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Organizations urge Obama to push corporate responsibility

Social Investment Forum, others call for creation of new federal office

By **Sue Asci**

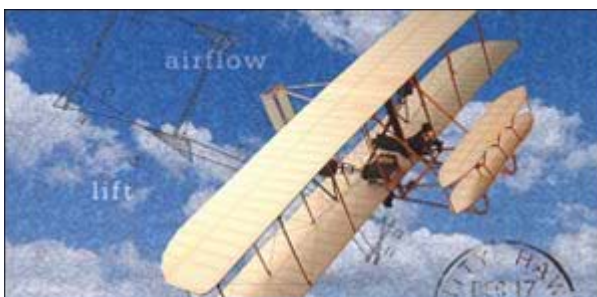
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Led by the Social Investment Forum, more than 50 organizations are calling on President Obama to establish an Office of Innovation in Corporate Responsibility within the White House.



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In a Jan. 29 letter to the president, the groups called for the creation of an office that would coordinate the work being done by various federal agencies to improve corporate responsibility and make the regulatory process more effective.

"Corporate social responsibility needs to be brought to a higher level of discussion in the White House," said Lisa Woll, chief executive of the Washington-based Social Investment Forum. "If you

don't have an emphasis or priority on this, your ability to work towards these principles is diminished."

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Broadly defined, corporate social responsibility pertains to how a company's practices affect shareholders, employees, and the community and environment in which it operates. Issues range from executive compensation and hiring policies to product safety, human rights and climate change.

A 2005 study by the Government Accountability Office identified 12 federal agencies in charge of monitoring some aspect of corporate social responsibility. What is lacking, however, is a broad federal mandate on social responsibility, the report noted.

MORE COMPETITIVE

The formation of an office within the White House that would be responsible for coordinating those efforts would make U.S. companies more competitive with their non-U.S. rivals, said Adam Kanzer, managing director and general counsel at Domini Social Investments LLC of New York, which signed on to the letter.

"Corporate accountability makes better investments, and it makes a more stable environment for investing," he said. "Our history of transparency in our markets led to significant foreign investment in the U.S. To the extent that we are falling behind in that area, the U.S. has to worry about that."

Many advocates of corporate social responsibility would like to see companies be required to file regular reports on their efforts to be good corporate citizens.

"Currently, this is not required in the U.S.," said Tim Smith, senior vice president and director of socially conscious investing at Walden Asset Management, a division of Boston Trust and Investment Management Co. "But in South Africa, for example, in order for a company to be listed on a stock exchange, they must be doing a corporate social responsibility report."

The proposal does not promote the office as a rule-making authority and it is unclear whether more coordination among agencies would lead to more rules.

"It's not all about new rules," Mr. Kanzer said. "We do need some new rules and some teeth for the rules we've got. We're also going to see a lot of new creative ideas emerging."

Indeed, "there are a range of issues that could be improved, from environmental, social and governance disclosure to shareholder access to proxy ballots," said Joe Keefe, president of Pax World Funds, a group of socially conscious funds offered by Pax World Management Corp. of Portsmouth, N.H.

Some financial advisers working in the socially conscious investing world agree.

"Corporations have gotten such a negative public opinion of them, not just because of the market downturn, but because of the greed and corporate scandals," said Judith Seid, owner of Blue Summit Financial Group Inc. in La Mesa, Calif. "There are many

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Blue Summit Financial Group manages about \$100 million in assets and focuses primarily on socially conscious investing.

"If the office effects change, then people won't be as concerned as they are," said Ahouva Steinhaus, president of Asiel and Associates, a San Diego-based advisory firm specializing in socially conscious investing that manages \$20 million in assets. "There are a lot of upset people out there."

If more companies adopt socially conscious policies they won't be screened out of investments, Ms. Steinhaus said.

"I think it's a good idea to have an office to focus on this," she said. "But there are so many different departments that manage their piece of these issues. Just setting up the office doesn't fix the problem, unless there is a way for the office to affect all of those agencies."

Representatives of the Social Investment Forum met with Mr. Obama's transition team and lobbying efforts continue, Ms. Woll said.

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