

FINAL MEETING RECORD
COMMITTEE ON MISSION RESPONSIBILITY THROUGH INVESTMENT
CHICAGO, IL
September 7-8, 2007

September 7, 2006

MRTI was convened by Chairperson Carol Hylkema who led the opening devotional. Its theme focused on the history of MRTI and the biblical mandates that undergird MRTI's work.

Roll Call and Introductions

MRTI Members Present: Carol Hylkema, Gary Skinner, Adele Langworthy (by phone), Lois Clarke, Lynwood Battle, Jack Terry (substituting for Bill Saint), Karen Breckenridge, Eugene Turner, Bernice McIntyre and Shelly Wood (by phone). Staff Present: Judy Freyer, Mindy Marchal, George Rue and Bill Somplatsky-Jarman. MRTI Liaisons Present: Don Kuespert (ICCR). Also present: Gary Green, Executive Director, Committee to End Divestment Now.

MRTI welcomed Lynwood Battle and Shelly Wood to their first meeting. Lynwood represents the New Covenant Trust board, and Shelly was elected to succeed Jacque French in an At-Large position.

Review of Agenda & Previous Meeting Record

By common consent the agenda as distributed was approved.

The Meeting Record of Feb. 1-2, 2006 of MRTI (New York) was approved with the following comment – "Total assets (Bd. Of Pensions) are now in excess of \$7 billion."

MRTI Orientation

Early History and Policies: Bill Somplatsky-Jarman distributed the Sept. 2002 issue of "Church & Society" that includes Bill S-J's article "MRTI: 30 years of Socially Responsible Investing". Key years are 1971 adoption of (MRTI) policy by UPCUSA and 1976 in PCUS. As shareholders we have the privilege to present issues of concern as regards the practices of the corporations wherein we are invested. Board of Pensions and the Foundation have been a part of the work of MRTI since its inception as were representatives of the advocacy committees for racial justice and women's concerns, representatives of ACSWP and the General Assembly Council. MRTI was mandated to promote the mission goals of the General Assembly. These included peacemaking, racial and social justice, environmental issues, rights of women and human rights. At the time the focus of concern was on apartheid in South Africa the National Council of Churches, UPCUSA, the Episcopal Church, American Baptists, the Lutheran Church and the Methodist Church founded Interfaith Center on Corporate Responsibility (ICCR). Today ICCR includes 180 other religious groups including Protestant denominations, plus a number of Roman Catholic orders and dioceses, and two Jewish organizations. **Military-Related Investments:** in 1981 as a result of the GA's adoption of the "call to peacemaking" MRTI began its focus on corporations engaged in military production. This led to the 1982 General

Assembly adopting guidelines limiting investments in some companies. **South Africa:** in 1963 Presbyterian Women sent a delegation to South Africa and returned saying the church should be in conversation with US companies doing business in South Africa – in 1982 the General Assembly asked the Advisory Committee on Church & Society whether divestment as a policy should be adopted by the UPCUSA, and two years later the GA adopted the policy regarding the use of divestment as an ethical strategy. MRTI was asked to study whether this new policy applied to South Africa, and in 1985, the GA adopted MRTI's recommendation that a policy of phased, selective divestment be applied to South Africa. **Tobacco, alcohol and gambling:** while the Presbyterian Foundation and the Board of Pensions have adopted policies saying they would not invest funds in companies related to tobacco, alcohol or gambling, tobacco is the only area where a specific GA policy has been adopted.

Ecumenical and Other Partners: Today MRTI has partnerships with several other groups, e.g. (1) Interfaith Center on Corporate Responsibility (ICCR), a forum where members can coordinate their engagement and advocacy with corporations on a variety of issues. (2) Ceres, formed after the Valdeze oil spill, promotes a set of 10 guidelines regarding environmental responsibilities, and now many Fortune 500 companies have adopted the Principles. Ceres also launched the Global Reporting Initiative (GRI) for annual reports regarding environmental and social performance. Today hundreds of companies around the world are using these guidelines in the preparation of their reports. Subsequently Ceres convened the first gathering of institutional investors, academics and others at a UN conference on global warming, emissions, what companies are doing, etc. (3) CANICOOR focuses on predatory lending (4) Natl. Labor Committee – trafficking and exploitation of workers in variety of industries and countries; (5) Coalition for Justice in the Maquiladors (CJM); (6) Commission on Religion in Appalachia will probably be disbanding soon. MRTI partners with all these groups to strengthen our ecumenical, interfaith witness. For more information on ICCR or Ceres you can go to ICCR.org or Ceres.org.

How does MRTI get its assignments? We get assignments from GA, from member organizations, and from ecumenical partners. Each year MRTI takes a look at all these assignments and adopts a “priority issues work plan.” Through ICCR there is a coordination as to which denomination will be the “lead contact” in dealing with companies. If we are not the lead contact we can choose to be an “active”, i.e. we want to be present at the stockholder meetings and involved in strategy discussions or “passive” wherein we simply choose to file a shareholder resolution but are not involved in strategy or attending shareholder meetings.

What is the shareholder resolution process? We are able to set up meetings often with top management people with companies where we are invested. If the decision is to file a shareholder resolution, all the co-filers must have at least \$2,000 of stock that they have owned for at least one year; the resolution can only be 500 words or less; we cannot file shareholder resolutions related to wages, benefits, or anything that is inflammatory or is less than a compelling moral issue (less than 5% of companies assets are involved). Companies can challenge the resolution with the SEC according to several criteria, such as there are allegations not supported by the facts. SEC will say the resolution either does or does not meet the criteria for filing a shareholder resolution. If SEC says the resolution meets the criteria then the company directors are obligated to docket the resolution and prepare a response to the resolution,

or they could face legal action. A shareholder resolution must receive 3% of the vote total proxies (“for” and “against” – abstentions don’t count), in order to re-qualify for a second year (6%) and 10% for the third year.

General Assembly Council Reorganization and New Objectives: This is the second round of the GAC mission work plan and is the focus of the work of the GAC. GAC work is organized under four major goals – evangelism & witness; justice & compassion; spirituality & discipleship; leadership & vocation. Each mission goal has two objectives. The most obvious objectives for MRTI fall under the Justice and Compassion goal. They are working toward elimination of poverty, and promotion of peace including respect for human rights. The Reduction in Force (RIF) approved by GAC in April 2006 resulted in the cessation of work deemed not related to the eight objectives that are a part of the GAC mission work plan; i.e., Church & Society journal, criminal justice, environmental justice. GAC staffing plans and reduction of size of the GAC are in process at this time. Reduction of the size of GAC will be accomplished by 2008. There is a GAC task force working on the restructuring of the GAC and a staff plan and we are not yet sure thru whom MRTI will report.

What happened at 217th GA and how it affects the work of MRTI? MRTI reviewed actions of the General Assembly. There were two overtures related to Sudan and beginning a process of phased, selective divestment; two actions related to Israel/Palestine; one overture related to a pharmaceutical companies, and one action related to mountain-top removal of coal.

Mountain-top removal of coal is a GA Commissioners’ Resolution that GA approved on the recommendation of the GA Social Justice Issues Committee and MRTI will be preparing a response to this action for the 2008 218th GA.

Overture related to **pharmaceutical licensing of drugs** address issues of HIV/Aids and tuberculosis and malaria, and urges continued advocacy by MRTI with the drug companies.

Overtures from Presbytery of Palisades and Presbyteries of Trinity & Shenango related to **Sudan and Darfur** asking MRTI to engage in phased selective divestment of US companies involved and authorizing the GAC to place companies on the divestment list.

Israel-Palestine: The overture from the Presbytery of Mississippi was significantly reworked in committee, and eventually adopted by the GA. The GA also approved recommendations from the National Ministries Division regarding actions related to Israel/Palestine. They included communications with all companies doing business in Israel and Palestine urging them to practice equal employment opportunity, foster respect for human rights and seek way to contribute toward a just peace in the region. They also included additional funds for MRTI to hold an extra meeting and conduct corporate engagement meetings.

Child Prostitution and Sexual Trafficking: The issue of the trafficking of children for sexual and other purposes was lifted up, and will be addressed by different parts to the church. This includes MRTI as religious shareholders have already begun to engage corporations in the leisure and travel industries about a Code to help prevent child sexual exploitation.

We were recessed for lunch with prayer led by Jack Terry.

Reconvened at 1:30 p.m. and were joined by be teleconference with Rev. Shelly Wood and Rev. Adele Langworthy.

MRTI returned to a discussion of the GA related to Israel/Palestine and the question was how to interpret the action of GA as it relates to the work of MRTI. The General Assembly adopted a policy that affirms that as far as companies doing business in Israel, Gaza, East Jerusalem and the West Bank is concerned, that the church's investments should be only in companies involved in peaceful pursuits, and that MRTI's customary process of corporate engagement is the proper vehicle for determining whether a company is engaged in peaceful pursuits or not. Thus, on the one hand, MRTI is affirmed to continue its process as it has exercised that process in the past. On the other hand, some believe this means that MRTI should be "identifying affirmative investment opportunities" as part of the progressive engagement process. This raises issues related to the differences between investment and mission funds. Some churches, such as the ELCA and UCC have identified organizations working for a just peace that need support of mission dollars. The UCC may also try to identify companies "doing good things" that might be worthy of investment dollars. The PCUSA process could work the same way by reverse reasoning. Companies not placed on the General Assembly divestment list could be viewed as involved in "peaceful pursuits." The PCUSA is also under GA mandate to develop a strategy to promote economic development, and has identified tourism, housing, microcredit and opportunities to purchase products from the region as affirmative investment opportunities.

Corporate Engagement: At a meeting in July convened by MRTI, various religious organizations working in corporate engagement agreed to cooperate. The ELCA and the Sisters of Mercy have already had conversations with Caterpillar regarding human rights issues. In addition, Mercy Asset Management, the Sisters of Loretto and Jewish Voice for Peace have filed a shareholder proposal with Caterpillar. In 2006, it received 29% of the proxy vote. It was agreed that the issue of arm sales to Israel would be raised in the on-going dialogue with United Technologies. The United Methodist Church, UCC, Episcopalians, PCUSA and various Roman Catholic orders will join together to meet with Motorola. The Episcopalians will join with the PCUSA to meet with ITT Industries. The PCUSA will finish its engagement with Citigroup if possible, and several organizations are interested in meeting with Citigroup about microcredit lending. Additional meetings of this group are planned.

The Globalization Paper from CSWP was presented as a matter of information. CSWP is encouraging congregations and people to engage in study of this paper.

GA 2007 Divestment List

Tobacco: Gary Skinner moved & Gene Turner seconded approval of the 2007 GA Tobacco Divestment List (British American Tobacco, Altria Group, Japan Group, Imperial Tobacco, Reynolds American, Gallaher, Altadis, Loews Corporation, Alliance One International and UST, Inc.). Motion **PASSED**.

Military-Related Divestment List: Gene Turner moved & Karen Breckenridge seconded that the following companies be included on the 2007 GA Military-Related Divestment List: Alliant Techsystems, Boeing, CACI, General Dynamics, Lockheed Martin, Northrop Grumman, Raytheon, United Industrial Corporation and Vishay Intertechnology; that this list along with the top ten tobacco companies affected by the GA policy in 2006 be communicated to the Board of Pensions and the Presbyterian Church (USA) Foundation/New Covenant Trust Company urging them to utilize the General Assembly's list as a proscriptive screen in the management of the assets in their portfolios; and that this information be made available to PCUSA middle governing bodies, related theological seminaries, colleges and universities, and congregations and individuals who have requested this information. Motion **PASSED**.

Sudan Briefing: To prosecute the civil war in Sudan the Islamic faction in control of the Sudanese government were borrowing against future revenues from oil reserves in the Christian and animist populations in the south Sudan. Now the civil war is engaged in the western area of Sudan (Darfur). So far efforts to bring pressure on the Sudanese government have proved ineffective. At this time no US companies are allowed to function in the Sudan (with an exception for food and medical companies). Armed sales are coming into Sudan from either Russia or China or the black market. Because the data on which to base any action by MRTI is suspect, MRTI at this time will stay in touch with the Sudanese network within the PC(USA) and delay any specific action until more reliable information as to how to proceed is available.

Bernice McIntyre moved and Gene Turner seconded that based on existing research already completed by other organizations and in consultation with the Sudanese network of the PC(USA) and in cooperation with ecumenical partners, MRTI will explore alternatives for action involving normal MRTI processes. Motion **PASSED**.

Columbia Briefing: There is an international campaign by a number of universities to cancel contracts with Coca-Cola and Pepsi related to the bottling of water in India and the violence occurring on or near Coca-Cola facilities in Columbia. A shareholder resolution by the City of New York received only 5.8% of the vote and may not therefore be able to re-file a resolution.

Review of MRTI website and brochure distribution: The website has been updated and a new brochure was distributed. With the updated website, more information is available on shareholder resolutions, MRTI's latest work and links to the Board of Pensions, Foundation and New Covenant Funds.

Board of Pensions: Informational reports but no recommendations were made.

Presbyterian Foundation/New Covenant Trust: Gift giving for the current year is on line with last year which was one of the higher years in gift giving. Other information was reported but no recommendations were made.

General Assembly Council: Linda Valentine was elected Executive Director of the GAC at the April GAC meeting. She is an attorney by training, formerly employed by Motorola and was an executive with a NGO related to micro-financing immediately prior to being elected as

Executive Director of the GAC. Allison Seed has been elected as a chair of GAC and is a friend of MRTI.

Advocacy Committee for Women's Concern: There were challenges at GA of nominees for ACWC and two new members. A self-study report was completed the past year including a survey and ACWC received positive affirmation for their work. The committee held a recent meeting in Boise, ID and heard of the domestic violence that is occurring in isolated communities and villages in Idaho and the Dakotas. Incidents of domestic violence are still too frequently occurring but the availability of social services and shelters is low.

Advocacy Committee for Racial Ethnic Concerns: ACREC got a great deal of attention at GA particularly from Koreans who were advocating for non-geographical Korean speaking synod. ACREC has communicated with Linda Valentine their concern that persons of color be among those persons hired into vacant positions with the GAC. ACREC has also adopted a position paper on issues related to the Middle East. ACREC is also in dialogue regarding the GAC "cultural efficiency" plan.

Advocacy Committee on Social Witness Policy: Chris Iosso has been hired as staff for ACSWP. He began his work just prior to the 217th GA and ACSWP's report was handled well. The 217th GA took several actions asking for ACSWP to consider. Environment and global warming, pay equity particularly as regards women, finding funding for Church & Society are among issues currently being addressed by ACSWP.

Meeting was recessed with prayer by Bernice McIntyre.

Friday, September 8, 2006

Meeting was convened with devotions led by Gene Turner.

The Rev. John Mulindabigwi, native of Uganda, met with MRTI and briefed the committee on issues of reconciliation in an interdenominational effort that focuses on refugee work in the Uganda, Congo, Sudan, Rwanda and Kenya (the Great Lakes region). Issues include (1) widespread ignorance because opportunity has not been provided for education, (2) communication issues are a problem, and (3) tensions between Muslims and Christians. Education is a major problem requiring an international effort to engage in education in Sudan including skills in purification of water, building skills and increasing security. There are many security challenges facing the people. The people are not sure about the future so it is very difficult for them to become established. In addition to preaching the gospel we need to be helping the people to deal with the daily challenges of simply living. Rev. Mulindabigwi's ministry focuses on fellowship, evangelism, reconciliation and networking with Christian churches in creating a teamwork approach that addresses infrastructure and community organization needs, e.g. education, skill training, health care, economic development in agriculture, forestry. John's email address is johnmulindabigwi@yahoo.com.

MRTI next meeting date is set for Feb. 9-10, 2007 to be held in NYC. Members who have arrived will gather for dinner on Feb. 8. The meeting will adjourn at 2:30 PM on Feb. 10.

MRTI members are urged not to schedule departures until the meeting is adjourned. The annual meeting of ICCR is scheduled for Feb. 6-8, 2007 and MRTI members may choose to attend ICCR if their schedule allows.

Future projected dates of MRTI are May 31-June 2, 2007 & Nov. 8-10, 2007 – meeting locations to be announced.

2006-2007 MRTI Priority Issues Work Plan

Gene Turner moved and Bernice McIntyre seconded motion to approve the 2005-2006 Program Initiatives related to **Environment**. Motion **PASSED**.

Bernice McIntyre moved and Gene Turner seconded motion to approve the 2005-2006 Program Initiatives related to **Access to Capital** with the understanding that item 4 “Washington Mutual and Wachovia” will be divided resulting in a seventh proposal related to Wachovia. Motion **PASSED**.

Gene Turner moved and Jack Terry seconded motion to approve the 2005-2006 Program Initiatives related to **Global Corporate Accounting** inserting the motion related to Sudan previously passed in the first sentence of item 5. Motion **PASSED**.

By consensus MRTI **APPROVED** the 2005-2006 Program Initiatives related to **Employment Practices**.

Gene Turner moved and Jack Terry seconded motion to approve the 2005-2006 Program Initiatives related to **Media Standards and Family Issues**. Motion **PASSED**. Don Kuespert was thanked for his steadfastness and tenacity in working on this issue.

Lois Clarke offered a prayer as the meeting was recessed for lunch.

Jack Terry moved and Gene Turner seconded the Program Initiatives related to **Militarism**. Motion **PASSED**.

Gary Skinner moved and Gene Turner seconded that MRTI seek alternative resources and funding in response to the General Assembly overture related to the **Rural Farm Crisis**. Motion **PASSED**.

Bernice McIntyre moved and Gene Turner seconded motion to approve the 2005-2006 Program Initiative related to **Access to Health Care**. Motion **PASSED**.

By consensus MRTI **APPROVED** the 2005-2006 Program Initiative related to **Corporate Governance**.

By consensus MRTI **AUTHORIZED** the chair and/or staff to send a letter of appreciation to the Rev. Dr. Donald Wagner for his kind invitation to a meal with a conversation with representatives and friends concerned about Israel/Palestine.

Meeting was adjourned at with devotions and prayer led by Lynwood Battle.

Respectfully submitted,
Gary Skinner