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Introduction

In 2012, about $3.74 trillion out of $33.3 trillion in total assets under professional management in the United States was invested in socially responsible investment (SRI) strategies (Forum for Sustainable and Responsible Investment, 2012). This indicates a 486 percent increase from $639 million invested in 1995. In comparison, the broader universe of assets under professional management has grown just 376 percent in that same period (Forum for Sustainable and Responsible Investment, 2012). SRI strategies include Environmental, Social, and Governance (ESG) incorporation, Shareholder Advocacy, and Community Investing. With regard to shareholder advocacy, from 2010 to 2012 about 176 institutional investors with $1.28 trillion in assets filed or co-filed proposals (Forum for Sustainable and Responsible Investment, 2012). These institutional investors include public funds, religious investors, labor funds, foundations and endowments.

The involvement of religious investors in SRI should come as no surprise as the roots of social investing can be traced back to the Quakers and Mennonites and perhaps to John Wesley, the founder of the Methodists, who advocated the proper use of money (Callahan, 2002; Schueth, 2003). In the latter half of the twentieth century, the involvement of religious institutional investors in SRI was spurred on by the founding of the Interfaith Center on Corporate Responsibility (ICCR) in 1971 (Smith & Wolf, 2002). The center was founded largely in response to the growing concern over American involvement during the Vietnam War and the issue of apartheid in South Africa.

The center's first social policy resolution was filed in 1971 with General Motors calling for GM to withdraw from South Africa (Smith & Wolf, 2002). By 1975, ICCR had about twelve Protestant church agencies and twenty-eight Roman Catholic organizations in their membership. In 2002 the membership had grown to 275 Protestant, Catholic and Jewish institutional investors (Smith & Wolf, 2002). Included in the Roman Catholic membership from the early years of ICCR was the U.S. Jesuit Conference representing a religious order of men known as the Society of Jesus or more commonly as the Jesuits (Callahan, 2002).

A major reason for the involvement of religious institutional investors in SRI is that of "bringing forth God's reign of justice on earth" (Smith & Wolf, 2002 p.). These investors see SRI as a work of structural justice (Jesuit Conference, 2013). A central question of this volume is whether SRI strategies make any difference to society. The growing number of religious institutional investors that are engaged in shareholder advocacy is itself a testimony to the value that these investors perceive in engaging corporations on a variety of issues that affect the economy, community and environment. It is likely that this group of investors might persist with their SRI investments in anticipation of future impact, even if current evidence is either lacking or not sufficiently convincing. As is pointed out in ICCR's Social Sustainability Resource Guide, religious institutional investors play a dual role as "investors and as community participants" and are placed "in a unique position to address the relationship between corporate operations and their social impacts on communities" (Interfaith Center for Corporate Responsibility, 2011, p. 7). In this chapter we focus on one such shareholder advocacy effort, namely that of the Jesuits with Chevron Corporation, on the issue of human rights.

This chapter is laid out in the following manner. We begin with a brief background of the Jesuits and their involvement with Socially Responsible Investing (SRI) in the United States. This effort, particularly over the last decade, has involved dialogue with a number of large corporations such as Chevron on specific issues. Mobilizing shareholders and engaging a company as large as Chevron are not easy tasks and are detailed in the next section of the chapter. Further, much of the dialogue took place in North America, where the company is headquartered while many of the human rights issues being discussed were occurring in the developing world in regions such as the Niger Delta. The section on "Engagement of the local community" shares the collaboration with the Center for Social and Corporate Responsibility (CSCR) and then later with the Africa Center for Corporate Responsibility (ACCR) that helped in bringing awareness of on-the-ground realities in the Niger Delta. We then analyze the case from the perspective of stakeholder salience (Allen, Letourneau, & Hebb, 2012; Gifford, 2010; Mitchell, Agle, & Wood, 1997). Finally, we highlight some of the key lessons learned and suggest areas for further research.

The Jesuits and Socially Responsible Investing

The Society of Jesus (Jesuits) is an international Roman Catholic Religious order founded in 1540. The Jesuits are organized into geographic areas called provinces that are governed by a provincial superior who is appointed by and reports directly to the superior general who resides in Rome. The provinces are grouped into nine regional assistancies. These are: Africa, Asia Pacific, Central and Eastern Europe, North Latin America, South Asia, South Europe, South Latin America, USA, West Europe (Society of Jesus, 2012b). The Wisconsin Province is one of the provinces of the USA Assistancy (Jesuit Conference, 2012a).

The Jesuits are best known for their work in education. Worldwide the Jesuits are engaged in over 3,700 educational institutions educating over 2.5 million students (Jesuit Conference, 2012b). In the United States there are 28 Jesuit Universities in 19 states (Association of Jesuit Colleges and Universities, 2012). In addition to education the Jesuits are also known for their spiritual and pastoral work. However, education, spiritual and pastoral ministries are not the only works that the Jesuits engage in. Jesuits and their collaborators worldwide are also actively engaged in the area of social and environmental justice (Society of Jesus, 2012c).

The Jesuit involvement in socially responsible investing in the U.S. can be traced back to the formation of the Jesuit Advisory Committee on Investment Responsibility (JACIR) by the U.S. Jesuit Conference in 1974 (Dister, 2002). A few years prior to this, in 1971, the Episcopal Church and some other Christian denomination groups had started the Interfaith Center on Corporate Responsibility (ICCR) (Callahan, 2002). JACIR and ICCR began largely as an expression of civil uneasiness with the Vietnam war and the system of apartheid in South Africa (Smith & Wolf, 2002). At the time of the formation of JACIR, another Jesuit Conference group called the National Office of Jesuit Social Ministries was already in operation (Dister, 2002). This group attended shareholders' meetings and proposed resolutions often taking a more activist approach towards corporate change. Such an approach resulted in some tension between this group and JACIR which tended to vote proxies with company management (Dister, 2002). What transpired eventually was that JACIR was dissolved in 1984 paving the way for the formation of the National Jesuit Committee on Investment Responsibility (NJCIR) (Dister, 2002).

Each U.S. Jesuit province now has a provincial representative and sometimes a committee for investor responsibility. The motivation for the Jesuit provinces to get involved in SRI ensued from a growing awareness of the potential of SRI to contribute to the common good. Representatives from each province form NJCIR. The mission of NJCIR is to advocate for "corporate behavior consistent with Catholic Social teaching through dialogues with corporations, shareholder resolutions, and proxy voting" (Jesuit Conference, 2012c). NJCIR identifies social and economic justice priorities in light of Jesuit apostolic preferences and collaborates with other religious institutional investors to influence corporate policy decisions in these areas. NJCIR has also encouraged and consulted with a number of Jesuit institutions (particularly higher education and secondary education) to participate in province-led shareholder filings and engagement. As of 2012, the two shareholder advocacy priorities were water sustainability and promoting human rights (Society of Jesus, 2012a).

Over the last decade, NJCIR has successfully engaged a number of large corporations in the areas of water sustainability and human rights (National Jesuit Committee on Investment Responsibility, 2011). One successful engagement in the area of human rights was with Occidental Petroleum (Oxy) and was led by the California Province of the NJCIR. In 2003, NJCIR had contacted Oxy to convey concerns that the Jesuits in Columbia had about human rights abuses in the Arauca region of Columbia where the company had oil pipeline operations. Working closely with NJCIR, Oxy formally adopted a Human Rights Policy in December 2004 (GlobeNewswire, 2004). NJCIR continued to be engaged with the company through 2010. Dialogue topics for this engagement "included human rights training, impact assessments to determine human rights risk, integrating the policy throughout Company operations, protocols for use of armed security, social and economic aspects of community engagement, and transparency and reporting of human rights performance, including the need for independent verification of results" (National Jesuit Committee on Investment Responsibility, 2011, p. 9). NJCIR's engagement with Oxy achieved not just social goals but also a significant return on investment. From September 2003 when the NJCIR first contacted Oxy to September 2010, investments increased by 496% not calculating reinvested dividends (National Jesuit Committee on Investment Responsibility, 2011, p. 10).

The engagement with Oxy is only one of NJCIR's engagements. Since October 2007, NJCIR has also engaged the OM Group, a metal-based specialty chemical company, to develop indicators for a human rights policy. This issue arose out of safety concerns of small-scale miners, including children around the company's cobalt smelter in Lubumbashi in the Democratic Republic of the Congo (DRC) (National Jesuit Committee on Investment Responsibility, 2009, p. 7). At the OM Group annual meeting in May 2011, the Jesuit-led stockholder proposal received 28.47 percent of the votes as well as the support of proxy advisory service, Institutional Shareholder Services, who endorsed the resolution from a cost/benefit business perspective. The strong vote led to the development of an OM Group human rights policy the following year (OM Group, 2012).

NJCIR has also worked with the Monsanto Company to implement and monitor a human rights policy. For six years NJCIR worked with Monsanto "to embed human rights due diligence into its global operations by training employees, using human rights impact assessments, monitoring and auditing results" (National Jesuit Committee on Investment Responsibility, 2011, p. 6). The company had been very responsive to eradicating child labor among its contract growers and had also agreed to expand the dialogue and engagement with NJCIR to include the right to food, especially seed saving rights for farmers and the right to water.

In line with one of NJCIR's advocacy priorities on water sustainability, it has been engaging some companies around this issue. One company that NJCIR has engaged is Bunge Limited. Bunge is one of the world's larger agribusiness companies. The Jesuit-led investor coalition has encouraged Bunge to be more proactive in its reporting of water use and the impact of water risks on not just its supply chain but also on the local communities (National Jesuit Committee on Investment Responsibility, 2011, p. 4). Another company that NJCIR has decided to engage with on the issue of water sustainability is Corn Products International (renamed "Ingredion" in 2012). NJCIR voted for this engagement in September 2010 as Corn Products was one of the world's largest corn refiners with water being an intrinsic resource in its operations in about 20 countries (National Jesuit Committee on Investment Responsibility, 2011, p. 5). Through this engagement NJCIR hoped to push Corn Products towards more meaningful data reporting on water consumption and liquid and solid waste as well as to have explicit goals to reduce resource consumption (National Jesuit Committee on Investment Responsibility, 2011, p. 5).

According to the NJCIR, faith-informed socially responsible investment is a work of structural justice (Jesuit Conference, 2012c). In the U.S. this effort involved using the investment portfolios of the U.S. Jesuit provinces to influence corporate policy decisions. As the preceding paragraphs demonstrate such an effort has borne tremendous fruit. Besides NJCIR, other religious investors have also been engaging corporations with notable success. Jones (2012, pp. 5-6) notes the success that faith investors have had with regard to the human right to water. For instance through engagement with faith investors, PepsiCo adopted the first corporate human right to water policy in 2009 (Kropp, 2009). This action was followed by Intel, Proctor and Gamble, and Connecticut Water (Jones, 2012, p. 6). In the following sections we discuss more elaborately NJCIR's engagement with Chevron Corporation on the issue of human rights. We first begin with elaborating on Chevron's engagement with the local community in the Niger Delta.

Engagement of the local community in the Niger Delta

In 2004, Chevron Nigeria started a process of engagement with people of the Niger Delta of Nigeria. Chevron operates in five states of the Niger Delta and they are Bayelsa, Delta, Imo, Ondo and Rivers. This area has experienced escalated violence and uprising since the "judicial murder" of Ogoni environmentalist Ken Saro-Wiwa and eight others (BBC, 1995). In 2009, Royal Dutch Shell agreed to a $15.5 million settlement in a case accusing it of involvement in human rights abuses in the Niger Delta in the early 1990s (Mouawad, 2009). It should be recalled that after the death of Saro Wiwa and his colleagues, there was international outrage and focus on the operations of corporations generally. Parts

of this were aimed at addressing Chevron's observation that their community engagement strategy had been "inadequate, expensive and divisive" (BBC News, 2005).
Before this time most oil companies including Chevron engaged each community individually with the concept of *host community*. Host community refers to the locations where Chevron has a facility such as hospital, office complex, well-head, flow station, export terminals or tank farm. This strategy of dealing only with the host community unfortunately alienated all other communities. Such a strategy played into the inter-ethnic rivalry which erupted in the Warri area in 2003, 2007 etc. (Imobighe, Bassey, & Asuni, 2002).

The above situation led to a rethinking in Chevron's board that gave rise to the introduction of the Global Memorandum of Understanding (GMOU) in 2004. The GMOU is a process that clustered several communities together under what is known as the Regional Development Committee (RDC). Each community nominated, appointed or elected their representatives into the RDC. The RDC members elected from among themselves officials such as the chairperson, secretary, treasurer, publicity secretary etc. These officials managed the RDC on a day-to-day basis with some salaried employees. There are eight RDCs scattered in five states of the Niger Delta of Nigeria. And the GMOU is renegotiated after every three years of operation. Items that are negotiated after every three years include the project fund, employment, contracts and other benefits.

Chevron provided some initial annual seed grant for the RDCs to carry out development projects in their areas. The unique feature here is that community members managed the fund through their elected representatives. It also provides the opportunity for the communities to raise independent funding from sundry sources for their development. One key ingredient of this process was the sustainable livelihood assessment (SLA). It was from the SLA process that community needs were identified and community development plans (CDP) were also derived. The importance of this is that communities decided their development priorities, decided who will execute the contract, where it will be located etc.

There were also other governance models that were part of the GMOU; they include the Community Engagement Management Board (CEMB), Project Review Committee (PRC), Accounts and Audit Committee (AAC) etc. All the above are structures that are embedded in the GMOU to support service delivery and community development. The GMOU clearly provides for the functions of each structure. For instance, the PRC is responsible for the review of contract bidding process, it also opens the bids and selects the winner. During project execution it also monitors progress on project sites. This model has been copied and duplicated by many other oil companies and corporations in different industry sectors. In the words of Dr. I.C. Tolar, the pioneer chairman of Egbema/Gbaramatu RDC, "The GMOU has been a worthwhile experience." It was put together by those who understand what a united front is and what it means to speak with one voice. There is prudent management of resources that accrue to the council, even though it is meager, but it has been regular. In comparison to the Local Government Authority, the Council has succeeded more and the success could be measured by far against the administration of the LG. Within the three years period, the Council has put in place infrastructure in the communities, which have been non-existent since the inception of oil exploration e.g. the Council has executed and is executing 24 projects within the length and breadth of EGCDC. It has spent over 650million Naira (about

$5m) on these projects, with some of them either completed or near completion. The Council has also given scholarships (council scholarships) in addition to CNL scholarships. The Council has also awarded contracts to contractors in the communities, which is a kind of local economic empowerment. Contracts are not awarded to outsiders but to indigenes after a competitive bidding.

Examining the human rights implications of the GMOU, there are two key elements of human rights-choice and respect for the human person (Steiner & Alston, 2000). The first human rights implication of the GMOU is that it gave the people the right to choose what they consider to be development and execute the same according to their specification. For instance, one of the first projects that one of the communities in the RDC system selected was the building of a mortuary. This is because, due to the terrain of the area, the people can only bury their dead in the last two months of the year when there is dry season. Without the GMOU, no one including company officials would have thought of building a mortuary for the people. Second, one of the key issues that has given vent to the violence in the Niger Delta is the perception by the people that they are not recognized as the owners of the natural resources in the area. The GMOU is a tacit recognition of the communities as hosts of these resources. Third, the GMOU is more broad-based in its definition of communities to engage. For instance, it recognizes host, access, and impacted communities. This broadened understanding has to a large extent minimized the targeting of infrastructure during conflicts (Faleti, n.d.). This perspective has also given the people a voice in deciding how their affairs are managed. It has also provided some kind of predictability in their relationship with Chevron. This point was noted in the UN Guiding Principles on Human Rights and Business (United Nations, 2011).

Another human rights implication is the existence of different structures for engaging community members. These include the annual general meetings of the RDC, the community outreach by RDC members, the newsletter of almost all the RDCs, the meetings of the various committees and the regular interface with Chevron lead persons. Moreover, it has also brought on board other development agencies in their attempt to provide development infrastructure to the communities. According to the evaluation carried out of the GMOU in 2008 it was found that since inception of the GMOU in 2004, there have been no single incident of any abandoned community development project and that projects are executed at a lower rate and delivered on time.[1]

In conclusion, no community engagement strategy is without some drawbacks especially when they are new and in a new environment. One of the main criticisms of the GMOU is that the criteria for the allocation of project funds are not clear and transparent. The point that this issue is being discussed now, is an improvement in the former process because, then, Chevron simply decided the project, where it would be located, who would execute it and how much it would cost. The process can still be worked upon, but as was observed during the evaluation, the issue is no longer to discard the GMOU but to keep improving upon it. Moreover since the UNDP declared development as a human right in 1986, the GMOU process is a clear testimony that development can be achieved if properly managed. The greatest contribution of the GMOU process may be that it has reduced to the barest minimum the incident of community-induced production disruption. It has also laid out an in-built framework for addressing human rights abuses that arise out of the company operations.

In the preceding paragraphs we have laid out Chevron's engagement with the local community in the Niger Delta. While Chevron had been operating in Nigeria since 1913 (Chevron Corporation, 2013), it was only recently that it embarked on a process of greater engagement with the local community. There was a shift in understanding its role from an operator of major oil and gas capital projects to that of being a member of the local community. It could be suggested that such a shift owed in no small measure to the dialogue and conversation with the shareholder coalition. In the following sections we analyse, in greater detail, the process of shareholder engagement with Chevron and the role that the shareholder coalition played.

Process of shareholder engagement with Chevron

NJCIR's engagement with Chevron on the issue of human rights corresponded with the Jesuits' apostolic concern for Africa and for indigenous people. It was felt that "a fuller human rights policy would simultaneously serve Chevron's long-term interest to be a partner of choice and also improve the livelihood of host communities in areas of economic, environmental and social development" (National Jesuit Committee on Investment Responsibility, 2009, p. 5). Further, it was felt that stronger human rights protections by Chevron would also encourage other companies in the extractive industry to follow suit. We begin with a brief background of Chevron and then elaborate on the process of engagement.

Chevron is one of the world's leading integrated energy companies with operations worldwide. It is one of the world's six super-major oil companies and was ranked the third largest US company in the Fortune 500 rankings for 2012 (CNN Money, 2012) It is involved in nearly every facet of the energy industry (Chevron Corporation, 2011). At the end of 2011, Chevron's workforce consisted of about 57,000 employees and 3,800 service station employees (Chevron Corporation, 2012). Chevron's history goes back to the Pacific Coast Oil Co in the late nineteenth century which then became Standard Oil Co. of California and includes acquisitions and mergers such as Gulf Oil, Texaco, and Unocal (Chevron Corporation, 2012). The decision to engage Chevron was taken by the NJCIR in 2004. On September 8 of that year, a conference call was initiated among some Chevron investors to assess the relationship and issues with the company.

In November 2004, a placeholder resolution[2] was filed by investors with the Wisconsin Province of NJCIR as the lead. This resolution urged the company to adopt a comprehensive, transparent and verifiable human rights policy noting that "transnational corporations operating in countries with repressive governments, ethnic conflict, weak rule of law, endemic corruption, or poor labor and environmental standards face serious risks to their reputation and share value if they are seen as responsible for, or complicit in, human rights violations." The resolution was withdrawn in February 2005 when the company agreed to future human rights dialogues and a meeting between Chevron Nigeria Limited (CNL), the local communities in the Niger Delta and the Center for Social and Corporate Responsibility (CSCR). CSCR was founded by Father Kevin O'Hara in 2001 as a means of supporting the "most vulnerable people in the Niger Delta by responding to the conflicts triggered by poor management of the extraction of oil and gas" (Bamat, Chassy, & Warne, 2011, p. 86). CSCR produced a number of video documentaries as an advocacy tool to increase international awareness about the situation in the Niger Delta (Bamat et al., 2011, p. 95).[3]

In the fall of 2005 NJCIR in partnership with CSCR and Catholic Relief Services organized the Africa Oil and Poverty speaking tour visiting U.S. universities (Interfaith Center for Corporate Responsibility, 2005). The purpose of the tour was to draw greater attention to the situation in the oil producing countries of Africa, which experience the natural resource curse, the phenomenon whereby the citizens of resource-rich countries often experience repression and a lower standard of living. In essence the communities living near mineral resources receive very little benefit but rather bear the environmental and social costs associated with resource extraction. The Nigerian Catholic Bishops document this legacy in their 200-page document, *The Travesty of Oil and Gas Wealth*.

In November 2005, NJCIR filed the human rights resolution at Chevron with the Wisconsin Province once again as the lead. At the annual meeting of Chevron in April 2006, the human rights resolution received 23.93% of the shares voted as well as the endorsement of two of the three major proxy advisory services, namely, Institutional Shareholder Services and Proxy Governance (Africa Faith & Justice Network, 2007). Such an endorsement contrasts with the findings of Rojas et al. (2009, p. 240) which held that “religious investors were responsible for almost half (47.8 percent) of resolutions that failed to gather enough vote turnover for resubmission.” In the months following the annual meeting, the investor coalition conveyed to Chevron representatives its dissatisfaction at the company’s progress of the development of the human rights policy.

The following year (November 2006), the investor coalition once again filed the human rights resolution with 22 co-filers. At the annual meeting in April 2007, the human rights resolution received 26.94% of the shares voted (Africa Faith & Justice Network, 2007). The growth of co-filers and the shareholder vote was encouraging and regular dialogues continued with the company. While Chevron adopted a one-page human rights statement in 2006, shareholders deemed this insufficient to satisfy the goal of a fuller and more explicit policy. In November 2007, the human rights resolution was filed again, this time with 30 co-filers. In December 2007, a follow-up letter was sent by Rev. Tom Krettek, provincial of the Wisconsin Province of the Society of Jesus to David O’Reilly, CEO of Chevron, establishing the business case that the development of a policy would protect shareholder value and enhance Chevron’s competitive advantage as a partner of choice (Securities and Exchange Commission, 2008, Exhibit-A). In the following month, Chevron challenged the human rights resolution that was filed by the investor coalition with the Securities and Exchange Commission (SEC) claiming that the resolution had already been substantially implemented. The investor coalition approached Paul Neuhauser, an attorney closely associated with ICCR, to represent them to the SEC. In his defense to the SEC dated February 24, 2008, Mr. Neuhauser laid out the investor coalition’s position that the substance of the human rights resolution was far from implemented. In his letter, Mr. Neuhauser also showed the number of not-free and/or high conflict zones where Chevron operated (Securities and Exchange Commission, 2008, Exhibit-H). In March 2008, the SEC ruled in favor of the investor coalition and stated that the human rights resolution must appear on the proxy (Securities and Exchange Commission, 2008).

In December 2008, the human rights resolution was filed again with 36 co-filers. At the annual meeting in May 2009, the human rights resolution received 29.14% of the shares voted (National Jesuit Committee on Investment Responsibility, 2009, p. 3). In July 2009, Chevron communicated to the investor coalition that they were working on a human rights policy. After consultation with the co-filers, Rev. Tom Krettek, provincial of the Wisconsin province wrote to then Vice-Chair and future CEO John Watson specifying the conditions that the investor coalition needed to see in order to hold off filing a resolution. As these conditions were still lacking as of early December 2009, the investor coalition went ahead and filed the human rights resolution on December 1 with 42 co-filers. At the end of January 2010, Chevron communicated to the investor coalition that it had adopted Human Rights Policy 520 and shared the same with the 42 filers of the resolution. In March 2010, satisfied with the actions taken by Chevron, the investor coalition withdrew the resolution (Securities and Exchange Commission, 2010). In April 2010, Chevron publicly announced the development of Policy 520 on their website and NJCIR issued a press release the following day. The Jesuit Conference of the United States said that it was encouraged by Chevron's new Policy 520 on human rights and the Very Rev. G. Thomas Krettek, Provincial of the Wisconsin Province of the Society of Jesus was quoted as saying "we remain committed to ongoing dialogue with Chevron regarding implementation, monitoring, reporting, and incentivizing the policy, as well as identifying potential areas where Policy 520 might be strengthened" (PRWeb, 2010).

While the preceding paragraphs provide a historical sketch of the progression towards a human rights policy during the period of 2004 to 2009, it should be noted that there were many other forces at work. For one, the investor coalition was able to draw from on-the-ground realities provided by the close collaboration with the CSCR, the Africa Center for Corporate Responsibility, and the Catholic Bishops Conference of Nigeria. It should also be noted that the NJCIR coalition was able to progressively increase its co-filer base and the annual supporting votes for the resolution at each annual interval. Over time, this shareholder engagement grew into ICCR's largest action (measured by co-filers) and it attracted a diverse array of institutional investors including international Jesuit provinces and a growing number of Jesuit universities and high schools. Additionally, the shareholder engagement was helped by support from two large proxy advisory services: Institutional Shareholder Services and Proxy Governance.

While faith-based health care networks have long engaged shareholder advocacy, this was a new area for educational institutions and many are now poised to continue this advocacy. NJCIR strives for respectful and well-informed dialogues and while the attainment of the policy took many years, we believe this tone yields a better outcome than a more adversarial approach. Finally, it should be noted that Chevron displayed a willingness to engage the investor group as well as thought leaders in the rapidly changing area of business/human rights and perhaps most importantly they consulted local communities. We highlight this latter aspect in the following section.

Case Analysis through the lens of shareholder salience

Mitchell, Agle, and Wood (1997, p. 854) offer a descriptive model of stakeholder salience and propose three attributes of stakeholders that managers need to pay attention to. These attributes are: "(1) the stakeholder's *power* to influence the firm, (2) the *legitimacy* of the stakeholder's relationship with the firm, and (3) the *urgency* of the stakeholder's claim on the firm." Mitchell et al. (1997, p. 879, emphasis added) "predict that the salience of a particular stakeholder to the firm's management is ***low*** if only one attribute is present, ***moderate*** if two attributes are present, and ***high*** if all three attributes are present." A later study by Gifford (2010) with regard to shareholder engagement confirms that shareholders are most salient when all three attributes are present. However, Gifford's study also concludes that all three attributes need not be present to achieve high levels of salience. Gifford (2010, p. 97) instead argues that "the business case and the values of the target company managers are the two most important factors contributing to salience." We examine this claim in the light of our experience with Chevron in the following paragraphs.

From the very beginning of the engagement with Chevron, NJCIR made the business case, namely, that a comprehensive human rights policy would help in mitigating the risks associated with human rights abuses in countries with weak rule of law and would contribute to long-term increase in shareholder value. However, we cannot conclude with any degree of certainty that the business case was an important contributing factor to shareholder salience. This uncertainty is despite the fact that the supporting statement for the resolution filed in 2009 specifically mentioned that the "policy will help avoid human rights violations and associated shareholder risks, thereby preserving and enhancing share value" (Jesuit Conference, 2009). Instead, from our experience "coalition building among the shareholders" and "credibility" were the two key factors that contributed to shareholder salience in the case of the engagement with Chevron. We elaborate on both these below.

While Gifford's study identified "coalition-building" as a moderating variable he held that it was not a major contributing factor to shareholder salience. Our experience with Chevron indicates that "coalition-building" did play a major role in the advocacy efforts. Chevron's willingness to engage increased as the shareholder votes supporting the resolution increased. From an impressive 24% of the vote when the resolution was first voted on at the annual meeting in 2006 to over 29% at the meeting in 2009, the shareholder resolution kept gaining momentum. We doubt that the company would have engaged us if the shareholder vote was in the single digits. In fact, because the initial vote was 24% we were able to secure an audience with Mr. Peter Robertson, the Vice Chair of the Board in June 2006.

A study by Allen, Letourneau and Hebb (2012) found that legitimacy (credibility) was the dominant force in a successful engagement. Our engagement with Chevron supports this conclusion. Credibility is built through fostering an enduring and constructive relationship with the company. It requires the shareholder group to have the willingness to engage in open and constructive dialogue. Not to be judges but to offer perspectives and to be willing to listen. These were some of the points that Ms. Silvia Garrigo, the former Manager of Global Issues and Policy at Chevron, raised at the 2009 SRI in the Rockies Conference (Garrigo, 2009). We elaborate on this point in further detail in the next section where we discuss some of the key lessons learned.

Key lessons learned and future research

The Jesuit-led coalition had more than just a series of engagements with Chevron over time. Instead, they fostered an enduring constructive relationship and dialogue. An important reason for this was that from the outset, the Jesuit-led coalition were not judgmental but offered their views and were willing to listen. Despite frustrations, the dialogue was not used as a means to "name and shame" the company, its actions or lack thereof. This attitude helped create the trust to develop an enduring relationship. Some of the key lessons are briefly elaborated below.

The first lesson is the importance of framing the issue. While the topic of human rights is an important apostolic priority for the Jesuits, it was important to frame the discussion around human rights in a way that was directly relevant to the company's risks and operations, and to offer positions and tools that were tailored to the relative significance of related issues and that were doable given the size and complexity of the company. During the dialogue, it was important to discern whether: (i) the issue touched the company's operations but had wider implications and required other or multiple actors to work together; (ii) the issue was emerging with no clear standard or best practice to follow and therefore required continuous dialogue; (iii) the issue was driven by a perception which was subject to change through a deeper understanding of the company's culture, policies, performance standards, management systems, and their real time application in the field.; (iv) the issue was outside the company's control or was solely in the realm of "guilt by association"; or (v) a common ground was shared on the issue, but for good reasons, the company and the shareholder coalition were on a different path towards a solution.

The second lesson is that the dialogue or engagement should focus on obtaining a deeper understanding of the company over time. Lack of understanding the complexities of the company and its operations could likely result in increased suspicion and lack of trust. Credibility in our engagement with Chevron was developed in many ways by our willingness to try to understand the company. And, it was helped by the subsequent willingness of the company to try to understand us.

The third lesson is that of coalition building. One of the lessons learned from the dialogue process was the importance of soliciting support from other like-minded investors. Being a member of the ICCR coalition, NJCIR was able to leverage the ICCR membership in addition to its own. The support of other Jesuit institutions helped increase the pressure on the company to develop a comprehensive human rights policy. Additionally, the support from Institutional Shareholder Services, and Proxy Governance, two large proxy advisory services helped.

The fourth lesson is that of making the business case. From the very beginning, NJCIR made the business case for adopting a comprehensive human rights policy. NJCIR's position was that such a policy would help Chevron in its global operations and ultimately add to shareholder and investor value. As a shareholder coalition it was important to make such a case even if, as we pointed out earlier, it did not contribute significantly to shareholder salience.

The fifth lesson is that of persistence. Shareholder advocacy is a long route and can be sometimes painfully slow. It took a number of years before Chevron adopted a comprehensive human rights policy and at any stage during those years, the shareholder coalition could have given up. But remaining engaged and soliciting greater support from a wider investor base helped.

The sixth lesson is that of the importance of tapping into Jesuit higher education institutions not only for their shareholder co-filings/votes but also for participation and expertise at dialogues and annual meetings. There were a number of professors at Jesuit universities who presented statements at annual meetings or who offered consultation on various occasions. Drawing on this intellectual capital is crucial. It should be noted that the engagement with Chevron on the issue of human rights was concurrent with the work of then UN Special Representative for Business and Human Rights, Professor John Ruggie. Professor Ruggie's multi-year consultation led to the release of a framework in 2011 titled "Guiding Principles for the Implementation of the UN 'Protect, Respect and Remedy' Framework."

While Chevron has adopted Policy 520, it remains to be seen what impact this policy will have on their operations and ultimately on host communities. On its part, Chevron has expressed a commitment to implementing this policy over a four-year period. However, future research can evaluate the extent the company was able to embed the policy in its operations, develop accountability metrics, independently verify human rights performance and forthrightly engage and involve local communities in project development.

Conclusion

Notwithstanding the fact that this research focuses on a single case and the fact that the co-authors were involved directly in the process of engagement, there are a few key findings. For one, our study supports the finding of Allen et al. (2012) that legitimacy (credibility) is the dominant force in bringing about successful engagement. This credibility was brought about by the willingness to engage in a constructive and open dialogue and to obtain a deeper understanding of the company. Second, our analysis, in a way, calls into question Gifford's (2010) conclusion that coalition-building is not a significant moderating variable for shareholder salience. We hold that it is and that it played an important role in our process of engagement with Chevron. This claim would have to be validated or contradicted by future research.

Finally, with regard to the key question of this volume on whether SRI makes a difference to society, we hold that it does. Companies do not operate in a vacuum. They impact society by their operations. And for a large part, these operations are governed by company policies. Being a signatory to the UN declaration of Human Rights is quite different from having a policy that demonstrates a commitment to human rights. It is the expectation that policy 520 will enable Chevron to demonstrate leadership in the area of corporate commitment to human rights. However, we should not lose sight of the fact that many policies sit on the shelf and gather dust. Therefore, it is imperative that future research investigate the degree to which policy 520 did impact society.

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End Notes

[1] The monitors that carried out the evaluation include Consensus-Building Institute, Research Triangle International, Search for Common Ground and Africa Center for Corporate Responsibility.

[2] A placeholder resolution is a proposal sent by shareholders to the management for inclusion in the proxy statement, a booklet that contains governance and financial information and that is sent to all shareholders before the annual meeting.

[3] These documentaries include Goat in the Flow Station, Batan Oil Spill, Fence Too High, Neighborhood Water Scheme in Gbarain and Oil Extraction and Challenges of Sustainable Community Development in Oloibiri