

Resolution 4 – 2016 Greater Milwaukee Synod Assembly

Resolution on Justice for the Holy Land through Responsible Investment (the “Resolution”)

The Resolution was passed by the Synod Assembly in May 2016 which called for the Synod Assembly, congregations, ELCA and the Synod to take several actions. As stated by the Resolution,

The Israeli-Palestinian conflicts and tensions over the past 65 years have deeply impacted the lives of millions of people, including Jews, Muslims, and Christians in the Mideast and throughout the world. The Evangelical Lutheran Church in America, since its inception in 1988, has taken public stands and passed various resolutions in churchwide assemblies and in Church Council meetings, in an effort to work for justice and peace in Palestine-Israel relationships... The continued occupation of the Palestinian Territories by the State of Israel, the ongoing building of Israeli settlements in the Palestinian Territories, and other activities associated with this occupation and settlement... Several multinational corporations, including Caterpillar, HP Inc., Hewlett Packard Enterprise, Motorola Solutions, and G4S are complicit in the occupation and its associated human rights abuses... Congregations in various synods of the ELCA are sending resolutions to the 2016 ELCA Assembly, asking the ELCA to divest ELCA Board of Pension funds from these four companies,

This report follows up on the items that were the responsibility of the ELCA for the screen on investments and Synod regarding investments.

Item 1 – Request that the Domestic Mission Unit of the ELCA direct the Social Responsibility Team to develop guidelines that will screen out investments in companies profiting from or complicit in human rights violations.

RESOLVED, that the Greater Milwaukee Synod Assembly request that the Domestic Mission Unit of the Evangelical Lutheran Church in America direct the Corporate Social Responsibility Team to develop guidelines that will screen out investments in companies profiting from, or complicit in, human rights violations arising from the occupation, including Caterpillar, HP Inc., Hewlett Packard Enterprise, Motorola Solutions, and G4S, and to provide a report with possible recommendations to the November 2016 meeting of the ELCA Church Council, and to forward the guidelines to the separately incorporated ministries, agencies, including the ELCA Board of Pension and other institutions of this church for implementation of divestment as appropriate; and be it further

The Resolution, as drafted, was not to be sent to the ELCA assembly held in August 2016, but instead was directed to the ELCA. In discussing this with the ELCA, it was noted that several resolutions from other synods were forwarded to the ELCA assembly, and actions would be made based on the similar nature of other synod resolutions. No other resolution, sent to the ELCA assembly, had the specificity of the four companies listed in the Resolution. The other resolutions did ask for a social investment screen. These similar resolutions did pass in the ELCA assembly. The ELCA addressed these resolutions during the November 2016 ELCA Church Council meeting by receiving a report from the Corporate Social Responsibility review team. The ELCA Church Council approved the actions recommended by the review team. The following was the recommendation from the ELCA Corporate Social Responsibility review team.

Response from the Corporate Social Responsibility review team (November 2016)

"In order to meet the call of this assembly action, an initial survey of the social teachings of this church indicates that it would be useful to write a social message on human rights to underpin the development of a general human rights screen as requested. It is expected this message could be prepared and sent to Church Council by November 2017. At that point the Corporate Social Responsibility review team will follow the protocol for developing a new screen as outlined in the Policies and Procedure for the Development of Social Criteria Investment Screens.

The initial screen development process is projected for the fall and winter of 2017. Some specific work that will be needed includes:

1. Review the relevant social teachings of the ELCA with assistance from the Theological Discernment team.
2. Additional input along the way from the Peace Not Walls team as well as the Ecumenical and Inter-Religious Relations team.
3. Review of the scope and prioritization of human rights issues/violations which might be covered in such a

Receive input from the Endowment Fund, Mission Investment Fund, and Portico Benefit Services regarding any concerns and impact on their work.

This screen development process will be followed by a first draft for review by Church Council in April 2018. Revisions and additional input will be incorporated, and the screen is projected to come for final action to the Church Council in the fall of 2018. The extended time frame for development allows for multiple consultations due to the sensitive nature of the subject."

Once the investment screen is adopted, the Endowment Fund, Mission Investment Fund, and Portico Benefit Services will interpret the screen on how it relates to their investments, and make investment adjustments accordingly. In reviewing the policy of the ELCA regarding establishing any social policy investment screen, it also provides that no specific companies will ever be listed on the investment screen. Investment organizations of the ELCA, therefore, will have to interpret what companies meet the rules of the social investment screen. In addition, the investment screen is a recommendation.

Current social screens of the ELCA include Alcohol, Community Development, Environment, Gambling, Military Weapons, Pornography, Private Prisons, and Tobacco.

The Synod will continue to monitor the process outlined above to determine what happens with the social criteria investment screen.

Item 2 – Request that the Synod Council divest of direct or substantive indirect holdings in companies profiting from the occupation including Caterpillar, HP Inc., Hewlett Packard Enterprise, Motorola Solutions and G4S.

RESOLVED, that the Greater Milwaukee Synod Assembly direct the Synod Council to divest of direct or substantive indirect holdings in companies profiting from, or complicit in, human rights violations arising from the occupation, including Caterpillar, HP Inc., Hewlett Packard Enterprise,

Motorola Solutions, and G4S, until such time as those companies no longer profit from the occupation or cease operations in the illegal settlements; and be it further

The resolution stated direct or substantive indirect investment holdings in any of the companies listed. The Synod has no direct investment in any stocks of any company. The Synod holds investments in the ELCA Mission Investment fund (MIF). Affiliates of the Synod hold investments in the MIF, and ELCA Endowment Fund. Affiliates also hold investments in various mutual fixed income fund, which may hold corporate bonds in these companies.

MIF has an investment portfolio of approximately \$142.8 million invested with multiple investment portfolio managers and custodians. Through indirect ownership, MIF has investments in the securities of the companies to a total of 0.11% or approximately \$157,000, as of August 31, 2016. The percentage is broken down as follows:

Security Description	% Investment
Caterpillar	0.04%
HP Inc.	0.01%
Hewlett Packard Enterprise	0.03%
Motorola Solutions	0.02%
G4S PLC	0.01%
Total	0.11%

The ELCA Endowment Fund, as of August 31, 2016, has investments in these companies of approximately \$1.50 million. The total percentage of ELCA Endowment Fund portfolio that is invested in these five companies is 0.27%. The investment by company is noted below.

Caterpillar	0.07%
HP Inc.	0.13%
Hewlett Packard Enterprise	0.02%
Motorola Solutions	0.06%
G4S	0.00%
Total	0.27%

The Mission Investment Fund and the Endowment Fund had less than 1% of their assets with the specific corporations that were listed in the resolution from the 2016 Synod Assembly. These investments in these companies are not direct investments but are indirect investments of the Synod. The resolution called for the elimination of any direct or substantive indirect investments in these companies. This level of investment in these companies, would be considered to be non-substantive, since substantive would be at least a total of 10% in total, or 5% in any individual company.

The Synod should continue to monitor the level of investments in these companies.