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Shareholders Who Answer to a Higher C.E.O.

By LESLIE WAYNE
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Decades ago, during a different war, many churches were at the forefront of antiwar efforts, whether it was the high-profile activism of the Berrigan brothers, the two Roman Catholic priests who splattered blood on draft records, or mainstream churches marching against nuclear weapons.

While most of that activism has faded, a band of Catholic nuns has remained true to the cause of peace -- though today's activism takes them to corporate boardrooms and shareholders' meetings. At the moment, nuns from dozens of orders are completing a series of resolutions to be introduced at shareholder meetings this spring.

Companies like Lockheed Martin, General Dynamics or Raytheon are not about to lay down their arms, of course. But military companies, faced with the persistent nuns on their doorsteps, have begun to meet with them, and, in some cases, have begun to see their business in different ways.

"We are raising questions that no one asks but us," said Valerie Heinonen, a Catholic nun and consultant on social responsibility in New York. "Part of what we are doing is planting seeds. These companies have an overwhelming influence wherever they operate, and I don't think religious bodies should be separate from that."

The shareholder proposals to be offered by the nuns would make any military executive squirm. At the top of their agenda is limiting military sales in countries where the arms can fall into the hands of child soldiers or perpetuate long-running wars. The nuns are also promoting a code of conduct that holds arms makers accountable for the effect of their business on the environment, and on the political and social stability of countries where they operate.

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Raytheon is one company that has met with the nuns. In Boston last November a delegation of nuns talked to six Raytheon executives, including the director of the company's ethics and environmental division, several lawyers and other executives. The topic was the code of conduct proposal. Discussions between the nuns and the company are continuing, more recently by phone.

"We didn't always agree, although it was all respectful," said Jack Kapples, Raytheon's corporate secretary, who attended the meeting. "The nuns had a lot of questions about our business, and there were a couple of questions that our guys thought were interesting. There were questions that led us to think that we hadn't looked at things that way."

Sister Mary Ellen Gondeck of the Sisters of St. Joseph of Nazareth in suburban Detroit was at the Raytheon meeting, along with representatives of about half a dozen orders.

"If we can dialogue seriously with these companies, that's part of the success," said Sister Mary Ellen, who is the coordinator of the office of peace and justice for her order. "If they are willing to talk to us on our issue, surely we are working toward something."

To the nuns, success is measured in small ways -- a new willingness of corporate executives to meet with them and a greater backing for the shareholder resolutions they submit each year. Dozens of religious groups, mainly Catholic orders but also some Protestant churches, have submitted shareholder resolutions to the Securities and Exchange Commission that will be put on the ballot of seven military companies this spring.

Last year, shareholder proposals from religious orders gained 11 percent of the vote at Textron, nearly 9 percent at Raytheon and 5 percent at General Dynamics. Religious groups say this compares with 2 percent to 3 percent of the vote in years past. Moreover, this vote has come about without any shareholder solicitations or other politicking by the nuns or anyone else. The only way the nuns promote their ideas is when they speak on behalf of their proposals at annual shareholder meetings.

"Our resolutions don't win or lose, although that's how a lot of people like to put the spin on it," said Gary Brouse, a program director at the Interfaith Center on Corporate Responsibility, a New York-based nonprofit group that promotes corporate social responsibility. "We are trying to illuminate these issues for other people and educate shareholders to these issues."

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At General Dynamics, the chief executive, Nicholas D. Chabraja, has met with representatives of the Sisters of Loretto and other groups. According to the nuns, General Dynamics previously refused to meet with them. But under Mr. Chabraja, they have found the door more open.

Mr. Chabraja said he had given serious thought to some of the issues raised by the nuns, especially in the area of foreign military sales. While he said he was comfortable with selling arms to foreign countries at the request of the United States government, in the smaller number of cases where the United States government was not party to the transaction, the words of the nuns gave him pause.

"On that issue, I am quite careful," Mr. Chabraja said. "I don't know if it is because of my own philosophy or if some of the things the sisters said has rubbed off. It has had some impact, but it's hard to measure. I suspect it has made me more thoughtful."

With the war in Iraq often blurring the line between the Pentagon and military contractors, many nuns say that the road to affecting Pentagon policy may run even more directly through these corporations. In addition, the war in Iraq, which the Vatican opposed, has given these nuns a greater sense of urgency.

"We cannot change Pentagon policies," said Sister Mary Ellen of the Sisters of St. Joseph. "But our hope is that military contractors will begin to ask questions of the Pentagon. If a Pentagon contractor said we are not interested in doing something, that is additional pressure on the Pentagon to look at what it is doing. It's important for us to look at other avenues of influence."

While Catholic nuns are clearly in the forefront of this activism, many Protestant denominations and churches have followed and attached their names to the nuns' shareholder proposals.

Some Protestant groups say they found the process of promoting shareholder proposals so

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daunting and the chances of success so slim, they have ceded the leadership to religious orders like the Congregation of Sisters of St. Agnes, Dominican Sisters, School Sisters of Notre Dame, the Sisters of Charity, the Sisters of Loretto and others.

Judging the success of the nuns' activism by the shareholder ballot box may be shortsighted, according to Nell Minnow, editor at the Corporate Library, an online organization that promotes corporate governance. Ms. Minnow said that while the nuns' campaign might be seen as "quixotic," such efforts "often turn out to be the leading edge of a cultural phenomenon."

Ms. Minnow pointed to early antitobacco shareholders and environmental activists who raised issues at corporate annual meetings long before they caught on with the public at large.

The nuns, too, often say that winning is not the point but that their corporate activism is part of their core mission of promoting peace, no matter how long or hard the struggle. With such a steep uphill battle, though, even some of the most dedicated nuns will admit to moments of doubt.

One of them is Mary Ann McGivern, who belongs to the Sisters of Loretto in St. Louis and who has been leading shareholder challenges to General Dynamics for years. She is heartened by General Dynamics' new willingness to meet with them, a definite change in attitude.

Even so, it can be discouraging. "Sometimes," said Sister Mary Ann, "it feels like I'm the only one concerned."

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