

On the corporate frontline

SHAREHOLDERS UNITE: YOU HAVE NOTHING TO LOSE BUT YOUR OUTRAGE **BY AMY DOMINI**



WHEN I MET FATHER SEAMUS FINN ALMOST

20 years ago, he held up a baseball and grinned at me. "What do you think about baseball, Amy? Is it as sweet as apple pie?" I hadn't a clue what he was getting at, but it didn't take long. "Ever see them made? I have." For me, it was the opening salvo of the sweatshop debate. I used to sew my best clothes myself. But some-

where along about 1975 I found I could buy things that were just fine for me at less than I could make them. So even when I valued my time at zero, stores could underprice me! I started buying dresses at low-cost

chain stores. I wasn't alone. People throughout developed countries discovered they were able to buy more and more low-cost stuff, which they believed meant they were living better lives. We never looked back at the whole chain of production to see that our marvelous bargains were the cause of human hardship beyond description.

Seamus was outraged that an American icon, the baseball, was being made in the heat of inland Haiti inside the crummiest of tin-roofed shacks by workers frequently crippled by their jobs. It is grueling work, since baseballs are stuffed with thread wound by hand into the shape of a ball. Seamus wanted to get together human-rights groups, companies, investors and people of faith so we could come to a win-win way to manufacture baseballs and other products. But companies didn't want to participate. So what did he do? He filed a shareholder resolution.

In the United States, a person owning at least \$2,000 worth of a company's stock for more than two years can, according to the regulations, raise an issue to which the board of the company must respond. Shareholder resolutions have been the tool of choice for concerned persons, foundations, church groups, unions and others for many years. Looking at the sweatshop issue shows how adaptable and helpful shareholder resolutions can be.

When I survey shareholders in my own socially responsible investment company, asking them what they most want to avoid, the answer comes back,

"sweatshops." But it's difficult to steer clear of all sweatshops as an investor, just as it is as a consumer. So we must spend time figuring out which companies involved with sweatshops are the most inappropriate holdings for a responsible social investor.

At first we wanted companies to sign codes of conduct for sourcing goods. After all, companies that signed such codes should have better labour practices than others. But we soon learned that the companies buying parts or finished goods from other sources didn't put much effort into ensuring the sourcing codes were followed. Then we asked that there be audits. Next we asked for third-party audits. After that, we asked for disclosure regarding actions taken by the purchasing company when violations were found. And so forth.

Today, thanks to almost two decades of shareholder resolutions, we see improvement in the employment conditions and lives of voiceless workers around the world. We are still a long way from knowing the true cost of acquiring a new baseball, or bargain clothing, but shareholder activism has given civil society the tools to learn. Without it, we would continue to think we were smart to buy low-cost T-shirts; with it, we know we are oppressors unless that T-shirt manufacturer specifically tells us otherwise.

AMY DOMINI is the founder and CEO of Domini Social Investments, and author of several books on ethical investing.

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