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Protecting nature through corporate environmentalism

Many people have a strong desire to help preserve our natural resources and quality of life.

For some investors, the main way this urge gets expressed is through a desire to invest in companies and businesses that do not promote environmental degradation.

For all the good intent of socially responsible investing very little in the way of actual influence makes its way into the real world. Tobacco companies, defense contractors, and nuclear-utility companies have all not done well over the past decade, but it is the economics of these businesses, driven by consumer

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Real Money

purchasing preferences, that has created this effect.

Some investors take a more proactive position by initiating proxy actions and attending annual meetings.

If you are interested in this kind of initiative, contact the Interfaith Center on

Corporate Responsibility.

They do a great job of holding businesses accountable for the fair treatment of minorities and the environment.

Another proactive option available is to invest in alternate energy companies such as Ballard Power, Fuel Cell or Energy Conversion Devices. These firms are actively pursuing alternatives to powering the ubiquitous internal combustion engine. With recent increases in the price for oil, demand for shares in these companies is on the rise.

What is most encouraging to me is that we can now vote for environmental preservation with our own spending dollars. This focus approach was highlighted in a recent *Wall Street Journal* article about how Home Depot and environmental activists joined together to try to protect the world's forests.

Jim Carlton wrote in the Sept. 26 edition about the activities of the Forest Stewardship Council (FSC). It related a heartening example of how people interested in changing corporate behavior can act effectively through a combination of analysis, communication, strategy and bravado.

The purpose of the FSC is to protect endangered forests without impeding on the livelihoods of loggers, processors or marketers of wood products.

What kind of power and influence does it take to have an effect on the health of the world's forest? The Forest Stewardship Council's first step was to evaluate harvesting and growing practices of loggers and then to research how companies buy and market wood products throughout the United States.

The FSC then established its criteria for sustainable logging: proper working conditions and a ban on chemicals that are destructive to the environment. It certifies as "FSC Approved" only those practices which contribute to the long-term health of forests.

Making progress with Home Depot was not easy.

First, activists associated with FSC secretly came into the retail warehouses and then hijacked the P.A. system to make comments such as "Attention shoppers, on aisle seven you will

find mahogany ripped from the heart of the Amazon." This brought attention to what was previously a little known aspect of Home Depot's operations.

After several such sneak attacks, Home Depot decided to sit down with the FSC and decide whether it would make sense to associate with the FSC and its certification process as opposed to being its target.

When environmentalist groups and businesses do come together, large organizations such as the World Bank and the World Wildlife Fund are willing to contribute to the costs of bringing their efforts to fruition.

The marketing of environmental causes in such a way as to match up with the public relations goals of corporations is the key. One common good of these two very different groups is to have consumers agree to pay more for environmentally safe and ecologically sustainable products.

FSC built their credibility by being on site and hands on. Atlanta-based Home Depot eventually did decide to inform its suppliers that they did not want to use endangered wood species.

The desired time frame for dealing with the situation was different for the two organizations.

After deciding not to bring a boycott against Home Depot, the FSC brought media celebrities to

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prod the company more firmly towards taking meaningful action, which is an ongoing concern.

Consumer buying habits are greatly influenced by celebrity advertising. Many actors and artists are willing to donate their time to causes such as the FSC and this gives groups that can thoughtfully use this kind of powerful tool a distinct advantage. Showing up at annual meetings with celebrities allowed the FSC to gain more media attention. Home Depot decided that rather than fight, it would be better business to accept and promote the FSC's agenda.

Once Home Depot decided to play ball with the FSC, it was presented as a business decision. "Look, we sell a lot of wood and we want to make sure that we will have wood to come for a long time," said a Home Depot spokesperson.

Certain competitors of Home Depot realized that with FSC certification, they might be able to counter Home Depot's marketing advantage, so they too are now climbing aboard.

Industry lobbying efforts against the FSC took an extremely intelligent form.

Several large paper companies formed a competing organization called Sustainable Forestry Initiative. Because membership in the SFI is mandatory for companies in the American Forest and Paper Association, there was and is confusion about which certification is genuine.

The industry-sponsored group does not believe in curtailing the use of herbicides and allows for more severe timber cutting practices than the FSC standards. While the grassroots FSC has nine staff members, its activities cover the entire globe.

The jury is still out, but I believe that the work of environmental groups will be enhanced as consumer purchasing decisions get integrated with social goals.

It is heartening to see that people acting within the law, and in concert with business, are helping bring about positive changes for all of us.

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