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## **Religious shareholders take the environment on faith**

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When investors in Staples Inc., the giant office supply retailer, gathered for the annual shareholders' meeting in Boston this week, they expected a rundown on profits and assets. They didn't expect a sermon on man's responsibility to the natural world and to future generations.

But that's exactly what they got from Rev. Pat Jobe, the pastor of the 130-member Tanner's Grove United Methodist Church in the backwoods of western North Carolina. Jobe, who was representing 150 ministers and several environmental groups, told shareholders that the clear-cutting of forests is destroying his community and that Staples has a moral obligation to sell primarily recycled paper.

"It's the biblical idea of justice. Do we live in such a way that one man's good is not another man's loss?" Jobe said. "I think they (Staples shareholders and company directors) were taken aback. I don't think that they had seen it in that light before."

Since the 1970s, religious groups have been targeting corporations on issues ranging from strip-mining in Appalachia to apartheid in South Africa to the hiring of women and minorities, often using shareholder proxies to gain access to annual corporate meetings where they have a platform to appeal directly to investors.

But in recent years the number of shareholder-activist campaigns appears to have increased and their focus on environmental concerns has intensified, especially with regard to global warming and genetically modified foods.

The Interfaith Center on Corporate Responsibility in New York City, for example, has more than 275 institutional members with investment funds totaling more than \$110 billion. The center has been involved in campaigns this year targeting Exxon Mobil and BP Amoco, as well as dozens of food companies that use genetically modified ingredients. Exxon Mobil has aggressively promoted its contention that global warming isn't a scientifically proven threat. BP Amoco supports oil drilling in the Arctic National Wildlife Refuge in Alaska.

A member of the center's board of directors, Sister Pat Daly of the Dominican Sisters of Caldwell, N.J., got into a shouting match with outgoing General

Electric chief executive Jack Welch at one memorable shareholder meeting over GE's opposition to paying for cleaning up pcb pollution in the Hudson River.

Since 1934, the U.S. Securities and Exchange Act has guaranteed shareholders with a \$2,000 stake in any publicly traded company the right to file shareholder resolutions. By law, companies must include these resolutions as ballot questions in their annual reports to shareholders. Even if a resolution fails to pass - and most environmental resolutions do fail - if it garners at least 3.5 percent of the vote, the company must offer it again on the next year's ballot.

"I really hate to say this, but I think these efforts are very effective even when they fail," said Myron Ebell, director of international environmental policy for the pro-business Competitive Enterprise Institute. "Corporate CEOs have nightmares over these resolutions because they generate negative publicity for the company and they irritate boards of directors and shareholders."

**While the corporate world sometimes disregards the criticism of grassroots groups, it pays serious attention to its own peer group - the financial community, said Michael Passoff of the San Francisco-based As You Sow, a non-profit group that conducts shareholder campaigns on behalf of environmental and other organizations.**

The Interfaith Center alone sponsors about 100 shareholder resolutions a year, while secular environmental groups sponsor several dozen annually.

Shareholder activists scored a major success in August 1999 when Home Depot, the world's largest seller of old-growth timber, agreed to phase out the sale of wood products from endangered forests. A shareholder resolution on the issue received a vote of 12 percent - an extraordinarily high amount for a resolution opposed by management.

The tactics religious activists have used to target corporations are being more widely copied and expanded upon by secular environmental groups that have grown impatient with their progress in the legislative and judicial arenas.

"We're finding it much better to go straight to the marketplace," said Trevor FitzGibbon, a spokesman for the Dogwood Alliance, an environmental group working with Jobe and other ministers on the campaign to target Staples. "It's faster than moving a bill through Congress or beating our heads against the wall of the Bush administration."

Faith-based groups, environmentalists, and "socially responsible" investment funds are working together to introduce resolutions at shareholder meetings and then build support for those resolutions through phone-calling and letter-writing campaigns to major stockholders.

Jobe was able to attend the Staples shareholder meeting, for example, thanks to a proxy given him by the Calvert Group, one of a growing number of "socially responsible" investment funds.

The Dogwood Alliance, which says that 97 percent of the copy paper sold by Staples has no recycled content whatsoever, is asking the office products retailer to sell only copy paper that has at least 50 percent recycled content, FitzGibbon said.

The largest office products retailer in the world with annual revenues of nearly \$11 billion, Staples has responded to environmental complaints. In recent months, Staples has launched "green shops" inside stores in Seattle and Pennsylvania - a section of the store with green shelves and large signs that serves as a central location for recycled and environmentally-friendly products. The company has also hired a major accounting firm to study whether it makes economic sense to significantly expand its stock of recycled paper.

"Our attention has been on these issues recently," said Tom Nutile, Staples' vice president for communication. "The reverend's attendance and his representation of other leaders showed us again that this is an important issue that we should remain focused on."

On the Net:

Interfaith Center on Corporate Responsibility - [www.iccr.org](http://www.iccr.org)

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