through better corporate governance and began to pay attention to issues that the socially responsible investment movement had been raising.

While corporations may have paid little heed in earlier years to issues raised by a religious congregation, the picture changed as larger investors with trillions of dollars behind them raised questions. This marked an era of new alliances, albeit with different motivations, he said.

Smith, chairman of the board of the Social Investment Forum, a secular trade association, said the forum's biennial trends report has found the human rights issue in Sudan and its Darfur region to be an increasingly important one.

Rather than being initiated by the social investment community or the faith community, this movement began as a grass-roots effort by college students, with 20 of the top U.S. universities taking the position that investment should be withdrawn from companies who play a major role in what is happening there.

"That's surely taking a page from the social investment work that focused on apartheid in South Africa," Smith said.

The issue that garners the most attention, however, is that of corporate governance, he said. The fact that the CEOs of some companies are drawing \$400 million salaries is not sitting well with shareholders, he said.

This year the Benedictine Sisters have placed shareholder resolutions before about 50 companies, requesting that investors be given an advisory vote annually on the amount of executive pay packages, Smith said. Such resolutions are getting an

increasingly larger number of votes these days, he said, because traditional shareholders are “voting their pocketbooks,” seeing this as making good business sense.

“Everyone in this room can imagine the day when our resolutions on diversity and maquiladoras and sweatshops and climate change start getting 50, 60 percent of the vote,” he said. “The day may be closer than we think.”

But challenges remain, said Smith, who called for redoubled efforts in reducing environmental threats contributing to climate change, protecting employees in factories throughout the world whose goods we use, and breaking the glass ceiling that prevents women and people of color from moving up the job ladder.

Also of grave importance are the role of companies in addressing broadening global poverty and being a creative force in combating the AIDS/HIV crisis in Africa, Asia and Latin America.

“The bottom line is that our work is not done – and the bottom line is it is more important than ever,” he said.