

Extending Our Mission

A Family Foundation Describes Its Evolution into the Realm of Social Investing.

By Molly Stranahan

At the Needmor Fund, we believe that foundations live out our missions and values not only by the organizations we give our money to, but also how we behave as an organization, and how we use our assets. What we invest in expresses our values.

As stockholders, we are the owners of corporations. Granted, we own miniscule amounts of each company in our portfolio, but it is to increase the value of our shares that corporations downsize and lay off people, that they choose to make products in the least expensive way which may be more polluting or may harm employees. They pay their executives millions of dollars in our names, perhaps at the same time turning employees into independent contractors or part-time wage earners. I believe we, as investors, and especially as foundation managers interested in making the world a better place, have an obligation to take our responsibility as owners of stock seriously.

We first became aware of the conflict between our mission and our investments in the 1980s. We were reviewing a grant proposal seeking to get petroleum and chemicals manufacturer Kerr-McGee to disclose what it was making in its plant and the risks to the surrounding communities and the employees. This was the plant that employed Karen Silkwood, whose story as a

whistle-blower and whose mysterious death were portrayed in the movie *Silkwood*. As we reviewed our investment portfolio in the same meeting, we discovered we held Kerr-McGee common stock. Around the same time Champion Spark Plug (the company founded by my great-grandfather and his brother and held in the Needmor portfolio) had a proxy resolution asking it to adopt the Sullivan Principles, a code of conduct for companies operating in South Africa under Apartheid. These events, and the efforts of a couple of activist family members, led us to investigate ways to address the disconnection between our grantmaking, values, and our portfolio.

We recognize that there are very few, if any, corporations that are perfectly clean, that don't offend at least one of our values. But it makes sense to us to eliminate the worst offenders of our values from our portfolio, and to attempt to make the companies we do hold aware of our values. As an owner, we can try to influence corporate behavior through shareholder advocacy, either directly or through instructions to portfolio managers. Walden has been very active in filing shareholder resolutions and initiating dialogues with corporations, and they votes our proxies in accordance with our stated values. Recently we have asked Walden to let us know when our co-filing on resolutions might be helpful and we have taken a more active role. At Needmor, we look for

portfolio managers who are committed to social investing so that when they are interviewing corporate managers on financial issues, they will also raise the issues we care about. We believe that knowing there are shareholders who want them to be responsible and ethical, and not just to increase earnings without regard to the social costs, will have an effect on some corporate managers.

Most recently we have committed to making community investments. Through below-market lending instruments we can provide support to disadvantaged communities that generally do not have access to capital. We are investigating loan funds and community development credit unions, which provide low-interest loans and technical assistance to help low income people start their own businesses, or buy or rehabilitate a home. If all investors put 1 percent of their assets into community investments, our poorer communities would have the capital available to rise out of poverty.



We want the managers of the companies we own to know that we are concerned about more than how much money they will earn in the next quarter. We don't want profits at the cost of a poisoned earth full of the working poor. And our investment managers help us get that message through to corporations.

Molly Stranahan chairs the finance committee for the Needmor Fund, a foundation which supports organizing in communities where people's basic rights to justice and opportunity are systematically ignored or denied. Needmor has used social screens on their portfolio for the last decade and are currently setting up a community investment program. They also are interested in linking the concerns of their grantees to shareholder activism. Molly has used screens on her personal investments for more than a decade.

