

**MEETING RECORD**  
**COMMITTEE ON MISSION RESPONSIBILITY THROUGH INVESTMENT**  
**NEW YORK, NEW YORK**  
**Feb. 9-10, 2007**

**February 8, 2007** – Members of MRTI gathered for a catered dinner at Fifth Avenue Presbyterian Church for informal discussion with members of the Newark Presbytery Israel-Palestine committee. Grace for the meal was given by Bernice McIntyre. Several members of this committee had recently returned from a trip to Israel-Palestine and shared an excellent video presentation of their trip. Also present for the dinner and discussion were David Wildman of the United Methodist Church, Pat Zerega of the Evangelical Lutheran Church of America, Sister Valerie Heinonen of Mercy Asset Management and Chris Ferguson of the WCC United Nations office.

MRTI expressed appreciation to David Rick, former MRTI intern, for his help in catering the meal. The evening was ended with a prayer by Carol Hylkema.

**February 9, 2007**

9:30 – 10:40 AM: MRTI met with representatives of Time-Warner at corporate offices to discuss issues raised by shareholders regarding Time-Warner's development of a vendor code of conduct, establishment of a code implementation plan for auditing supply chain facilities, and the release of periodic reports on adherence to the code. MRTI was convened with prayer led by Chairperson Carol Hylkema.

11:00 AM – MRTI OPEN MEETING CONVENES AT 5<sup>TH</sup> AVE. PRESBYTERIAN CHURCH

The prayer and devotion reflecting on a poem by Rev. Barrie Shepherd were led by Carol Hylkema.

**Roll Call and Introductions**

MRTI Members Present: Carol Hylkema, Gary Skinner, Lois Clarke, Lynwood Battle, Eugene Turner, Bernice McIntyre, Andy Browne, Bill Saint, and Liz Letzler. Staff Present: Judy Freyer, Mindy Marchal, George Rue and Bill Somplatsky-Jarman. MRTI's Liaison to ICCR Don Kuespert was present. Presbyterian News Service was represented by Evan Silverstein.

Adele Langworthy, Shelly Wood and Karen Breckenridge were unable to attend.

**Review of Agenda & Previous Meeting Record**

By common consent the agenda as distributed was **approved**.

The meeting record of September 7-8, 2007 of MRTI (Chicago) was **approved** as distributed.

**Conversation with Mindy Lubber, Ceres Executive Director.**

Mindy Lubber, Executive Director of Ceres, was introduced. Ceres, a key partner of MRTI, is a coalition of environmental groups, investors including major public pension funds, consumer groups, labor unions and human rights organizations. It launched the Global Reporting Initiative (GRI), and is now providing staff backup for the Investor Network on Climate Risk (INCR). Ms. Lubber opened her remarks with a word of appreciation for all the work of the Presbyterian Church (USA) on corporate social responsibility, and its active support for Ceres since its beginning.

Ceres is trying to build sustainability into the DNA of corporate behavior. Sustainability is where profitability and morality intersect. When in the interest of profitability a corporation consume values they don't pay for then the corporation needs to be held accountable for the morality of the decisions they make. How from a business point of view can corporations address social and moral issues? Ceres runs a corporate board member training program. What are the levers that change corporations? Ceres raises questions about how corporations and investors can work together so that corporations will take seriously the interventions aimed at creating a climate for change. The power of the religious community and the power of the investment community are powerful allies in the arena of making change in the DNA of companies. The goal is to make social and moral issues, e.g. concerns related to the environment, human rights, etc. a fiduciary issue for the company. Sometimes those in the religious community do not give themselves enough credit. The power of the religious community and the power of the investment community are making a difference. There is lots of work yet to do and moving a huge company is very hard work. Ceres and MRTI worked with others to put together the Global Reporting Initiative. One area Ceres would find it helpful to have the support of the church is in identifying kindred organizations in Third World countries that are potential partners in addressing global issues.

The lunch blessing was offered by Andy Browne

**Conversation with the Rev. Chris Ferguson, World Council of Church United Nations Representative.**

The WCC has a program to put together ecumenical partners that are individually working on peace issues in the Middle East. The Palestine/Israel Ecumenical Forum has become a WCC priority. This forum was inspired by the formation of the Sudan Ecumenical Forum. The basic instinct of the forum was that we did not know specifically what to do to solve the problem but the task is to put the various ecumenical parties together and out of their joint work whatever seems appropriate is undertaken. WCC is also involved in the Ecumenical Accompaniment Program in Palestine and Israel – the genesis of EAPPI was to provide the international ecumenical witness that was needed in Israel. Twenty-five people come at a time and provide a very concrete

presence both with Palestinians and Israelis who are committed to finding a non-violent solution with justice to the existing problems. The inaugural meeting of the Palestine/Israel Ecumenical Forum will be in June and will include better coordination and action around economic issues plus those whose stature will bring a diplomatic presence that will bring attention to the issue. The forum is taking a two-track approach - an action and advocacy track plus a second track that focuses on education and dialogue.

The boycott, divestment, and sanctions movement related to Israel/Palestine is growing. For a variety of reasons the churches involved are not all talking boycott or divestment or sanction but we are further along today than we were two years ago. The ecumenical Christian presence is not as strong as it needs to be. Where it is strong it is not united and where it is united it is weak. Since the WCC publicly announced divestment as an option the international Jewish community has severed its interfaith relationship with the WCC.

What is the possibility of positive investment in the occupied territory? The recourse to positive investment is usually a distraction from divestment. Secondly, the Palestinian economy at this moment is totally captive to Israeli control. Israel cut off the tax money paid by Palestinians for support of programs aimed at supporting Palestinians. If anyone wants to ask about positive investments in Palestine, one needs to ask why the Palestinian economy has failed. Palestinians have no access to imports or exports.

### **Conversation with Carol Smolenski, Executive Director of ECPAT-USA.**

ECPAT stands for End Child Prostitution and Trafficking. Originally this program was “End Child Prostitution in Asia Tourism”. Communities in Thailand were being “emptied” of girls to provide prostitution in Asian tourist centers. Eventually EPCAT groups were formed in the US and Presbyterian Women provided substantial funding for the helping ECPAT-USA get on a stable footing. A lot of people don’t want to know about or hear about child prostitution.

What is child sex tourism? Child sex tourism is the practice of traveling or touring away from one’s home in order to participate in serial sexual relationships in foreign countries. EPCAT now operates in about 80 countries but there are no large statistical studies on the problem. Probably something like two million children around the world are involved in child prostitution and trafficking. Most of the customers for sexual prostitution, 25% or more, are Americans. Preferential customers are for the most part pedophiles but there is a much larger group that are situational customers – they find themselves in situations where a child is involved. Some men feel they are actually helping these children because they are giving the children money and the men feel these children are already “damaged.” Sex tourism outside and within the US is a problem. No doubt poverty does contribute to the problem. The underpinnings of human trafficking are part of the problem.

What’s being done about sex tourism? Extra-territorial prosecution is not possible and a person can be prosecuted in one’s home country for violations of laws related to sex tourism outside the US. EPCAT has been working with the legitimate travel agency

industry by developing a code of conduct that travel agencies could endorse. The travel agencies have trained their personnel. Clauses and contracts with suppliers, information for travelers, hotel companies and tour operators are being asked to develop their own policies. Air travel agencies and taxi cab companies are all informed about the policy. Lastly, those who have signed on to the code of conduct are then expected to report annually.

MRTI has been asked to take the lead in talking with Hilton about signing the EPCAT code. So far Hilton has not responded. The US State Department has been putting some pressure on US corporations to endorse the code. In the US girls under 18 are not considered victims; they are considered “bad” girls. EPCAT has a really hard challenge in making the case in the US.

**MOTION: Gary Skinner moved and Andy Browne seconded that MRTI express its deep concern about the unresponsiveness of Hilton Hotels to meet with MRTI and several Roman Catholic religious orders regarding steps Hilton Hotels could take to contribute positively to the international effort to end child prostitution and trafficking including endorsement of the EPCAT Code of Conduct. Further MRTI believes it is appropriate to inform PCUSA agencies, committees, middle governing bodies and members along with ecumenical partners and the general public of this unresponsiveness by Hilton Hotels and to solicit church-wide support in communicating with Hilton Hotels on the seriousness of the need to address this issue. Motion Passed.**

**MOTION: Gary Skinner moved and Andy Browne seconded that pending the response of Hilton Hotels to the above motion, MRTI authorizes the preparation and implementation of a letter-writing campaign to increase church-wide attention related to Hilton Hotels unwillingness to contribute positively to the effort to end child prostitution and trafficking. Motion Passed**

## Work Plan Update

### Human Rights:

#### Israel-Palestine

- A meeting was held last May in Chicago that brought together church groups involved in the Israeli/Palestinian corporate engagement issue. To date two meetings of this group have been held and corporate research has been reviewed and is now on the website – [interfaithpeaceinitiative.com](http://interfaithpeaceinitiative.com). There is a link to this website on the MRTI website. A decision has been made to “regularize” this coalition and coordinate actions related to this issue. All corporate research being done on this issue plus a synopsis piece is available through the MRTI website.

- “Why Divestment? And Why Now?” – a newsletter from Americans for Middle East Understanding with an article in it by David Wildman of the United Methodist Church was distributed to members of MRTI. Additional copies are available through Bill S-J
- “The Cradle of Our Faith – An Enduring Witness of the Christians of the Middle East” promoting a week of prayer and witness with Christians in the Middle East is being distributed throughout the church. The proposed week is anytime between April 8 and May 27.
- In the area of positive investments to support the Palestinian economy three issues are being promoted – increased tourism in the area, more housing for Palestinian Christians and their families, and more consumer dollars for fair trade olive oil and other opportunities for micro-credit.
- In December the National Council of Churches adopted an action to support the Christian communities in Palestine. This was the first action taken by the NCC on any issue related to Israeli/Palestine.
- In the next two months MRTI will focus on meetings with ICC, Caterpillar and Motorola.
- June 10, 2007 is the “End the Occupation” march in Washington, D.C.

**MOTION: Eugene Turner moved and Liz Letzler seconded that MRTI be authorized to communicate to the church information related to actions taken by Christian partners around the world in support of the action taken by GA in 2004.**

**Congo:** Don Kuespert reported on his research into the mining and sale for export of coltan in the Congo. Coltan is a valued mineral used in semi-conductors and cell phone due to its conductivity. Australia produces the vast majority of coltan used in the world. There are industry programs to insure that coltan sold on the open market is not produced by slave labor, or that the receipts are used to fuel arms purchases by rebel movements. This appears to be quite difficult for coltan mined in Congo as there are many issues related to the integrity of the chain of control of the product. Don will continue his research and look into other mining issues.

**Columbia and Coca-Cola:** Bill S-J reported that the consumer campaign on Coke continues as the company has not yet addressed the labor-rights situation in Columbia. Several prominent universities and colleges have suspended their exclusive contracts with Coke. The annual meeting is scheduled for April as usual.

**Newmont Mining in Indonesia and Peru:** The company has reversed direction regarding the shareholder proposal. Christian Brothers Investment Services is

the lead filer. Newmont will support the resolution by voting all shares controlled by management in favor, and will develop a report on human rights and environmental impacts on the communities near its mining operations. Shareholders are seeking a meeting to clarify the extent of the report, and to encourage the company to make it as comprehensive as possible.

### **Access to Capital:**

**J.P. Morgan Chase:** A dialogue was held earlier in the week about the bank's lending performance, and its involvement in the rebuilding in the wake of Hurricanes Katrina and Rita.

**Citigroup:** A similar dialogue was held with Citigroup. The bank is not as involved in the rebuilding as one would have expected even with its lack of bank branches. Plans are in the works to put the bank in contact with intermediaries.

### **Vendor Standards:**

**Time Warner:** MRTI debriefed the meeting with the company. There will be a follow-up conference call later to assess where they are with the Board approval of the Ethical Sourcing Guidelines, and next steps. The annual meeting will be in May.

**Nordstroms and J.C. Penney:** Initial contact will be made with both companies. MRTI has met with Nordstroms twice in the past, and will serve as the lead contact with J.C. Penney.

Bill Saint closed the meeting for the evening with prayer.

### **Saturday, February 10, 2007**

8:45 AM: MRTI reconvened with devotions led by Lynwood Battle.

**Future Meeting Dates:** The following future meeting dates were reconfirmed – June 1- June 2, 2007 with travel on May 31<sup>st</sup> and November 9-10, 2007 with travel on the 8<sup>th</sup>. The June meeting will be in Chicago. However, there is some question about the GA approved funding for these meetings. Bill S-J will get clarification on the funding question and notify MRTI later regarding times and places of future MRTI meetings.

**Election of Officers:** Carol Hylkema was re-elected as chair of MRTI and Bernice McIntyre was re-elected Vice-Chair.

### **Conversation with bobbie-francis mcdonald, member of the PC(USA) Sudan Mission Network's Advocacy Committee.**

bobbie-francis provided MRTI with a briefing related to issues in the Sudan, the on-going conflict in Darfur, and the nature of corporate involvement in Sudan. Sudan at this time

seems “out of reach” of MRTI. This is a government-to-government issue and MRTI does not have the leverage to make a helpful intervention in resolving civil war in Darfur. What the PC(USA) can do is to keep in front of our constituency the exposure and vulnerability of historic Presbyterian mission work in the Sudan. MRTI could lend support to other groups that do own stock and have access to those companies, e.g. Petro-China, that are involved. Bill S-J will consult with the Sudan network and report to MRTI on what next steps might be appropriate.

## **Proxy Voting Recommendations**

**Previous Resolutions:** MRTI reviewed resolutions for which a recommendation had been made in years past. Following brief discussion, MRTI **reaffirmed** all previous recommendations.

## **New Resolutions:**

1. Gary Skinner moved and Eugene Turner seconded a motion to request Apple Computer to adopt policy prohibiting back-dating of stock options granted to senior executives. (cf. pg. 136-Proxy Resolutions Book - PRB,1/15/07) **MOTION PASSED.**
2. Eugene Turner moved and Gary Skinner seconded a motion to support the shareholder resolution (pg. 142-PRB) related to procedure for shareholder nomination of Board of Directors candidates at Hewlett-Packard. **MOTION PASSED.** Bernice McIntyre voted to abstain.
3. Gary Skinner moved and Eugene Turner seconded a motion to support the shareholder resolution (pg. 144-PRB) requesting from Wyeth additional disclosure of material terms of relationships between “independent” directors and the company or its executive officers. **MOTION PASSED.**
4. Liz Letzler moved and Eugene Turner seconded a motion to support the shareholder resolution (pg. 22-PRB) requesting Cash America International, Inc. to develop a suitability standard for payday lending. **MOTION PASSED.**
5. Gary Skinner moved and Eugene Turner seconded a motion to support the shareholder resolution (pg. 1-PRB) requesting General Motors to report on rising health care costs, and universal health care policy. **MOTION PASSED.**
6. Liz Letzler **moved and** Bill Saint **seconded** a motion to support the shareholder resolution (pg. 128-PRB) requesting Dow Chemical to report on the pace and effectiveness of its environmental remediation process being undertaken in the vicinity of and downstream from its Midland, Michigan headquarters. **MOTION PASSED.**
7. Eugene Turner moved and Liz Letzler seconded a motion to support the shareholder resolution (pg. 36-PRB) requesting Allegheny Energy, Inc. to report on evaluation of impact of powerline construction projects. **MOTION PASSED.**
8. Liz Letzler moved and Eugene Turner seconded a motion to support the shareholder resolution (pgs. 52, PRB) requesting Newmont Mining Corporation to report on impact of Newmont Mining operations on local

- communities, and how company engages communities related to proposed projects. **MOTION PASSED.**
9. Bill Saint moved and Eugene Turner seconded a motion to support shareholder resolution (pg. 54-PRB) requesting Cisco Systems, Inc. to report on company practices that can reasonably be taken to reduce likelihood that its business practices might enable or encourage the violation of human rights, including freedom of expression and privacy, or otherwise encourage or enable fragmentation of the Internet. **MOTION PASSED.**
  10. Eugene Turner moved and Lois Clarke seconded a motion to support the shareholder resolution (pg. 53-PRB) requesting the Board of Conoco Phillips to prepare a report by November, 2007, on company policies and procedures regarding protection of indigenous rights of peoples affected by company operations. **MOTION PASSED.**
  11. Bill Saint moved and Liz Letzler seconded a motion to support the shareholder resolution (pg. 74-PRB) requesting Yahoo to establish a Board Committee on human rights. **MOTION PASSED.**
  12. Eugene moved and Liz Letzler seconded a motion to support the shareholder resolution (pg. 61-PRB) requesting Yum! Brands, Inc. to report on company policies and practices to insure that all fish and seafood are caught and/or raised in a manner that is certified to be environmentally sound and sustainable. **MOTION PASSED.**
  13. Gary Skinner moved and Eugene Turner seconded a motion to support the shareholder resolution (pg. 129-PRB) requesting the Coca-Cola Company to report on the chemical and biological testing for its products. **MOTION PASSED.**
  14. Eugene Turner moved and Lois Clarke seconded a motion to support shareholder resolutions (pgs. 86&87-PRB) requesting AT&T, Inc. and Verizon Communications to describe their policies to protect customer privacy rights. **MOTION PASSED.**
  15. Liz Letzler moved and Eugene Turner seconded a motion to support the shareholder resolution (pg. 118-PRB) requesting the CVS Corporation to report on impact of cosmetics safety legislation and consumer trends. **MOTION PASSED.**
  16. Eugene Turner moved and Liz Letzler seconded a motion to support the shareholder resolution (pg. 120-PRB) requesting Scotts Miracle-Grow Co. to report on expenditures to oppose local policies to limit lawn care product use. **MOTION PASSED.**
  17. Eugene Turner moved and Liz Letzler seconded a motion to support shareholder resolution (pg. 130-PRB) requesting Altria Group, Inc. to cease production, promotion and marketing of its health-hazardous and addictive tobacco products by 2010. **MOTION PASSED.** Andy Browne voted “no” on this motion and Bernice McIntyre “abstained” from voting on this motion.
  18. Liz Letzler moved and Eugene Turner seconded a motion to support the shareholder resolution (pg. 135-PRB) requesting CN Rail to report on the

findings of a Federal safety audit, and the company's response to the audit report. **MOTION PASSED.**

### **Reports from Member Bodies**

1. **General Assembly Council** – Gary Skinner reported that the GAC continues to move through a period of transition in structure and as regards staffing. There were no items or issues requiring response from MRTI. Board of Pensions
2. The **Board of Pensions** website has information regarding portfolio performance
3. **Presbyterian Foundation/New Covenant Trust** – experienced a “good” performance in 2006
4. **Advocacy Committee on Women's Concerns** – no report
5. **Advocacy Committee on Racial Ethnic Concerns** – no report
6. **Advocacy Committee on Social Witness Policy** – ACSWP is currently updating for the 21<sup>st</sup> century a 100-year old document entitled “A Social Creed” with particular attention to globalization. The June meeting of ACSWP will be in Louisville to have a face-to-face meeting with the new GAC management team. ACSWP is working on a policy related to homelessness that it expects to bring to the next meeting of the General Assembly.

### **Reports From Ecumenical and Other Partners**

1. **ICCR** – Several members of MRTI attended the meeting and workshops of ICCR held immediately prior to this meeting of MRTI. The overall evaluation of the ICCR experience was very favorable. Workshop presenters were well-prepared and the information provided was very helpful.
2. **Ceres** – The Ceres annual meeting will be held in Boston and MRTI will be represented by Bill S-J and possibly Liz Letzler and Bernice McIntyre. Bill S-J also participated in a stakeholder meeting with senior management of American Electric Power in January. AEP is working on making its operations more sustainable.
3. **The Commission on Religion in Appalachia** has now been dissolved after nearly 40 years of valuable service to the churches and poor of the region.

### **New Business**

**Motion passed to communicate with Peace & Justice and Support Services about the need to provide adequate space for the MRTI archives and files following the relocation of the office to the 3<sup>rd</sup> floor.**

### **Evaluation of the Meeting**

This was a very good meeting. The opportunity to attend both the ICCR and MRTI meetings on a single trip added to this being a positive experience. Two concerns – 1) this particular MRTI meeting docket seemed to devote a disproportionate amount of time to presentations by outside resource persons. The presentations were well-done and

relevant to the work of MRTI. 2) MRTI members requested updates between meetings on progress being made on MRTI assignments from GA.

There being no actions required on MRTI communications, the meeting was adjourned with prayer led by Gary Skinner.

Respectfully submitted,

Gary F. Skinner, Recording Secretary

Approved as amended on June 1, 2007