Note: Page numbers in italics indicate tables and figures.

<table>
<thead>
<tr>
<th>Term</th>
<th>Page Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABN AMRO: BTC pipeline funds and</td>
<td>86, 253n. 16</td>
</tr>
<tr>
<td>Equator Principles development and</td>
<td>70, 71</td>
</tr>
<tr>
<td>ACCION</td>
<td>182–83, 185</td>
</tr>
<tr>
<td>ACT UP!</td>
<td>101</td>
</tr>
<tr>
<td>Aid to Families with Dependent Children (AFDC)</td>
<td>124</td>
</tr>
<tr>
<td>Alien Tort Claims Act</td>
<td>65</td>
</tr>
<tr>
<td>American Apparel</td>
<td>230–31</td>
</tr>
<tr>
<td>American Express</td>
<td>38</td>
</tr>
<tr>
<td>American Home Products</td>
<td>150</td>
</tr>
<tr>
<td>American Insurance Group (AIG)</td>
<td>21, 188</td>
</tr>
<tr>
<td>Anderson, Ray</td>
<td>137, 138, 139, 143</td>
</tr>
<tr>
<td>Armstrong, Glen</td>
<td>71, 74, 75, 252n. 6</td>
</tr>
<tr>
<td>Arvind mills, 196, 259n. 19</td>
<td></td>
</tr>
<tr>
<td>associated gas, 24</td>
<td></td>
</tr>
<tr>
<td>Baku-Tbilisi-Ceyhan (BTC) pipeline</td>
<td>85, 86, 92</td>
</tr>
<tr>
<td>Bank of America</td>
<td>84, 178, 252n. 11</td>
</tr>
<tr>
<td>Bank Rakyat Indonesia (BRI)</td>
<td>185</td>
</tr>
<tr>
<td>Barclays and Equator Principles development, 71, 74, 75, 84</td>
<td></td>
</tr>
<tr>
<td>Basel II Framework Agreement</td>
<td>90</td>
</tr>
<tr>
<td>Basker, Emek</td>
<td>122, 123, 255n. 13</td>
</tr>
<tr>
<td>Bauer, Rob</td>
<td>57–58, 251n. 6</td>
</tr>
<tr>
<td>Baxter International</td>
<td>63</td>
</tr>
<tr>
<td>Beale, Chris</td>
<td>69, 71, 72, 74, 77, 79, 80, 82, 88, 91, 252n. 5</td>
</tr>
<tr>
<td>Bhagwati, Jagdish</td>
<td>162, 258n. 9</td>
</tr>
<tr>
<td>Bill and Melinda Gates</td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td>110, 111</td>
</tr>
<tr>
<td>“bottom of the pyramid,”</td>
<td>191</td>
</tr>
<tr>
<td>bovine spongiform encephalopathy (BSE)</td>
<td>149</td>
</tr>
<tr>
<td>British Petroleum</td>
<td>10, 11, 227, 262n. 8</td>
</tr>
<tr>
<td>CSR report of</td>
<td></td>
</tr>
<tr>
<td>direct GHG emission and</td>
<td>222; Equator Principles and, 85; external benefits value and, 222; income statement of, 221; indirect GHG emission and, 223; waste reduction and, 24–25</td>
</tr>
<tr>
<td>brand equity, 25–26</td>
<td></td>
</tr>
<tr>
<td>Bray, Chris</td>
<td>72, 73, 252n. 6</td>
</tr>
<tr>
<td>Brown, Daryl</td>
<td>171</td>
</tr>
<tr>
<td>BT Group</td>
<td>39</td>
</tr>
<tr>
<td>Bureau of Labor Statistics</td>
<td>118</td>
</tr>
<tr>
<td>Burrett, Richard</td>
<td>72, 80</td>
</tr>
<tr>
<td>business judgment rule</td>
<td>17</td>
</tr>
</tbody>
</table>
Calphalon Corporation, 38
capital market, 32; access to, 178, 190–91; insurance and, 176–77; loans and, 176; money transfer and, 178; prosperity and, 176–91
cause marketing, impact of, 38–39
Charles Veillon: child labor and, 159–60, 165; outsourcing and, 159–60
Chevron, 63, 244
child labor: analysis of, 165–66; in Bangladesh, 166; Charles Veillon and, 159–60, 165; in Pakistan, 166–67, 258nn. 12, 13
China: import from, 115, 127; outsourcing in, 170–74
Chinese National Petroleum Corporation (CNPC), 241
Ciccarella, Stephen, 122–23, 256n. 14
Citigroup: emergence of Equator Principles and, 68–70; implementing Equator Principles at, 82–83; reputation of, 89; risk management and, 228; scandals, 88
Clinton Foundation, 111
Coca-Cola, 38
College Retirement Equities Fund (CREF), 62
Collevecchio Declaration, 73
commercial banks, 184–85, 190
community investing, 50–51
Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). See Superfund Act
Conservation International (CI), 134–35, 252n. 5, 256nn. 25, 26
corporate social and environmental behavior: brand equity, 25–26; cost of capital, 27; employee productivity, 26–27; regulatory protection, 25; risk management, 20–24; waste reduction, 24–25
corporate social responsibility (CSR): brand value and, 229–32; collective, 232–33; external cost. See external cost; fairness and, 13–15; measuring, 208–24; outsourcing and, 168–70; pharmaceutical industry and, 96–112; risk management and, 228–29; shareholders and, 15–18; Smith, Adam and, 4–7; Whirlpool and, 41–46
corporate social responsibility (CSR) report: audience for, 217; of BP, 214; of EXXON Mobil, 213–14; of GAP, 211; of Nike, 211–13; of Starbucks, 132–33
cost of capital, 27
crop insurance, 189–90
Dasgupta, Susmita, 31, 32
deforestation, 10
Delta & Pine Land Company, 148
Department of Trade and Industry (DTI) report, 209–10
Deutsche Bank, 188
Dodge v. Ford, 15–16
domestic firms, wages in, 161, 162
Dow Chemical, 11, 25
Dowell, Glen, 33–34, 249n. 14
downscaling, 187
downsizing, 188
drug companies: critical position of, 106; market economy, 109
Du Pont, 25
e-choupals, 204
Ecology of Commerce, The, 137–38
efficiency wage theory, 26–27
Elliston, Simon, 73, 252n. 6
employee productivity, 26–27
endogeneity, 123
Environmental Assessment (EA), 77, 78
environmental management plan (EMP), 77, 78
Environmental Protection Agency (EPA), 23, 243
EP Lite, 82–83
Equator banks, 86–87, 92
Equator Principles (EP), 73;
background of, 68–70; in BP, 85; business case for, 87–91;
in Citigroup, 82–83; collective corporate responsibility and,
232–33; consequences of, 83–86; development of, 70–72;
drafting, 72–73; elements of, 76–79; evaluation of, 91–95;
evolution of, 86–87; implications of, 83–86; launch of, 81; lending banks and, 93–94; lessons from, 94–95; limitations of, 92–93;
marketing and, 80; reactions to, 81–82; test-marketing and, 79–80; web site of, 80
Evergreen Services Agreement (ESA), 138, 139–40, 256n. 1
Evian Natural Spring Water, 38
exclusionary screens, 56, 57
exporting firms, wages in, 161, 162
external cost: BP and, 10–11;
defined, 9; Dow Chemical and, 11; Heinz and, 11–12;
Monsanto and, 12; Starbucks and, 12; valuing, 219, 220
Extractive Industries Transparency Initiative (EITI), 213
Exxon Mobil, 63; CSR report of, 213–14; direct GHG emission and, 222; external benefits value and, 222; income statement of, 221; indirect GHG emission and, 223
Fair Labor Association (FLA), 172, 232–33
Financial Accounting Standard Boards (FASB), 139–40
Financial Times, 53, 74–75, 170
First Theorem of Welfare Economics, The, 9, 17
Fisman, Ray, 35, 37, 231
Foreign Corrupt Practices Act, 87, 242
foreign firms, wages in, 161, 162
Foundation for International Community Assistance (FINCA), 188–89
franchise risk, 82
Freshfields Bruckhaus Deringer, 22, 84, 85, 89–90, 252n. 9
Friedman, Milton, 6–7, 247n. 2
Friends of the Earth (FoE), 69–70
Fuss, Melvyn, 200, 260n. 6
Gang of Four, 71; drafting Equator Principles, 72–73; marketing Equator Principles, 80
GAP CSR report, 211
Geczy, Christopher, 55, 250n. 3
genetically modified crop.
See GM crops
Ghoshal, Sumantra, 17–18, 248n. 17
Giant and Safeway, 125–26
GlaxoSmithKline (GSK), 107–8
Global Insight, 118, 119, 121–22
Global Reporting Initiative (GRI), 211; classifications, 216; economic indicator, 214; environmental indicator, 215; social indicator, 215
GM crops, 12, 144; environmental impact of, 148; growth of, 150; opposition in Europe for, 149
Grameen Bank, 178, 201, 202; beggar clients and, 182; foundation of, 179–80; group loans and, 180, 181; life insurance and, 183–84; microcredit operation of, 180; pension plans and, 184; personal loans and, 181; small loan administration and, 182; social ethos of, 182
GrameenPhone, 201, 202
Greater Nile Oil Project, 64
greenhouse gas (GHG), 10, 24, 25, 214, 223
group loans, 180, 181
Harrison, Ann, 155, 161, 167, 257n. 1
Hart, Stuart, 33–34, 249n. 14
Hausman, Jerry, 119, 120, 255n. 12
Hawken, Paul, 137–38, 142
Heinz: external cost and, 11–12; risk management and, 229
Hicks, Michael, 124, 125
Hindustan Lever Limited (HLL): iodine salt and, 192–94; marketing strategy of, 193; soap campaign and, 194–95
Home Depot, 63
Hong, Harrison G., 32, 60–61, 251n. 7
Höveler, Hans, 72, 75
Innovest Strategic Value Advisors, 36, 247n. 10; as CSR rating agency, 223; SRI portfolios and, 57
Institutional Shareholder Services (ISS), 62
insurance operations, capitalization of, 188–89
Interface, 137–44, 227;
environmental impact of, 137–38; Evergreen Services
Agreement and, 138, 139, 141, 142–43; FASB regulation and, 140; foundation of, 137; new
business model of, 138–39;
operating lease and, 139, 140;
UT Houston and, 141–42
Interfaith Center on Corporate
Responsibility (ICCR), 3, 63, 64
International Finance Corporation
(IFC): Equator Principles
development and, 70, 71, 74, 75; social policies of, 72–73;
standards of, 86–87
Investor Responsibility Research
Center (IRRC), 62
ITC, 204–6; drawbacks of, 205;
procurement of soybeans, 204–5;
rural information technology
and, 205–6
Jones, Dow, 19, 52–53
Kacperczyk, Marcin T.,
60–61, 251n. 7
King, Andrew A., 34–35, 250n. 17
KLD Research and Analytics, 19,
36–37, 208, 223
Knight, Phil, 157, 158, 171,
257n. 2
Koedijk, Kees C. G., 57–58
Kristof, Nicholas, 163
Kyte, Rachel, 71
landline phones, 199
Laplanche, Benoit, 31, 32,
249n. 12
Latin America: microcredit in, 178,
182–83; ProFund, 185
Lazarus, Suellen, 71, 74, 75
Leibtag, Ephraim, 119, 120,
255n. 12
Lenox, Michael J., 34–35, 250n. 17
Levin, David, 55, 250n. 3
Levi Strauss, 158–59, 173
low-wage countries: comparison
of wages, 161–62; outsourcing
effect on economy, 162; Western
markets and, 162–65
Mamingi, Nlandu, 31, 32,
249n. 12
market-to-book ratio, 29, 34,
249n. 11
McDonald’s, 12, 63
Médecins sans Frontières, 101
Merck: risk management of, 21;
river blindness and, 26, 99–100;
social responsibility of, 26; Vioxx
and, 103–5
Meschi, Meloria, 200, 260n. 6
microcredit operation: ACCION
and, 182–83; commercial bank
and, 184–85, 190; diversification
aspects and, 188; expansion
of, 183–84; Grameen bank
and, 180; profitability of, 184;
ProFund and, 185, 186, 187;
progress of poor people and,
190–91; World Bank report
on, 183
mobile phones: advantages of, 199; impact on poor countries, 200–201; political aspect of, 200; social role of, 203
Modernising Company Law, 24
Mom and Pop stores, 127
Monsanto, 12–13, 144–51; agricultural biotechnology and, 147; aim of, 144; Bt-crops and, 147; deal with Pharmacia, 150; financial trouble of, 149; flaws in vision of, 151; GM crops and, 147–48; problems of, 144–45; regulation on farmers, 147–48; risk management and, 228; Roundup and, 146, 147; vision of, 145–46
Monthly Violations Report, 32
Mulder, Herman, 70, 71
Murray, Gavin, 74
Nair, Vinay, 35, 37, 232
network effect, 198
Neumark, David, 122–23, 256n. 14
new variant Creutzfeldt–Jakob disease (nvCJD), 149
Nike: CSR report of, 171, 211–13; emphasize on cooperative monitoring, 173; Fair Labor Association and, 172; labor costs in, 168–69; outsourcing and, 157–58, 161; risk management and, 20, 228
Occupational Safety and Health Administration (OSHA), 243
Oil and Natural Gas Corporation (ONGC), 241
ONGC Videsh Limited, 64–65
Operating and Financial Report (OFR), 209–10
Organization for Economic Cooperation and Development (OECD), 22, 197
organized labor, 115
Otten, Roger, 57–58
outsourcing: advantage of, 175; case studies, 157–60; Charles Vellion and, 159–60; in China, 170–74; complexity of, 174–75; corporate responsibility and, 168–70; ethics of, 156–57; facts about, 160–67; impact on economy, 155–56; impact on employment, 154; issues in, 153, 156; Levi Strauss and, 158–59, 173; in low-wage countries, 160–67; Nike and, 157–58; wage differential and, 152–53, 154
Oxfam, 101
Patagonia, 40, 230
Patient Assistance program, 108
personal loans, 181
PetroChina, 241
Petronas, 241
Pfizer, 107–8
pharmaceutical industry: growth of, 97; profit of, 96, 97; social responsible policy of, 112
Pharmacia, 150
phone service: in developing
countries, 198–99; in OECD
countries, 198; in Somalia, 200
Pioneer Fund, 2–3
“Price of Sin, The,” 60
Prince, Charles, 88
ProFund, 185, 186, 187

Quadir, Iqbal, 201–2
regulatory protection, 25
Report Review Committee:
comment on Nike report,
212–13; formation of, 211–12
reputation risk, 82
retail trade, wages in, 118, 119
Rimbunan Hijau, 240
risk management, 19, 20–24;
Citigroup and, 228; corporate
responsibility and, 228–29;
Heinz and, 229; Merck and,
221; Monsanto and, 228; Nike
and, 20, 228; Shell oil and, 20,
228; Starbucks and, 21; Wal-
Mart and, 228
river blindness, 99–100
Roller, Lars-Hendrik, 198, 260n. 1
Roundup herbicide, 146, 147
Rugmark, 160

Sanchalak, 205
Schultz, Howard, 132
Scorse, Jason, 155, 161,
167, 257n. 1
screened funds, 48
Self-Employed Women’s
Association (SEWA), 189
Shapiro, Robert, 145
shareholder advocacy, 49–50
Shareholder Dialogue Group, 69
shareholders, 15–18
Sheehan, Woicke Bernard, 71, 74
Shell Oil and risk management,
20, 228
sin stocks, 56, 60–61, 62
Smith, Adam, 4–7, 8, 9
social and environmental strategies:
firms circumstances and, 226;
working of, 233–35
social cost, 8–9
social cost–benefit analysis, 218
Social Investment Forum, 51–52
socially responsible investment
(SRI), 2, 3, 52, 53; cost of
capital and, 27; defined, 47;
Domini and, 63–64; elements
of, 47; evaluating portfolio of,
57; growth of, 48, 53; impact of,
58–65; investment and, 55–56;
managing portfolio of, 56–57;
oil sector and, 54; origin of, 47;
performance of, 53–58; scale
of, 51–52; shareholder activism
and, 62, 63; stock price and,
60; underperformance of, 55;
in United Kingdom, 57–58; in
United States, 58
Somalia, 200
South Africa: lawsuit against,
101–2; pricing of anti-AIDS
drugs in, 101
Southern California Gas Company, 139
Stambaugh, Robert F., 55, 250n. 3
Starbucks, 12, 132–36, 227; brand value and, 230; Conservation International and, 134–35; CSR report of, 132–33; employees, 133; fair trade coffee, 135; foundation of, 132; growth of, 135; plantation-grown coffee, 134; risk management, 21; shade-grown coffee, 134
Sudan, 240–41
Superfund Act, 22–23
Sustainability Index, 53
sustainability reports, 208

TAFTNET, 241
Talisman oil company, 64–65
Telenor, 202
telephone, economics of, 197
Temporary Assistance for Needy Families (TANF), 124
tobacco companies, 238, 239
Together Rx, 108
Toxic Release Inventory (TRI), 30–31
Toyota, 128, 230
TRACnet, 203

Union Bank of Switzerland (UBS), 23
United Kingdom, 57–58, 209
United States: anti-AIDS drugs in, 101; corporate law in, 62; crop insurance in, 189; drug companies in, 106, 107; economic growth of, 177; gun companies in, 239–40; life expectancy in, 98; performance of SRI funds in, 54, 58; use of weather derivatives in, 189–90
University of Texas at Houston, 141–42

Vagelos, Roy, 100, 102, 110
Vioxx: emergence of, 103; side effect of, 104; withdraw of, 104–5
Vodacom, 204

Wal-Mart, 113–31, 227; accusations against, 116, 127; campaign against, 128, 130; cost-consciousness of, 115; employers poor benefits and, 124; expansion to urban areas, 130–31; as food retailer, 128; Global Insight study on, 118, 119; growth of, 114; health program, 125; impact on employment, 120–24; impact on retail prices, 119–20; lawsuit against, 116–17; logistic skills of, 114–15; Medicaid and, 124, 125, 127; origin of, 113–14; outsourcing of, 115–16; risk management and, 228; terms of employment, 117–19; use of renewable energy, 128–29; versus Wal-Mart-Weighted BLS, 118
Walton, Sam, 114
waste reduction, 24–25
Waverman, Leonard, 198, 200, 260nn. 1, 6
WestLB, 71, 72, 75
Where is the Wealth of Nations?, 219
Whirlpool, corporate social responsibility and, 41–46
Wilson, Charles E., 7
Woicke, Peter, 70

World Bank: report on microcredit operation, 183; weather insurance and, 190
World Bank Group, 72–73

Yeung, Bernard, 33–34, 249n. 14
Young, Andrew, 158
Yunus, Mohammad, 179–80, 182
Zhang, Junfu, 122–23, 256n. 14