## CONTENTS

Preface xi

1 Introduction 1
   Adam Smith and Corporate Responsibility 4
   External Costs 7
   Fairness 13
   Shareholders 15
   Conclusions 18

2 Social, Environmental, and Financial Performance 19
   What the Data Tell Us 28
   Conclusions 41
   Appendix: Whirlpool and Corporate Social Responsibility 41

3 Socially Responsible Investment 47
   The Performance of SRI Funds 53
   The Impact of SRI Funds 58
   Conclusions 65

4 Financial Institutions and Social and Environmental Performance 67
   Background to the Equator Principles 68
   Development of the Equator Principles 70
   Drafting the Equator Principles 72
   Second Meeting of the Banks—February 12, 2003,
      at Citigroup’s Office in Canary Wharf, London 74
   Financial Times Articles 74
   Third Meeting of the Banks—April 29, 2003,
      at WestLB’s Offices in Düsseldorf 75
   Elements of the Equator Principles 76
Test-Marketing the Principles with Project Sponsors and NGOs 79
Marketing the Principles to Other Banks 80
The Management Decision—Go It Alone or Not? 80
Reaction to the Equator Principles 81
Equator Principles at Citigroup 82
Consequences and Implications of Equator Principles 83
Evolution of the Equator Principles 86
The Business Case for the Equator Principles 87
Evaluation of the Equator Principles 91

5 Pharmaceuticals and Corporate Responsibility 96

Doing Well and Doing Good 96
The Fall from Grace 98
Access to Medicines 100
Transparency 103
The Way Ahead 105
Conclusion 111

6 Wal-Mart and Starbucks 113

Wal-Mart 113
Starbucks 131

7 Interface and Monsanto 137

Interface 137
Monsanto 144

8 Outsourcing 152

The Ethics of Outsourcing 156
Case Studies 157
Facts About Outsourcing and Low-Wage Countries 160
Corporate Responsibility and Outsourcing 168
Contents

Outsourcing in China
Conclusions

9 Getting Rich by Selling to the Poor
Capital Markets and Prosperity
Consumer Goods and the Poor

10 Cell Phones and Development
Phones and Economic Growth
Mobile Phones in Poor Countries
Conclusions

11 Measuring Corporate Responsibility

12 Social and Environmental Policies and Corporate Strategy
Corporate Responsibility and Risk Management
Corporate Responsibility and Brand Value
Corporate Responsibility is Often Collective
How Do Social and Environmental Strategies Work?
Do Social and Environmental Policies Work?
Summary

13 Conclusions
Doing Well by Doing Good?
International Dimensions
Conclusions

Notes
Index