



### What Does MRTI Do?

**Management persuasion**—  
contact and invite dialogue

**Execute shareholder rights**—  
consider a shareholder resolution if  
agreement is not reached

**Divest or proscribe a stock**—  
prevent or discourage stock  
ownership

**Initiate litigation**—  
file a lawsuit if warranted

### How Does MRTI Work?

The Mission Relationship Through Investment committee has 12 elected members—two each from the General Assembly Council, the Board of Pensions and the Presbyterian Foundation; one each from the Advisory Committee on Social Witness Policy, Advocacy Committee for Racial Ethnic Concerns and Advocacy Committee for Women's Concerns; and three members-at-large. The committee:

- Meets twice a year in cities conducive to reaching corporations for dialogue about environmental or social concerns
- Visits corporate headquarters or invites management to dialogue
- Meets by teleconference once a year
- Has working partners and membership in the Interfaith Center on Corporate Responsibility (ICCR)
- Files shareholder resolutions through coordination with ICCR
- Makes recommendations on voting for or against shareholder resolutions
- Updates the divestment list each year

# The Best Kept Secret

BY JACQUE FRENCH

Not long ago, the simple, yet disturbing statement, “All shareholders care about is the bottom line,” inspired me to become someone whose investments change the world for the better—in other words, a socially responsible investor. In no time I was an activist, reading books like *When Corporations Rule the World* by David Korten (West Hartford, Conn.: Kumarian Press, 1995). I led a class at church on “Investing With Your Values,” based on a book with the same name, by Hal Brill, Jack A. Brill and Cliff Feigenbaum (New York: Bloomberg, 1999). I also started a socially responsible investment club and became a board member of my church’s foundation. In short, I did everything I could to live out my belief that “God’s reconciliation in Jesus Christ is the ground of the peace, justice, and freedom among nations which all powers of government are called to serve and defend” (*The Book of Confessions*, 9.45).

In 2001 I joined the Mission Responsibility Through Investment (MRTI) committee, an organization of the General Assembly Council of the Presbyterian Church (U.S.A.) that is frequently referred to as “the best kept secret” of this denomination. MRTI is a committee that encourages corporations to be socially responsible, addressing issues such as environmental problems, exploitation of workers and complete financial disclosure. This committee was created in response to the Presbyterian belief that investment of church funds is “an instrument of mission and includes theological, social and economic considerations.” (183rd General Assembly, 1971, GA Minutes, UPCUSA, 1971, pgs. 596–612.)

MRTI has worked for more than 30 years at incorporating the policies of the General Assembly into ethical investment decisions for the Board of Pensions and the Presbyterian Foundation. These policies, broadly speaking, are the pursuit of peace, racial justice, economic and social justice, justice for women and achievement of environmental responsibility. Because of MRTI and similar organizations, investors have channeled more than 2 trillion dollars into socially responsible mutual funds, pension and endowment funds for universities, hospitals and nonprofit organizations, and accounts of individual socially responsible investors. Most notably, from June 2001–June 2003, socially screened portfolios grew seven percent, while the total of professionally managed portfolios (including all such funds without concerns for social or environmental criteria) fell four percent according to the Trends Report of the Social Investment Forum. This indicates that investing in socially responsible funds can make money as well as make a difference.

---

**SRI Mutual Funds: mutual funds that use screens to select companies that best reflect selected social and environmental values**

---

---

Screen: criteria used to evaluate corporations for social responsibility, such as tobacco, weapons, human rights, labor relations, employment/ equality, environment, etc.

---

## The Fallacy of a Myth

The myth that “corporate activities are inherently more profitable if they are antisocial,” is “vehemently rejected” by the General Assembly (*Church & Society*, September/October 2002, pgs.18-19). The truth behind this myth is that United States’ laws for corporations say that the purpose of a corporation is simply to make money for shareholders. A corporation is dedicated to the pursuit of its own self-interest, which is ultimately a shareholder’s self-interest. The laws make no mention of responsibility to the public interest, which falls outside of the corporation’s legal mandate.

Conventional wisdom has said, “Make the most money you can with your investments and give some of your profits to charity.” The problem with this approach is that a corporation whose only concern is to increase the bottom line may

---

Shareholder Proposal: the request to change a company’s policies that may be filed by stockholders

---

contribute to damage of the environment, exploitation of workers and financial malfeasance—in the end, hurting the very people for whom charitable contributions are intended. For foundations and pension funds, being fiscally responsible, particularly in the wake of today’s corporate scandals, means looking at corporate responsibility for social and environmental concerns before investing. Corporations and investors need to know that the mutual funds they invest in are doing the same.

## The Power of MRTI

Often, when MRTI initiates dialogue, corporations will be cooperative to avoid having a shareholder resolution, possibly bringing bad publicity and harming their reputation. For example, after years of dialogue with Cynergy, a giant gas and electric power holding company, MRTI filed a resolution on behalf of the PC(USA), asking that the company report on efforts to reduce greenhouse gas and other emissions and to select an independent committee of directors to oversee the report. Backed by the power of the Presbyterian Church (U.S.A.), with \$8 billion in assets, MRTI convinced Cynergy to provide transparency regarding their efforts to reduce risks of global warming—a precedent-setting action.

This example raises the question of what Presbyterians can do to

encourage companies to be more responsible. The answer is to vote with your shares of stock. Carol Hylkema, chairperson of the MRTI committee, says “though MRTI works through the portfolio of the Foundation and Board of Pensions, we encourage congregations and individuals to review the MRTI proxy stances prior to their purchases of stocks or mutual funds.”

Beginning in 1980, MRTI began serious consideration of divestment—selling of all stock of a particular company—as a strategy in two areas: military-related investments and tobacco companies. In accordance with PC(USA) policy, MRTI created a divestment list of companies making money from tobacco or the military. The Board of Pensions and the Presbyterian Foundation decline to hold stock in the corporations included on that list. The current divestment list consists of 21 companies, including the 10 largest tobacco companies and corporations with the major portion of their business stemming from military contracts.

## Are You Paying Attention?

I recently saw a bumper sticker that said, “If you’re not outraged, you aren’t paying attention.” Apply this to corporate wrongdoings. The Enron scandal was just the tip of the iceberg in corporate misconduct. News about the greed and dishonesty of the



### Here’s What You Can Do

- As an investor, vote your proxies. See MRTI recommendations at [www.pcusa.org/mrti](http://www.pcusa.org/mrti).
- Avoid companies with obviously poor social or environmental responsibility when you buy stock. A good source of information is [www.socialfunds.com](http://www.socialfunds.com).
- Avoid stock in corporations on the MRTI Divestment List. Check your mutual funds holdings to see where your money is already invested.
- Invest in New Covenant Funds of the Presbyterian Foundation ([www.newcovenantfunds.com](http://www.newcovenantfunds.com)) and socially responsible mutual funds such as Calvert, Domini, Ariel or Parnassas. Learn more at [www.socialinvest.org](http://www.socialinvest.org); click on SRI Mutual Funds.
- If you want to be a socially responsible investor but need the help of a professional manager, seek one who works with socially responsible corporations or funds.

---

## Proxy: a ballot sent to shareholders prior to the annual meeting

---

management of corporations fills United States media reports. We are alarmed to learn a chief executive officer's (CEO) salary in comparison with workers' salaries. Financial statements are rarely transparent, making it difficult for investors to evaluate social responsibility. The Securities and Exchange Commission (SEC) is overhauling corporate management to bring more visibility to investors, but not without pressure from organizations like MRTI.

"All this," according to Bill Somplatsky-Jarman, GAC staff person to the MRTI committee, "points to the need to continually develop new strategies for socially responsible investing, ones that can move beyond changing specific corporate practices to addressing economic systems, the context in which corporations operate, and how they are actually managed . . . . Thirty years ago, the visionaries who gathered to explore a new concept using church investments to engage corporations in

dialogue and change that would help promote mission goals at home and abroad could not have fully envisioned what they were creating. Yet MRTI emerged and became a voice for justice and social change" (*Church & Society*, September/October 2002, pgs.4-5)

I have found my own voice for working toward change in the power dynamics that rule the United States. It may be small, but it counts, and I have had some impact on my local church's foundation board and the members of our socially responsible investment club. Of course, I invest in socially responsible companies and mutual funds as well as manage two small funds for my church. I'm sharing this "best kept secret" with the hope that Presbyterian Women and others will invest with their values. Above all, I am especially pleased to be a working member of MRTI doing important work in making changes for a better way of doing business. 🍏

Jacque French is a retired elementary school teacher and an elder at Southminster Presbyterian Church in Beaverton, Oregon.



### Recommended Resources

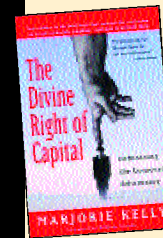


*Church & Society*,  
September/  
October 2002.

Volume 93,  
Number 1. To

order, call Presbyterian Distribution Service (PDS), 800/524-2612; 72-630-02-605; \$2.50.

To learn more about Business Ethics, read "The Next Step for CSR: Economic Democracy" by Marjorie Kelly from *Business Ethics: Corporate Social Responsibility Report*. Visit [www.business-ethics.com](http://www.business-ethics.com) or call 612/879-0695.



*The Divine Right of Capital* by Marjorie Kelly (San Francisco: Berrett-Koehler Publishers, 2001)

---

To learn more about MRTI's recommendations, divestment list and information about its ecumenical partners visit [www.pcusa.org/mrti](http://www.pcusa.org/mrti).

---

### A Working Partnership

- **ICCR (Interfaith Center on Corporate Responsibility)**, with a membership of 275 Protestant, Catholic and Jewish institutional investors, serves as a filter for Shareholder Resolutions providing research, coordination, drafting and submission of proposals. [www.iccr.org](http://www.iccr.org)
- **CERES (Coalition for Environmentally Responsible Economies)** is a combination of environmental, investor and advocacy groups. More than 70 corporations have signed the CERES Principles, a document drafted after the Exxon-Valdez crisis, endorsing a 10-point code of environmental conduct. [www.ceres.org](http://www.ceres.org)
- **Caniccor (Formerly California-Nevada Interfaith Committee on Corporate Responsibility)** provides MRTI with valuable research on banks and other financial institutions. 415/885-5109 or [canicorr@mindspring.com](mailto:canicorr@mindspring.com)
- **CJM (Coalition for Justice in the Maquiladoras)** is a coalition of organizations working together on sweat shop and human rights issues along the Mexican border. [www.coalitionforjustice.net](http://www.coalitionforjustice.net)
- **NLC (National Labor Committee)** provides valuable information and reports on abuses to human rights throughout the world. [www.nlcnet.org](http://www.nlcnet.org)
- **CORA (Commission on Religion in Appalachia)** works on mission activity and the nurture of congregations, focusing on economic and environmental issues such as mountaintop mining methods, pulp mills and forestry. [www.geocities.com/appalcora](http://www.geocities.com/appalcora)