

The Social Investment Community
and its
Modes of Communication

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Table of Contents

Introduction.....	1
Overview of the Field of Socially Responsible Investing (SRI).....	2
Players in the Social Investment Community:	4
Core Organizations.....	4
National Trade Associations	4
The Social Investment Organization (SIO) in Canada	5
The Social Investment Forum (SIF) in the United States	5
The UK Social Investment Forum (UKSIF) in the United Kingdom	6
Regional and Special Interest Networks	7
Socially Responsible Investment Coalition	7
Christian Ethical Investment Group (CEIG).....	8
Research Organizations	8
The Investor Responsibility Research Center.....	9
The Ethical Investment Research Service	9
General SRI Resource Organizations	9
Council on Economic Priorities (CEP)	10
KLD - Kinder, Lydenberg, Domini & Co.	11
Franklin Research & Development (FRDC)	12
Shareholder Activists.....	13
Interfaith Center on Corporate Responsibility.....	14
Association of Critical Shareholders in Germany	14
Publishers and Distributors.....	15
The GreenMoney Journal (GMJ).....	15
New Initiatives in Economics and Finance Catalogue.....	16
Social / Ethical Investment Trusts and Funds.....	16
Ethical Funds, Inc.....	17
Calvert Social Investment Fund.....	17
Stewardship Trust	18
Working Opportunity Fund	19
Investment Advisors	19
First Affirmative Financial Network.....	20
S & B Ethical Investment.....	20
SRI-Affiliated Organizations.....	21
Corporate Social Responsibility	21
Business for Social Responsibility (BSR).....	22
Students for Responsible Business (SRB)	22
Corporate Watch.....	23
The Multinational Monitor.....	24
Consumer	24
Ethical Consumer Research Association (ECRA)	24
INFACT	25
Financial Institutions.....	25
Credit Union Central of Canada.....	26
Citizens Bank of Canada.....	26
Shorebank Corporation	27

Social Change Nonprofits	28
CERES	28
Co-op America.....	29
Educational Institutions / Academic Researchers	30
Boston College.....	30
Institutional Investors	31
TIAA-CREF	32
Council of Institutional Investors	33
Corporate Governance.....	34
Individual Investors	34
 Modes of communication in the SRI community	 35
 Interpersonal Forums:	 35
Conferences.....	35
SRI in the Rockies.....	36
Investors' Pasquinade	36
Forums and Seminars	36
Spring 1997 The Citizens' Forum Series	37
Financial Literacy - an Expert Briefing	37
Speeches and Presentations.....	37
UKSIF AGM 1997 Keynote Speech	38
“International Social Investment - Past, present and future”	38
Public Awards	38
Moskowitz Prize	39
SRI Service Award.....	39
Boards of Directors / Boards of Trustees / Advisory Councils.....	39
Calvert Social Investment Fund.....	39
Educational Courses	40
 Research products:.....	 41
Reports	41
1997 Report on Responsible Investing Trends in the United States.....	42
Tobacco's Changing Context: A Challenge and Opportunity for Institutional Investors	43
Canadian Industry Report Series	44
Surveys and Studies.....	44
Calvert/Yankelovich Survey.....	45
Good Money, Inc. - polls, surveys, and studies	45
Ph.D. Dissertations	45
SRI Stock Indexes.....	46
Good Money Industrial Average.....	47
The Domini 400 Social Index.....	47
 Non-electronic publications:	 48
Books	48
Newsletters / magazines.....	48
Franklin Research's Insight	50
The Corporate Ethics Monitor.....	51
Articles in Mainstream Media	51
a) newspapers	51
b) national magazines	52
c) trade magazines	53
d) journals.....	52

Electronic media:.....	54
Videos and Television	54
Socially Responsible Banking and Investing Forum	54
Citizens' Forum Series	55
NBC Nightly News	55
Telephone Hotlines.....	55
The Social Investment Information Line	56
Franklin Insight Inc.	56
Social Investment Forum.....	56
Software Programs	56
SOCRATES.....	57
Online Forums and Mail Lists	57
Social Investment Forum private mail list	58
SRB mail list.....	58
The Motley Fool.....	58
Morningstar.....	57
Extensive Websites	59
GreenMoney On-Line Guide	58
Good Money, Inc.	60
Ethical Business.....	60
Investing for Change.....	61
Interesting and Useful Online Tools.....	61
Know What You Own ® Plus Service	62
Performance Calculator.....	61
GreenMoney Public Company Web.....	63
Books online	63
SIF's Online Sign-up Form.....	62
SIF's Socially Responsible Mutual Fund Performance Chart	62
On-line Dictionary	64
Action Alerts	64
Conclusion.....	65
Bibliography	Error! Bookmark not defined.

Introduction

In order to immerse oneself in a field of study, one must first get an understanding of who the players are that are contained within the 'universe' of that particular field. Once these actors have been identified, it becomes important to understand the dynamics of their operations, particularly with regards to the nature of their communications, both within their community as well as between their community and the larger society in which they operate.

This paper will provide an overview of the players and their modes of communication within the field of **socially responsible investing (SRI)**. It is presented primarily in the format of a typology, rather than as an exhaustive analysis of the inner workings of the field, in order to serve as an orientation device for action researchers seeking to do further investigative interventions into this community.

The typology is not presented with a complete set of examples. Such an endeavour, while perhaps an ideal to pursue at some future point, is beyond the scope of this research at the present time. Rather, the limited number of examples for each category of actor and communication venue were chosen on the basis of their assumed reputation and stature in the field, their importance to the field, and the degree to which they are illustrative of their respective categories.

For the most part, the organizations and information resources included in this study exist in the English-speaking countries of Canada, the United States, and the United Kingdom. Though SRI-related enterprises do exist in other parts of the world, the vast majority of the movement resides in these three countries.

Because the field is relatively new and very dynamic, many of the leading institutions are not financially able to publish extensively. However, thanks to the relatively inexpensive option of the Internet and the World Wide Web, many are beginning to post their information online. Most of the research for this paper

was done over the Internet, and the quotations used were taken from the online electronic copy. The extensiveness of these quotations help to avoid ambiguity from interpretation, and provide details to further enrich the knowledge base of the reader. The numerous citations also allow for subsequent follow-up where desired.

Overview of the Field of Socially Responsible Investing (SRI)

Since the first stock exchange was established in London in 1698, people have been willing to invest their money in companies which they do not wholly own in order to receive a share of the profits. It has only been in the past 30 years, however, that investors began to be more systematic in applying non-monetary, value-based criteria to their investments. These investors seek to get ‘beyond the bottom line’ to reap social dividends as well as financial ones.

Such values-based investing has been referred to as ethical investing (mostly in Australia and the UK) and socially responsible investing (in Canada and the US, for the most part). Its major impetus to growth came out of the anti-apartheid movement in the 1970s and `80s, when, spearheaded by the churches, governments and major corporations refused to invest in, or trade with, South Africa. This financial ostracism was a decisive factor in the successful elimination of the apartheid system there by the mid 1990s, and proved the power of applying an investment ‘screen’ to achieve a socio-political end.

This concept of applying ‘screens’ to one’s investment portfolio is a cornerstone of socially responsible investing (SRI). Screens are criteria that allow comparisons between an investor’s values and a company’s operations, and they can be both positive and negative. For those investors who think it is important to improve the situation of women in the workforce, for example, a positive screen would be to invest in a company that has a greater-than-average percentage of women in upper management or on the Board of

Directors. A negative screen, on the other hand, would be to avoid investing in a company that engages in practices that the investor cannot condone, such as producing or distributing tobacco products.

Another aspect of SRI is that of shareholder activism, in which shareholders actively promote their values by publicly criticizing (or, in some cases, praising) policies and practices of those corporations in whom they hold shares. Besides increasing public awareness of their issues, their main tool for creating change is that of the shareholder resolution. These resolutions are proposals for changes in company policy or activity put forth at a company's annual general meeting. They are voted on by the shareholders present, or via proxy votes by those not in attendance, and, if they pass, must be complied with by management. Even when the resolutions fail, though, they still serve to raise awareness of the issues among shareholders and thereby put more pressure on management to do something.

A third type of social investing is that of community development. Also referred to as alternative investing, it centres around the idea of promoting the local economy by investing in local enterprises. Housing, job creation, and meeting local social needs are the primary aims here.

It is important to note that while ethical considerations are a major factor in deciding which companies to invest in, prudent social investors will always carefully scrutinize potential investments for financial performance as well. There is no reason why screening investments should result in lower rates of return than for non-screened investments.

The field of social investment is rapidly growing. The last ten years has seen a proliferation of organizations emerge to both create and meet the increasing demand for this kind of service. A recent study announced that screened investments have now topped the \$1 trillion dollar in the US alone.

“Nearly one out of every 10 dollars under management in the U.S. today is part of a responsibly invested portfolio. A total of 710 major investing institutions (including pension funds, mutual fund families, community development funds, and foundations) were found to be involved in socially responsible investing in one way or another with assets totaling \$1.185 trillion. This broad figure accounts for roughly 9 percent of the

\$13.7 trillion in investment assets under professional management in the U.S., according to the 1997 Nelson's Directory of Investment Managers.”¹

Players in the Social Investment Community:

This section will describe, and gives examples of, the kinds of organizations that are engaged in SRI activities, differentiating between core and affiliated organizations, depending on primary work focus.

Core Organizations

National Trade Associations

National trade associations in the field of socially responsible investment are organizations that exist primarily to advance the field as a whole, serving as focal points for the industry. Though the organizations in this category in the field of social investment do not refer to themselves as ‘trade associations’, or even necessarily limit themselves geographically, they in essence perform such roles. They prefer to call themselves, more innocuously, forums and organizations, and sometimes, in a more generic sense, networks. This may be due to the fact that their membership is open to anyone, and is not limited to corporations operating within the field. However, they all tend to provide special services for their professional members.

Their main functions are networking (i.e., bringing people together who share common interests, and ensuring those people are kept informed of the latest issues, ideas and activities), research, promotion and advocacy.

The three national trade associations described below are the Social Investment Organization (SIO) in Canada, the Social Investment Forum (SIF) in the United States, and the UK Social Investment Forum (UKSIF) in the United Kingdom.

¹ Social Investment Forum, ‘Social Investment Forum: Responsible Investing Trends in US’ <<http://www.socialinvest.org/InvSRITrends.htm>>, 1997, 5/11 (Accessed 28/12/1997).

The Social Investment Organization (SIO) in Canada

“Established in 1989, the Social Investment Organization (SIO) is a national non-profit organization dedicated to the advancement of a socially and environmentally sustainable society through socially responsible investment (SRI) and corporate social responsibility (CSR).

The SIO believes that all investment decisions have social implications. The incorporation of social and environmental values into our investment decisions will have positive impacts on our communities, our environment, and our society.

The SIO believes that business enterprises large and small also bear responsibility to our society beyond the marketplace. The fate of the corporation is intimately connected to the well-being of its employees, the communities they inhabit, and the society in which they participate.

The SIO believes that investment and business can provide critical links in the effort to develop a more socially and environmentally sustainable society.

...The SIO supports a diverse range of programs and initiatives to further advance the development of SRI and CSR. These include:

- SIO conferences, workshops, and seminars; SIO Industry Report Series
- The SIO Forum ...newsletter, published six times per year
- A monthly Mutual Fund Performance Update
- The Social Investment Directory ...of socially responsible mutual funds and labour sponsored investment funds, financial professionals, information providers, financial institutions, and social justice organizations

...The SIO has more than 450 members in Canada and overseas, including financial institutions, private corporations, social justice organizations, screened investment funds, and socially concerned individuals.

The SIO is Canada's largest clearinghouse of SRI and CSR information. Our information exchange helps investors connect with investment professionals, educational materials, and regular coverage of SRI news...²

The Social Investment Forum (SIF) in the United States

“The Social Investment Forum is a national nonprofit membership association dedicated to promoting the concept and practice of Socially Responsible Investing. The Forum is made up of over 400 financial professionals and institutions. Membership is open to any organization or practitioner who wishes to participate in the socially responsible investing field.

The Forum has five major areas of activity:

- Networking and Continuing Education.
- Research

² SIO, 'The Social Investment Organization Home Page' <<http://www.web.net/~sio/>>, 1997 (Accessed 7/12/97).

- Direct Member Services & Information
- Industry Growth and Client Services
- Industry Advocacy

The Forum has a joint membership program with the Co-op America Business Network which provides direct services to members including a newsletter, networking, conferencing and the Forum's Mutual Fund Performance chart, media programs to grow the SRI field, and research to expand and credentialize SRI. Local chapters of the Forum provide networking opportunities and conferences on a regional level.”³

[Members can...]

“Network with Industry Leaders

- Get discounts to national conferences, seminars and continuing education opportunities in the social investment field.
- Discover informative discussion and insider networking, like our members-only social investing email service.

Gain Access to Timely Information

- Gain access to the latest research on socially responsible investing including special reports social investing trends, divestment campaigns and more.
- Receive up-to-date news and events in the social investment industry through *Connections*, our quarterly newsletter for members.

Reach More Clients

- Expand your outreach and visibility -- and gain new clients -- through FREE listings in social investing directories, reaching over 150,000 socially conscious investors each year.
- Participate in national public education campaigns to expand the market of socially responsible investors.

Benefit from Direct Member Services

- Each month, the Forum produces our popular Socially Responsible Mutual Fund Performance Chart. You can have your funds listed, or use our fax on demand service to distribute the chart to interested clients.”⁴

The UK Social Investment Forum (UKSIF) in the United Kingdom

“The UK Social Investment Forum's primary purpose is to promote and encourage the development and positive impact of Socially Responsible Investment (SRI) throughout the UK.

The Forum was launched in 1991 to bring together different strands of SRI nationally and to act as a focus and voice for the industry.

Membership in the UK Social Investment Forum is open to members of the public, professional advisors and fund managers, individual and institutional investors, community organisations, and other bodies concerned with SRI.

³ Social Investment Forum, 'Social Investment Forum: Welcome' <<http://www.socialinvest.org/welcome.htm>>, 1997 (Accessed 30/12/1997).

⁴ Social Investment Forum, 'Social Investment Forum: Welcome' <<http://www.socialinvest.org/join.htm>>, 1997 (Accessed 30/12/1997).

Aims and Objectives

To inform, educate, and provide a forum for discussion and debate for our membership and the public at large about issues and developments in the SRI field.

- To promote the understanding of socially responsible investment and to encourage the development of appropriate SRI practices and vehicles, both in terms of Stock Exchange investment and within the wider Social Economy.
- To identify, encourage and help develop working models which demonstrate the effectiveness of SRI in protecting and preserving the environment, alleviating social hardship, and stimulating sustainable economic development.
- To support and encourage a greater sense of social accountability amongst investors both corporate and individual and by financial institutions.
- To encourage and expect high ethical standards of professional conduct from our members and the public at large, as stated in the Memorandum & Articles of Association.
- To initiate and publish research for required changes in legislation and company policies and practices in order to enable SRI to develop rapidly and effectively both in the UK and internationally.
- To promote co-operation with European and other international SRI organisations through the exchange of information and ideas.”⁵

Regional and Special Interest Networks

There are several smaller counterparts to the national trade associations, operating along similar aims, but with a narrower focus geographically and sectorally. Because they are smaller and less well-financed, they are not able to provide the complete range of services that the national organizations do. Most of them are members of the national body.

Two examples include the Socially Responsible Investment Coalition and the Christian Ethical Investment Group.

Socially Responsible Investment Coalition

“The Socially Responsible Investment Coalition, also known as the Texas Coalition for Responsible Investment (Texas CRI), is a coalition of religious congregations, institutions and individuals that 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. Texas CRI is a member of the Interfaith Center on Corporate Responsibility (ICCR).

⁵ UKSIF, 'UKSIF Home Page' <<http://www.arq.co.uk/ethicalbusiness/uksif/home.htm>>, 1997 (Accessed 7/12/97).

Texas CRI 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.
- To dialogue about issues pertinent to Texas and the surrounding region with corporations whose business operations have significant impact in the area.
- To concentrate particularly on issues relating to the maquiladora industry along the U.S.-Mexico border, and on environmental issues affecting that and other areas of Texas and the surrounding states.”⁶

Christian Ethical Investment Group (CEIG)

“The CEIG is an independent voluntary body formed in 1988 to promote Ethical Investment within the Church of England. We are now committed to serve all churches and to help individuals, both within and outside the churches, who wish to discover and put into practice ethical investment.

Objectives:

- To promote awareness and study of ethical investment issues within Christian Churches and organisations in Britain and Ireland. This to be both by individual church members and by congregations, parishes, dioceses, national bodies and other equivalent structures.
- To encourage the development of clearly stated theologically based ethical investment policies by Church bodies with financial investment responsibilities.
- To promote personal and corporate responsibility through the active and responsible use of shareholder action and other appropriate ways in order to encourage a Christian approach to business and economic activity.”⁷

Research Organizations

Although most of the organizations and individuals involved in SRI can be said to be in research mode insofar as it requires ongoing learning to keep abreast of developments in this constantly evolving field, there are certain organizations that focus specifically on research and analysis, particularly on how corporate operations measure up to specific SRI screens, and on SRI issues. Professional investors often rely on their findings as a basis for investment decisions.

⁶ Socially Responsible Investment Coalition, ‘SRIC Home Page’ <<http://www.flash.net/~sric/>>, 1997, 18/11 (Accessed 30/12/1997).

Two of the more salient agencies include The Investor Responsibility Research Center in the US, and the Ethical Investment Research Service in the UK.

The Investor Responsibility Research Center

“The Investor Responsibility Research Center (IRRC), is an independent, not for profit, research firm founded in 1972. We are the world's leading provider of impartial research on proxy voting, corporate governance, and corporate social responsibility issues. Institutional investors rely on IRRC to assist them with their independent investment decisions. IRRC's professional staff provides research and analysis, software products, consulting and portfolio screening services to more than 400 subscribing institutions. IRRC's research and expertise also serve governments, corporations, law firms, boards of directors, boards of trustees, the media and others seeking independent analysis of the issues shaping corporate decision making and investment trends.”⁸

The Ethical Investment Research Service

“The Ethical Investment Research Service (EIRIS) is a registered charity which was established in 1983 with the help of a group of churches and charities. They all had investments, and strong convictions of what they thought was right and wrong. They needed a research organization to help them apply their ethics to their investments.

EIRIS has the following aims:

- Provide information on a wide range of issues to help concerned investors apply positive or negative ethical and social criteria to investment.
- Identify forms of investment which meet certain non-financial requirements on the part of the investor.
- Promote a wider understanding of and debate on corporate responsibility.”⁹

General SRI Resource Organizations

There are several excellent examples of general SRI resource organizations in the United States, which not only do research but also provide a wide range of other services. Three such organizations are: the

⁷ CEIG, 'Ceig Christian Ethical Investment Group' <<http://www.personal.u-net.com/~gaeia/ceig01.htm>>, 1997 (Accessed 7/12/97).

⁸ IRRC, 'Investor Responsibility Research Center (IRRC)' <<http://www.irrc.org/>>, 1997 (Accessed 6/12/97).

⁹ Brigid Benson, 'What is EIRIS?' <<http://www.personal.u-net.com/~gaeia/gaeiaers.htm>>, 1995, 4/1 (Accessed 27/12/1997).

Council on Economic Priorities, KLD - Kinder, Lydenberg, Domini & Co.,¹⁰ and Franklin Research & Development.¹¹ The following overviews of them have been excerpted from an article from the GreenMoney On-Line Guide.

Council on Economic Priorities (CEP)

“Alice Tepper Marlin founded this nonprofit public interest organization to research corporate social responsibility in 1969.

CEP publishes corporate reports, gives yearly corporate responsibility awards, started the Campaign for Cleaner Corporations and provides corporate social responsibility research for investors. CEP also provides Global corporate ratings, News Update Service, Corporate Environmental Data Clearinghouse (CEDC).

CEDC gathers and analyzes information on environmental policies and performance of individual corporations using a wide variety of researchers. CEP has SCREEN information reports providing the investment community with concise, comprehensive and unbiased information on a range of social and environmental issues. The SCREEN service also offers International Corporate Ratings - using its ties to similar organizations in other countries including the United Kingdom, Germany and Japan. This provides a truly global perspective to its corporate social responsibility research. Each company's social performance is objectively measured in eleven issue areas summarized in CEP's unique rating system. Company performance is monitored throughout the year with changes noted in quarterly reports.

All of CEP's information covers a variety of issues:

- the environment
- women & minority advancement
- disclosure of information
- labor relations, family benefits
- charitable giving, community outreach
- military contracts, nuclear power
- tobacco, product liability, animal testing
- South Africa and Third World concerns

CEP's research includes a database of over 700 companies. Included are the Standard & Poor's 500, smaller companies with exemplary records in social performance, major internationally-based companies, and a variety of British, German and Japanese companies.

CEP's monthly newsletter Research Reports presents some of the best research we've seen. Some of the topics covered have included:

- The Campaign for Cleaner Corporations (C3)

¹⁰ KLD and Co., Inc., 'KLD & Co. HOME PAGE' <<http://www.kld.com/index.html>>, 1997 (Accessed 1/1/1998).

¹¹ Franklin Research & Development Corporation, 'FRDC Socially Responsible Investing' <<http://www.frdc.com/>>, 1997, 13/6 (Accessed 6/12/97).

- International Banks and Aid for Conversion
- Corporate Social Responsibility & the Computer Industry
- Converting from Defense
- Denim Revolution: Levi's Adopts a Code of Conduct
- Transnational Corporations: Global Influence, Global Responsibility
- America's Corporate Conscience Awards
- Responsible Investing: Screening Corporate Social Performance

The Council on Economic Priorities also publishes several books and guides:

- *The Better World Investment Guide: One Hundred Companies Whose Policies You Should Know About Before You Invest Your Money* (Prentice Hall, 1991).
- *Shopping for a Better World: A Quick and Easy Guide to Socially Responsible Supermarket Shopping*, series since 1988.
- The *Students Shopping for a Better World* guide published in 1993. A new updated and expanded 400-page book, *Shopping for a Better World 1994* will be available in Fall 1994. The book will also be available on computer diskettes.

For more information call or write: Council on Economic Priorities (CEP), 30 Irving Place, New York, NY 10003 Phone (212) 420-1133.

KLD - Kinder, Lydenberg, Domini & Co.

KLD was founded in 1989 by Peter Kinder, Steve Lydenberg and Amy Domini. They offer institutional investors easy-to-use, comprehensive and accurate social research on U.S. companies. They are committed to giving investment managers exactly what they need.

KLD maintains the largest body of research available, and profiles companies applying both positive and negative social investing criteria. KLD presents its findings in formats specifically designed for investment portfolio managers.

Their consulting services help clients make more out of social investing. These clients include money managers, mutual funds, banks and pension funds.

On-Line Social Investment Database Service provides 24-hour computer access to data and analysis on the social records of over 800 publicly traded corporations. The 800 corporations consist of 700 large companies and 100 smaller companies with outstanding social stories.

Each KLD Review covers a company's strengths and failings in nine major social areas.

The nine issues of coverage:

- the environment
- military contracting
- employee relations
- community involvement
- product safety
- quality programs
- excessive compensation of executives
- diversity
- nuclear power

KLD maintains the Domini 400 Social Index (DSI), a common stock index consisting of 400 corporations that have passed multiple, broad-based social screens. DSI, which has been operating since May 1990 serves as a proxy and benchmark for the universe of stocks from which social investors might choose. DSI News is the monthly newsletter that updates the performance of the DSI relative to the Standard & Poor's 500 Index.

KLD offers a variety of publications including Company Reviews and their Social Investment Database. A new research product will be available soon on computer disk, consisting of 900 full company profiles and another 1200 partial company profiles, according to Peter Kinder. *[see Software section of this paper for more information on SOCRATES]*

KLD is the Investment Advisor and Portfolio Manager of the Domini Social Equity Mutual Fund...

Peter Kinder, Amy Domini & Steve Lydenberg have written and edited several of the top books on social investing and corporate responsibility:

- *Investing for Good: Making Money While Being Socially Responsible* (Harper Business, 1993).
- *The Social Investment Almanac: A Comprehensive Guide to Socially Responsible Investing* (Henry Holt, 1992).
- *Rating America's Corporate Conscience* (Addison-Wesley, 1986).
- *Ethical Investing: How to Make Profitable Investments Without Sacrificing Your Principles* (Addison-Wesley, 1984).

For more information call or write: Kinder, Lydenberg, Domini & Co. (KLD), 129 Mt. Auburn St., Cambridge, MA 02138, Phone (617) 547-7479.

Franklin Research & Development (FRDC)

FRDC was founded in 1982 by Joan Bavaria. This employee-owned company is dedicated to social change through responsible investing.

...They have a reputation for responsibility and fairness to investors, companies, and social activists. These three groups look to FRDC for information on a wide range of issues including:

- the environment
- employee relations, health care
- corporate citizenship
- international human rights
- renewable energy utilization
- product quality, animal rights
- military procurement and conversion

FRDC publishes Franklin's Insight, a monthly newsletter which rates and recommends responsible investments of all kinds, from community loan funds to stocks and bonds. Insight aims to inform and empower a wide network of investors worldwide, influencing the allocation of capital. Investors and others concerned with corporate responsibility get practical information on how to evaluate corporations on a broad range of issues -- the environment, community reinvestment, employment practices and international operations, etc.

Their interactive research style involves comprehensive, direct dialogue with companies.

FRDC offers an outstanding resource for the socially concerned investor. Their social research assesses companies through a proprietary rating system. In addition to standard social screens they focus on issues not addressed by other managers, such as new Standards on International Human Rights. Company evaluations, international in scope focus on the following areas:

- environmental sensitivity
- employee relations, corporate citizenship
- South Africa, International human rights
- renewable energy utilization
- military procurement
- product quality, enhancement of quality of life

FRDC rates socially responsible mutual funds on a variety of issues...

FRDC manages the Better World Fund, a pension investment fund launched by General American, a life insurance company...

Patrick McVeigh, Vice President of Franklin Research & Development Corporation has provided GreenMoney with the following inside look:

‘Though socially responsible assets under management at FRDC have grown steadily over the past decade to approximately \$380 million, our vision of the future is more about redefining investments than about how fast the field can grow.

...Over the past year, FRDC has been involved in a number of activities that we believe have taken steps in this direction. We worked very closely with Wal-Mart, the world's largest retailer, in writing a code of conduct for its suppliers. ...We also worked with McDonald's to get them to endorse the belief that ‘the humane treatment of animals is a moral responsibility’ and require that their suppliers follow a tough set of guidelines.

Other achievements include getting a growing number of large companies to agree to the need to submit to an annual, standardized reporting on their environmental impact...

Through our investment management services for individuals, institutions and 401k retirement plans, and our newsletter, Investing for a Better World, we look forward to continuing to play a role in redefining investment possibilities.’

For more information write or call: Franklin Research & Development Corporation (FRDC), 711 Atlantic Ave., Boston, MA. 02111, Phone (617) 423-6655.’¹²

Shareholder Activists

¹² GreenMoney Inc., ‘GreenMoney Guide: Socially Responsible Investing’
<<http://www.greenmoney.com/gmj/superhi.htm>>, 1997, 21/12 (Accessed 30/12/97).

As previously described in the Overview of Socially Responsible Investing section of this paper, shareholder activism is an important contribution to the effort of reforming corporate practices.

The Interfaith Center on Corporate Responsibility has been a leader in this area since its incorporation in 1971, especially in the fight for divestment of funds in South Africa. It “has filed a torrent of shareholder resolutions ever since”.¹³ And even in Germany, this form of corporate lobbying is active, as shown by the Association of Critical Shareholders there.

Interfaith Center on Corporate Responsibility

“ICCR vigorously challenges corporations to make peace and social justice concerns part of the decision-making formula in business. Churches in America are stewards of billions of dollars of stocks and bonds in pensions and endowments. Members of the ICCR (churches, dioceses, and religious communities) accept the unique challenge of addressing issues of corporate responsibility with our resources, particularly our investments. Our covenant is to work ecumenically for justice in and through economic structures, and for stewardship of the earth and its resources. We publish *The Corporate Examiner* ten times yearly -reviewing publications and media, presenting opinions and ideas, and examining U.S. church and corporate policies and actions on nuclear weapons, environment, foreign investment, minorities and women, health, hunger, energy, human rights, and alternative investments. Please write for membership and subscription information.”¹⁴

Association of Critical Shareholders in Germany

“‘Critical Shareholders’ are not the ones who first ask how high their dividends are, but where they come from. They loudly demand more environmental protection, more social justice, and the maintenance of human rights in the annual general meetings of shareholders in more than 30 German corporations.

The Critical Shareholders asked that environmental protection and product liability be included among the main company goals in the corporate charter at Bayer, Merck, RWE, and Deutsche Bank for the first time in 1996 – and received considerable success with between three and five per cent of the votes cast. More and more small shareholders are joining the Critical Shareholders and are giving them their proxy rights.

¹³ Peter Kinder, Steven Lydenberg and Amy Domini, Investing for Good: Making Money While Being Socially Responsible (New York, 1993), p. 18.

¹⁴ Fellowship for Intentional Community, ‘Communities Directory Resources - Interfaith Center on Corporate Responsibility’ <<http://www.ic.org/fic/cdir/res/InterfaithCenter.html>>, 1995, 1/5 (Accessed 3/1/1998).

'We respect anyone who wishes to keep his or her Daimler or Siemens stocks as an investment,' assures the director of the Association of Critical Shareholders, Henry Mathews. 'But if you don't think that part of your dividend should be earned with weapons or nuclear technology, then you can let the company managers know through us.'

Shareholders who wish to be represented by the Association and its 35 member organizations only have to provide a power of attorney once a year. It covers the voting rights in all companies in whose annual general meetings the Critical Shareholders are active."¹⁵

Publishers and Distributors

Many SRI-affiliated organizations produce and distribute their own newsletters and other publications to their memberships. In some cases, the number is substantial. The Social Investment Forum claims its directories reach "over 150,000 socially conscious investors each year"¹⁶

There are some industry agencies, however, that are noted primarily for their publications. Two good examples include The GreenMoney Journal, and Libra Information Services' New Initiatives in Economics and Finance Catalogue.

The GreenMoney Journal (GMJ)

The GreenMoney Journal (GMJ), published quarterly since 1992 by Cliff Feigenbaum, seeks to promote awareness of socially and environmentally responsible business, investing and consumer resources.

"GMJ on Socially Responsible Investing

Articles:

- Integrative Investing: Why Your Values Matter in the World of Money (3/97)
- Integrative Investing: Why Your Values Matter in the World of Money (2/96)
- Integrative Investing: Why Your Values Matter in the World of Money
- Global Investing: The Practical Arguments Against It by Peter Kinder, Kinder, Lydenberg & Domini

¹⁵ Association of Critical Shareholders in Germany, 'English - Critical Shareholders' <http://ourworld.compuserve.com/homepages/Critical_Shareholders/whatdowe.htm>, 1997, 12/12 (Accessed 29/12/1997).

¹⁶ Social Investment Forum, 'Social Investment Forum: Welcome'.

- Global Investing: The Moral Argument Against It by Peter Kinder, Kinder, Lydenberg & Domini
- How and Why to File a Shareholder Resolution by Interfaith Center for Corporate Responsibility
- International SRI by Michelle Chan-Fishel, Friends of the Earth (3/97)
- Social Investing, Economic Evolution or Revolution? by Amy Domini (3/97)
- The Future of Socially Responsible Investing by Eric Leenson, Progressive Asset Management (3/97)
- SRI: The Next Five Years by Elizabeth Glenshaw, Franklin Research & Development
- The Responsible Super Information Highway: Filtering to the Relevant
- SRI 2000 by George Gay, First Affirmative Financial Network

Company Profiles:

- Progressive Asset Management (3/97)
- Progressive Securities (2/96)
- First Affirmative Financial Network

Charts:

- Socially Responsible Banks & Credit Unions
- Socially Responsible Mutual Funds Performance¹⁷

New Initiatives in Economics and Finance Catalogue

“North America's most comprehensive catalogue of publications in socially and ethically directed investment. It is a joint service of the Social Investment Organization (SIO) and Libra Information Services. It contains information about the most important and up to date publications, both mainstream and specialized, in the area of socially responsible financial and economic initiatives and is updated on a continuous basis. All items in the Catalogue are available from Libra at a discount, usually 10% off the retail price.”¹⁸

Social / Ethical Investment Trusts and Funds

There are now 144 mutual funds in the US employing social and/or environmental criteria as a part of their formal, publicly stated investment policy,¹⁹ and in 1996, 44 ethical trusts and funds in the UK.²⁰ In

¹⁷ GreenMoney Inc., 'GMJ on Socially Responsible Investing'
<<http://www.greenmoney.com/gmj/gmjonsri.htm>>, 1997 (Accessed 30/12/97).

¹⁸ Ltd. Libra Information Services, 'New Initiatives in Economics and Finance Catalogue'
<<http://www.web.net/~libra/nief.htm>>, 1996, 5/7 (Accessed 27/12/1997).

¹⁹ Social Investment Forum, 'Social Investment Forum: Responsible Investing Trends in US'.

²⁰ Frank Blighe, 'MoneyWorld Guides: Ethical Investments'
<<http://www.moneyworld.co.uk/moneyworld/faqs/ethfaq3.htm>>, 1996 (Accessed 27/12/1997).

Canada, there are about 18, counting the labour-sponsored funds. Good Money maintains listings of ethical, environmental and social funds (plus banks and credit unions).in Canada²¹ and in the US.²²

Ethical Funds Inc., the Calvert Social Investment Fund, and Stewardship Funds are the largest such funds in Canada, the UK, and the US, respectively.

Ethical Funds, Inc.

“It was 1992. And Canada's Credit Unions had a goal. They wanted to offer their members a family of mutual funds that respected social and environmental values, while delivering top performance.

Five years later, that goal is a reality.

Today, with over \$1.25 billion in assets, Ethical Funds is among the top-performing mutual funds in Canada, delivering impressive returns to over 110,000 investors from nearly 1000 credit union branches across Canada.

...The Ethical North American Equity Fund continues to be the leader with a 37.5% compounded one year rate of return. According to BellCharts to October 31, 1997 (the most recent survey): the Ethical North American Equity Fund ranked 9th out of 124 North American equity funds for the 1 year period; the Ethical Balanced Fund ranked 7th out of 185 Canadian balanced funds. Both Funds were consistently ranked among the top quartile in terms of performance for the 1, 3 and 5 year periods. The Ethical Growth Fund received the distinguished recognition as “Fund of the Year” in Gordon Pape’s 1998 Buyer’s Guide to Mutual Funds.”²³

Calvert Social Investment Fund

“Objective: Calvert Social Investment Fund (CSIF) seeks to provide growth of capital or current income through investments in companies that achieve excellence in both financial and social dimensions. Investments are selected on the basis of their ability to contribute to the dual objectives of the Fund. The companies in which we invest attain productivity, consumer acceptance, and profitability using innovative business approaches to the marketplace, the workplace, and the natural environment. We systematically avoid companies associated with unhealthy, destructive, and irresponsible acts of business behavior.

²¹ Good Money, Inc., ‘Ethical, Environmental and Social Funds in Canada’ <<http://www.goodmoney.com/candfunds.htm>>, 1997 (Accessed 30/12/97).

²² Good Money, Inc., ‘Socially and Environmentally Screened Funds’ <<http://www.goodmoney.com/sefunds.htm>>, 11/12 (Accessed 31/12/97).

²³ Ethical Funds Inc., ‘Ethical Funds Inc.’ <<http://www.ethicalfunds.com/web1/index.htm>>, 1997 (Accessed 30/12/1997).

CSIF provides four investment alternatives:

- Money Market Portfolio...
- Managed Growth Portfolio...
- Equity Portfolio...
- Bond Portfolio...

Founded: 1982

Clients: Individuals, institutions

Net Assets: \$916.3 million (6/96)

Minimum Deposit: \$1,000

Social Criteria: Screens for environment, safe and useful products, safe and healthy workplaces, production of weapons and general corporate behavior and awareness of social concerns.

Other Social Dynamics: A small percentage of assets are invested in our Special Equities program to support the development of young, innovative companies

Up to 1% of assets are allocated for below-market rate investments (High Social Impact Investments) that make a targeted, direct difference in the lives of people and their communities

The Fund regularly engages management in dialogues regarding issues of social responsibility.”²⁴

Stewardship Trust

“Stewardship, launched by Friends Provident in 1984, is the UK's first and largest range of ethical investment funds. Stewardship aims to invest in companies which make a positive contribution to society and seeks to avoid companies which harm the world, its people or its wildlife.

The Stewardship unit trusts are provided by Friends' Provident Unit Trust Managers Limited, a member of the Friends Provident Marketing Group.

Friends Provident was founded by Quakers in 1832, and has gone from strength to strength to become one of the most progressive and successful insurance and investment groups in the UK.

With over two million individual policies and accounts, and subsidiaries and affiliates across fourteen countries, the Friends Provident group manages assets of around £18 billion worldwide. Friends Provident is highly respected in the UK insurance and

²⁴ Calvert Group, 'CSIF Overview' <<http://www.calvertsif.com/fundview.htm>>, 1997 (Accessed 27/12/1997).

investment industry, recognised for a comprehensive product range, competitively priced products, quality service and long term investment performance.”²⁵

Labour sponsored funds are also on the rise as a way to create jobs through stimulating local economic initiatives. Generally, union resources are pooled with government tax breaks in these types of ventures, as is shown by the Working Opportunity Fund in British Columbia.

Working Opportunity Fund

“Q: What is the Working Opportunity Fund?

A: The Working Opportunity Fund (EVCC) Ltd. is a labour-sponsored venture capital fund owned entirely by approximately 23,000 individual working British Columbians, who are assisted in their decision to invest in the Fund by the provision of tax credits by the federal and provincial governments. There are no single large shareholders.

2. Q: What is the purpose of the Fund?

A: The Fund's purpose is to provide a strong return on capital for its shareholders by making equity investments in small to medium sized innovative, high-growth British Columbia companies. It seeks long-term appreciation on investment.

3. Q: Is it a government fund?

A: No. The two levels of government facilitate the Fund's capital raising through tax credits in order to promote BC business development, but that is their only connection. The Fund is completely private; it's owned 100% by its shareholders.

4. Q: Does the Fund invest only in unionized companies?

A: No. Whether a company is unionized or not does not enter into consideration when making investment decisions.

5. Q: When did the Fund start?

A: The Fund first offered shares to the public on January 8, 1992.”²⁶

Investment Advisors

As social investment has grown in popularity, so too have the number of financial services professionals that espouse the SRI credo. Investment advisors that specialize in SRI assist their clients on the best vehicles by which their investments can achieve social ends as well as perform financially. In this way, the clients “do well by doing good”.

²⁵ Friends Provident, 'Friends Provident Stewardship'
<<http://www.friendsprovident.co.uk/Stewardship/index.html>>, 1997 (Accessed 30/12/1997).

First Affirmative Financial Network in the US is one of the largest organizations providing investment advice in the field of SRI. S & B Ethical Investment in Australia, is another good example of smaller-scale SRI-related financial planners.

First Affirmative Financial Network

“First Affirmative Financial Network (FAFN) is the original nationwide network of financial advisors specializing in Socially Responsible Investments (SRI). FAFN is committed to the growth of the social investment movement, servicing investors in all 50 states. As an active member of the Social Investment Forum (the trade association for SRI professionals), First Affirmative stays informed with news and trends in the social investment arena. First Affirmative professionals encourage investment in socially responsible companies with a proven track record...

FAFN is dedicated to providing you, the socially conscious investor, with full service investment advice, so that your values will be included in your investment goals.

Our Partnership With Co-op America

In 1988, FAFN and Co-op America, a nonprofit organization based in Washington, DC, began working together to provide financial services to their 55,000 members nationwide. Co-op America's mission is to promote social and environmental change within the marketplace, and create a better world.

Walnut Street Securities

...Walnut Street Securities, Inc. (WSS)..., a subsidiary of General American Insurance Company, acquired First Affirmative Financial Network in 1995, in order to more actively support the mission of socially and environmentally responsible investing. FAFN is a division of Walnut Street Advisers, Inc. (WSA), a registered investment advisor with the SEC and a subsidiary of WSS. Walnut Street Advisers, Inc. is registered in every state except the District of Columbia and South Dakota. Walnut Street Securities is registered in all 50 states as well as Puerto Rico.”²⁷

S & B Ethical Investment

“S & B Ethical Investment Pty. Ltd. (ACN 004 531 800, Trading as Ethical Investment Services) has been providing financial planning services to the ethical investment market since 1988.

First, we listen. We have an hour's discussion with a new client to explore your investment needs and your ethical concerns.

²⁶ Working Opportunity Fund, `Working Opportunity Fund - Venture Capital Fund (BC, Canada)' <<http://www.wofund.com/wof/>>, 1997, 17/12 (Accessed 30/12/1997).

²⁷ First Affirmative Financial Network (FAFN), `FAFN Home Page' <<http://www.firstaffirmative.com/>>, 1997.

Next, we use our research. We investigate the investment options that meet your financial and ethical needs. You'll receive a detailed report on each company proposed as an investment option, describing its performance in a number of ethical areas.

You can then make an independent and well-informed investment decision with our advice and guidance to assist you.

We then go ahead and organise your investment for you. We continue to manage and monitor your investment during its lifetime, keeping you informed and in touch with your portfolio.

Ethical Investment Services aims to help investors combine profit with principle, providing investment solutions that match your concerns.²⁸

SRI-Affiliated Organizations

Corporate Social Responsibility

A closely affiliated movement, one in which SRI is intimately entwined, is that of corporate social responsibility (CSR). This movement is designed to make corporations more responsible to their customers, shareholders, employees, local citizenry and society as a whole.

Proponents of CSR argue that responsible corporations will go beyond the bottom line and consider the social and environmental impacts of their activities. It is no longer acceptable for companies to operate under economic principles that strive to internalize benefits while externalizing costs. The global village now demands that corporations be good citizens as well as money makers.

There are different types of CSR-related organizations. There are those that are generally pro-business and that offer services to help facilitate companies become more socially responsible. Two that illustrate this type are Business for Social Responsibility, and Students for Responsible Business.

²⁸ Ethical Investment Services, 'Ethical Investment Services' <<http://www.ozemail.com.au/~ethical/>>, 1997 (Accessed 31/12/1997).

On the other hand, there are those that are more critical of corporate practices, and therefore act as watchdogs in this area, providing research services designed to expose the worst kinds of social irresponsibility. Corporate Watch and The Multinational Monitor are two of this kind.

Pro-business facilitators

Business for Social Responsibility (BSR)

“Business for Social Responsibility (BSR) is a membership organization for companies of all sizes and sectors. BSR's mission is to help its member companies achieve long-term commercial success by implementing policies and practices that honor high ethical standards and meet their responsibilities to all who are impacted by their decisions.

Founded in 1992, Business for Social Responsibility (BSR) is a national association of businesses, with more than 1,200 members and affiliated members. BSR provides assistance to companies seeking to implement policies and practices which contribute to the long-term, sustained and responsible success of their enterprises and which fairly balance the competing claims of key stakeholders, their investors, employees, customers, business partners, communities, and the environment. BSR also operates the Business for Social Responsibility Education Fund (BSREF), a 501(c)(3), non-profit research and education organization that promotes more responsible practices in the broader business community.

BSR tracks emerging issues and trends, provides information on corporate "leadership practices", conducts research and educational workshops, and develops practical business tools, consulting services, and technical assistance to help member companies implement more responsible policies in their own businesses. BSR member companies receive a directory of members cross-referenced by sector and location, a bi-monthly newsletter, research publications on corporate social responsibility issues, and discounted fees for its annual conference, meetings and educational materials. Member companies also gain access to BSR's **Resource Center**, which serves as a "leadership practices" clearinghouse of information about what businesses are doing to become more profitable and responsible.

Our membership now represents 4 million employees and \$900 billion in annual revenues.”²⁹

Students for Responsible Business (SRB)

“Students for Responsible Business (SRB) was created in October of 1993 as a community of graduate and undergraduate business school students and alumni who believe that a new model is emerging in business today. SRB believes that companies no longer are only responsible to their shareholders, but they are also responsible for the

²⁹ Business for Social Responsibility, 'BSR Home Page' <<http://www.bsr.org/>>, 1997 (Accessed 27/12/1997).

well-being of their colleagues and employees, the communities in which they operate, and the natural environment that we all share. As future leaders, SRB members believe that they can and should be in the forefront of changing the role of business in society. But to do this, they need role models, documented evidence and tangible experiences that demonstrate that it is possible to combine business success and societal good. SRB's programs are designed to fulfill these needs.

...SRB was created with the support of the Social Venture Network (SVN) and Business for Social Responsibility (BSR), two not-for-profit membership organizations of individuals and businesses committed to integrating ideals of a just and sustainable future into daily business life.

Where SVN might be considered a Young Professionals Organization for leaders interested in building personal relationships and serving their communities, BSR is more like a Chamber of Commerce for firms with similar goals and objectives.

...Currently SRB has over 600 members from seventy five schools across the U.S.

SRB publishes a quarterly newsletter, *SRB Newsletter* and has a web site at <http://www.srbnet.org>. They also host a yearly conference.³⁰

Corporate Watchdogs

Corporate Watch

“Corporate Watch is designed to provide activists, journalists, and policy makers with up to date information and analysis on social, ecological and economic impacts of transnational corporations

We are a brand new web site dedicated to helping build greater democratic control over transnational corporations at the local, national and international levels.

Corporate Watch is designed to provide you--every day Internet users, activists, journalists and policy makers--with an array of tools that you can use to investigate and analyze corporate activity.

We are committed to exposing corporate greed by documenting the social, political, economic and environmental impacts of these transnational giants.

...Corporate Watch is a joint project of TRAC--The Transnational Resource and Action Center, and IGC--The Institute for Global Communications.³¹

³⁰ Students for Responsible Business, 'Students for Responsible Business' <<http://www.srb.org/>>, 1997, 4/11 (Accessed 29/12/1997).

³¹ Corporate Watch, 'CORPORATE WATCH' <<http://www.corpwatch.org/home.html>>, 1997 (Accessed 30/12/1997).

The Multinational Monitor

“The Multinational Monitor is published monthly except bimonthly in January/February and July/August by Essential Information, Inc., a non-profit founded in 1982 by Ralph Nader. The Multinational Monitor tracks corporate activity, especially in the Third World, focusing on the export of hazardous substances, worker health and safety, labor union issues and the environment.”³²

Consumer

In a similar vein to the above organizations active in the general area of CSR, there are those that focus on corporate behaviour toward the consumer. Research is coupled with action in that disregard for consumer rights is not only brought to light, but such knowledge often provokes public awareness campaigns and organized boycotts. Good Money provides a good listing of information resources for socially and environmentally concerned consumers.³³

Both the Ethical Consumer Research Association and INFAC are consumer rights bodies that work closely with SRI organizations.

Ethical Consumer Research Association (ECRA)

“The ECRA maintains an extensive company database

The Ethical Consumer Research Association has also launched a... guide, *The Ethical Consumer Guide to Everyday Shopping* which ranks brands and stores according to their ethical and ecological practice

NGO researching and publishing on companies behind brand names, and promoting the ethical use of consumer power. Monitors company performance in relating to involvement with: oppressive regimes, trade union relations, wages, land rights, environment, irresponsible marketing, nuclear power, armaments, animal rights, political donations and boycott calls. Publishes journal "The Ethical Consumer" with reviews of products and producers. Maintains a database of information on companies, based on company's corporate responsibility records, ownership, abstracts of news appearing in radical and mainstream publications. Database can be searched online

³² Essential Information, Inc., 'Multinational Monitor On-Line' <<http://www.essential.org/monitor/>>, 1997, 30/1 (Accessed 31/12/1997).

³³ Good Money, Inc., 'Information Resources for Socially & Environmentally Concerned Consumers' <http://www.goodmoney.com/directry_consume.htm>, 1997, 26/11 (Accessed 30/12/97).

(annual subscription and per-minute charges) or via ECRA bureau service (searches by company).”³⁴

INFACT

“Founded in 1977, INFACT is a US national grassroots organization whose purpose is to stop life-threatening abuses by transnational corporations and increase their accountability to people around the world. Since 1977, INFACT has been educating the public about dangerous abuses of power by giant corporations and organizing millions of people to take action to change corporate behavior.

- The Infant Formula Campaign (1977-1986)
- The Nuclear Weaponmakers Campaign (1984-1993)
- Tobacco Industry Campaign (1993-ongoing)
- The Hall of Shame Campaign (1996-ongoing).”³⁵

Financial Institutions

Financial institutions exist that are more than just sympathetic to the social investment movement - they help make it a reality. For the most part, these ‘progressive’ banks and credit unions foster community economic development by making credit available to local housing groups and micro-enterprises. Such credit is often deemed ‘higher risk’ and therefore more difficult to obtain from regular banks.

Credit unions also exemplify one of the main tenets of corporate social responsibility - they are owned by their customers and are generally highly responsive to their needs.

Credit Union Central of Canada not only assists in meeting local economic needs, it is the national distributor of the family of Ethical Mutual Funds, through its subsidiary, Credential Asset Management Inc.. Citizens Bank of Canada is wholly owned by VanCity Credit Union, and Shorebank Corporation is a leading urban renewal force in Chicago.

³⁴ Electronic Development and Information System (Eldis), ‘Ethical Consumer Research Association (ECRA)’ <<http://www.ids.ac.uk/eldis/data/d013/e01340.html>>, 1997, 21/2 (Accessed 30/12/1997).

³⁵ INFACT, ‘INFACT:INFACT’s Hall of Shame and Tobacco Industry Campaigns’ <<http://www.infact.org/>>, 1997 (Accessed 30/12/1997).

Credit Union Central of Canada

“Credit Union Central of Canada (Canadian Central) is the national trade association and central finance facility for credit unions in Canada.

Incorporated by a Special Act of Parliament in 1953 and regulated under the Cooperative Credit Associations Act, Canadian Central was established to provide liquidity for the credit union system in Canada.

...Forty-three shareholder members provide direction for the development of policies and programs. Provincial credit union Centrals hold sixteen of the nineteen directorships. Three directorships are held by Canadian financial co-operatives; consumer, producer and marketing co-operatives; and caisses populaires federations.”³⁶

“The Canadian Credit Union System reported continued healthy growth in total assets, loans and deposits, in year-end 1996 figures released today at the annual general meeting of Credit Union Central of Canada.

Total assets of local credit unions grew by 5 per cent to more than \$47.3 billion, up from \$45.1 billion in 1995.

Total loans increased by 7 per cent to \$36.3 billion from \$33.9 billion the previous year. Total deposits rose to \$42.3 billion, 3 per cent more than the 1995 total of \$40.9 billion.

The Credit Union System which does not include the Quebec-based caisses populaires, continued to consolidate. At year-end 1996, there were 933 local credit unions and a total of 1,958 locations, compared to 982 local credit unions and 1,990 total locations at year-end 1995.

The number of members held steady at the 4.5 million mark. Including Quebec membership statistics, that means about 1 in every 3 Canadians is a member of a credit union or a caisse populaire.

Credit unions are maintaining a strong position in the Canadian financial service industry. The system holds approximately 7 percent of the total domestic assets held by Canadian financial institutions, 7 per cent of the personal loan market and 8 per cent of residential mortgages.

...The Credit Union System is a three-tier structure of local, provincial and national organizations. Local credit unions operate autonomously and are the primary shareholder members of provincial centrals. The provincial Centrals are in turn the primary shareholder members of Credit Union Central of Canada, which functions as the system's national trade association and services provider.”³⁷

Citizens Bank of Canada

³⁶ Credit Union Central of Canada, 'The Credit Union Central of Canada' <<http://www.cucentral.ca/home.html>>, 1997, 13/12 (Accessed 30/12/1997).

³⁷ Credit Union Central of Canada, 'Credit Union System Recorded Healthy Growth in 1996' <<http://www.cucentral.ca/newsview/apr30-97/043097.html>>, 1997, 12/5 (Accessed 30/12/1997).

“The concept of Corporate Responsibility is the cornerstone of our operations. And as such, it affects and is reflected in everything we do. Every decision we make. Every action we take.

It is reflected in the banking products we develop, and how they can be used in positive ways. It involves the relationship we have with our employees and the kind of workplace and culture we are creating together. It defines the partnership we have with our members, and how we encourage members to have a voice in our operations and the direction we take - what issues we support, what actions we take to address them. It is seen in our commitment to encouraging responsible banking, and providing tools for members to meet their financial goals and manage their money wisely.

It relates to human values, social issues, the environment, creating communities that are economically and socially vibrant, and building a more sustainable society and economy. And it refers to how we use our resources as a bank to effect positive social change.

Our focus is on four ‘affinity’ areas that concern us and our members.

Environment
Economic Self Reliance
Human Rights
Families.³⁸

Shorebank Corporation

“ ‘When we bought the bank in 1973, boarded-up buildings were beginning to crop up throughout the community,’ says Milton Davis, South Shore Bank’s chairman. ‘Now a board-up is the exception. Almost everywhere you go you’ll come across construction crews -- working on new buildings, rehabbing old ones. Right across the street from the bank, you’ll see a \$10 million, 110,000-square-foot shopping center, the first major commercial development in the community since World War II.’

Widely regarded as one of the nation’s leading forces for inner-city renewal, Shorebank, the parent company of South Shore Bank, is now extending its development banking presence from five to eight neighborhoods in Chicago’s South and West sides. The expansion grows out of the acquisition of Indecorp, the nation’s largest black-owned bank holding company. The acquisition will double the assets and nearly double the deposits of South Shore Bank’s balance sheet. The bank expects to make at least \$150 million in new loans over the next five years in its expanded target area.

‘The bank is the prototypical bottom-up player,’ says Mary Houghton, Shorebank president. ‘We partner with community people who have a stake in their neighborhood. We’re really capacity builders: providing local people with the financial, managerial, and technical resources for them to succeed.’

... ‘As in all the communities we work in, our efforts are designed to be comprehensive,’ says Davis. ‘Many people know about us through our rental housing investments, but recently we’ve focused more on enterprise and labor force development. But all of

³⁸ Citizens Bank of Canada, ‘Citizens Bank of Canada’ <<http://www.citizensbank.ca/index7.html>>, 1997 (Accessed 30/12/1997).

Shorebank's investments have the same bottom line: revitalizing a neighborhood's sense of community and making it a desirable place in which to live and do business.'³⁹

Social Change Nonprofits

SRI is part of a major shift in social consciousness that was born in the anti-establishment counter-culture of the 1960s. The quest for social, economic and ecological justice saw the birth of the environmental movement, the women's movement, the anti-poverty movement, gay pride and black power. The organizations that sprang up to promote these causes were innovative networking organizations staffed with idealistic, energetic activists eager for social change. In the main, they incorporated as nonprofits, charities and worker co-ops rather than necessarily following the traditional business model. Essentially dynamic and anarchic, they nonetheless support and cooperate with each other. They 'walk their talk' by striving to promote their mutual ideals wherever possible.

Most of the screens that are applied by social investors have come out of direct and indirect consultations with these kindred organizations. Just as the field of social investment has been imbued with the spirit of the other social change movements, so too have the other movements been influenced by SRI.

Two good examples of this cross-fertilization are CERES (Coalition for Environmentally Responsible Economies) and Co-op America.

CERES

“CERES, a coalition of investors, public pension trustees, foundations, labor unions, and environmental, religious and public interest groups, believes that globally sustainable economic activity must be environmentally responsible. CERES' mission is to encourage companies, in cooperation and collaboration with CERES, to endorse and practice the CERES Principles. Endorsing the CERES Principles represents a commitment for business to make continuous environmental improvement and to become publicly accountable for the environmental impact of all its activities.”⁴⁰

³⁹ MacArthur Foundation, 'A Leading Force for Neighborhood Renewal: Shorebank Corporation' <<http://www.macfdn.org/programs/pri/priour.htm>>, 1995 (Accessed 3/1/1998).

⁴⁰ CERES, 'CERES MISSION STATEMENT' <<http://www.ceres.org/mission.html>>, 1997 (Accessed 4/1/1998).

“The CERES Principles

By adopting these Principles, we publicly affirm our belief that corporations have a responsibility for the environment, and must conduct all aspects of their business as responsible stewards of the environment by operating in a manner that protects the Earth. We believe that corporations must not compromise the ability of future generations to sustain themselves.

We will update our practices constantly in light of advances in technology and new understandings in health and environmental science. In collaboration with CERES, we will promote a dynamic process to ensure that the Principles are interpreted in a way that accommodates changing technologies and environmental realities. We intend to make consistent, measurable progress in implementing these Principles and to apply them to all aspects of our operations throughout the world.

Protection of the Biosphere...

Sustainable Use of Natural Resources...

Reduction and Disposal of Wastes...

Energy Conservation...

Risk Reduction...

Safe Products and Services...

Environmental Restoration...

Informing the Public...

Management Commitment...

Audits and Reports...

...These Principles establish an environmental ethic with criteria by which investors and others can assess the environmental performance of companies. Companies that endorse these Principles pledge to go voluntarily beyond the requirements of the law... these Principles obligate endorsers to behave as prudent persons who are not governed by conflicting interests and who possess a strong commitment to environmental excellence and to human health and safety...”⁴¹

Co-op America

“Co-op America, a national nonprofit organization founded in 1982, provides the economic strategies, organizing power and practical tools for businesses and individuals to address today's social and environmental problems. While many environmental organizations choose to fight important political and legal battles, Co-op America is the

⁴¹ CERES, ‘The CERES Principles’ <<http://www.ceres.org/Principles.html>>, 1997 (Accessed 4/1/1998).

leading force in educating and empowering our nation's people and businesses to make significant improvements through the economic system."⁴²

Educational Institutions / Academic Researchers

Another branch of research is the more traditional one based in post-secondary educational institutions.

There are many academics who have made the fields of socially responsible investment and corporate social responsibility one of their main concerns. There are also Ph.D. students whose theses are pertinent to the field.

There do not appear to be any institutions that offer specific courses in SRI, however there are a few that include SRI as part of courses in business administration and ethics, finance and investment, and sociology of corporate behaviour.

Universities and colleges are also players insofar as they are institutional investors. (For more information, see the Institutional Investor section of this paper.)

Boston College

Boston College is one of the oldest Jesuit-founded universities in the United States, located just outside Boston. Its Sociology Department is quite progressive - in their own words, "the tilt of both faculty and graduate student interest stands at the intersection of social analysis and social change. The Carroll School of Management also has academics interested in corporate social performance. Three Boston College professors are especially good examples of SRI and CSR researchers.

“Ritchie Lowry Professor

...Professor Lowry's past and continuing research and teaching interests include community power structures, war and the military, social problems and public policy, corporate social responsibility, and socially responsible consuming and investing. For

⁴² Co-op America, 'Co-Op America' <<http://www.coopamerica.org/index.htm>>, 1997, 23/12 (Accessed 29/12/1997).

many years, he has been concerned with the issues of increasing militarism, state power, and secret government. His approach to social problems emphasizes what is wrong with most traditional social science paradigms and attempts to develop new, more radical alternatives which can result in more democratic and just social policies. Professor Lowry's latest book was *Good Money: A Guide to Profitable Social Investing in the '90s* (1993). Professor Lowry is founder and president of Good Money, Inc., which publishes a newsletter and other materials for socially and environmentally concerned consumers, investors and business people. He is a moderator and participant in several forums on the Internet that deal with the same subjects, and he maintains a Home Page for socially concerned investors and consumers on the World Wide Web...⁴³

“Sandra Waddock, Moskowitz Prize-winning Co-author

Sandra Waddock is a professor of management at Boston College's Carroll School of Management where she teaches strategic management and social issues in management. She currently researches intersector collaboration and corporate social performance. She is also the author of *Not by Schools Alone*, a book on school reform in the United States.

Samuel Graves, Moskowitz Prize-winning Co-author

Samuel Graves is a professor at Boston College's Carroll School of Management where he teaches statistics, quantitative methods and total quality management. His research interests include corporate social performance and corporate decision models.⁴⁴

[The Moskowitz Prize for excellence in social investment research is awarded annually by the Social Investment Forum.]

Institutional Investors

Institutional investors are those financial organizations that have a fiduciary responsibility to manage money on behalf of other people. They include mutual funds, banks, insurance companies, pension funds, brokerages, endowments, foundations and charitable trusts. In the past forty years, the asset growth of these institutions has been phenomenal rising from 15 percent to more than 50 percent of publicly traded stocks in the United States.⁴⁵ Pension funds alone control 26 percent.⁴⁶

This growing concentration of stock means that institutional investors are becoming increasingly unlikely to ‘vote with their feet’ and divest from large corporations that are underperforming or not acting as

⁴³ Boston College, ‘Faculty Profiles’ <http://www.bc.edu/bc_org/avp/cas/soc/faculty.html>, 1995 (Accessed 3/1/1998).

⁴⁴ Social Investment Forum, ‘Social Investment Forum NEWS RELEASE 1997 Moskowitz Prize Awarded’ <<http://www.socialinvest.org/MOSK-PR.HTM>>, 1997 (Accessed 28/12/1997).

⁴⁵ Kinder, *Investing for Good: Making Money While Being Socially Responsible*, p. 220.

responsible 'citizens'. There are less available large pools of stock to allow for this type of action than there were a decade ago. The upshot of this is that institutional investors are becoming more accepting of the need to use their shareholder voting power to exercise control over the corporations they have invested in.

According to Peter Kinder, "the concentration of economic -- and therefore political -- power in financial institutions may prove as large an issue as trusts and monopolies did in the first half of the century. It is far too early to predict how institutional ownership will evolve or what the political response to it will be. For now, it is being shaped by a battle over corporate governance. It is a mistake to interpret this as simply a battle over power at several large corporations. Rather, we are witnessing a redefinition of the corporate form and the social contract between corporations and society. Institutions will shape this change, both in the positive sense of initiating change and in the negative sense of being reacted to. And the institutions -- themselves corporations of one form or another -- will be transformed too."⁴⁷

The largest pension fund in the world is the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA - CREF), and their Social Choice Account is the largest single SRI investment source. The Council for Institutional Investors is the umbrella organization for this type of investor, and Corporate Governance is an initiative to get institutions to promote more democratic control of corporations.

TIAA-CREF

"TIAA-CREF is the nationwide retirement and financial services system for people who work at colleges, universities, independent schools, and other nonprofit education and research institutions throughout the United States. A nonprofit organization, TIAA-CREF is really two companies working together as one. TIAA is the Teachers Insurance and Annuity Association, an insurance company founded in 1918 by the Carnegie Foundation for the Advancement of Teaching. CREF is the College Retirement Equities

⁴⁶ Corporate Governance, 'Corporate Governance' <<http://www.corpgov.net/>>, 1997 (Accessed 29/12/1997).

⁴⁷ Kinder, Investing for Good: Making Money While Being Socially Responsible, p. 211.

Fund, first set up in 1952 and now registered with the SEC as an open-end, diversified management company under the federal Investment Company Act of 1940.”⁴⁸

“The CREF Social Choice Account is a balanced fund, holding stocks, bonds, and money-market investments that meet certain social criteria or "screens." The screens are developed and monitored by the CREF trustees and are based on concerns expressed by our participants.

Invested Assets as of 09/30/97: \$2.1 billion

Total Returns for Standard Reporting Periods*

Periods Ending 09/30/97	Annual Average Compound Rate	Cumulative Rate
1 year	27.56%	27.56%
5 year	15.17%	102.58%
Since inception (March 1, 1990)	14.61%	181.29%

Returns: The Social Choice Account seeks to reflect the overall performance of the financial markets. The stock portion of the account attempts to track the performance of the U.S. stock market, while returns on bond investments are similar to those of the CREF Bond Market Account. Money market investments take advantage of attractive opportunities and preserve the account’s liquidity. However, since investments are based in part on social criteria, returns may be lower or higher than those of funds that select investments for purely financial reasons.”⁴⁹

Council of Institutional Investors

“The Council of Institutional Investors is an organization of large public, Taft-Hartley and corporate pension funds which seeks to address investment issues that affect the size or security of plan assets. Its objectives are to encourage member funds, as major shareholders, to take an active role in protecting plan assets and to help members increase return on their investments as part of their fiduciary obligations.

Founded in 1985 in response to controversial takeover activities that threatened the financial interests of pension fund beneficiaries, the group began with 20 member funds. Today the Council has almost 100 pension fund members whose assets exceed \$900 billion and it is recognized as a significant voice for institutional shareholder interests.

⁴⁸ TIAA-CREF, 'TIAA-CREF' <<http://www.tiaa-cref.org/>>, 1997 (Accessed 2/1/1998).

⁴⁹ TIAA-CREF, 'TIAA-CREF' <<http://www.tiaa-cref.org/stat-social.html>>, 1997 (Accessed 2/1/1998).

General Membership--open to any employee benefit plan, any not-for-profit foundation and/or endowment, or any state or local agency that is officially charged with the investment of plan assets. General Members participate in all meetings and seminars sponsored by the Council and are the only voting members of the Council."⁵⁰

Corporate Governance

"The Corporate Governance site is designed to provide a springboard for explorations and discussions concerning the movement to enhance wealth by creating more democratic forms of corporate governance.

In the past, Americans have tried to balance the power of big business with regulation and monitoring by big government. Today, we recognize that government regulation is inefficient and often has unintended negative consequences. Given the power of corporate lobbyists, government control often equates to de facto corporate control anyway. See, for example, The American Corporation At the End of The Twentieth Century.

The keys to creating wealth and maintaining a free society primarily lie in the same direction. Both require that broad based systems of accountability be built into the governance structures of corporations themselves. By Ending the Wall Street Walk, and accepting the responsibilities that come with ownership, pension funds and other institutional investors have the potential to act as mediating structures between the individual and the dominant institutions of our time, the modern corporation. Ownership based governance is likely to reduce the corrupting influence of unaccountable power on government. At the same time, by transforming corporations into more democratic institutions, such funds will unleash the wealth-generating capacity of "human capital" which is based on the skills and knowledge of corporate employees and their ability to serve the needs of customers and clients."⁵¹

Individual Investors

With regards to exercising control over corporate behaviour, individual investors are increasingly being sidelined by the growing size of the institutional portfolios. But they are still significant players, albeit without much in the way of organization. Many individuals are extremely wealthy and influential, owning large blocks of voting shares in corporations, with controlling interests in some cases, and use this interest to leverage seats on the boards of directors for themselves and their friends.

⁵⁰ Council of Institutional Investors, 'Council of Institutional Investors Home Page' <<http://www.ciicentral.com/index.htm>>, 1996 (Accessed 27/12/1997).

⁵¹ Corporate Governance, 'Corporate Governance'.

The examples that spring to mind of this type of individual, however, are the T. Boone Pickens, and Conrad Black corporate takeover artists, more the antithesis of a conscientious social investor. Ted Turner, now with Time-Warner, who has recently pledged to donate \$1 billion to the United Nations for humanitarian reasons, may be considered as a good example. Certainly there are others.

Modes of Communication in the SRI Community

This section will present a typology of the different kinds of communication venues used in the field of socially responsible investment, and provide examples of each. Whenever possible, an attempt has been made to select examples that are more salient or important in the field.

Interpersonal Forums

Aside from the everyday, workplace interactions that take place among employees or with clients, there are a number of other interpersonal venues that are used to communicate information about social investment. Conferences, seminars, speeches, public awards, and educational courses are public areas of discourse, while boards of directors and advisory councils are more private. These will be covered in this sub-section.

Conferences

Conferences are one of the best ways for building a community of interest. They allow people to meet others who share their concerns, and to find out who is doing what in the field. The opportunities to network often lead to collaborative ventures at a later date. Conference presentations are also valuable - they educate those attending, and they foster leadership in those presenting. New ideas are discussed and debated, and strategies developed, often during organizational meetings that 'piggyback' on the conference to cut down on travel costs. Another major part of any gathering of this nature is the publicity campaign that goes with it - first to get the word out about the event, and then to get the proceedings covered by the media. This is especially important when they include special awards of recognition for

individuals who have made significant contributions to the field. Such awards are often presented at national conferences.

The social investment field makes good use of conferences, with the national trade associations organizing at least one each year. Two prominent ones in the US are the annual SRI in the Rockies, and the Investors Pasquinade.

[For a good listing of upcoming events related to social investment, see the Green Money On-Line Guide Events Calendar.⁵²]

SRI in the Rockies

The national conference for the socially responsible investment community, SRI in the Rockies was held September 11-14, 1997 at the Big Sky Resort near Bozeman, MT. This event, hosted by First Affirmative Financial Network (FAFN) and the Social Investment Forum, is the largest annual gathering of socially responsible investment (SRI) professionals, portfolio managers, product representatives and prominent experts and leaders in the SRI community. Attendance exceeded 250 participants.⁵³

Investors' Pasquinade

“...the Investors Pasquinade was held in Boston last May. Franklin Research and Development brought together business leaders, academics, policy makers and the SRI community. The conference featured an alternative transportation parade and presentations by twenty responsible public companies sharing their financial outlooks and social programs.”⁵⁴

Forums and seminars

Face-to-face meetings take place on a smaller scale than national conventions. Many of them take place within a single day, some lasting only a few hours. Generally, they are local affairs, with fewer people

⁵² RCC Group, Inc., 'GreenMoney Guide: Events Calendar'
<<http://www.greenmoney.com/calendar.htm>>, 1997, 16/12 (Accessed 29/12/97).

⁵³ First Affirmative Financial Network (FAFN), 'FAFN: SRI in the Rockies'
<<http://www.firstaffirmative.com/rockies.htm>>, 1997.

⁵⁴ The Simple Living Network, 'The Simple Living Network - Selected Articles'
<<http://slnet.com/eneews/articles/art12a.htm>>, 1997 (Accessed 5/1/1998).

attending. This often makes it easier to conduct, since the participants frequently know each other, and the logistics of organizing are less onerous. Educational updates are the most common reasons for such gatherings, but sometimes public feedback on policies and issues is the goal.

The Citizens' Forum Series in Canada and an Expert Briefing in Financial Literacy in the UK are two examples.

Spring 1997 The Citizens' Forum Series

“A Cross-Country Exploration of Economic, Financial, and Social Alternatives for the New Millennium. Co-sponsored by Citizens Bank of Canada and the SIO, this series of town hall meetings in Toronto (20 March 1997), Vancouver (April 17, 1997), Calgary (May 8, 1997), and Ottawa (19 June 1997) were designed to stimulate discussion of new and alternative visions of our economy and explore how Canadians can take steps to interact meaningfully with the economy, expressing their values through consumption, investment, civic participation, and at their place of work Citizens Forum Series.”⁵⁶

Financial Literacy - an Expert Briefing

“Tuesday 9th December, 6:00 PM - 8:00 PM
Location: Town and Country Planning Association, 17 Carlton House Terrace, London, SW1Y 5AN
This expert briefing will update UKSIF members on the latest developments in promoting Financial Literacy in the UK. Our speakers will be Amanda Jordan (NatWest Group), speaking on NatWest's initiatives, including the Campaign for Financial Literacy and Face 2 Face with Finance and Gill Nott (Chair, Personal Finance Education Group). Following the presentations, discussion will focus on how to integrate social and ethical investment concerns into financial literacy work.”⁵⁷

Speeches and presentations

The format of most conferences is centered around speeches and presentations. Keynote speeches are usually given by prominent people, and offer them an opportunity to give their insights into ‘the big

⁵⁵ Franklin Research & Development Corporation, 'Franklin Research & Development Investors' Pasquinade' <<http://www.pasquinade.com/>>, 1997, 11/6 (Accessed 29/12/1997).

⁵⁶ SIO, 'SIO Publications and Special Events List' <<http://www.web.net/~sio/siopub.html>>, 1997 (Accessed 30/12/97).

⁵⁷ UKSIF, 'Financial Literacy - an Expert Briefing' <http://www.arq.co.uk/ethicalbusiness/uksif/financial_literacy.html>, 1997 (Accessed 30/12/97).

picture', i.e., how the field may be affected by evolving events. Often, as is the case with several SRI conferences, the proceedings are made available afterwards as a published document, helping to increase the knowledge base of the industry.

Tony Colman's address to the UKSIF AGM, and Frank Blighe's speech at a New York conference are examples of this type of communication venue.

UKSIF AGM 1997 Keynote Speech

"UKSIF AGM 1997 Keynote Speech - Tony Colman MP

Tony Colman is a newly elected Labour MP. He spoke on the newly released government budget, pension review, sustainable international development and general social investment issues in the UK."⁵⁸

"International Social Investment - Past, present and future"

"International Social Investment - Past, present and future
By Frank Blighe, Stewardship Market Development Manager, Friends Provident

Presented at the conference "MAKING A PROFIT WHILE MAKING A DIFFERENCE", New York, 23rd July 1997."⁵⁹

Public awards

No movement is successful unless it has ways to reward its stalwarts, and one of the better ways is to provide them with public recognition for their achievements. Though it does not have the budget or the publicity coverage that the entertainment industry has with its Oscars, the SRI industry does have its own awards.

There are two that are given out in the US each year - the Moskowitz Prize and the SRI Service Award.

⁵⁸ UKSIF, 'Tony Colman MP on Ethical Investment - UKSIF 1997 AGM Keynote Speech' <<http://www.arq.co.uk/ethicalbusiness/uksif/tonycolman.html>>, 1997 (Accessed 30/12/97).

Moskowitz Prize

“The Moskowitz Prize for excellence in social investment research is awarded annually by the Forum. Named after socially responsible investment pioneer Milt Moskowitz, this prize supports research into the diverse field of socially responsible investment including social screening, comparative performance, community development banking and direct investment.”⁶⁰

THE \$2,500 PRIZE:

Awarded to the author of the study judged to be most outstanding. The prize-winning study will also be published in Institutional Investor's *The Journal of Investing*. (ibid.)

The 1997 award went to Boston College management professors Sandra Waddock and Samuel Graves for their ground-breaking study linking ‘excellent management reputations with socially responsible corporate behaviour’” (ibid.)

SRI Service Award

“George Gay, CFP, President of First Affirmative Financial Network received the annual **SRI Service Award** at this year's conference. The award is given to the person most influential to the growth of responsible investing within the past year. Past winners have included Amy Domini, Co-Founder of Kinder, Lydenberg, Domini and Co., Inc.; Jerome Dodson, President and Founder of Parnassus Fund; Alisa Gravitz, Executive Director of Co-op America; and Tim Smith, Executive Director of the Interfaith Center on Corporate Responsibility (ICCR).”⁶¹

Boards of Directors / Boards of Trustees / Advisory Councils

Boards of Directors (or Trustees) and Advisory Councils are very important to the operation of an organization. Not only do they provide advice and direction, they offer an excellent means of embedding the organization within a larger social framework. Many of the members are affiliated, as employees or board members, with other SRI-related organizations. These ‘interlocks’ greatly assist in the provision of resources for inter-organizational initiatives, such as jointly-sponsored research projects or conferences.

⁵⁹ Frank Blighe, ‘International Social Investment - Past, Present and Future’
<http://www.friendsprovident.co.uk/Stewardship/whatsnew/oct97_international.html>, 1997, 23/7
(Accessed 30/12/1997).

⁶⁰ Social Investment Forum, ‘Social Investment Forum NEWS RELEASE 1997 Moskowitz Prize Awarded’.

⁶¹ First Affirmative Financial Network (FAFN), ‘FAFN: SRI in the Rockies’.

Policy decisions are enhanced when opinions from non-SRI areas are solicited as well - as in the case of the development of screens.

The Calvert Social Investment Fund provides a good example. It lists the members of its board of trustees and advisory council on its website, as well as providing a photo and a brief biography of each.

Calvert Social Investment Fund

“The Board of Trustees is responsible for overseeing the management and operations of the Calvert Social Investment Fund. The Trustees bring a variety of backgrounds and experience to the Fund but all share a long-term commitment to socially and environmentally responsible investing.”⁶²

“The Calvert Social Investment Fund Advisory Council serves as the shareholders' voice to the Board of Trustees and to the Calvert Social Research Department. Council members include authors, community development specialists, entrepreneurs, public servants, and social advocates. Their collective expertise helps shape broad policy decisions made by the Fund. Many Advisory Council members also serve on committees and task forces that meet regularly to address such critical issues as corporate environmental practices and equal employment opportunity. The Council meets formally twice a year to evaluate and define the Fund's social screening criteria.”⁶³

Educational courses

Education and training opportunities are needed for any long-term endeavour, including the advancement of social investment. Much of the rationale behind the conferences and seminars is to provide this kind of knowledge improvement. Though there are often opportunities to upgrade one's knowledge through occasional forums such as these, there does not seem to be much in the way of formal education venues.

Courses that are offered generally tend to include SRI as part of larger topics.

Boston College in Massachusetts offers a good example. Graduate courses in the Department of Sociology there provide material relevant to social investing. The professors who teach them include Severyn Bruyn,

⁶² Calvert Group, 'The Board of Trustees' <<http://www.calvertsif.com/comm/d1-1.htm>>, 1997 (Accessed 27/12/1997).

⁶³ Calvert Group, 'The Advisory Council' <<http://www.calvertsif.com/comm/d2-1.htm>>, 1997 (Accessed 27/12/1997).

who wrote The field of social investment,⁶⁴ and Ritchie Lowry, author of GOOD MONEY: A Guide to Profitable Social Investing in the '90s.⁶⁵ Lowry is also the prime mover behind the Good Money Journal, and On-Line Guide, an extensive SRI information resource.

The courses include:

“Business and Society - Severyn Bruyn

... we examine the changing role of business and society, including issues in corporate governance, professional ethics, worker self-management, and the social development of work systems in American enterprise. We will review current trends in corporate accountability, such as equal employment opportunity, occupational safety and health, government deregulation of industry and social self-regulation, environmental and consumer protection, ethical investing, community development corporations, and the changing character of multinational corporations.

Corporate Social Responsibility - Ritchie Lowry

Contemporary capitalism is in a crisis because of the general lack of social responsiveness on the part of corporate executives, shareholders, investors, and other economic stakeholders. In response, movements have arisen in recent decades to respond to this crisis including socially responsive investing, shareholder and consumer action, and corporate social responsibility. This seminar, through shared readings and discussions, will consider the ways in which these movements are responding to the crisis in capitalism. We will consider alternative and more productive forms of economic and business conduct.”⁶⁶

Research products

Much of what ‘informs’ the SRI field is the research undertaken by the players involved. Research initiatives, both commissioned by the organizations themselves as well as outside parties, is often made available to the public afterwards. Much of this work is a reportage of the state of the industry - how it is growing, and in what ways, what the average person knows about it, and how the major issues are evolving. Types of research venues include reports, surveys, studies, doctoral theses, and fund indexes.

Reports

⁶⁴ Severyn T. Bruyn, The Field of Social Investment, Rose Monograph Series (Cambridge, 1987).

⁶⁵ Ritchie Lowry, GOOD MONEY: A Guide to Profitable Social Investing in the '90s (New York, 1993).

⁶⁶ Boston College, ‘SOCIOLOGY COURSES FOR FALL 1997’

<http://infoeagle.bc.edu/bc_org/avp/cas/soc/CoursesF97.html#Grad>, 1997 (Accessed 1/1/1998).

Reports are a mainstay of the industry. There are those types that are generated to provide funders with a description of the work performed on various projects, and there are those that are fully research oriented. It is the latter that constitutes the majority of truly significant reports produced in the field. These major research reports are usually produced by lead SRI agencies, notably the national trade associations, who also see to it that publicity accompanies their publication.

Three good examples include two by the SIF in the US: '1997 Report on Responsible Investing Trends in the United States', and 'Tobacco's Changing Context: A Challenge and Opportunity for Institutional Investors', and one by the SIO in Canada: 'Canadian Industry Report Series'.

1997 Report on Responsible Investing Trends in the United States

“Social investing in the United States surged impressively from 1995 to 1997, both in terms of screened portfolios under professional management and shareholder advocacy efforts. In examining the health of socially and environmentally responsible investing in the two years since its last study in 1995, the Social Investment Forum found:

Responsible investing tops the \$1 trillion mark. For the first time ever, more than \$1 trillion in assets are under management in the U.S. in socially and environmentally responsible portfolios, which have grown from \$639 billion in 1995 to \$1.185 trillion in 1997.

Growth of socially screened portfolios significantly outpaced the broad market. Between January 1, 1995 and January 1, 1997, total assets under management in screened portfolios for socially aware investors rose 227 percent from \$162 billion to \$529 billion. Over the same period, institutional tax-exempt assets under management in the U.S. grew by 84 percent (including both market appreciation and cash inflows), according to Pensions & Investments.

The number of responsibly invested mutual funds has nearly tripled in the past two years. In 1995, the Social Investment Forum identified 55 mutual funds as employing social and/or environmental criteria as a part of their formal, publicly stated investment policy. Today, that number has risen to 144, a gain of 162 percent. The surge in responsibly invested mutual funds is attributed, in large part, to the move against investments profiting from the sale of tobacco products led by such groups as the American Medical Association (AMA) and the Coalition for Tobacco-Free Kids. Other factors include: growing demand from socially concerned investors and improved data collection for purposes of the 1997 study.

Tobacco is now the common denominator for virtually all socially aware investors. Over 97 percent of managers running screened portfolios and 84 percent of all socially screened assets avoid investing in tobacco companies. Other screens include: gambling, 72 percent; weapons, 69 percent; alcohol, 68 percent; birth control/abortion, 50 percent;

environment, 37 percent; labor 25 percent; human rights, 23 percent; and animal welfare, 7 percent.

Nearly 90 percent of responsibly invested funds are managed with three or more screens. In numbers almost identical to those contained in the 1995 study, the Social Investment Forum found that about a third of the managers listed in the 1997 Nelson's Directory of Investment Managers identify themselves as running portfolios with social screens. Similarly, 88 percent of these managers employ three or more screens, about the same as the 90 percent found to be using multiple screens in the 1995 study.

Three quarter of a trillion dollars is controlled by investors who play an active role in shareholder advocacy. Institutional investors leveraged assets valued at \$736 billion in the form of shareholder resolutions, voted their proxies on the basis of formal policies embodying socially responsible goals, and/or actively worked with publicly traded companies to encourage more responsible behavior.

Community investing holds its own. Community-based investments totaling \$4 billion are focused on local development initiatives, affordable housing and small business lending in many of the neediest urban and rural areas of the country.

Nearly one out of every 10 dollars under management in the U.S. today is part of a responsibly invested portfolio. A total of 710 major investing institutions (including pension funds, mutual fund families, community development funds, and foundations) were found to be involved in socially responsible investing in one way or another with assets totaling \$1.185 trillion. This broad figure accounts for roughly 9 percent of the \$13.7 trillion in investment assets under professional management in the U.S., according to the 1997 Nelson's Directory of Investment Managers.⁶⁷

Tobacco's Changing Context: A Challenge and Opportunity for Institutional Investors

"Today, more and more institutional investors find themselves wondering if it may finally be time for them to "kick" the tobacco habit. Faced with a deluge of ethical, legal and economic warning signs, prudent institutional investors are under increasing pressure to make decisions about the appropriateness of tobacco in an investment portfolio. This report offers a detailed look at the challenges and opportunities facing institutional investors as they grapple with investment policy questions about tobacco.

The authors of this report are the Social Investment Forum, the national non-profit membership organization representing the social investment industry, and Co-op America, a national non-profit consumer and business education organization helping Americans create a better future through their purchasing and investing choices. The Social Investment Forum and Co-op America were also in partnership with the sponsors of this report, Calvert Group, First Affirmative Financial Network, Franklin Research & Development Co., and The National Campaign for Tobacco-Free Kids have prepared Tobacco's Changing Context to assist institutional investors and fiduciaries with the facts in the controversy surrounding the tobacco industry. The authors and sponsors believe there is no neutral ground in this issue.

The conclusions from this report are clear: With the increasing financial, legal and ethical problems facing the tobacco industry, it is imperative that all institutional

⁶⁷ Social Investment Forum, 'Social Investment Forum: Responsible Investing Trends in US'.

investors review their tobacco investment policies and formulate a response. Most importantly, all investors can formulate a response to tobacco. This report will show them how.”⁶⁸

Canadian Industry Report Series

“A series of Reports reviewing the social and environmental factors shaping the future of the Forestry, Electric Power, and Mining Industries in Canada. The SIO Report Series analyses the social and environmental impacts on three key Canadian industries: **Mining (1997), Electric Power (1996), and Forest Products (1995)**).

SIO research provides a fair and balanced perspective on the social and environmental challenges faced by each industry today and in the future. Each Report Series is comprised of three separate reports.

- **Part One: Roundtable Report** - bringing together representatives from key industry stakeholders, including aboriginal interest, industry associations, environmentalists, and labour;
- **Part Two: Focus Report** - providing a comprehensive review of the social and environmental performance of each industry;
- **Part Three: Social Investment Profile** - A guide to assessing realistic industry best practices. A critical reference for all social investors. The social investment profile identifies 20 industry leaders across 6 key issue areas: environment, community commitment, workforce, native affairs, international issues, and corporate governance.”⁶⁹

Surveys and Studies

Without ongoing research forays into the daily world of the average citizenry, SRI professionals would have a much less clear idea of how the public perceives the concept, and how much they are willing to participate in it. And without research being done on how SRI investment compares with non-SRI vehicles, there would be very little evidence available with which to promote the industry.

The Calvert / Yankelovich Survey is one of the larger ones. Some smaller ones, along with other studies, is available from Good Money, Inc.

⁶⁸ Social Investment Forum, 'Social Investment Forum: Tobacco's Changing Context' <<http://www.socialinvest.org/Tob-main.htm>>, 1996, 5/11 (Accessed 31/12/1997).

⁶⁹ SIO, 'SIO Publications and Special Events List'.

Calvert/Yankelovich Survey

“Calvert/Yankelovich Survey Results - Investor Attitudes Toward Tobacco Investment”⁷⁰

Good Money, Inc. - polls, surveys, and studies

“These pages report on the results of surveys, polls and studies that deal with socially and environmentally responsible investing, consuming and business

POLLS & SURVEYS

- Public opinion survey of what Americans think about companies with both positive and negative images.
- Survey of consumer buying practices based upon a company's social reputation.
- How students feel about environmental issues.

STUDIES

- How companies with good environmental records outperformed those with bad records.
- How two socially screened portfolios outperformed their unscreened counterparts.
- The growth of invested assets involved in socially responsible investing has been impressive for the last decade.”⁷¹

Ph.D. Dissertations

Ph.D. research is conducted by doctoral candidates at universities to give them both an understanding of the subject material and a familiarity with the research methodologies used. The latter is of direct benefit to the SRI community only when the researcher takes a job in the field. However, as documents usually made public, the research products can be immediately useful to SRI professionals. There does not seem to be many Ph.D. theses that focus exclusively on social investment, though many on general investment themes often include some mention of SRI.

Craig Mackenzie's Ph.D. dissertation provides us with a good example.

⁷⁰ Calvert Group, 'Calvert-Yankelovich Survey Results - Index Page'
<<http://www.calvertgroup.com/kwyo/survey/index.htm>>, 1997 (Accessed 27/12/1997).

“Ethical Investment and the Challenge of Corporate Reform: A critical assessment of the procedures and purposes of UK ethical unit trusts.
Craig Mackenzie, Ph.D. Thesis, University of Bath 1997

Abstract

There are 30 ethical investment funds in the UK, managing £1.3bn of assets on behalf of 150,000 investors. Just 13 years ago there were none. One goal of ethical investment is to allow people to invest in the stockmarket while not supporting companies with unethical practices. The other is to persuade such companies to reform. I offer a detailed case-study of the leading ethical fund, Friends Provident Stewardship, which describes the ‘screening’ procedures used to achieve these two goals. Ethical funds are fairly effective at the first goal, but they are not good at persuading companies to reform. One reason for this lack of success is that the two purposes of ethical investment can sometimes conflict. The procedures used by funds to enable people to avoid investing unethically are not always well suited to the pursuit of corporate reform. In order to rise to the challenge of corporate reform, ethical funds need to become better at engaging with companies and persuading them to change. This may require a significant shift in priorities from ‘screening’ to engagement. This thesis offers evidence in support of these claims, and makes a case to justify this shift in priorities.

The thesis can be downloaded either as 13 separate MS Word 6 ‘doc’ files, or as an individual compressed ‘zip’ file containing all 13 ‘doc’ files.”⁷²

SRI Stock Indexes

The oldest and most widely known stock index is that of the Dow Jones, often used as the benchmark to which other stock indexes are compared.

“The Dow Jones Industrial AverageSM is without a doubt the most widely followed and recognized stock index in the world. First published in 1896, the DJIASM tracks the average price of 30 large capitalization New York Stock Exchange stocks—all household names that trade heavily in the United States as well as in major foreign stock markets. These 30 stocks have a total market value of more than \$2 trillion and represent roughly one fifth of the market value of all U.S. stocks.”⁷³

⁷¹ Good Money, Inc., ‘Polls, Studies and Surveys of Socially and Environmentally Responsible Investing, Consuming and Business’ <<http://www.goodmoney.com/survey.htm>>, 1997, 8/11 (Accessed 31/12/97).

⁷² Craig Mackenzie, ‘Craig Mackenzie’s PhD’ <<http://www.bath.ac.uk/~hsscrm/phd.htm>>, 1997, August (Accessed 1/1/1998).

⁷³ Chicago Board of Trade, ‘CBOT - Dow Jones Industrial Average’ <<http://www.cbot.com/dow/djadow.htm>>, 1997, 14/10 (Accessed 5/1/1998).

There are firms that have developed their own SRI-based stock index, and perform the research needed to keep it updated: Good Money, Inc. and KLD, Inc. Their Good Money Industrial Average and the Domini 400 Social Index are provided as examples.

Good Money Industrial Average

The Good Money Industrial Average, a stock average designed by Professor Ritchie Lowry (of Boston College Sociology Department) based on socially responsible but otherwise equivalent stocks, outperformed the Dow Jones Industrial Average by a factor of two between 1976 and 1995.⁷⁴

The Domini 400 Social Index

“The Domini 400 Social Index (DSI) is the established benchmark for measuring the impact of social screening on financial performance. Launched in May 1990, the DSI is the first benchmark for equity portfolios subject to multiple social screens.

Composition of the Index

The DSI is a market capitalization-weighted common stock index modeled on the Standard & Poor's 500 (S&P 500).

In 1990, KLD created the DSI by starting with the companies in the S&P 500.

KLD first applied a set of exclusionary screens, eliminating companies involved in alcohol, tobacco, gambling, military contracting, nuclear power, or with operations in South Africa.

Next, KLD applied qualitative screens in the areas of community, diversity, employee relations, environment, and product safety. Approximately 250 companies remained after this screening process.

KLD then looked at large capitalization companies not in the S&P 500 that passed the exclusionary screens and, in most cases, exhibited an outstanding record in one of the qualitative screening areas. From these, KLD selected approximately 100 companies to provide broad industry representation.

Finally, KLD added 50 firms with exceptional social characteristics.

The DSI's Performance

The DSI has outperformed the S&P 500 on a total return basis and on a risk-adjusted basis since its inception in May 1990. The graph above shows the comparative total return performance of the DSI, the S&P 500 and the Russell 1000 as of 3rd quarter

⁷⁴ Good Money, Inc., 'Performance of GOOD MONEY Stock Averages and How the Averages Were Constructed' <<http://www.goodmoney.com/averages.htm>>, 1997, 23/5 (Accessed 31/12/97).

1997.”⁷⁵

Non-electronic publications:

There is a growing trend toward the use of computerized media for information distribution, however paper-based media are still the most commonly used. This sub-section includes the more traditional, print-based publications, including books, newsletters, and articles in mainstream print media in the field of social investment.

Books

Books are still the most effective way to communicate complex ideas, or give detailed descriptions of events and activities not readily conveyable in video mode. Social investment, not being much of a spectator sport, has been well served by the publication of dozens of very good books written on the subject in the last twenty years.

Three particularly good books stand out: [The Canadian Ethical Money Guide](#), [Investing for Good](#), and [The Social Investment Almanac](#).

[The 1998 Canadian Ethical Money Guide](#), Eugene Ellmen, James Lorimer and Co., Halifax, 1997

“The authoritative guide to social investment in Canada. Takes investors - beginning or experienced - through the challenges of managing money in a socially responsible way. 1998 edition includes for the first time, reviews of 15 ethical mutual funds, recommendations on labour funds and information on 10 leading edge Canadian corporate citizens.

Eugene Ellmen is a past advisor to the Ontario government, as well as a former business and finance writer with Canadian Press. He is a frequent contributor in the media on economic and business issues and is a founding member of the Social Investment Organization.”⁷⁶

⁷⁵ KLD and Co., Inc., 'KLD & Co.: Domini 400' <<http://www.kld.com/wdomi.html>>, 1997 (Accessed 1/1/1998).

⁷⁶ Eugene Ellmen, 'About the 1998 Canadian Ethical Money Guide' <<http://www.web.net/ethmoney/book.htm>>, 1997 (Accessed 9/12/97).

[The 1997 edition of this book sold 2600 copies, according to the author.⁷⁷]

Investing for Good: Making Money While Being Socially Responsible, Peter Kinder, Steven Lydenberg and Amy Domini, HarperCollins Publishers, Inc., New York, 1993

“This book takes a long-term approach to investing and discusses different kinds of screens that can be applied when deciding which businesses to support with your investments and which to exclude. It offers a comprehensive directory of organizations and mutual funds, as well as a thorough glossary of SRI-related terms.”⁷⁸

The Social Investment Almanac : A Comprehensive Guide to Socially Responsible Investing, Peter Kinder, Steven Lydenberg and Amy Domini, eds., Henry Holt and Co., 1992

“The standard reference and resource book for individuals and professionals investigating the opportunities of social investment. It devotes particular attention to environmental investing and covers international SRI as well. Table of Contents: I. Social Investing; II. Shareholder Action; III. Corporate Social Accountability Research; IV. The Social Portfolio; V. Community Development Investing; VI. Consumer & Employment Issues Affecting Social Investing; VII. Social Investing Outside the U.S.; Appendix.”⁷⁹

Newsletters / magazines

The prime way membership-based organizations have of keeping their members informed is to issue periodic newsletters. SRI trade associations, for example, do this. There are some newsletters, though, that are sold in their own right, rather than as part of a membership package. The aforementioned GreenMoney Journal is a case in point [*see Publishers and Distributors in the Players section*].

Apart from GreenMoney, there are two other newsletters worth noting: Franklin Research’s Insight and the Corporate Ethics Monitor.

⁷⁷ Eugene Ellmen, ellmen@web.net, personal communication (Toronto, 1997) (31/12/1997).

⁷⁸ Business Exchange Trust, ‘Business Exchange Trust - Resource List’ <http://www.betrust.org/resource_list.html>, 1996 (Accessed 5/1/1998).

⁷⁹ Amazon.com, Inc., ‘The Social Investment Almanac : A Comprehensive Guide to Socially Responsible Investing’ <<http://www.amazon.com/exec/obidos/ISBN%3D0805017690/greenmoneyonlineA/4767-3102854-333132>>, 1998 (Accessed 5/1/1998).

Franklin Research's Insight

"Franklin Research's Insight, a monthly newsletter on socially responsible investing. Founded in 1983, Franklin Research's Insight offers the most complete service of any social investment newsletter. You can subscribe to either of two monthly services - one intended for those with an interest in corporate social responsibility and the other geared for investment professionals and active individual investors:

The Basic Service - \$29.95

Investing for a Better World

Investing for a Better World explores how social and environmental concerns can impact your choice of investments. From environmental stewardship to human rights, employee relations to corporate citizenship, we look at how companies and investors are confronting the issues of our time. Investing for a Better World also keeps you up-to-date on developments in social and environmental screening. Recent lead story topics have included pressure by social investors on the tobacco industry and an analysis of the Body Shop's social claims.

Investing for a Better World features:

- Quarterly reports on the financial performance of socially screened mutual funds with ratings of their overall social impact.
- The "Social Ticker", which updates you monthly on notable acts of corporate social responsibility and irresponsibility.
- A monthly column on shareholder activism.
- A monthly column by Milt Moskowitz, co-author of "The 100 Best Companies to Work for in America."

The Professional Service - \$225.00

Franklin Research's Insight

Franklin Research's Insight includes Investing for a Better World, but goes on to offer more specific investment advice. Whether you are an individual or an institutional investor, this information will allow you to manage your assets on a socially screened basis. Each month subscribers receive the following:

A model portfolio of recommended stocks.

Two-page profiles on two companies that are of special interest to social investors. We profile and recommend companies that meet or exceed our social screens, which include animal rights, corporate citizenship, employee relations, environmental conduct, and international human rights.

A two-page profile on the social record of a large, controversial company.

...Fresh Produce, a quarterly investment newsletter for young investors."⁸⁰

⁸⁰ Franklin Insight Inc., 'Fresh Produce, Socially Responsible Investing for Kids' <<http://www.frdc.com/fresh.html>>, 1995 (Accessed 28/12/1997).

The Corporate Ethics Monitor

“The Corporate Ethics Monitor, now in its ninth year of publication, is the only regular source of Canadian research on the social, labour and environmental practices of Canadian companies. Subscriptions are available for one year (6 issues) or three years (18 issues). The publication has been described as containing "Extraordinarily insightful articles on issues directly relevant to the screening process. The Corporate Ethics Monitor offers a unique view of corporate accountability tailored to the social investor's needs". Investing For Good (1993)

Each sixteen page issue contains:

- Detailed Analysis of Two Industry Sectors
- Tables, Essays and Profiles On The Social and Environmental Performance of 12 Canadian Companies
- Important Analysis of Changing Securities Legislation and Institutional Accountability
- Current Developments in Mutual and Pension Fund Management.”⁸¹

Articles in mainstream media

Any organization wishing to get the word out on something is likely to draft up a press release and send it off to as many media outlets as possible. Sometimes they get lucky and it catches the eye of an editor and ends up as a news story or feature article. Occasionally, coverage is national, where the potential audience is enormous.

Media coverage is one of the main goals of trade associations, and this is no different in the SRI field.

Undoubtedly thousands of press releases have been written, resulting in hundreds of articles being published in newspapers, magazines (both national and trade), and journals. This section will present a few excerpted samples of these types of articles.

a) newspapers

“Thursday, January 23, 1997
Ethical funds no nightmare for those who sleep lightly

⁸¹ EthicScan Canada, 'EthicScan Canada' <<http://www.interactive.yorku.ca/ethicscan/cem.html>>, 1996 (Accessed 27/12/1997).

By ROSEMARY MCCRACKEN
The Financial Post

To invest profitably, you don't have to support companies that pollute, manufacture tobacco products or military weapons, or have a poor record of hiring and promoting women, advocates of ethical investing claim.

'The typical knee-jerk reaction, even in the investment community, is that you have to accept a lower rate of return for investing with a social conscience. But that is not so,' says Chantal Campbell, a financial adviser with Gordon Private Client Co.

Campbell says about 30% of her clients want to make investment choices that are based on social responsibility.

Financial success and social responsibility are not mutually exclusive, agrees Susan Vance-Barrett, a financial adviser with Nesbitt Burns Inc.

Her ethical investment clients, like Campbell's, are typically babyboomers with \$100,000 or more in their RRSPs.

'They come to me having thought about supporting companies that reflect their social and ethical beliefs,' she says. 'They're usually not adverse to slightly underperforming the market for these beliefs. But the reality is you don't have to pay a penalty to be socially responsible.'

Most ethical investors ignore companies that deal in tobacco products, armaments or non-renewable resources.

They'll apply their "screens" or guidelines for evaluating corporate behavior to key areas such as environmental responsibility, labor relations and profit-sharing plans...⁸²

According to a 1995 Green Money Journal article, in the US in 1994,

"The press continued its coverage of Socially Responsible Investing (SRI) with articles in *The Wall Street Journal*, *Business Ethics*, *In Business*, *The New York Times*, *Washington Post*, *Out*, *Smart Money*, *Los Angeles Times*, *Co-op America Quarterly*, *Fortune*, *The Spokesman-Review*, *The Lutheran*, *Barron's*, *United Airlines' Hemispheres*, and *Green Living*".⁸³

b) national magazines

"The ethical imperative: if you don't talk about a wider range of values, you may not have a bottom line [*Includes SIO's study of the social performance of TSE 300 companies*]

Walker, Robert; and Susan Flanagan
Financial-Post-500, 1997 pg. 28-36.

⁸² Rosemary McCracken, 'Ethical Funds No Nightmare for Those Who Sleep Lightly'
<http://paddle4.canoe.ca/MoneyRRSPs/jan23_ethicalfun.html>, 1997, 23/1 (Accessed 1/1/1998).

⁸³ GreenMoney Inc., 'GMJ: Integrative Investing' <<http://www.greenmoney.com/gmj/integrat.htm>>, 1995 (Accessed 31/12/97).

In business and investing, conventional wisdom tells us that corporate social responsibility and a focus on the bottom line don't mix. Perhaps economist Milton Friedman made the point most directly: "Few trends," he wrote in *Capitalism and Freedom*, "could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible." But conventional wisdom and Milton Friedman are wrong. Companies are beginning to acknowledge the need to accept real responsibilities beyond the financial values of the marketplace. They are starting to engage in a public discussion about the duties and obligations of business to society, and many are implementing policies, programs and practices out of a desire to become better corporate citizens...⁸⁴

c) trade magazines

"Beyond the bottom line
Schachter, Harvey
Canadian-Banker. v. 103 Sept./Oct. '96 p. 24-8

Canadian banks are among the country's most socially conscious corporations, but some observers believe that they could do more. A recent Report on Business Magazine survey of CEOs named Royal Bank as the most socially responsible of Canadian companies on the basis of its charity and equality measures; Bank of Montreal ranked third and Canadian Imperial Bank of Commerce (CIBC) tenth. Marc de Sousa-Shields, executive director of the Social Investment Organization, based in Toronto, agrees that the banks are among Canada's corporate social leaders, but he thinks that they can improve on some key fronts. Chris Pinney, director of the Canadian Centre for Philanthropy's Imagine program, says that he is disappointed that only Royal, CIBC, and National Bank have pledged to meet his group's widely accepted benchmark for corporate donations of 1 percent of pretax profits to charitable efforts over three years. Initiatives being taken by banks in the areas of employment equity and diversity, the environment, staff training, and unemployment are discussed."

d) journals

"TITLE: The association between corporate social-responsibility and financial performance: the paradox of social cost
PERSONAL AUTHOR: Pava,-Moses-L; Krausz,-Joshua
SOURCE: Journal-of-Business-Ethics. v. 15 Mar. '96 p. 321-57
PUBLICATION YEAR: 1996
PHYSICAL DESCRIPTION: bibl tabs
ISBN/ISSN: 0167-4544
LANGUAGE OF ARTICLE: English
ABSTRACT: It is generally assumed that common stock investors are exclusively interested in earning the highest level of future cash-flow for a given amount of risk. This view suggests that investors select a well-diversified portfolio of securities to achieve this goal. Accordingly, it is often assumed that investors are unwilling to pay a

⁸⁴ Robert Walker and Susan Flanagan, 'The Ethical Imperative: If You Don't Talk About a Wider Range of Values, You May not Have a Bottom Line', Financial-Post-500, May 1997, 28-36.

premium for corporate behavior which can be described as "socially-responsible". Recently, this view has been under increasing attack. According to the Social Investment Forum, at least 538 institutional investors now allocate funds using social screens or criteria. In addition, Alice Tepper Marlin, president of the New York-based Council on Economic Priorities has recently estimated that about \$600 billion of invested funds are socially-screened (1992). Reprinted by permission of the publisher.”

Electronic media:

We live in a wired world. The communications revolution has given us an unprecedented ability to create and distribute information. The marriage of the computer and the communications infrastructures is likely to bring about a full convergence of all forms of electronic media. Will SRI organizations take advantage of these emerging technologies? As the following overview of electronic venues shows that, in the main, whether it be video, TV, telephone, software programs, or online forums, the new media are not used much for information dissemination. The one exception, however, seems to be in the use of websites on the Internet, a venue whose potential is only just starting to be realized.

Videos and Television

Visual media such as videos and television have not been a major factor in promoting SRI. Perhaps the subject material is a bit too dry for all but documentary-style news programs. There have been instances, however, where conferences have been videotaped and the tapes made available to SRI aficionados afterwards, but this is the exception rather than the rule.

And, in general, the social investment community has been too poor to spend what is needed to produce quality advertisements on TV.

The following are three instances where visual media have been used to communicate SRI ideas.

Socially Responsible Banking and Investing Forum

Videotaped events of the Students for Responsible Business, including that of *Socially Responsible Banking and Investing Forum* Georgetown University November, 1994, are available.⁸⁵

Citizens' Forum Series

Interested parties may purchase video editions of the Toronto and Vancouver sessions of the SIO's Spring 1997 Citizens' Forum Series.⁸⁶

NBC Nightly News

There seems to have been no television programs or lengthy documentaries strictly about social investment, but SRI has been the focus of several short news pieces.

“In early 1992, NBC Nightly News did a feature on socially responsible investing. They looked for someone who would appear on camera to criticize the practice but couldn't find anyone who would. Now, this does not mean that the field or the people in it are perfect. It means that social investing has arrived as a major factor in financial services.”⁸⁷

Telephone Hotlines

Another useful electronic medium is the telephone, it being the tool of choice in the officeplace (outside of the computer). While most SRI organizations welcome callers - members, clients, or otherwise - they have not made extensive use of this technology for automatic distribution of information. In this regard, they are no different from most other businesses.

There do exist, though, some examples of efforts to provide information via the telephone, and also, in some cases, to establish a revenue stream from it. The SIO has a 1-900 information line, with a per-minute charge, Franklin Insight has a hotline, and the SIF has a faxback service.

⁸⁵ Students for Responsible Business, 'SRB - Videos'
<<http://www.srbnet.org/information/library/videos/>>, 1996, 13/12 (Accessed 29/12/1997).

⁸⁶ SIO, 'SIO Publications and Special Events List'.

⁸⁷ Kinder, Investing for Good: Making Money While Being Socially Responsible, p. 46.

The Social Investment Information Line

“Established November 1996, the social investment information line is an interactive phone and fax program that will allow callers to access all the necessary information required to make informed social investment decisions.

An interactive menu of information, the 1-900 information line provides information on the SIO, socially responsible mutual and labour sponsored funds, financial advisors, SRI and CSR special events and other social investment opportunities.”⁸⁸

Franklin Insight Inc.

Franklin Insight Inc.’s ‘Professional Service’ includes, among other things, “a **telephone hotline** providing weekly recorded updates on the financial markets and recommended companies.”⁸⁹

Social Investment Forum

The Social Investment Forum has a fax-back service for obtaining a SRI Mutual Fund Performance Chart.⁹⁰

Software Programs

Software is becoming ubiquitous. For those of us in the information industries, it has infiltrated almost every aspect of our working lives - from creating information with word processors and spreadsheets, to organizing it with databases, to disseminating it with the Internet. There are thousands of programs for sale that are created with particular purposes or markets in mind, whether that be videogames for teenagers or financial analysis packages for the loans departments of banks.

Unfortunately, there are almost no programs created yet specifically for SRI professionals. There is one, though, KLD’s SOCRATES, that is a good example of a highly useful database of SRI information on corporate performance.

⁸⁸ SIO, ‘The Social Investment Information Line’ <<http://www.web.net/~sio/srinves.html>>, 1997 (Accessed 30/12/97).

⁸⁹ Franklin Insight Inc., ‘Insight’ <<http://www.frdc.com/insight.html>>, 1996 (Accessed 28/12/1997).

⁹⁰ Good Money, ‘Socially and Environmentally Screened Funds’.

SOCRATES

“SOCRATES is the most comprehensive social investment software package on the market today.

Review Company Profiles and Ratings

SOCRATES has KLD's in-depth profiles on over 650 US corporations, including every company on the Standard & Poor's 500 and the Domini 400 Social Index.

SOCRATES PLUS includes coverage of the Willshire 5000 for alcohol, gambling, tobacco, military contracts and nuclear power.

The profiles have social ratings evaluating each company's strengths and concerns, covering community, diversity, employee relations, environment, non-US operations, products, alcohol, tobacco, gambling, nuclear power and military contracting.

SOCRATES contains many statistics, including:

- military contracting
- charitable contributions
- superfund or hazardous waste sites
- women and minority directors and managers
- union representation

...Monitor Shareholder Actions

SOCRATES contains information about shareholder actions, compiled by the Interfaith Center on Corporate Responsibility (ICCR).

...Track Portfolios and Rank Companies

The portfolio feature allows money managers to store clients' portfolios in SOCRATES so they can run updated reports on their holdings. The weighting system scores companies, generating a rank order based on values users assign to the social rating issues...”⁹¹

Online forums and mail lists

On the Internet, group communication has been a commonly enjoyed pastime. Newsgroups range in topic from antique cars to databases to genetic engineering. Although their popularity as public forums has been declining recently due to the irresponsible mass postings of ‘spammers’, they are still used by millions of people daily. Mail lists, though, are poised to supersede the newsgroups as the venue of choice, perhaps because they are easier to use for the multitude of newcomers to the net. And finally, partially in response to the increasing demand for ‘intranet’ communications, computer conferences are also being used more frequently.

Regarding public forums for SRI on the net, there are no known newsgroups, a private mail list for SIF members, a public SRB mail list, and two public computer conferencing forums. None of these seem to be extensively used.

Social Investment Forum private mail list

“Members only: If you're not yet on the SIF Email Discussion Group, join today. Over 100 members discuss hot SRI issues daily. Subscriptions to the list are approved for SIF members only. Send email to majordomo@listserver.together.net with the following information in the body (leave the subject line blank):

subscribe sif-l your-full-name <your-email-address@address.xxx>”⁹²

SRB mail list

“At last, a place for the enlightened discussion of Socially Responsible Business and Investing. This is THE forum for discussion and information exchange focused around aspects and topics of socially responsible business (SRB) *AND* investing (SRI).”⁹³

Jepsen is the facilitator of the mail list. The list archive ends in May 1995. (ibid.)

The Motley Fool

The Motley Fool website has an online forum on Socially Responsible Investing (under Investors' Roundtable in Message Boards area).⁹⁴

Morningstar

⁹¹ KLD and Co., Inc., 'KLD & Co.: SOCRATES' <<http://www.kld.com/wsocr.html>>, 1997 (Accessed 1/1/1998).

⁹² Social Investment Forum, 'Social Investment Forum: Welcome' <<http://www.socialinvest.org/members.htm>>, 1997 (Accessed 30/12/1997).

⁹³ Jason Jepsen, 'Socially Responsible Business and Investing Mailing List' <<http://envirolink.org/archives/srb/srbinfo.html>>, 1995, 14/2 (Accessed 1/1/1998).

⁹⁴ The Motley Fool, 'The Motley Fool' <<http://www.fool.com/FoolBoards/Folders.asp>>, 1997 (Accessed 2/1/1998).

Morningstar's online forum on socially responsible investment has only 4 messages posted since May 1997.⁹⁵

"If you have access to America Online, come join us and others in the "Socially Responsible Funds" topic in **Morningstar's Forum**. To get there, **GO TO>Keyword=morningstar**. Double click on **Morningstar Forum**. Click on **Message Boards**. Click on **List Topics**. If this is your first visit, double click on **Socially Responsible Funds**.

There is also a topic on "Socially Responsible Investing" in the **Motley Fool's Forum**. **GO TO>Keyword=fool**. Double click on **Master Message Board**. Double click on **Investor's Roundtable**. Scroll down to and double click on **Socially Resp. Investing**."⁹⁶

Extensive Websites

The use of the Internet is increasing throughout the world at an incredible rate. Home page and e-mail addresses are as likely to appear on business cards as fax numbers these days. This is due, in no small part, to the relative ease and inexpensive of setting up and maintaining websites. Most organizations have found it a very cost-effective way to disseminate information about themselves - electrons being much easier and faster to move than paper.

The social investment community has begun to make use of this new communications medium. Most of the main organizations have their own websites. Some of them have made the Web their primary means of conveying information to the outside world, and have developed quite extensive websites as a result. In some cases, it is their sole means, the organizations existing as online entities only.

Three good examples of SRI organizations that are pioneering fully developed websites include GreenMoney and Good Money in the US, and Ethical Business and Investing for Change in the UK.

⁹⁵ Morningstar, 'Conversations'
<<http://www.morningstar.net/nd/ndNSAPI.nd/Bbs/ConvAll?forumId=F100000012>>, 1997 (Accessed 29/12/1997).

⁹⁶ Good Money, Inc., 'Information About Good Money, Inc.' <<http://www.goodmoney.com/intouch.htm>>, 1998, 1/1 (Accessed 1/1/1998).

GreenMoney On-Line Guide

“GreenMoney On-Line Guide Mission Statement

We promote the awareness of socially and environmentally responsible business, investing and consumer resources. Our goal is to educate and empower individuals and businesses to make informed financial decisions through aligning their corporate and financial principles.

GreenMoney Special Features

- The GreenMoney Journal
- Articles (Fall 1997) From Our Fifth Anniversary Issue
- GreenMoney World Wide Web Resource Guide
- GreenMoney Bookstore
- GreenMoney Events Calender
- Who's New

GreenMoney Gallery of Products & Services

- Green Consumer Resources & Natural Products
- Services for Socially Responsible Business
- Ecotravel & Great Destinations
- Socially Responsible Investments
- SRI Mutual Funds
- Socially Responsible Banks & Credit Unions”⁹⁷

Good Money, Inc.

“GOOD MONEY Home Page

Social, Ethical and Environmental Investments,
Responsible Consuming & Corporate Accountability

...Welcome to the web pages for all those who are interested in socially and environmentally responsible investing (SRI), consuming (SRC) and business practices (CSR). For the last several months, we have been averaging **almost 7,000 visitors a week** from all over the world.

These pages are designed for both novices and professionals. They provide information about how perfectly ordinary people can use the power of their money as investors, consumers and businesspeople to bring about the changes necessary to improve social and economic conditions throughout the world. Indeed, these pages are testimony to the fact that none of us can do well economically without also doing good socially.”⁹⁸

Ethical Business

⁹⁷ GreenMoney Inc., ‘GreenMoney On-Line Guide Home Page’ <<http://www.greenmoney.com/>>, 1997 (Accessed 6/12/97).

⁹⁸ Good Money, Inc., ‘GOOD MONEY Home Page for Social, Ethical and Environmental Investors, Consumers, and Businesses’ <<http://www.goodmoney.com/>>, 1997 (Accessed 6/12/97).

“What is Ethical Business?

Ethical Business is an on-line resource for people interested in ethical and environmental business initiatives and the complex ethical and environmental issues that business faces. It was founded in March 1995 and has so far received over a quarter of a million hits.

The primary purpose of Ethical Business is provide a comprehensive, up to date directory of Ethical Business Websites on the Internet. While general search engines can be useful, they can take a long time to find what you are looking for. Our hope is that once you have found the Ethical Business site, you need look no further for resources in this area.

In addition it is hoped that as Ethical Business develops it will contain:

News about ethical business from around the world, including information about research, conferences, campaigns, new ventures and other news stories.

Archives of papers, books and articles on ethical business

Background information about of the various kinds of ethically motivated business, their history and the issues that confront them.

You might like to check out our sister site Investing for Change.”⁹⁹

Investing for Change

“Investing for Change is the Website for UK ethical and social investment. This is the pilot version of the site. Over the coming months it will developed into an extremely useful site.

As it expands it will include:

- an informative directory of the organisations involved in ethical investment in the UK, including ethical and green unit trusts, banks, and building societies, and financial advisors and research organisations.
- a hypertext guide to the ideas, history and issues surrounding ethical investment.
- an ezine covering the latest news and views
- an email discussion list on ethical investment

The Investing for Change idea has been developed jointly by the UK Social Investment Forum and Arq, an Internet publishing company specialising in ethical and environmental business.”¹⁰⁰

Interesting and Useful Online Tools

⁹⁹ Craig Mackenzie, 'Ethical Business, Home Page'

<http://www.arq.co.uk/ethicalbusiness/frsrc/t_about.htm>, 1997, 4/6 (Accessed 1/1/1998).

¹⁰⁰ Craig Mackenzie, 'Investing for Change' <<http://www.arq.co.uk/change/>>, 1997 (Accessed 1/1/1998).

As the 'Net' expands, so do the number and variety of innovative ways to communicate with it. The 'plain text' of the first versions of the World Wide Web was soon replaced by the graphical capabilities of the Netscape browser. Now, the Web and its browsers, in addition to supporting an entire panoply of multi-media ranging from radio to video to telephone, are beginning to enter a whole new era with the advent of Java software programs, which allow for real-time, desktop computing processes to be linked interactively with those elsewhere on the Net.

The SRI organizations online are not 'cutting edge'. None of their websites offers downloadable video or audio clips yet, and aside from occasional photos and graphics, most of their information is presented in text format. This is quite sufficient for their purposes at present. There are, though, several instances where online tools are being used in innovative ways to enhance the utility of their information.

Examples of these include: Know What You Own® Plus Service, Performance Calculator, GreenMoney Public Company Web, books online, Mutual Funds Performance Chart, online dictionary, and action alerts.

Know What You Own ® Plus Service

“Calvert's Know What You Own® Plus Service provides you with the unique capability to search the holdings of mutual funds. You may use the service to determine whether a particular mutual fund is invested in a company of interest to you. If the company is held in the mutual fund, the results will show you the percentage of total mutual fund holdings the company represents as well as the actual dollar value of the holdings. Either the top 10 holdings or a complete list of holdings for the mutual fund will also appear on the results page.

To use the Know What You Own® Plus Service, each user must register by providing their name, e-mail address and zip code. Once registered, users need only enter their e-mail address for quick access to the service for future searches.

Calvert's Know What You Own® Service is updated twice a year and includes the following data*: North American mutual fund holdings of North American Equity Funds, International Equity Funds and North American Corporate Bond Funds. Securities covered include: all NYSE, ASE, NASDAQ, Toronto and Montreal Common Stocks, US Corporate Bonds, Convertible and Convertible Preferred Bonds.

*Data is provided by CDA Investment Technologies Inc....”¹⁰¹

Performance Calculator

Performance Calculator, again on the Calvert website, is a handy tool for quickly seeing what your investment has earned over time. As they put it, “This tool helps you analyze the performance of any Calvert fund using dates and investment criteria you specify.”¹⁰²

GreenMoney Public Company Web

GreenMoney Public Company Web is an excellent example of how the Web links can be used to obtain access to current information about companies that are leaders in corporate responsibility.

“The purpose of this directory is to identify Web sites maintained by or featuring publicly-owned companies that are followed by some investors, stock analysts, and portfolio managers who specialize in Socially Responsible Investing (SRI). It is also designed to illustrate the many different types of social issues that are of interest to those in the SRI movement. ...130 companies.”¹⁰³

Books online

A new technology applied to an old - making books available online.

Sometimes a particularly important part of a longer work is put up on a website, such as the first chapter “What is Ethical Investment?”, of the book The Ethical Investor by Russell Sparkes (Harper Collins, 1995).¹⁰⁴

¹⁰¹ Calvert Group, ‘Do You Know What You Own?’
<<http://www.calvertgroup.com/kwyo/PlusIntro.htm>>, 1997, 3/11 (Accessed 27/12/1997).

¹⁰² Calvert Group, ‘Performance Calculator Tool’ <<http://www.calvertgroup.com/calc/calc.htm>>, 1997 (Accessed 27/12/1997).

¹⁰³ GreenMoney Inc., ‘GreenMoney’s Public Company Web’
<<http://www.greenmoney.com/gmg/wpubco.htm>>, 1997, 21/12 (Accessed 30/12/97).

¹⁰⁴ Russell Sparkes, ‘WHAT IS ETHICAL INVESTMENT?’
<<http://www.bath.ac.uk/Centres/Ethical/Books/ch1b.htm>>, 1995 (Accessed 9/12/97).

At other times, the entire book is made available. The Shareholder Action Online Handbook is a good example of putting an entire book online, broken up into chapters.¹⁰⁵

SIF's Online Sign-up Form

The Social Investment Forum has an online form that surfers can fill out to join the organization.¹⁰⁶

SIF's Socially Responsible Mutual Fund Performance Chart

The Social Investment Forum's online chart is a quick and handy way to keep tabs on of the performance of their member mutual funds. The information is updated monthly.¹⁰⁷

On-line Dictionary

For those new to the field, Good Money has put online their Dictionary of Common Investor and Financial Terms.¹⁰⁸

Action Alerts

It is perhaps in the area of mobilizing immediate action on particular SRI issues that the Web is put to best use. Information on the issue, and on the ways to deal with it, are presented as a collection of web pages. Though not as fully developed as some other activist organizations' action tools, the following examples are a good start:

¹⁰⁵ Craig Mackenzie, 'The Shareholder Action Online Handbook'
<<http://www.bath.ac.uk/Centres/Ethical/Share/home.html>>, 1997 (Accessed 9/12/97).

¹⁰⁶ Social Investment Forum, 'Join the Social Investment Forum'
<<http://www.socialinvest.org/JOINFORM.HTM>>, 1997 (Accessed 29/12/1997).

¹⁰⁷ Social Investment Forum, 'Social Investment Forum Mutual Fund Performance Chart'
<<http://www.socialinvest.org/sriguide/MFPC.htm>>, 1997, 15/12 (Accessed 29/12/1997).

- The Social Investment Forum's action alert to stop SEC's proposed policy changes to Shareholder Resolutions¹⁰⁹
- The Social Choice for Social Change campaign to reform the TIAA-CREF Social Change Account, sponsored by the Peace Studies Institute of Manchester College in the US.¹¹⁰

Conclusion

This paper has presented a initial typology of the players in the field of socially responsible investment and their modes of communication. Examples of each type were presented, along with primary source, quoted descriptions where possible.

Players were grouped into two categories: core organizations and SRI-affiliated organizations.

Core organizations included: national trade associations, regional and special interest networks, research organizations, general SRI resource organizations, shareholder activists, publishers and distributors, social/ethical investment trusts and funds, and investment advisors.

Affiliated organizations included: corporate social responsibility organizations, consumer organizations, financial institutions, social change nonprofits, educational institutions / academic researchers, institutional investors, and individual investors.

¹⁰⁸ Good Money, Inc., 'Dictionary of Common Investor and Financial Terms'
<<http://www.goodmoney.com/diction.htm>>, 1997, 28/10 (Accessed 31/12/97).

¹⁰⁹ Social Investment Forum, 'Social Investment Forum: SEC News Index'
<<http://www.socialinvest.org/sec/index.htm>>, 1997 (Accessed 28/12/1997).

¹¹⁰ Neil Wollman and Abby Fuller, 'Action Guide'
<<http://www.manchester.edu/departmt/peace/njw/campaign.html>>, 1997, 12/1 (Accessed 29/12/1997).

The modes of communication section was divided into four areas: interpersonal forums, research products, non-electronic publications, and electronic media.

Interpersonal forums included: conferences, forums and seminars, speeches and presentations, public awards, boards of directors / boards of trustees / advisory councils, and educational courses.

Research products included: reports, surveys and studies, Ph.D. dissertations, and SRI stock indexes.

Non-electronic publications included: books, newsletters / magazines, articles in mainstream media.

Electronic media included: video and television, telephone hotlines, software programs, online forums and mail lists, extensive websites, and interesting and useful online tools.

Socially responsible investment is a rapidly growing field, and the number of organizations involved in it is also growing. Like in many nascent industries trying to define their evolving niche in society, SRI-related organizations are doing their best to keep each other, and the world at large, informed about what they are thinking and doing.

Traditional methods of communication, particularly interpersonal interactions and print-based media are still the most important, though the new medium of the Internet is beginning to change that. More and more players are developing their own websites and becoming Internet-savvy, seeing in it a more cost-effective means of both acquiring and distributing information. Interpersonal exchanges in the online environment are still rare, though this may change as the technology becomes more user friendly.

The social investment community is young and dynamic, with strong support from a wide range of social change movements, and with an increasing respect from more traditional business circles. As it grows, as it surely will, the players will need to pay close attention to their modes of communication.

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The phenomenon of communication itself is of a holistic nature, however, in the interests of theoretical analysis, it is necessary to distinguish its structure (from Latin - structure), which is a set of internal connections and structure, the internal structure of the object. Note that the definition of the structure of the phenomenon under study, in this case of communication, depends on the features of its study within the scientific discipline, and also on the level of scientific analysis. Therefore, the understanding of the structure and functions of communication in psychology differs. Social media has reached every facet of human activities. Online networks become powerful tools for advertising products and services, as well as for attracting marketing targets. However, apart from changes to social structures, the social networking systems have managed to go beyond and influence business, education, and politics. With this in mind, social media has a multifaceted impact on the modern society because it affects all spheres of life, including business, culture, politics, education, and economics. Advertising. It has become an integral part of communication means. Online networks, such as Facebook and Twitten, have penetrated to social and cultural realms and have provided new patterns of acting in a real environment. Advertising. Can the use of communication contribute to social change and transformation? The growing emphasis on participatory, "horizontal" communication such as stakeholder dialogue and consultation and bottom-up community media has created spaces in which people can define development and give meaning to and claim their citizenship. Such spaces allow people not only to be heard but also to reshape boundaries and social and cultural norms that underpin knowledge and power relations. This facilitates individual and community ownership of the entire process. Communication approaches have increasingly sought to combine diffusion and participatory methods.