

## **Is Responsible Investing The Answer To Occupy Wall Street's Demands?**

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In a speech at the University of Kansas in 1968, referring to the measurement of gross national product, Robert F. Kennedy said “It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country, it measures everything in short, except that which makes life worthwhile. And it can tell us everything about America except why we are proud that we are Americans.”

I think Bobby Kennedy would agree with me when I say that corporations are not people – corporations are made up of people who each have the unique opportunity to express their individual political and philosophical beliefs through their vote and their contributions of time, talent and money. Corporate money throws our political system out of balance, and changes the America that Bobby, and many Americans, were proud to defend.

The Occupy Wall Street movement has demanded (among other things) the eradication of corporate money in politics, a more equitable pay scale for executives, consumer protection and responsible environmental practices.

These changes will not come from the politicians who are beholden to corporations and the special interests that fund their campaigns. I believe these changes will ultimately come from shareholders.

For decades, socially responsible investment (SRI) practitioners have used shareholder advocacy as a tool to promote change. From avoiding investment in South Africa during Apartheid to instituting recycling programs at major retailers, the concept of the shareholder being actively involved to push companies to be better is well established.

Shareholder advocacy works in one of two ways: either through direct engagement with management or through shareholder resolutions (which are voted on at annual meetings.) Hundreds of these engagements and resolutions have happened over the past couple of years, with ever-increasing shareholder popularity.

Individual investors have teamed up with major pension funds like the California Public Employees Retirement System (CalPERS) and non-governmental organizations like the Interfaith Center for Corporate Responsibility and As You Sow. As You Sow sees shareholder advocacy as “...leveraging the power of stock ownership to promote social change.” Advocates utilize dialogue, the filing of shareholder resolutions, and shareholder solicitation campaigns to raise awareness, build coalitions, exert pressure, and effectively create change in company policies and practices.”

Domini Investments, a responsible investing pioneer, describes shareholder advocacy as “When you own stock in a corporation, you not only obtain the right to participate in the growth and success of that corporation, you also have the right to vote on important matters concerning corporate policies and governance.”

Advocacy issues range from executive pay (there is no reason why any CEO is worth several hundred times the pay of a company's lowest paid employee) to hydraulic fracturing (fracking) for natural gas to international human rights abuses. The most abundant engagement issue we've seen recently has been related to transparency in operations, emissions and political contributions.

Best Buy and Target revised their political contribution guidelines because of shareholder outcry over ill-advised contributions to an anti-gay candidate in 2010. Home Depot stopped selling wood products from old-growth forests because of shareholder advocacy. Nike, The Gap and Levi's all instituted responsible sourcing and purchasing guidelines after shareholder pressure.

Meaningful change can be made, but it can only be made when you have a seat at the table. Using your shareholder voice to encourage corporations to be more responsible citizens is the most effective means we have available. Vote your proxies, invest with your values and make your voice heard. It's time to move beyond the status quo and follow Bobby's advice, "But even if we act to erase material poverty, there is another greater task, it is to confront the poverty of satisfaction - purpose and dignity - that afflicts us all. Too much and for too long, we seemed to have surrendered personal excellence and community values in the mere accumulation of material things."

Peter Krull is President and Founder of Krull & Company, an Asheville-based financial services firm specializing in socially and environmentally responsible investing. He can be reached at 877-235-3684.