

THE SOCIAL AND ECONOMIC JUSTICE DIALOGUE

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NOTES ON “SUSTAINABILITY” — “SUSTAINABLE DEVELOPMENT” — “THE TRIPLE BOTTOM LINE” NEW WATCHWORDS FOR CORPORATIONS AND THEIR INVESTORS AND FOR US AS “STAKEHOLDERS”

All US corporations whose shares (“stock”) are owned by the public are required to issue Annual Reports, reporting in detail on company finances and containing management’s “discussion and analysis” of the business. These reports are distributed shortly after the close of the company’s fiscal year. (The formal term is Form 10-K; most companies go beyond the dry financial and legal language and charts required to provide glossy, brochure-type reports for their shareholders, which could include their customers, pension funds, faith-based investors, public officials, etc.)

A growing number of companies are now supplementing their traditional Annual Reports with special reports, including those focused on:

- The firm’s corporate social responsibility initiatives (“CSR”);
- Environmental, health and safety improvements or standards (“EHS”);
- “Triple bottom line” or corporate sustainability reports.

The traditional bottom line in business is, of course, all about “profits” (the last line in most financial reports is usually the net profits of the firm, hence “bottom line.”) So what is the “triple bottom line”? The generally accepted definition is what a company is doing to –

- Protect the environment, as well as workers’ safety and related topics;
- Generate financial profits, to assure the viability as a business, of course; *and*,
- What the company is doing to be sustainable for the long-term.

Each of these elements of corporate life is important to the long-term health of the enterprise. And to us! The financial “bottom line” is sometimes compared by triple bottom line advocates to the concept of the Native American “7th generation” concerns – what we do as a society or individual corporation should be with the needs out to the 7th generation

[of our descendants] in mind. (Think: *Our children’s children’s children...*and so on.) That way, we will leave behind an environment suffering less damage than would be the case if we focused only on short-term profits.

In our own church, we are beneficiaries of generations past, who provided us with our sanctuary; in our community, we in this generation benefit from the investment made by prior generations in public and private infrastructure, including our farms, downtowns, highways, water system, etc.). Why shouldn’t large companies be included in such thinking? Well, they definitely are!

Sustainability as a concept is perhaps more familiar today to Europeans than Americans. In 1987, the **Brandtland Commission** – appointed by the **United Nations** – established the clear connection between responsible development and protecting the environment (avoiding over development of sensitive lands, for example), and coined the term “sustainable development.” Meaning, the use of today’s resources must be done in such a way as to ensure their future availability. **The Earth Summit in Rio** in 1992 further advanced the concept of corporate sustainability and the first US corporate sustainability reports began to appear.

Today, more than half of the 100 firms included in **Fortune** magazine’s listing of “Global 100” companies issue some type of sustainability report to the public. The good news is inside the United States, where corporate sustainability reporting is on the increase. US companies such as **Ford**, **General Motors**, **IBM**, **Bristol Myers Squibb**, **Baxter Labs**, **Chiquita Banana**, and others are producing first-rate sustainability reports. (You can ask for copies of these reports through each firm’s office of corporate secretary or investor relations department.)

These types of reports make for fascinating reading. Last year, 18% of US companies in the *Fortune* Global 100 list issued a sustainability report; this year, 49% will do so!

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Notes on “Sustainability”

— **“Sustainable Development”** — **“The Triple Bottom Line”** — **New watchwords for corporations and their investors...and us as “stakeholders”**
(continued)

Now, what do social, environmental, ethical and non-financial performance aspects of the corporation have to do with us here in Old Steeple Community Church? Well, given the importance of the corporation in American life, and the considerable impact of their products on our individual lives, an increasing number of people think it is important that we hold corporations more accountable...for their non-financial performance (in such areas as ethics, social responsibility, product stewardship, workplace standards, etc.) as well as for their financial performance or results – the bottom line that most investors are focused on.

The Interfaith Center for Corporate Responsibility is among the organizations in the forefront of the global sustainability movement; and, our own **United Church of Christ** is among the 300 organizations that are members of this very effective investor coalition (based in NYC).

Some corporate reports are being published in response to pressure applied by ICCR members and other socially responsible investors. Others are being published because it is “smart business” to do so, and because some companies have great stories to tell. These reports help us to understand what large companies are doing with regard to issues that are of concern to us.

We are seeing more sensitive topics being discussed in these reports: human rights, sourcing or contractor standards, corporate ethics and internal approaches to prevent corruption. These are important topics for companies doing business in the global marketplace, where today’s Florida telephone service call center could well become tomorrow’s India or Philippines-based call center. Workplace safety, human rights, child labor and other standards in these distant lands can be and are quite different from accepted or mandated standards in most of our 50 states. How companies deal with thorny issues is important to their investors ... and their customers!

You should become familiar with the term “stakeholder,” as opposed to traditional stockholder. The stockholder is the investor – which could be any of us as an individual (through our IRA, 401-k, or personal investing account), or an “institutional investor,” such as a pension fund, endowment or mutual fund. Stakeholders could include stockholders, but

also: civic activists, local communities where companies have a presence, government regulators, elected officials, competitors, peer companies, media, and others. Companies are increasingly focusing on stakeholders’ interests, which includes corporate social responsibility issues such as how a company addresses environmental protection or compensates overseas suppliers and producers.

Both stakeholders’ and stockholders’ views are important to most companies. So how a large company deals with operations in far-off lands, or the use of their products, or their workplace standards, often have direct impacts here in Riverhead Town ... and our concerns in this congregation and community really are of importance to a growing number of companies.

YOU CAN LEARN MORE AT:

www.CorporateRegister.com

(for a listing of more than 1,300 sustainability and corporate responsibility reports; copies can be requested at the individual company)

www.AccountAbility.org

(UK-based membership institute promoting global accountability and corporate sustainability; an originator of the “Triple Bottom Line” concept)

This information is provided by Old Steeple Community Church of Aquebogue, New York (11931), United Church of Christ, founded 1750 and today serving a farming and semi-suburban community on Long Island’s North Fork.

The dialogue is intended to help further understanding of current events and trends in social and economic justice, and in corporate social responsibility.

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