The Corporate Witness of the General Assembly
Presbyterian Church in the United States 1976

The corporate witness of the General Assembly takes the form of statements addressed to the church as an aid to conscience, moral appeals addressed to the government or general public, and/or policy and program directives addressed to its own agencies. The statements of the General Assembly are in no way binding upon the conscience of an individual or other church court but are a declaration of what the General Assembly understands, under the guidance of the Holy Spirit, the will of God to be. As such, the corporate witness of the General Assembly invites serious and prayerful consideration by the members of the Presbyterian Church, U.S.

SOCIAL RESPONSIBILITY AND INVESTMENTS

The 116th General Assembly reviewed and approved the following Investment Policy and Guidelines of the General Assembly Mission Board which were adopted by the Mission Board on March 20, 1976.

INTRODUCTION

From time to time the General Assembly Mission Board of the Presbyterian Church in the United States has received and accepted contributions, bequests and extraordinary gifts from a variety of sources and for a variety of purposes. During the time that such monies and wealth are held by the General Assembly Mission Board, some policy must guide the investment decisions that are made. This statement of Investment Policy and Guidelines is intended to provide such a policy with respect to the investments made from time to time by the Mission Board.

BIBLICAL, THEOLOGICAL AND HISTORICAL PERSPECTIVES

The 106th General Assembly of the Presbyterian Church, U.S. said: "The Christian Church and Christian individuals have one major task in the world: to bear witness to all men in word and act to the judgement, grace and command of God as he is known in the Scriptures of the Old and New Testaments. That is, the Christian community as a whole and its individual members are called first of all and primarily to the task of evangelism and missions. But this commission inevitably and inescapably means that the church and individual Christians will be concerned with the political, social, economic and cultural life of the world ... Moreover, if the Great Commission is not simply an unfortunate necessity but a great privilege, then our responsibility to bear witness in word and action to this God in a social context is not a task we grudgingly and unwillingly *must* accept, but one we are *privileged* to accept, thankfully and joyfully." Thus, the Mission Board addresses the issue of both its fiduciary and its corporate witness responsibilities regarding money entrusted to it, by recognizing that this matter of evangelism and missions.

Biblical faith has affirmed that the God .whom we serve and to whom we are called to bear witness Is the Creator of heaven and earth, who willed and affirmed both our souls and our bodies, our spiritual and our physical welfare, and who, in Jesus Christ, put his stamp of approval on the earthy and physical by becoming flesh and dwelling among us. Moreover, the God revealed in the scriptures is One who showed special concern for those who most need help, particularly the poor, the hungry, and those who are victims of injustice. · 'Because the poor are despoiled, because the needy groan, I will now arise, says the Lord, 'I will place him in the safety for which he longs' · (Psalm 12:5). "The meek shall obtain fresh joy in the Lord and the poor among men shall exult In the Holy One of Israel" (Isaiah 29:19). "For Thou hast been a stronghold to the poor, a stronghold to the needy in distress" (Isaiah 25:4). God will not forget or forsake the poor or the needy Ps. 9:12,17-18,10:12; Isaiah 41:17; he demands economic justice for the poor, the exploited, the defenseless, the weak, the alien (Isaiah 1: 10.17; Jeremiah 6:13-21; 7:1-27; Amos 5:21.27).

At the same time, Biblical faith has refused to affirm that wealth is *per se* evil. It has affirmed that "the earth is the Lord's and the fullness thereof, the world and those who dwell therein" (Psalm 24:1). There is in Biblical faith no absolute human right of ownership of anything. We are stewards, not owners, of property and wealth given by God, who is its rightful owner. The parable of the talents (Matthew 25:13-30) with its concern for the adequate stewardship of resources given, must be set alongside the commission of Jesus to his disciples "to take nothing for the journey, neither stick nor pack, neither bread nor money" (Luke 9:1-3) as they go out to proclaim the Kingdom of God and to heal. Not only Jesus' admonitions regarding the amassing of wealth (and his call to his flock to sell their possessions and give in charity, providing for themselves purses that do not wear out, and never failing charity in heaven) must be considered (Luke 12:13-34), but also his admonitions regarding the trusty and sensible man whom the master appoints as steward (Luke 12:41f), and his charge to "use your worldly wealth to win friends for yourselves, so that when money is a thing of the past, you may be received into your eternal home (Luke 6:9). Jesus not only said: "You cannot. serve God and Money" (Luke 16:13); he also said: "If you then have not proved trustworthy with the wealth of this world, who will trust you with the wealth that is real? And if you have proved untrustworthy with what belongs to another, who will give you what is your own." (Luke 16:10-11) All these latter admonitions occur in that same chapter of the Gospel which speaks of a rich man, who dressed in purple and the finest linen, and feasted in magnificence every day, and of a poor man named Lazarus, who would have been glad to satisfy his hunger with the scraps from the rich man's table" (Luke 16:19.31).

Our Calvinistic tradition has wrestled all through the years with the tension between the Biblical concern for stewardship of wealth, on the one hand, and its concern for just human economic relations and an equitable distribution of the wealth of the earth according to the purposes of God, it is also with our money, our tradition has said, that Christians render to God a worship in spirit and in truth. Indeed by our offering, we "certify to God that Mammon has been dethroned." By our concrete gifts we confess that the Lord is really the acknowledged Master of our entire life—moral, physical and material. "The Christian community must certify by an explicit public act that for the church, money has been exorcised by the eternal Christ, that money has been stripped of its evil spiritual power and has recovered its true function as servant" *(The Social Humanism of Calvin,* by Andre Bieler, p. 36-37). "In the new society which Christ's church forms, individual property is not abolished. This property, however, is put at the disposal and service of all" *(Ibid).*

Thus, our whole tradition, biblical and Reformed, takes seriously both "our *fiduciary responsibility* for funds entrusted to our care, and our *social* responsibility for Christian witness with said funds" (General Executive Board, April, 1973).

Contemporary Theological and ethical reflection has given particular attention to the Christian doctrine of "man", particularly as it relates to those who control Investments in both church and society. No theological or historical perspective can ignore what one of our own historical theologians has called

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"the temptation of ideological self -interest on the part of the managers of money, particularly money that is given by other people." We live in an economic order which is peculiarly vulnerable to permitting individuals and corporations with great power and wealth to overlook the common good, and ignore the demands of human solidarity. Economic "principles" and "laws" can and often do disguise the pursuit of self-interests and class interests to the detriment of the good of the whole and a just international economic order. The managers of church investments are also vulnerable to the temptation to use them to further their own particular ideological interests in society. Reinhold Niebuhr once said that self-sacrifice cannot become public policy, for when it does it becomes the sacrifice of other people's money, or time. One can only sacrifice one's own money. Managers of church investments are not only managing their own contributions but the contributions of others. This points to both a high fiduciary responsibility and social responsibility in order to attempt to assure that the institutions in which money is invested are not engaged in purposes and actions which work against what our church discerns to be the will and purposes of God in the world.

The conventional expectation for church investments has been that they provide a sufficient profit to support programs and commitments designed to help people and witness to the Gospel. However, the church must be concerned to see that it does not by its investments, support uncritically, or without attempting to change them, institutions whose processes and products hurt more people than the church is able to help through programs supported by money earned from those investments. The Mission Board cannot simply isolate a program planned to help people from the supposedly neutral investment program earning maximum yield to support that program. The approach which the Board takes to investment and the approach which the Board takes to program are interrelated. The human help or hurt, the witness accomplished through investment, is part of what Presbyterians get for their money.

This is no new concept. For some time various denominations, including agencies of the Presbyterian Church, U.S., have refrained from making investments in companies whose business is predominately centered in the whiskey or tobacco industries. This decision has not been made because those industries have in the past exhibited poor investment potential. Whatever may have been the reasons, church investors have felt that church members would not wish their money invested to help in the production of those products. There are, no doubt, other industries and investment possibilities that church investors have avoided with similar consistency.

It is therefore appropriate that the Mission Board examine its investment policy both from the standpoint of its social responsibility for Christian Witness *and* from the standpoint of financial and fiduciary considerations. Such examination should be made in view of the confession of faith of the Presbyterian Church, U.S. and the witness of the General Assemblies of our church in matters of public affairs, as well as in view of the concern to preserve the integrity and real value of investment funds measured in terms of their continuing, contemporary purchasing power.

With regard to the witness of the General Assemblies in matters of public affairs, the 114th General Assembly adopted the following statement of clarification: "When the General Assembly makes its witness on public affairs by social and theological affirmations, Its statements shall be considered the public policy positions of the General Assembly to be implemented by its boards, councils or other agencies subject to General Assembly review and direction annually through the reports of those boards, councils and agencies. Such corporate witness shall stand unless and until changed by a succeeding General Assembly" (Minutes, 1, 185).

In such an endeavor, there will inevitably be marginal judgements and the need for balancing various considerations. There will be, no doubt, investment opportunities and decisions in which the concerns for the integrity of Christian witness and the concerns for the value and rate of return in investments will seem completely compatible. There will be other occasions in which those concerns will seem to be so in opposition to one another as to indicate no compatibility at all. Many, perhaps most, decisions will need to be made in full recognition of limited clarity about the best course of action. But the joy of Christian liberty is that as we struggle to do the right, attempting to be as wise as possible, we are judged not so much for "being right," as for attempting to "be faithful" to the Word of God in Jesus Christ. Thus in our investment policy we look forward not to easy decisions about which we shall have no differences of opinion and judgement, but to hard decisions where we must search for fidelity both to our responsibility for Christian witness and to good stewardship of money entrusted to our use and care.

Note: A technical section regarding definition of kinds of funds and the composition of the Investment Committee is omitted here.

INVESTMENT GUIDELINES

Listed below are investment guidelines to be taken into account in managing investment funds, except to the extent they conflict with express limitations existing with respect to restricted investments. Ideally, each investment will satisfy all guidelines; at the opposite extreme is an investment which satisfies only one of the guidelines. To the extent that some guidelines are not satisfied with respect to any investment, the Investment Committee shall constantly review the investment with a view towards satisfying additional guidelines and shall increase its attention to those items of investor actions set forth in the following section that could lead to an increase in the number of guidelines satisfied by the investment. The investment guidelines are set forth below.

DEPOSITORY POLICY

Those monies available from time to time to the General Assembly Mission Board which are not invested will be deposited in banks and other depositories which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation or other similar Federal deposit insurance instrumentality, and which have satisfactorily demonstrated banking and lending policies and practices that encourage and foster minority economic development, including those banks and depositories which are predominately owned by minorities.

INVESTMENT PRODUCTIVITY

This consideration seeks to preserve the integrity or real value of investment funds as measured in terms of their continuing, contemporary purchasing power. Ideally, this consideration should not outweigh the social factor criteria set forth below, in influencing the investment decisions. Specific objectives of this consideration include:

(a) Preserving the principal value of the investment funds;

(b) Providing a reasonable rate of return without distinction between capital appreciation and current income;

(c) Utilization of fixed income type and equity type investments, in ratios varying from time to time to reflect changes in the general economic outlook and the levels of securities prices;

(d) Appropriate awareness of investment diversification among types of Investments, and, with respect to marketable securities, among industries and among companies within industries; and

(e) Generally sound and progressive management policies and practices.

SOCIAL FACTOR CRITERIA

This consideration seeks to give effect to the commitment of the Presbyterian Church in the United States to social concerns in the world. Ideally, this consideration should not outweigh the investment productivity consideration in influencing the investment decisions. Specific considerations may gradually shift from time to time at the discretion of the Mission Board, but include at the present time such considerations as the following:

(a) Recognition of human worth and dignity in employment policies and practices;

(b) Implementation of non-discriminatory employment and purchasing practices;

(c) Honest and fair practices in the production and marketing of goods and services;

(d) Stewardship of natural resources and the environment;

(e) Contributions toward peace and humanitarian concerns rather than excessive reliance on military solutions to human, social or economic problems at home and abroad;

(f) Contributions toward resolution of the problems of world hunger, and furthering the cause of international justice and development.

INVESTOR ACTIONS

The Investment Committee shall consider taking appropriate investor action with respect to the investments. These actions are motivated by a concern for both an expression of the Church's understanding of its faith and its fiduciary responsibility.

In taking investment productivity criteria into account in formulating its investment policy and action, the Investment Committee will have as its major concern those factors indicated previously which seek to preserve and increase the integrity or real value of investment funds as measured in terms of their continuing contemporary purchasing power (i.e., preserving the principal value of investment funds, providing a reasonable rate of return, varying types of investments to reflect changes in the general economic outlook and levels of securities and other investment prices, need for diversification, and generally sound and progressive management policies and prices).

In taking social criteria into account in formulating its investment policy, and action, the Investment Committee may decide to support management policies that promote the social good. On the other hand, there may be situations where the Committee decides to oppose management. The decision whether to make an investment (initial selection) or to sell an investment which is presently held (divestment) is not the only decision available to the Committee as an investor action, nor is it necessarily the "right" choice to make. Attempts to build a "clean portfolio" (of only "good companies") may be highly impractical. Moreover, this type of action, while perhaps appearing to cleanse the portfolio, may limit the possibilities for the church to correct social injury which it may be able to do by retaining the investment but taking other investor actions available to it.

Notwithstanding the foregoing, divestment of individual stocks may be a legitimate strategy. If some specific policies of a company run counter to this Investment Policy and Guidelines, selling the stock of that company may be an act of witness. Alternatively, it may be decided to sell a stock after exhausting all possibilities of changing company policy through other investor actions. In either case, the sale of stock will be primarily a symbolic act.

In light of the foregoing, the investor actions available to the Investment Committee include the following:

(a) Actions available to the Investment Committee itself:

- (1) Investing or declining to invest (initial selection);
- (2) Divesting (sale of presently-held investment);
- (3) Posing questions to management or urging management to change its policies in certain respects;
- (4) Withholding proxies from management or abstaining on resolutions proposed by other shareholders, where the proposed action would violate this Investment Policy and Guidelines;
- (5) Voting in opposition to management and to such resolutions as described in (4) above;
- (6) Voting to unseat management in favor of opposition slates proposed by other shareholders;

(b) Actions which must have prior approval of the General Assembly Mission Board:

- (1) Undertaking to propose resolutions or slates in opposition to management to implement this Investment Policy and Guidelines and soliciting proxies from other shareholders in support thereof;
- (2) Joining other shareholders who are bringing litigation through derivative suits or otherwise, to enjoin corporate conduct, or initiating such litigation and soliciting proxies from other shareholders in support thereof.

from “Investment Policy and Guidelines” adopted by the 116th General Assembly (Technical section):

Definitions

The General Executive Board of the Presbyterian Church in the United States has assets (funds) acquired in a variety of ways and for a variety of purposes, rendering definitions difficult. Nevertheless, it is helpful in applying investment policies and guidelines to have some general understanding of the major categories of funds for which the General Executive Board is responsible. The following definitions have been adopted to describe the major categories of funds for which the General Executive Board has investment responsibilities to he discharged in accordance with the provisions of this statement of Investment Policy and Guidelines.

Operating Funds

In managing the cash flow of the General Executive Board, current operating funds flow through the several accounts on a more or less current basis, with opportunity for investment generally limited to the purchase of short-term securities such as treasury bills, commercial paper. etc. Where operating funds are not otherwise invested in short term securities, they will be deposited in depositories in accord with this Investment Policy and Guidelines; and where such funds are invested in short-term securities, they will be subject to the application of this Investment Policy and Guidelines.

Investment Funds

All other assets (funds) under the jurisdiction of the General Executive Board are classified as investment funds. These funds may be subject to investment for long periods of time or for short periods of time, according to the purposes for which they have been received; but in any case, they will he invested under the provisions of this Investment Policy and Guidelines. Investment funds may be restricted or unrestricted as to the investment that may be made of them, according to the following distinctions.

(a) *Restricted Investments,* This term includes funds accepted by the General Executive Board subject to an express limitation imposed by law on the right of the General Executive Board to exercise freedom of choice as to the investment of such funds. As a result of such express limitations, the Church either has no right to alter the form of investment from that in which it was received and accepted. Such funds include funds which by nature have their investment options specifically regulated by law, e.g., conditional gifts, funds paid pursuant to an order of a court to an organization as a trustee or in some other fiduciary capacity, and funds received from a donor who has provided express limitations upon the choice of the medium of investment. Restricted investments are subject to this Investment Policy and Guidelines to the extent it does not violate the limitations.

(b} *Unrestricted Investments.* This term includes all other investment funds, as to which the General Executive Board has the right to choose the medium in which such funds will be invested. The income from such funds, or the ultimate use to which such funds are to be put (as distinguished from the medium of investment while the funds are held), may he either designated for specific purposes or undesignated. Accordingly, unrestricted investments are further classified as designated or undesignated, according to whether there exists a legal designation as to the ultimate use of the funds themselves, or as to the use of the income from the funds. Designated funds may not be diverted to benevolences, subsidies, donations, grants or for purposes other than those specified; however, these designated funds must nevertheless be invested from time to time and are therefore subject to this Investment Policy and Guidelines. Undesignated funds may be used or consumed for whatever purposes the General Executive Board determines consistent with its purposes. and are also subject to this investment Policy and Guidelines during whatever period of time they may be invested.

Program Monies

This term is descriptive of assets (funds) which the General Executive Board from time to time disburses in the discharge of its programmatic responsibilities. Although such funds are subject to this Investment Policy and Guidelines prior to being dispensed for programmatic activities once so disbursed such program monies are no longer subject to this Investment Policy and Guidelines.

Investment Committee

The General Executive Board will establish and maintain an Investment Committee consisting of nine members all of whom are to be appointed by the General Executive Board to serve for three-year terms (except that in the case of the initial members, three shall serve one year terms, three shall serve two year terms, and three shall serve three year terms, so that one-third of the members of the Investment Committee shall he appointed each year). At least two members to he appointed each year shall be members of the General Executive Board: and the General Executive Board shall

name one of its members as the Chairperson of the Investment Committee. The Nominating Committee of the Board, at the first meeting of the Board each year, shall present nominees for each class as follows: 1 One member to be a General Executive Board member nominated by the Division of Central Support Services; 2 One member to be a General Executive Board member nominated by the Division of Corporate and Social Mission; 3 One member to be a person nominated by the Nominating Committee after consultation with the Division of Central Support Services and the Division of Corporate and Social Mission. In the event of a vacancy in any class, the unexpired term shall he filled by the same process which resulted in the election of the person to he replaced. Resignation from the General Executive Board shall also entail resignation from the Investment Committee, but completion of a term on the General Executive Board shall not cause a vacancy to occur where a person appointed while a member of the General Executive Board is in the last year of a term on the Investment Committee. Members completing terms on the Investment Committee may be reappointed by the General Executive Board. All members of the Investment Committee shall he communing members in good standing in the Presbyterian Church in the United States. The General Executive Board shall from time to time establish qualifications in addition to those given above for the members of the Investment Committee; and necessary procedures for the Investment Committee to carry out and perform its functions. The Investment Committee may create from its membership such sub-committees as it may determine to be necessary or desirable.

The investment Committee shall select from time to time its investment counsel, and subject to budget approval from the General Executive Board. may engage necessary staff persons or other consultants or advisors to assist it in carrying out its functions. Budgeted expenses of the Investment Committee shall be included as a line item in the budget of the Division of Central Support Services. The Investment Committee shall meet at least quarterly to implement this Investment Policy and Guidelines. It may designate its chairperson and any two other members, at least one of whom shall be a member of the General Executive Board, as an executive committee, and if so authorized by the Investment Committee, the executive committee shall have full power to act for the Investment Committee and shall report any actions taken to the full committee at its next regular meeting. The decisions of The Investment Committee or its executive committee to either buy or sell securities are to he implemented by the investment counsel. The Investment Committee will report regularly through the Division of Central Support Services to the General Executive Board all actions of the committee and will be subject to the direction of the General Executive Board through this statement of Investment Policy and Guidelines as it may be amended from time to time by the General Executive Board.

With specific reference to this statement of Investment Policy and Guidelines, the Investment Committee shall follow the procedures set forth below:

(a) Periodically, but not less frequently than semiannually, review all holdings, purchases and sales in light of this statement of Investment Policy and Guidelines including both fiduciary and social responsibilities of the General Executive Board.

(b) On a continuing basis, and in the light of General Assembly policies enumerated, review such responsible information as may he available regarding the activities of corporations whose securities are held or may he proposed for purchase.

(c) Make investment decisions in the light of such considerations as (i) the rest of the portfolio and any designated or undesignated use implications; (ii) the corporations involved and their overall records; (iii) the general public, church members, and related bodies; and (iv) regular and/or selected channels of investment counsel.

(d) Select areas of the investment portfolio where possible investor action (hereinafter defined) is indicated.

(e) Determine the priorities for appropriate investor actions based on the policies enumerated by the General Assembly, the feasibility of achieving objectives, and the availability of personnel and appropriate channels for expression of such actions.

(f) Fix specific responsibility for accomplishing the intended investor action and set reasonable target dates.

(g) Review and rework investor action decisions on a regular basis.

(h) Make periodic news releases through appropriate channels of the activities of the Investment Committee.

(I) Make regular reports to the General Executive Board,

The Investment Committee shall prepare annually, as soon after the close of each calendar year as may be practicable, a report of the respective book values and the respective fair market values of the current operating monies and investment funds of the General Executive Board, utilizing the definitions given in this statement of Investment Policy and Guidelines.