

**ITEM B.204
FOR INFORMATION**

MRTI Meeting Records for September and December 2013.

MRTI met on September 5-6, 2013, in Chicago. The Meeting Record is attached as Appendix A. The meeting included review and adoption of the 2014 MRTI Work Plan, review and approval of the 2014 General Assembly Proscription List, and review of responses to referrals. Conversations were held with Interfaith Worker Justice, Friends of Sabeel North America and Dr. Elizabeth Hinson-Hasty on her research into economics and faith.

MRTI also met by conference call on December 10, 2013, to finalize its report to the General Assembly on corporate engagement related to Israel and Palestine. The Meeting Record is attached as Appendix B. The committee reviewed a narrative of corporate engagement that had occurred since the last General Assembly in 2012, and adopted a set of recommendations including affirmation of the work of pro-active investment, and the divestment from Caterpillar, Hewlett-Packard and Motorola Solutions.

MEETING RECORD

Committee on Mission Responsibility Through Investment

Chicago, IL

September 5-6, 2013

Thursday, September 5, 2013

MRTI INTRODUCTORY BUSINESS

Call to Order: Chairperson Elizabeth Terry Dunning call the meeting to order.
Introductions, Roll Call and Sharing of Joys and Concerns:

Attendance: Presbyterian Mission Agency Board: Susan Osoinach; Foundation: Elizabeth Terry Dunning; Board of Pensions: John Hougen and Joseph Kinard; Advisory Committee on Social Witness Policy: Christine Darden (substituting for Raafat Zaki); Advocacy Committee on Women's Concerns: Elizabeth Hinson-Hasty; Advocacy Committee on Racial Ethnic Concerns: Noushin Framke; At-Large: George Philips and Sharon Davison. Members excused: Sue Ezell (PMAB) and George Parks (At-Large). Staff Present: PMAB: Bill Somplatsky-Jarman; Board of Pensions: Judy Freyer and Don Walker; and Foundation: Anita Clemons. Guests: Don Wagner, Friends of Sabeel North America; and Cathy Junia, Interfaith Worker Justice.

Opening worship was led by Joseph Kinard.

APPROVAL OF PROPOSED AGENDA

Following review of the proposed agenda, John Hougen **MOVED** (seconded by Joseph Kinard) that the Agenda be approved. The motion was **PASSED**.

REVIEW AND APPROVAL OF FEBRUARY 2013 MEETING RECORD

Following review, Joseph Kinard **MOVED** (seconded by Susan Osoinach) that the Meeting Record for the February 7-8, 2013, MRTI Meeting be approved. The motion **PASSED**.

CONVERSATION WITH DON WAGNER

Friends of Sabeel North America is a support organization for the Sabeel Ecumenical Liberation Theology Center in Jerusalem. Its vision statement reads: Sabeel affirms its commitment to make the gospel relevant ecumenically and spiritually in the lives of the local indigenous Church. Our faith teaches that following in the footsteps of Christ means standing for the oppressed, working for justice, and seeking peace-building opportunities, and it challenges us to empower local Christians. Since a strong civil society and a healthy community are the best supports for a vulnerable population, Sabeel strives to empower the Palestinian community as a whole and to develop the internal strengths needed for participation in building a better world for all

Only by working for a just and durable peace can we provide a sense of security and create ample opportunities for growth and prosperity in an atmosphere void of violence and strife. Although remaining political and organizational obstacles hinder the full implementation of programs, Sabeel continues to develop creative means to surmount these challenges. We seek both to be a refuge for dialogue and to

pursue ways of finding answers to ongoing theological questions about the sanctity of life, justice, and peace.

Don Wagner updated MRTI on the situation of Palestinian Christians, the programs of Sabeel in Jerusalem and the Friends of Sabeel North America conferences, and organized trips to the region to meet with Israelis and Palestinians working for a just and durable peace.

Friday, September 6, 2013

MRTI reconvened with prayer.

MRTI REPORT TO THE GENERAL ASSEMBLY ON ISRAEL-PALESTINE

MRTI discussed the process for and content of a report to the 2014 General Assembly regarding corporate engagement related to Israel-Palestine. The committee noted the deadlines for submission of the report in order for the report to be considered by the Presbyterian Mission Agency Board at its February 2014 meeting. MRTI stressed the importance of reviewing corporate engagement since the 2012 General Assembly in developing any recommendations, and agreed to meet by conference call in December to review the narrative background report, and consider any recommendations.

FINALIZING RESPONSES TO GENERAL ASSEMBLY REFERRALS

MRTI reviewed the referrals from the 2012 General Assembly, and received an update from staff on current work. MRTI reaffirmed that referrals on Health Care Insurance Companies and the Mortgage Crisis and Financial Institutions would be reported as In Process. Regarding corporate engagement related to the Occupation of Western Sahara, MRTI's contribution to the response would be that corporate research is being done to identify any companies involved in extraction of natural resources for engagement. If any are identified before the deadline for submission of responses, those companies will be noted in the response. It was also noted that the 2012 General Assembly action on a boycott of consumer products from the Israeli settlements has been assigned to a staff group in Compassion, Peace and Justice that is working on a comprehensive program of education and action.

Regarding the referral to consider investments in publicly-traded for-profit prison companies, previously MRTI had noted that no investments were held in the two companies, Corrections Corporation of America and GEO Group. However, Anita Clemons reported that one investment manager for New Covenant Trust had recently purchased GEO Group stock. Anita noted that investment managers do abide by the proscription list, but are free to buy stock in any company not on the list. Judy Freyer confirmed that this was the same for the managers retained by the Board of Pensions. MRTI noted that General Assembly policy dating to 2003 that for-profit prisons calling for the abolition of for-profit prisons which limits, if not eliminates, the possibility of corporate engagement.

As a result, Noushin Framke **MOVED** (seconded by Joseph Kinard) that MRTI recommend that publicly-traded for-profit prison companies as a category (similar to companies involved in the categories of tobacco, alcohol and gambling) be added to the General Assembly's divestment/proscription list. The motion **PASSED**. This action will be included in MRTI's response to the referral to be submitted to the 2014 General Assembly for its consideration and action.

REVIEW AND ADOPTION OF 2013-2014 MRTI WORK PLAN

MRTI review the draft of the 2013-2014 MRTI Work Plan that focused on the following areas: Environmental Responsibility; Community Investment, Banking and Financial Issues; Global Corporate Accountability and Human Rights; Access to Health Care; For-Profit Prisons; Media Standards and Families; Human Trafficking and Weapons Production.

MRTI clarified the companies that might be engaged on climate risk and those which might be engaged on stranded fossil-fuel assets. In addition, MRTI noted that the call for divestment of all fossil-fuel companies is circulating in the church as well as on college campuses, and that MRTI should devote time to educate its members about the subject pending General Assembly action if it happens.

MRTI also limited the number of banks to be engaged around foreclosure avoidance, loan servicing, multi-family lending and environmental standards opting to concentrate on the larger banks plus possibly PNC.

After the review, John Hougen **MOVED** (seconded by Noushin Framke) that MRTI adopt the 2013-2014 Work Plan as modified. The motion **PASSED**.

CONVERSATION WITH CATHY JUNIA OF INTERFAITH WORKER JUSTICE

Cathy Junia, communications director for Interfaith Worker Justice, updated MRTI on recent developments in IWJ's work. This included the successful effort of the hotel workers union to reach an agreement with Hyatt Hotels, the expansion of the Wal-Mart campaign to another 12 cities, and the launch a congregational outreach program. She also reported on the continuing work related to wage theft, and the initial planning for work on the minimum wage. As staff, Bill Somplatsky-Jarman serves on the IWJ Board of Directors.

PRESENTATION BY ELIZABETH HINSON-HASTY ON FAITH AND ECONOMIC JUSTICE

Elizabeth Hinson-Hasty presented her work with the Poverty, Wealth and Ecology Working Group of the World Council of Churches on transforming economy while looking anew at relating to oneself, to the earth and to each other. She provided statistics on the distribution of wealth and income globally, and commented on its implications for the economy and society.

2014 GENERAL ASSEMBLY PROSCRIBED SECURITIES LIST

MRTI reviewed the report on companies affected by General Assembly guidelines on military-related production, tobacco and human rights. The report identified forty-one companies (thirty-one for military-related production, ten for tobacco and none currently for human rights).

Following discussion of the research and indentified trends in military spending, Joseph Kinard **MOVED** (seconded by Noushin Framke) that MRTI approve the 2014 General Assembly proscription list (composed of ten companies affected by the General Assembly's tobacco screen, and 31 companies affected by the General Assembly's military-related screen), and communicate the list to the PC (U.S.A.)-investing agencies (Board of Pensions, Foundation and New Covenant Trust Company); PC(U.S.A.)-related seminaries, universities and colleges; mid-councils; and congregations and individuals that have requested such information with the urging that they utilize the 2014 General Assembly Proscribed Securities List in the management of their investments. The motion **PASSED**.

MEMBER GROUP REPORTS

Presbyterian Mission Agency Board: Susan Osoinach reported that she serves on the Justice Committee to which MRTI's business is directed. Bill Somplatsky-Jarman provides staff service to the Justice Committee. She noted that the Presbyterian Disaster Assistance program has received a \$1 million plus grant for joint work with the Red Cross.

Board of Pensions: Judy Freyer reported on the financial performance to date, and the asset allocation. Joseph Kinard gave a brief report on the process of the search committee (which he chairs) for the successor to Rob Maggs as President and Chief Executive.

Foundation/New Covenant Trust Company: Terry Dunning reported on the summer meeting of the Board held in Minneapolis. Bill Somplatsky-Jarman attended, and provided an update on MRTI's work for the Investment Committee.

Advocacy Committee on Women's Concerns: Elizabeth Hinson-Hasty reported that ACWC had not met yet this fall, and there was no current report.

Advocacy Committee for Racial Ethnic Concerns: Noushin Framke updated MRTI on ACREC's work.

Advisory Committee on Social Witness Policy: Christine Darden reviewed a written report from Raafat Zaki on ACSWP's work which included the response to referral on Western Sahara, a tax policy study, and a progress report on the Peace Discernment Process.

REPORTS FROM ECUMENICAL PARTNERS

ICCR: The Annual General Meeting was held in June, and ICCR has focused its work on food issues due to a foundation grant. Related to this focus is the issue of land grab in the developing world. The fall meeting will be held later in September, but it will partly conflict with the PMAB meeting.

Ceres: The summer board retreat was held in July with time spent reviewing issues around potential stranded assets for fossil fuel companies, and the initiative to engage 40 of the world's largest oil, gas, coal and utility companies. The Sustainability Road Map for the 21st Century Corporation is receiving considerable attention from major corporations. The next UN Investor Summit on Climate Risk will be held in January, and 2014 will mark the 25th anniversary of the founding of Ceres.

Institute for Global Labor and Human Rights: Attention has been focused on the safety conditions in Bangladesh. Executive Director Charlie Kernaghan was on a panel on corporate monitoring efforts sponsored by *Women's Wear Daily*, a news journal covering the apparel industry.

ECPAT-USA: The organization recently received a major grant for its work from the Hilton Foundation. Hilton Hotels has become more active as it expanded its training to additional cities. Ryan Smith of the Presbyterian Ministry to the United Nations serves on ECPAT-USA's advisory board.

STAFF UPDATE ON WORK PLAN

CF Industries: The shareholder resolution requesting a sustainability report received 67.02% of the proxy vote, the highest ever on an environmental resolution as well as for a resolution sponsored by the Presbyterian Church (U.S.A.).

Bank of America: A dialogue was held with the bank's team working on loan servicing. The bank's efforts to improve its performance ratings were discussed.

ConocoPhillips: The shareholder resolution asking the company to set a reduction goal for greenhouse gas emissions received 29.43% of the proxy vote.

Brown-Forman: Staff participated in a Ceres stakeholder team conference call with company management to review progress on the sustainability program, and provide advice on the upcoming briefing of the Board of Directors.

Caterpillar: The shareholder resolution on a review of human rights policy received 26.81% of the proxy vote.

Microsoft: A dialogue was held with the company's human rights policy team, and a commitment was made for two additional dialogues during the coming year.

Hewlett-Packard: The shareholder resolution on a review of human rights policy received 7.32% of the proxy vote.

FUTURE MEETING DATES

MRTI agreed to meet on February 13-14, 2014, in New York City with members being able to attend the ICCR meetings that week if they can come early. MRTI also canvassed possible dates in December for a conference call on its General Assembly report.

ADJOURNMENT

Following a closing prayer, MRTI adjourned.

Respectfully submitted,

William Somplatsky-Jarman
Recorder

APPROVED: February 14, 2014

MEETING RECORD
Committee on Mission Responsibility Through Investment
Conference Call
December 10, 2013

MRTI INTRODUCTORY BUSINESS

Chairperson Elizabeth Terry Dunning opened the meeting with prayer. A roll call produced the following attendance: Foundation- Elizabeth Terry Dunning; Presbyterian Mission Agency Board- Susan Osoinach; Board of Pensions- John Hougen and Joseph Kinard; ACSWP- Raafat Zaki; At-Large- Sharon Davison, George Parks and George Philips. Excused: ACREC- Noushin Framke, ACWC- Elizabeth Hinson-Hasty, Presbyterian Mission Agency Board- Sue Ezell. Staff present: Presbyterian Mission Agency- Bill Somplatsky-Jarman, Board of Pensions- Judy Freyer and Don Walker, Foundation- Anita Clemons.

MEETING OVERVIEW

Chairperson Elizabeth Terry Dunning provided an overview of the agenda for the call: to review a draft of the narrative report to the 2014 General Assembly on MRTI's work on corporate engagement as commissioned at the September 2013 MRTI meeting, and then to review and adopt recommendations flowing from the report. The recommendations along with the narrative report will be submitted to the Presbyterian Mission Agency Board with the request that the recommendations be approved and submitted to the 2014 General Assembly, and that the narrative report be received and sent to the 2014 General Assembly with the recommendation that it be received.

NARRATIVE REVIEW

Pro-Active Investment Language: Anita Clemons shared language on how to describe the investment initiative of the Foundation in relation to the Presbyterian Mission Agency, the criteria and description of identified investments. By common consent, this language was incorporated into the narrative.

Updating Narrative on Roadblocks to a Just Peace: MRTI reviewed the section on the situation in Israel and the Occupied Palestinian Territories, and suggested updating it with additional current information on number of Israeli settlers, distribution of water allocations and usage, etc. Staff was instructed to provide the update in the final draft.

Expansion of Section on Collaboration and Other Advocacy: MRTI requested that an expanded list of faith-based investors be included as well as references to recent developments of companies moving away from non-peaceful pursuits. Staff was instructed to incorporate this into the final draft.

Chronology of MRTI's Corporate Engagement: MRTI members expressed their satisfaction with the updated chronology in terms of comprehensiveness and specific details related to the companies' positions. It was suggested that the sections on Caterpillar, Hewlett-Packard and Motorola Solutions be moved as far up in the report as possible. Staff was instructed to incorporate this suggestion.

Editing Process: The redraft of the narrative will be circulated to MRTI for final comment.

REVIEW AND ADOPTION OF RECOMMENDATIONS

MRTI reviewed the five recommendations. The third and fourth recommendations were new as they refer to the pro-active investment work of the Presbyterian Foundation in collaboration with the Presbyterian Mission Agency Board. The third affirms the investment selection criteria, and the fourth commends the work of the Presbyterian Foundation and the PMAB.

The remaining recommendations are updated from the 2012 recommendations.

MRTI's discussion centered on whether the corporate engagement during the past year and a half revealed any movement away from engagement in non-peaceful pursuits, or reconfirmed the continuation of involvement in non-peaceful pursuits.

Joe Kinard **MOVED** (seconded by Susan Osoinach) that MRTI approve the five recommendations, including the recommendation to the General Assembly that Caterpillar, Hewlett-Packard and Motorola Solutions be added to the General Assembly divestment list. The motion **PASSED** unanimously.

ADJOURNMENT

Following a closing prayer by Raafat Zaki, the conference call meeting was adjourned.

Respectfully submitted,

William Somplatsky-Jarman, Recorder

Approved: February 14, 2014