SIO
SOCIAL INVESTMENT ORGANIZATION

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Forum

ADVANCING A JUST AND SUSTAINABLE SOCIETY THROUGH SOCIALLY RESPONSIBLE INVESTMENT

June 2002

CORPORATE CRISIS FUELS SOCIALLY RESPONSIBLE ALTERNATIVES

By Eugene Ellmen, Executive Director, SIO

The crisis of confidence in stock markets created by auditing scandals like Enron and WorldCom is about more than just accounting. It's about the very structure and driving force of global business.

A cleanup of auditing practices is necessary, but is not the only solution to the problem ailing world corporations. The real culprit is the obsession by corporate managers with short-term profit. The drive to prop up short-term stock prices forces executives and managers to "cook the books," as US President George Bush says. But it also creates incentives to pollute the environment, exploit workers and abuse human rights in developing countries. Auditing doesn't have a monopoly on corporate irresponsibility.

While the media has focused on accounting irregularities, the socially responsible investment community has been hard at work to broaden the debate.

Our sister organization in the US, the Social Investment Forum, is working to convince the Securities and Exchange Commission to require corporations to become transparent on social and environmental issues. And a coalition of international social investment organizations -- including Canada's Ethical Funds Inc. -- has appealed to the New York Stock Exchange to require corporations to come clean on their social and environmental risks.

In Canada, SIO is preparing briefs this summer to the Canadian Securities Administrators, the Quebec Public Finance Committee and the Senate Banking Committee to require SRI transparency by pension funds and create comprehensive social and environmental disclsoure by corporations.

This issue of SIO Forum looks at the crisis of confidence from the persepctive of the socially responsible investment community. It includes articles on SRI policy alternatives. It also probes deeply into what the crisis tells us about the state of global capitalism.

Whether regulators and policymakers pay attention to these deeper issues remains to be seen. The "corporate responsibility" package announced by President Bush this summer has completely ignored social and environmental issues, focusing instead on accounting standards and executive malfeasance.

But the neglect of ecological concerns, human rights issues, employee morale and community well-being are warning signs of the same malaise. It would be unwise for policymakers to treat the symptom of auditing abuse while ignoring the disease of profit before all else ■

Inside the SIO FORUM

RESPONSIBLE INVESTMENT **NEWS**

Shareholder vote at Hudson's Bay sets record

A proposal calling on Hudson's Bay Co. (HBC) to end sweatshop abuses received 36 per cent of the shares voted, setting a new record for investor support on a social shareholder resolution.

The resolution, sponsored by four institutional investors, called on the HBC Board to adhere to the International Labour Organization declaration of principles and to issue an annual compliance report.

The proposal received 36.8 per cent of the voted shares at HBC's annual meeting May 22. This is the largest vote in favour of a social or environmental shareholder proposal at a Canadian corporation. The last largest vote -- on a proposal calling for an audit of Talisman Energy's Sudan operations -- received 27 per cent of the shares cast at the company's annual meeting in 2000.

"This is a very strong vote, demonstrating broad concern among investors about the need for greater disclosure," said Peter Chapman, executive director of the Shareholder Association for Research and Education (SHARE). "It is also a shot across the bow of other Canadian retailers who may feel complacent because similar problems have not been brought to light in their supply chains." ■

BP resolution garners 11 per cent support

A shareholder resolution at BP asking for a report on the environmental impact of a drilling proposal in the Arctic National Refuge in Alaska has received 11 per cent support.

Robert Napier, Chief Executive of the World Wildlife Fund, told BP it is time “to live up to brand,” referring to efforts by the British oil company to re-brand itself as a green oil company from “British Petroluem” to “Beyond Petroleum.”

Napier presented the shareholder resolution in April on behalf of an international coalition of investors, including Ethical Funds Inc. of Canada. The proposal called on BP to disclose how it analyses and minimizes the risk to its business from drilling and operating in environmentally or culturally sensitive areas. Of particular concern to WWF is BP's proposed exploitation of the Arctic National Wildlife Refuge in Alaska, an environmentally-sensitive arctic wilderness area.

Napier said the 11 per cent vote in favour of the resolution was a positive development. Typically social and environmental shareholder resolutions receive much less support. "That's a significant vote in our favour, and the dialogue with BP will continue," he said ■

Imperial Oil targeted by environmental groups

Six major Canadian environmental groups have joined forces to mount a campaign against Imperial Oil for its opposition to the Kyoto Protocol.

The David Suzuki Foundation, Friends of the Earth, the Pembina Institute, the Sierra Club of Canada and the Toronto Environmental Alliance have joined with Greenpeace as part of a global campaign targeting Exxon Mobil for its opposition to the Kyoto Protocol. Exxon Mobil’s Canadian subsidiary, Imperial Oil, is 70 per cent owned by the parent company.

The groups cite the fact that Exxon Mobil and Imperial Oil have publicly challenged scientific evidence that burning fossil fuels is accelerating global warming. Exxon Mobil supports US opposition to the Kyoto Protocol and Imperial Oil is urging the Canadian government not to ratify the agreement.

While the current campaign is aimed more at consumers than investors (the groups are asking consumers to boycott Imperial Oil’s Esso brand of gasoline), shareholders are becoming increasingly concerned about Exxon Mobil’s investment risk due to global warming. A global warming shareholder proposal in May asking Exxon Mobil to develop renewable energy alternatives received 20.2 per cent investor support, more than double the level of support last year (nine per cent). The influential Institutional Shareholder Services (ISS) recommended support of the resolution among its pension and mutual fund clients ■

Placer Dome accused of inadequate environmental disclosure

Placer Dome is failing to disclose major environmental liabilities at several mine sites around the world, says the Environmental Mining Council of BC.

These potential liabilities "should be a cause for concern to all company shareholders" said Alan Young, Executive Director of the Environmental Mining Council of BC, at the company's annual meeting in April.

While human rights and environmental protesters demonstrated outside the annual meeting of the Canadian gold mining company, speakers presented CEO Jay Taylor with statements alleging lack of disclosure and action to address potential costs of environmental damage at several mines around the world.

The group cited:

- Golden Sunlight Mine in Montana, which is facing legal action over multi-million dollar reclamation costs
- Porgera Mine in Papua New Guinea, one of the few mines left in the world that is owned and run by a major mining company that still uses and justifies the direct discharge of millions of tons of toxic mine wastes into a river system
- Marcopper Mine in the Philippines, associated with serious environmental risks and liabilities since the massive tailings spill of 1996.

"In the past few years Placer Dome has gone from being viewed as a potential leader to a laggard when it comes to sustainability and environmental performance," said Stephen D'Esposito, President of the Mineral Policy Center in Washington D.C. ■

CRISIS of confidence:

Corporate scandals prompt a search for alternatives

WHAT'S WRONG WITH THIS PICTURE

By Coro Strandberg

What's wrong with this picture? The world's largest energy company with over a billion dollars in annual revenues publishes a triple bottom line report, noting its social and environmental performance (something fewer than a hundred companies do in Canada). The company's values statement includes principles of respect, integrity and communication. It wins six environmental awards in 2000 and is named one of the 100 Best Companies to Work for in America.

The company is among the leaders in establishing a formal corporate responsibility program, including the

creation of a corporate responsibility task force of senior management, board level oversight of corporate responsibility issues, and a Senior VP position responsible for corporate social responsibility (CSR) with four full-time staff. This transnational corporation provides information to new hires on corporate responsibility and engages stakeholders in defining its CSR and human rights principles. It invests in solar energy, gives to the United Way, runs employee matching grant programs and employee volunteer programs, supports literacy efforts, and promotes community development in India through its support of skills training, micro-credit, education and health care.

What's wrong with this picture is

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that this company is Enron - the biggest corporate bankruptcy in US history and a failure of corporate responsibility beyond any measure. Political influence peddling. Misleading financial statements. Questionable accounting practices by accountants at the corporate trough. A whistleblower ignored. Outlandish stock option plans driving a fiercely competitive internal environment. Tax avoidance. The list of corporate irresponsibility goes on and on.

Given Enron's seemingly impressive CSR track record - indeed, its stock was held by many social investment funds, including Canada's Ethical Funds and Domini in the US - how could it all have gone so terribly wrong? Enron's implosion - the equivalent of 9-11 in the financial world - has the potential to set corporate social and environmental reporting and CSR management systems back years. Who will believe corporate responsibility reports? How much faith can the public and stakeholders place in corporate responsibility systems, oversight committees, or performance awards? These are troubling questions which CSR advocates - and I am one - will have to address going forward.

Fortunately, the steps forward are clear. In fact, they are the very measures CSR practitioners have been championing for years. Maybe now they will get some attention. Enron's social report, while it listed a number of corporate responsibility measures, lacked any independent verification of its authenticity. Best practice standards for corporate reporting require third party review and endorsement. Of course the complicity of Enron's accountants in hiding Enron's debt suggests that stringent measures also need to be in place to ensure the independence of the social auditors.

The international standard for social reporting requires stakeholder engagement. Enron's stakeholders should include, for example, the community around the nuclear power station being built in Dabhol, India, where Enron has been associated with human rights abuses. According to Human Rights Watch, Enron's local entity, the Dabhol Power Corporation, benefited directly from an official policy of suppressing dissent through misuse of the law, harassment of anti-Enron protest leaders, and questionable police tactics. Enron's engageable stakeholders would likely also include environmentalists concerned about a crude oil spill two years ago in Bolivia from a pipeline owned in part by Enron.

Reportedly, the spill contaminated hundreds of acres of organic farmland, killing fish and birds, and destroying the livelihood of an indigenous community that had lived there for thousands of years. Including such diverse perspectives in a social report would provide a more balanced view of a company's social and environmental performance.

It would be an understatement to say Enron's board of directors failed in their oversight responsibilities. The elements of traditional good corporate governance systems are well known and shareholders should demand their effective implementation. Additionally, emerging standards for CSR governance bear consideration, including such measures as training for board members on social, environmental and ethical issues, ensuring effective systems are in place to manage social, environemntal and ethical risks and executive compensation systems reflecting CSR objectives.

Companies should also have in place strong business conduct management systems, providing a framework for effective ethical performance including strong whistleblower protection, ethics training for staff and compliance officers with clout. Ethics audits that evaluate a company's ethical operations should be incorporated into social reports, or conducted separately. Enron has proved that ongoing monitoring of business conduct is essential.

Extensive use of stock option plans in executive compensation schemes can render management captive to the interests of short-term share prices. As stated in its 2000 Annual Report: "Enron is laser-focused on earnings per share." Shareholders similarly obsessed with short-term views can have a powerful influence on corporate decision-making. Compensation packages and other reward mechanisms that take other stakeholder interests into account are needed to bring a more balanced view into corporate boardrooms.

Above all, the Enron debacle is a failure of transparency and accountability, with $1 billion of debt hidden from public scrutiny. Shareholders and the public need to be confident they can rely on a company's audited financial statements. Fundamental financial analysis is an essential precondition for sound social investment. Social investors, corporate responsibility professionals and consumers rely upon regulators, auditors, audit committees and others to warrante the integrity of a company's financial statements.

CRISIS of confidence:

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There is considerable room for more CSR activism and government leadership on these questions, as Enron's massive collapse demonstrates all too painfully. Only once these practices have been instituted can we be confident that the CSR picture before us is not a mirage. As Enron shows, applied superficially, CSR is little more than window-dressing.

An earlier version of this article appeared in The Corporate Ethics Monitor, January/February, 2002. Coro T. Strandberg, Past Chairperson of VanCity Savings Credit Union, works as a consultant providing strategic advice to governments, business and NGOs on sustainable development, social investment, and corporate social responsibility ■

BUSH'S CORPORATE RESPONSIBILITY PLAN MISSES THE MARK

By Eugene Ellmen, Executive Director, SIO

U.S President George W. Bush has thrown down the gauntlet to corporate leaders, demanding higher ethical standards. To back this up, he laid out a program of stiff jail sentences for corporate fraud and criminal charges for activities like illegal document shredding. He's also pledging bigger budgets for stock market regulators.

All of these measures are welcome and overdue for the millions of investors who depend on the stock market for their pensions and investments. But does the Bush plan go far enough in protecting investors from corporate abuses? The answer is no.

In spite of all the rhetoric about corporate responsibility, the Bush administration is still permitting corporations to get away with social and environmental hazards that have a direct impact on their share value. Issues such as how companies relate to their employees, whether they pollute the environment, or whether they disregard human rights in developing countries all have longterm impact on a company's share price.

In Canada the consequences of these risks are well-known through Talisman Energy which has suffered from depressed stock prices ever since it invested in Sudan with its bloody civil war. The problems with these kinds of issues is that they lie outside of the current obsession with accounting scandals. They don't grab the headlines like Enron or WorldCom. Yet they do affect long-term share price.

Take Exxon Mobil for instance. Unlike many other global energy companies, Exxon refuses to accept scientific evidence linking fossil fuels to global warming. Nor does it invest in renewable energy sources. A shareholder proposal this spring calling on the company to address these risks received double the level of support from last year.

It's clear that investors are becoming worried about more than just accounting issues. They're concerned about social and environmental liabilities that threaten longterm share value. What is really needed are new regulations and stock rules making corporations more transparent. This can be done through more stringent stock market listing requirements, such as the rules already in place at the London Stock Exchange. Ongoing corporate disclosure rules and management reporting regulations would also be helpful. As well, to encourage transparency in the capital markets, we need rules requiring pension funds to disclose their social investment policies.

Now none of this means corporations will be forced to become model citizens on social and environmental issues. Just that they have to tell investors and regulators about their social and ecological risks.

In announcing his new corporate responsibility plan, President Bush said the decline in business ethics was created by the lure of big profits in the late 1990's. If we really want to break out of this mindset of short-term profit, we need to encourage companies to become more transparent on their social record, not just their financial bottomline ■

This article was originally heard as a national CBC Radio Commentary, broadcast July 10.

CRISIS of confidence:

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RESPONSIBILITY SACRIFICED TO SHORT TERM STOCK PRICE

By Lawrence Mitchell

In the past several decades -- and I blame Wall Street, institutional investors, individual investors, everybody for this -- we have developed a mentality about our market that puts enormous pressure on corporate management to maximize short-term stock prices. That focus on the short-term stock price means that lots of things get sacrificed, including the long-term health of business.

In that respect, Enron is no different from any other American public corporation, except that they chose to maximize their stock price by committing fraud. GE does the same thing [maximize its stock price], but it does it by laying off tens of thousand of workers. Microsoft does the same thing, but it does it by violating antitrust rules. Other corporations do it by cutting R&D or maltreating workers or cutting corners in product quality or dumping into the environment.

We live in an era where if you don't make quarterly numbers -- actually, if you don't make whisper numbers -- you get hammered by the market. So that puts enormous pressure on executives and directors to keep the numbers going up and up and up.

That's another part of it, too -- not to let them off the hook. Over the past decade, the practice of paying executives principally in stock has mushroomed, to the point where executive stock options account for some 13% of the market in terms of outstanding shares. Executives and directors now have a direct incentive themselves to maximize short-term profit, exercise their options, sell and get the hell out of there.

When you combine those things, Enron is no surprise. The scope of the deception may be a surprise, but the kind of behavior that it was engaging in is not a surprise. It's a business that could not possibly have sustained adequate profitability to keep its stock price moving, so they resorted to fraud to keep the stock price up.

And the thing I'm afraid of is that there are a lot more Enrons out there. They're not necessarily as shaky or as massively fraudulent as Enron. But there are corporations that are shortchanging the long run for the short term. And in the long term, that's going to end up hurting them and all of us ■

This article was originally printed as a part of an interview with TheStreet.com, January 29, 2002. Lawrence Mitchell, law professor at the George Washington University Law School, will be a keynote speaker at the 2003 Canadian Social Investment Conference, June 1-3, 2003 in Vancouver.

SIO ADOPTS THREE-YEAR POLICY FRAMEWORK

The Board of Directors of the Social Investment Organization has adopted a three year policy framework focusing on corporate trasnparency on social and environmental issues and SRI disclosure by pension funds.

The framework is an ambitious plan that represents the values of the SRI industry, based on transparency, social responsibility and environmental sustainability.

The framework calls for comprehensive corporate disclosure in Canada of social and environmental performance. As well, SIO calls for global corporate disclsoure through international securities regulation and corporate social and environmental reporting. An example of this disclsoure is the social and environmental disclosure stipulated for companies listed on the London Stock Exchange.

SIO is also calling for rules to require pension funds to disclose whether they have social investment policies. Such rules are in place in the UK, Australia and other countries.

SIO also calls for greater use of socially responsible proxy voting guidelines at the Canada Pension Plan Investment Board and other large institutional investors.

Finally, SIO is calling for a tax and regulatory regime that supports community investment.

SIO will use this framework to guide its future policy work, including upcoming briefs to the Canadian Securities Administrators (CSA), Quebec Public Finance Committee and the Senate Banking Committee ■

2003

CANADIAN SOCIAL INVESTMENT CONFERENCE

CONGRÉS CANADIEN SUR L'INVESTISSEMENT RESPONSABLE

EMPIRE LANDMARK HOTEL • VANCOUVER, BC

June 1-3 • du 1 au 3 juin

Mark your calendars
Social Investment Conference scheduled for June 1-3, 2003

Lawrence Mitchell, author of Corporate Irresponsibility: America's newest export, will be one of the keynote speakers at the next Canadian Social Investment Conference, to be held in Vancouver June 1-3, 2003.

Mitchell, law professor at the George Washington University Law School, is a well-known critic of corporate law and policy. His view is that the current regulatory and legal framework encourages corporations to emphasize short-term profit at the expense of long-term social responsibility and environmental sustainability.

Mitchell, a former corporate lawyer, has been teaching corporate law since 1987. His 1998 book, Stacked Deck: A story of selfishness in America, was nominated for the Pullitzer Prize in general non-fiction. He has published widely in legal journals on the topics of corporate law, finance and jurisprudence. Mitchell is director of the Sloan Program for the Study of Business in Society and the Ford Project on Global Corporate Governance and Responsibility.

He has been asked to speak about the future of global business in light of the current policy crisis facing corporations and stock markets.

The 2003 Canadian Social Investment Conference will be held at the Empire Landmark Hotel in the heart of downtown Vancouver. The conference will feature sessions on trends and developments on SRI as well as time for networking and socializing. There will also be an SRI exhibit fair as well as a corporate responsibility showcase featuring a trade show and presentations by leading socially responsible corporations.

The conference will be hosted by the Social Investment Organization. The corporate responsibility showcase will be co-hosted by SIO and Canadian Business for Social Responsibility.

Full program and registration details will be available in the Fall at the SIO's website, www.socialinvestment.ca.

Responsabilité sociale des entreprises et investissement responsable

La Commission des finances publiques au Quebec tiendra des auditions publiques à compter du 9 septembre 2002 dans le cadre d'une consultation générale sur la base d'un document qu'elle a préparé, intitulé "Responsabilité sociale des entreprises et investissement responsable." Toute personne ou organisme qui désire exprimer son opinion sur ce sujet doit soumettre un mémoire au Secrétariat des commissions au plus tard le 9 août 2002.

La Commission choisira, parmi les personnes et les organismes qui auront fait parvenir un mémoire, ceux qu'elle entendra. Les mémoires doivent être transmis en 25 exemplaires de format lettre. Ils doivent être accompagnés d'autant d'exemplaires d'un résumé de leur contenu. Les personnes ou les organismes qui désirent que leur mémoire soit transmis à la Tribune de la presse doivent en faire parvenir 25 exemplaires supplémentaires.

Les mémoires, la correspondance et les demandes de renseignements doivent être adressés à : Me Ariane Mignolet, secrétaire de la Commission des finances publiques, Édifice Pamphile-Le May, 1035, rue des Parlementaires, 3e étage, Québec (Québec), G1A 1A3.

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Corporate social responsibility and socially responsible investment

The Quebec Committee on Public Finance will hold public hearings beginning on 9 September 2002 in pursuance of a general consultation based on a document prepared by the Committee, entitled "Corporate social responsibility and socially responsible investment".

Individuals and organizations who wish to express their views on this matter must submit a brief to the above Committee. The Committee will select the individuals and organizations it wishes to hear from among those who have submitted a brief.

Briefs must be received by the committees secretariat not later than 9 August 2002. Every brief must be accompanied by a concise summary of its contents, and both documents must be submitted in 25 copies printed on letter-size paper. Those who wish to have their brief forwarded to the press gallery must provide an additional 25 copies.

Briefs, correspondence, and requests for information should be addressed to: Mrs. Ariane Mignolet, Clerk of the Committee on Public Finance, Édifice Pamphile-Le May, 1035, rue des Parlementaires, 3e étage, Québec (Québec), G1A 1A3.

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SOCIALLY RESPONSIBLE INVESTMENT FUNDS IN CANADA

(March 31, 2002) ***Canadian mutual funds using social and/or environmental criteria to evaluate holdings.***

	SIO Member	Assets $mil.	1 month	3 month	1 year	3 year	5 year	10 year
Canadian Equity Funds								
Acuity Social Values Canadian Equity	✓	7.3	1.3	1	14.8	NA	NA	NA
Acuity Clean Environment Equity	✓	170.1	-0.2	-5	-5.2	-4.2	0.9	8.9
Desjardins Environment	✓	108.5	3.5	1.6	3.1	1.4	5.1	7.4
Ethical Growth	✓	601	3.4	2.6	5.3	2.3	3.6	8.3
Generations Growth (Ethical)	✗	0.8	3.3	2.2	3.7	NA	NA	NA
Investors Summa	✗	2697.3	3.3	-2.2	1.4	8.4	11.3	11.7
Meritas Jantzi Social Index	✓	8.2	1.6	-1.6	0.3	NA	NA	NA
Quadrus GWLIM Ethics	✗	0.3	3.2	4	3.3	NA	NA	NA
Canadian Equity Fund Average			3.4	3.2	6.4	8.9	7	10.2
TSE Total Return			3	2.5	4.9	7.5	7.7	10.9
Canadian Large-Cap Equity Funds								
Ethical Canadian Equity	✓	19.7	3.2	2	6.7	NA	NA	NA
Mavrix Sustainable Development	✗	0.9	6.6	4.8	-5.6	NA	NA	NA
Cdn Large Cap Equity Fund Average			3.3	2.3	3.6	8.5	7.6	9.6
TSE Total Return			3	2.5	4.9	7.5	7.7	10.9
Canadian Small to Mid Cap Equity Funds								
Ethical Special Equity	✓	100.3	5.8	20.3	50.4	16.7	9.4	N/A
Small to Mid Cap Fund Average			4.9	9.5	16	10.7	4.7	4.7
TSE Total Return			3	2.5	4.9	7.5	7.7	10.9
Labour-Sponsored Venture Capital Funds								
Crocus Fund (MB)	✓	173.1	-0.9	-0.5	-3.3	-3.5	2.2	NA
First Ontario (ON)	✓	52	-3.8	-3.3	-9.9	-4.3	-0.9	NA
First Ontario Growth (ON)	✓	10	-3.9	-3.5	-11.9	NA	NA	NA
Solidarity (QC)*	✗	4,600	NA	NA	2.9	NA	NA	6.1
Workers Investment Fund (NB)	✗	9.4	0	0	0	0	0	NA
Working Opportunity Balanced (BC)	✓	405.9	-0.2	-3.5	-10	16.9	11.2	7.6
Working Opportunity Growth (BC)	✓	109.3	0.6	-3.6	-12.8	NA	NA	NA
Labour-Sponsored Venture Capital Average			-0.8	-2.3	-8.8	2.5	2.2	3.3
TSE Total Return			3	2.5	4.9	7.5	7.7	10.9
US Equity Funds								
Ethical North American Equity	✓	243.8	4.7	-6.4	-9.2	-11.2	10.9	12.5
Ethical RSP North American Equity	✓	25.9	4.6	-6.5	-9.6	NA	NA	NA
Generations North American Equity (Ethical)	✗	2.3	4.5	-6.7	-10.6	NA	NA	NA
Meritas US Equity	✓	3.2	3.2	0.8	-0.2	NA	NA	NA
US Equity Fund Average			3.3	-0.7	-2.8	-2.5	8.4	10.7
S&P 500 ($CND)			2.9	0	-0.1	-2	11.8	14.3
North American Equity								
Desjardins Ethical North American	✓	4	4.3	1.3	3.6	NA	NA	NA
NA Equity Fund Average			3.8	-0.7	2	-1	4.8	7.3
S&P 500 ($CND)			2.9	0	-0.1	-2	11.8	14.3
Global Equity Funds								
Acuity Social Values Global Equity	✓	4.1	0.9	-4.1	-0.5	NA	NA	NA
Acuity Clean Environment Global Equity	✓	26.2	-1.3	-9.6	-18.5	-13.1	-1.9	NA
Ethical Global Equity	✓	32.6	5.4	2	-8.8	NA	NA	NA
Ethical RSP Global Equity	✓	16.6	5.3	1.9	-9.2	NA	NA	NA
Mackenzie Universal Global Ethics	✗	15.9	3.9	-5.3	-17.1	NA	NA	NA
Mackenzie Universal RSP Global Ethics	✗	3.5	3.8	-5.5	-17.7	NA	NA	NA
Mackenzie Universal Global Ethics Cap Class	✗	2.1	3.3	-5.6	-16.2	NA	NA	NA
Global Equity Fund Average			4.1	0.6	-2.9	1.4	6	9.3
MSCI World ($CND)			3.9	0.6	-2.7	-2.3	8.8	12.7
International Equity								
Meritas International Equity	✓	2.5	3.5	1.3	-8.8	NA	NA	NA
Intnl Equity Fund Average			5.1	0.5	-8.4	-1.7	3	7.9
MSCI World ($CND)			3.9	0.6	-2.7	-2.3	8.8	12.7
Asia and Pacific Rim Equity Funds								
Ethical Pacific Rim	✓	21.6	5.5	4.5	-6.5	-13	-18.1	NA
Asian - Pacific Rim Fund Average			5.5	5.4	-7.9	-0.8	-6.5	-0.6
MSCI Japan ($CND)			5.2	1.5	-20.4	-7.7	-2.5	1.7
Science and Technology								
Acuity Clean Environment Sci & Tech	✓	0.4	-0.1	-9.1	-13	NA	NA	NA
Science and Technology Fund Average			6.7	-8.7	-16.6	-7.9	8.6	0
NASDAQ Composite ($CND)			6.5	-5.3	1.3	-7.5	11.7	15.1
Specialty/Miscellaneous Funds								
GWL Ethics (DSC)	✗	0.4	2.9	3.8	3.5	NA	NA	NA
GWL Ethics (NL)	✗	0.2	2.9	3.7	3.3	NA	NA	NA
Middlefield Alternative Energy	✗	0.2	11	-1.6	NA	NA	NA	NA
Sentry Alternative Energy 2001	✗	4.1	10.1	1.7	-21.1	NA	NA	NA
StrategicNova SAMI	✗	1.7	2.1	0.8	3.7	NA	NA	NA
Specialty/Miscellaneous Fund Average			2.4	-3	-6.2	-0.4	-2.7	8.3
TSE Total Return			3	2.5	4.9	7.5	7.7	10.9
Canadian Balanced Funds								
Desjardins Ethical Balanced	✓	5.2	2.1	1.3	4.7	NA	NA	NA
Ethical Balanced	✓	531.2	1.7	0.8	1.5	2.7	4.8	7.4
Generations Balanced (Ethical)	✗	1.2	1.6	0.5	0	NA	NA	NA
MLI Ethic (McLean) GIF2	✓	5	1.7	1.5	4.2	NA	NA	NA
Cdn Balanced Fund Average			1.8	6.6	-0.8	5.1	6.1	8.8
TSE Total Return			3	2.5	4.9	7.5	7.7	10.9
Canadian Tactical Asset Allocation								
Acuity Clean Environment Balanced	✓	59.3	-0.7	-4	-3	0	1.4	8.5
Cdn Tactical Asset Allocation Average			1.3	1	3.6	4.4	6	8.1
TSE Total Return			3	2.5	4.9	7.5	7.7	10.9
Canadian Bond Funds								
Desjardins Ethical Income	✓	3.1	0.9	-0.3	2	NA	NA	NA
Ethical Income	✓	177.3	-2.2	-1.3	3.3	3.3	5.5	7.1
Generations Income (Ethical)	✗	1.1	-2.3	-1.7	1.6	NA	NA	NA
Meritas Canadian Bond	✓	2.3	-1.6	4	NA	NA	NA	NA
Cdn Bond Fund Average			-1.7	-1.2	3.1	3.3	5.2	7.3
SCM Universe Bond Total Return			-1.9	-1	5.1	5	7	9.1
Foreign Bond Funds								
Ethical Global Bond	✓	25	-1.5	-3.0	2.3	-1.9	2.3	NA
Foreign Bond Fund Average			-1.0	-1.2	4.9	-0.7	2.8	5.9
Salomon World Gov't Bond			-0.8	-1.7	1.8	1.3	6.7	8.7
Money Market Funds								
Ethical Money Market	✓	166.1	0.1	0.3	2.6	3.6	3.4	4
Meritas Money Market	✓	0.8	0.1	0.4	2.3	NA	NA	NA
Money Market Fund Average			0.1	0.4	3.7	4.7	4.5	5.2
91 Day Treasury Bill Index			0.1	0.4	3.7	4.7	4.5	5.2
TOTAL		10461.8						

Compiled by the Social Investment Organization
from information obtained in the Globe and Mail Net Worth Monthly April 17, 2002
*Asset information on Solidarity Fund obtained from the fund, Sept. 17, 2001.

SIO Gains New Members

Four organizations have recently joined the Social Investment Organization as associate members. Standard Life Investments Inc., one of Canada's leading money management companies, and Batirente Inc., a Quebec-based pension fund serving members of the Comite syndical national (CSN), are brand new members. Batirente is also the first pension fund to join the SIO.
Renewal Partners, an SRI venture capital company based in Vancouver became an associate member after many years as an Institutional Supporter of the SIO. Real Assets Investment Management upgraded its existing professional membership to the associate level.

Blair Feltmate leaves SIO Board

Blair Feltmate of Jones Heward Investment Counsel has resigned from the board of the Social Investment Organization, citing workload reasons.

"Blair has been a strong advocate of corporate sustainability while he served on the SIO board," said Board President Ken Thorpe. "We're looking forward to future collaborations with his recognized expertise in corporate sustainable development. We wish him well in his future pursuits."

Blair joined the Board in 2000, while he was with YMG Sustainable Development Fund. In 2001, he and partner Brian Schofield joined Jones Heward to establish a group of sustainable funds for the BMO group.

The Social Investment Organization gratefully acknowledges the support of these members for the major contribution they provide to our operation.

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