A History of ICCR: Religious Investors and Shareholder Advocacy*

In the four hundred years since the creation of the corporate entity, people of faith have consistently spoken out about the social impact of capital. Jewish, Christian, and Muslim leaders have long recognized practices to encourage ethical investments while identifying investments to avoid. During colonial times in North America, both the Quakers and Methodists explicitly avoided investments that supported the slave trade. Muslims have had strict prohibitions against interest-bearing investments. Likewise, Judaic and Catholic teachings are clear on the responsibility to attend to the needs of the poor.

These foundational teachings are woven throughout the nearly fifty-year history of the Interfaith Center on Corporate Responsibility (ICCR) and contribute to its ever-growing influence over almost five decades of shareholder advocacy. Although most religious investors continue to avoid investing in activities contrary to the tenets of their faith—i.e., "sin stocks"—the level of sophistication demonstrated by religious investors and their allies has grown far beyond avoidance.

The history of ICCR is the story behind that growing sophistication in approach and influence. In strengthening the voices of religious and values-based investors, ICCR brought the field of shareholder advocacy to full light. Almost fifty years from its founding, shareholders around the world are using engagement practices refined by ICCR members throughout years of faithful, persistent action.

The timeline that follows tells the story of a pioneering vision, a relentless pursuit of justice and sustainability through active share ownership and transformational dialogue. When one surveys contemporary shareholder advocacy, one sees a generation of advocates following the example set by ICCR and its founders. The voices that have long been "inspired by faith; committed to action" grow everyday more committed and more faithful thanks to the influence, ideas, and persistence of those early pioneers.

The 1970s

During the twentieth century, the international centers of power began shifting from the capitals of national governments to the headquarters and boardrooms of the world's biggest companies. Corporations and the capital they wielded developed an extraordinary influence on global economies, government policies, and hence, people and the environment.

Apartheid: A Galvanizing Issue for Faith Groups

In the early seventies, the abhorrent policy of apartheid, the legislated segregation of races in South Africa, became a clarion call to action for faith communities. In 1971, the Episcopal Church in the United States filed the first religious-sponsored shareholder resolution with General Motors requesting that the company withdraw its operations from the country until apartheid was abolished. Other faith organizations soon joined the campaign and organized themselves as the ad hoc Inter-Faith Committee on Social Responsibility in Investment, which became the Interfaith Center on Corporate Responsibility.

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* Editor's note: As the Interfaith Center on Corporate Responsibility (ICCR) has been referenced throughout this book, we have included a brief history of the organization, excerpted from their main brochure printed in the early 2000s, *A Faithful Voice for Justice—ICCR and 40 Years of Shareholder Advocacy*, and a recent update to that history.

Churches vs. the Multinationals

Accustomed to more compliant investors, corporations bristled at this check on their power; they pushed back by tightening the rules around the filing of resolutions and by waiting until the last minute to disclose the dates of annual general meetings and holding them in out-of-the-way locations to limit shareholder participation.

Many of the issues ICCR members began addressing during the seventies foretold coming cultural shifts, such as equal employment opportunity/diversity, military profiteering, excessive drug pricing, adequate nutrition (including infant formula), political contributions, equal access to capital, and the environmental impact of strip mining.

As the anti-apartheid campaign became a broader social movement in the late seventies, ICCR members pressured companies to adopt the Sullivan principles—codes of corporate conduct calling for political justice through fair employment in South Africa.

The 1980s

Led by ICCR, churches and pension systems filed 185 shareholder resolutions on apartheid during the summer of 1986. On October 20, 1986, General Motors announced it was selling its South African investments, followed the next day by IBM declaring its intention to withdraw—both historic victories. The trickle of U.S. corporations withdrawing from South Africa became a flood, with fifty U.S. corporations leaving South Africa during 1986 alone.

During the eighties, ICCR members also focused on the negative portrayal of women and minorities in advertising campaigns. An example was their work with Colgate-Palmolive on its "Darkie" brand of toothpaste, which featured a minstrel character in blackface.

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Social Investing and Improving Access to Capital

Seeing another opportunity to leverage their investments for the common good, in the early eighties ICCR members launched a Clearinghouse on Alternative Investment to encourage faith community participation in community economic development. By 1995, these "impact investments" would exceed $300 million. Hundreds of millions of dollars were earmarked for projects such as affordable housing, enterprise development, and worker-owned businesses, while community loan funds and banks were urged to broaden their credit offerings to women, minorities, and inner-city communities.

The Coalition Diversifies

In the eighties, ICCR diversified to include non-faith-based institutional investors eager to address social justice issues. In 1982, Calvert Group joined ICCR as its first non-faith-based member and became the first money market fund to launch a social screen for investments. Throughout the eighties, unions and some of the country's largest pension funds, including TIAA-CREF and those of the states of New York, California, Wisconsin, and Minnesota, joined faith-based investors in challenging the companies in their portfolios to improve their social and environmental practices.

The 1990s: Acting on the Environment

In the wake of the Love Canal and Three Mile Island disasters, the EPA passed the Superfund Act and tightened environmental regulations. Shareholder activists applied pressure from the inside by urging companies to adopt voluntary initiatives for waste reduction, energy conservation, and public safety, such as the Valdez and CERES Principles.

Sweatshop Labor

In the mid-nineties, ICCR members conducted "purchasing power studies" and turned their attention to the sweatshop conditions in the maquiladoras, the approximately 2,100 mostly U.S.-owned plants situated in Mexico along the U.S. border. ICCR members helped found the trinational Coalition for Justice in the Maquiladoras, which sought to improve the lives of workers.

ICCR also joined President Clinton's White House Apparel Industry Partnership, which adopted a code of conduct for suppliers and principles for monitoring that became the industry standard. In 1995, ICCR published the *Principles for Global Corporate Responsibility*, guidelines to transform the way corporations relate to communities and the environment.

Battling Big Tobacco

Throughout the nineties, ICCR members used their power as shareholders to help limit public health risks by asking tobacco companies to include warning labels on their products and advertising, and requesting that they refrain from lobbying against legislation aimed at regulating tobacco and smoking.

Championing International Human Rights

As an interfaith organization, ICCR had a unique role in Northern Ireland, working across faith lines toward equality of opportunity and an end to religious discrimination in the workplace. ICCR members filed scores of shareholder resolutions asking companies to implement The MacBride Principles on Fair Employment in Northern Ireland. ICCR also called on companies to cut their ties to the notoriously repressive military government of Burma (Myanmar).

2000s

ICCR's members are now regarded as serious investors with the ability to foretell the emerging social and environmental issues that lead to business risk.

Most Fortune 500 companies have corporate responsibility departments and are formally disclosing their environmental and social impacts. Companies resisting this progress are subject to poor environmental, social, and governance (ESG) ratings that directly impact company reputation and, consequently, share price. While it is no longer uncommon for shareholder proposals to win investor support of 30 percent or more, the practice of filing resolutions is gradually being replaced by productive investor dialogues. By the millennium, professionally managed assets following SRI strategies is [*sic*] expected to be valued at $3.07 trillion.

Over the course of nearly fifty years, the CSR movement has developed into a serious field, as evidenced by the explosion of "social" investment firms and the burgeoning CSR staffs at most Fortune 500 companies. Helping to drive this growth is a demand for "green," "fair trade," and "ethically sourced" products, and discriminating investors who only buy stock in companies able to meet increasingly stringent ESG standards. These investors are empowered in their choices by a proliferation of organizations dedicated to promoting shareholder advocacy.

The field of responsible investment has continued its expansion with more and larger funds jumping on the ESG bandwagon. This has resulted in ever higher and, heretofore unheard of, majority votes on ICCR member proposals on a wide range of topics as clients increasingly demand socially responsible portfolio management from their fund managers.

Companies, specifically fossil fuel companies, must be held accountable for both their contribution to and failure to address the climate crisis threatening our planet. When drug prices continue to soar along with the pay packages of pharma CEOs, making life-saving medicines inaccessible to more and more Americans, and when the unchecked marketing of dangerous opioids decimates communities across our nation, there must be a reckoning at health care companies. On questions of worker pay and safety in the manufacturing sector, predatory lending and fraud at financial institutions, and the civil and human rights risks of facial recognition software sold by ICT companies, ICCR members will continue to press the companies they own for more and faster progress.

In May 2018, ICCR launched the Investor Alliance for Human Rights, a global investor network driving corporate and investor human rights due diligence in alignment with the UN Guiding Principles on Business and Human Rights. The Alliance already comprises 137 institutions from 14 countries representing assets of U.S. $3.5 trillion.

Yet, at the same time that shareholder influence is growing, so is the pushback from corporations and their trade associations seeking regulatory changes at the SEC that will limit shareholders' access to the proxy. But the floodgates, having been opened nearly fifty years ago by ICCR's founding members, will not be closed as the growing demands for greater corporate responsibility are taken up by legislators, civil society groups, workers, and the public.[1]

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1. "History of ICCR," Interfaith Center on Corporate Responsibility, accessed June 10, 2019, *https://www.iccr.org/about-iccr/history-iccr*.