

MARCH 27, 2007 MINUTES

At a meeting of the Advisory Committee on Socially Responsible Investing, held on Tuesday, March 27, 2007, in the Trustees Room, 212 Low Library, the following members participated:

Merritt Fox, Faculty (Chair)	Allan Reiss, Alumnus
Geoffrey Heal, Faculty	Sidney Small, Student
Peggy Kauh, Alumna	Stephanie Yee, Student
Cóilín Parsons, Student	

The following members provided an explanation of their absence:

Robert Boothe, Alumnus	Charles Hailey, Faculty
Burton Edelstein, Faculty	Albert Horvath, Administrator
Frances Freedman, Alumna	Caroline Yao, Student

The Chair called the meeting to order at 6:20 p.m. and introduced the two guest speakers: Sirkka Korpela, Assistant Adjunct Professor at Columbia's School of International and Public Affairs, and Peter Rosenblum, the Lieff, Cabraser, Heimann and Bernstein Associate Clinical Professor of Human Rights at the Law School. The speakers were invited to address the Committee on Chevron.

Call to Order and
Introduction of Guest
Speakers

Sirkka Korpela, Assistant Adjunct Professor at the School of International and Public Affairs, provided background on her expertise in corporate social responsibility (CSR) issues within the extractive industry, including her work for Shell Oil, the UN Development Programme, and courses she teaches on the role of extractive companies in developing nations. Professor Korpela explained that CSR reflects private standards that extend beyond the law and represents public expectations for good practice; CSR adheres to and informs the highest international standards and best practices. Through CSR, companies can thus exert influence on their business partners, their host communities, and ultimately governments and laws. From the standpoint of CSR, therefore, with respect to Chevron's operations in Ecuador, the company has a responsibility toward the community beyond the letter of the law. Professor Korpela explained that legacy issues, such as what Chevron faces now in Ecuador, are a new frontier in CSR, and standards and practices for dealing with such issues are currently evolving. Nevertheless, other oil companies are formulating legacy issue strategies to apply when acquiring a project, when selling a project, and when operating a project with an existing and ongoing legacy. Professor Korpela stressed that the most important actions a company should take regarding legacy issues is to first acknowledge that there is an issue that needs to be addressed, then to develop explicit policies to address it, and finally to follow through on those policies. In the case of Chevron,

Presentation by Guest
Speakers

Professor Korpela is discouraged that the company will not even take the first step and acknowledge that there is a “mess” in Ecuador that it has a responsibility to address.

Professor Korpela indicated that Chevron has some distance to cover with respect to its CSR practices. Chevron does subscribe to several codes of conduct – such as the API Principles, the Global Compact, the Sullivan Principles, and the Voluntary Principles on Security and Human Rights – which are subscribed to by essentially all the major [non-state] oil companies; however, these codes are unenforceable, and it is up to each company to determine how it will enforce and apply these principles to its operations. Chevron currently has a one-page statement on human rights, which is vague and lacks specifics on implementation and enforceability; by comparison, Shell Oil has a 30+ page primer on human rights which explains in detail how the company's policies will be enforced and implemented throughout its operations. Professor Korpela did indicate, however, that within the past three-to-five years Chevron has begun to create the tools to improve on their human rights and environmental practices.

Peter Rosenblum, the Lief, Cabraser, Heimann and Bernstein Associate Clinical Professor of Human Rights, took a brief moment to address the Committee. He explained that shareholder activism generally does not exist in isolation and serves as just one tool within a larger advocacy movement to encourage companies to address specific situations/practices. He has had several occasions in his own work to come into contact with various advocates (shareholders, advocacy organizations, etc.) who have attempted to engage and work with Chevron on the Ecuador legacy and other issues. He has received the impression that there is a collective and profound sense of frustration among these groups with respect to Chevron – more so than many other companies. The frustration does not stem from a belief that Chevron's practices themselves necessarily rank among the worst, but that Chevron's management is exceedingly difficult to engage and refuses to provide any information. Advocates routinely feel unable to get an accurate picture of the situation because they cannot get any information from management. Professor Rosenblum highlighted that advocates felt this lack of transparency and accountability by management to be worse at Chevron than most other targeted companies. Professor Rosenblum stated that any actions taken by the Committee to encourage management to engage with advocates and offer transparency would be beneficial; in response to a question by a committee member, Professor Rosenblum indicated that divestment, therefore, would NOT be an appropriate means to effect this outcome.

The Committee approved the minutes of its March 20, 2007 meeting.

The Committee agreed to meet next on Tuesday, April 3, 2007 at 6:00 pm in the Trustees Room (212 Low Library) for proxy review.

There being no further business, the meeting was adjourned at 8:05 p.m.

Approval of Minutes
2006-2007 Calendar

Adjournment

Respectfully submitted,

Katy Hogan
Coordinator, SRI