



GUIDELINES FOR THE IMPLEMENTATION OF PHASED, SELECTIVE DIVESTMENT RELATED TO ISRAEL AND PALESTINE

Overview

- ◆ At its November 6, 2004 meeting, the Committee on Mission Responsibility Through Investment (MRTI) adopted a classification system and process to identify multinational corporations in Israel and Palestine and to implement the General Assembly policy of phased selective divestment.
- ◆ The MRTI Committee will approach this task through engaging in constructive dialogue with the identified multinational corporations using deliberative processes. The deliberative process includes several steps:
 - ❖ The Committee develops a process of classification for addressing issues based on General Assembly policies and statements related to the issue, including the 196th General Assembly (1984) policy on principles and criteria for considering divestment and the 216th General Assembly (2004) action, *Supporting the Geneva Accord*.
 - ❖ Through its members and staff MRTI collects information and performs research to identify and select multinational corporations with which the Committee should begin a process of progressive engagement. The Committee reviews that list based on its classification process and begins the process of progressive engagement with the selected multinational corporations.
 - ❖ The process includes meeting or offering to meet with the multinational corporations selected. Initial conversations are held with companies identifying the PC(USA)'s concerns and encouraging open and honest dialogue about the company's involvement in the area of concern. The Committee attempts to resolve or come to agreement with the company on these issues. This process of engagement can take months or years. The length of the process depends on the nature of the dialogue that ensues. If able to reach an agreement that addresses the mutual concerns (both of the Committee and the corporation), then the Committee announces the positive results.
 - ❖ If unable to reach mutual agreement the Committee then considers its options including shareholder resolutions. Any shareholder resolution is discussed with corporate officers before filing the resolution in hope of resolving the issue.
 - ❖ If a shareholder resolution is filed the Committee hopes for enough supporting votes to demonstrate that the concern is shared by additional shareholders.

- ❖ The Committee may engage in a process with the shareholder resolutions over a period of several years to obtain that support or solution to the issue.
- ❖ Only if no positive results consistent with the General Assembly criteria and the MRTI classification process were attained would the Committee consider recommending divestment to the General Assembly.

Policy Background

- ◆ The General Assembly has repeatedly called for a just peace in the Middle East conflict between Israel and Palestine. This just peace would include a state of Israel with safe and secure borders based upon the Green Line of 1948 (its borders as recently as 1967). It would also include a state of Palestine with safe and secure borders that includes the Gaza Strip, the West Bank, and East Jerusalem in a manner that permits geographical integrity and economic viability. The General Assembly has repeatedly condemned violent actions by both Israelis and Palestinians that have threatened a just peace, particularly as those actions have brought injury and death to innocent civilians.
- ◆ The General Assembly has also identified the continued occupation of Palestinian land by Israel as a major impediment to the creation of a just peace. The occupation is a violation of the Fourth Geneva Convention, which Israel has signed and ratified, and the human rights of Palestinians. It also involves the establishment of Israeli settlements on Palestinian land. The creation, expansion, and maintenance of these settlements are characterized by the appropriation of Palestinian land, extensive use of scarce water resources, destruction of Palestinian agriculture lands and orchards, an extensive network of roads for Israelis only, numerous military check-points limiting Palestinian travel, and other forms of harassment and humiliation.
- ◆ The General Assembly has also echoed other religious bodies in expressing deep concern about the construction of a security barrier on Palestinian lands as it will increase the suffering of Palestinians, make their territory more unviable economically, and render the two-state solution much more difficult to achieve.





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Classification Rationale

- ◆ The following classification system is designed to assist MRTI in focusing its research and engagement on companies that are involved in actions contrary to General Assembly policy related to the Israeli and Palestinian conflict. The 216th General Assembly (2004) viewed the engagement with the Israel and Palestinian conflict to fall within MRTI's long-standing engagement with corporations on human rights concerns around the world. While the General Assembly resolution initiating the process of phased, selective divestment mentioned only multinational corporations operating in Israel, MRTI will also include the concern of violence against both Israelis and Palestinians since violence on both sides prevents a just and lasting peace.

Classification System

- ◆ MRTI will compile a listing of multinational corporations operating in Israel and Palestine based on the following criteria:
 1. Multinational corporations that provide products or services to or for use by the Israeli police or military to support and maintain the occupation
 2. Multinational corporations that provide products, services, or technology of particular strategic importance to the support and maintenance of the occupation
 3. Multinational corporations that have established facilities or operations on occupied land
 4. Multinational corporations that provide products or services, including financial services, for the establishment, expansion or maintenance of Israeli settlements
 5. Multinational corporations that provide products and services, including financial services, to Israeli or Palestinian organizations/groups that support or facilitate violent acts against innocent civilians
 6. Multinational corporations that provide products or services, including financial services, that support or facilitate the construction of the separation barrier

Progressive Engagement List

- ◆ A list of multinational corporations identified for progressive engagement by MRTI will be prepared using the classification system, measured against the following factors:
 1. History and nature of involvement in Israel and Palestine
 2. Magnitude and strategic importance of involvement
 3. Acts of corporate opposition to the occupation, direct contributions to the victims of the occupation, support of a viable economy for an independent Palestinian state, and non-discrimination against Israeli Arabs or Palestinians in employment practices

Process

1. MRTI will correspond with the leadership of those multinational corporations expressing the concerns of the General Assembly and pursuing a process to identify desirable changes in the company's role in Israel and Palestine.
2. MRTI will notify appropriate PC(USA) governing bodies, soliciting their involvement in the process of engagement with corporate leaders.
3. In the course of the dialogue with multinational corporations, MRTI may request the General Assembly Council to authorize the filing or co-filing of shareholder resolutions with subject multinational corporations using appropriate channels for the filing.
4. MRTI, in cooperation with ecumenical partners, will monitor regularly the progress made with subject multinational corporations.
5. When MRTI is persuaded that a particular multinational corporation, after extensive engagement, remains uncooperative or has refused to be in dialogue with the churches, MRTI may prepare a recommendation to the General Assembly Council asking the General Assembly to place the multinational corporation on the divestment/proscription list and urging the Foundation and the Board of Pensions to comply with the action of the General Assembly.

For more information, visit www.pcusa.org/mrti.

