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## Questions and Answers: Divestment from Caterpillar

### Why single out Caterpillar?

- Caterpillar has [refused a request](#) from the General Board of Pension and Health Benefits to sign the U.N. Guiding Principles on Business and Human Rights<sup>1</sup>, also known as the Ruggie Principles. These principles outline company behavior in regard to human rights.
- The Caterpillar D9 bulldozer used in the Israeli occupation has been described by Israeli army officers as a "[key weapon](#)" in enforcing the occupation. In the Gaza Strip where the occupation takes the form of a giant prison, these have been used in advance of army invasions to destroy everything in sight, including civilian homes and infrastructure. Caterpillar's sole distributor in Israel, Zoko Enterprises, provides specially trained employees to service these bulldozers on the battlefield.
- Since 2005, church agencies have asked Caterpillar to end its sales of equipment used in Israel's occupation of Palestinian land. [Corporate engagement over 10 years](#) has not led to change in company business practices. Our Book of Discipline recommends that divestment be considered when requests for change have failed.

### How are Caterpillar machines maintaining the Israeli occupation?

Caterpillar machines are used to bulldoze Palestinian homes, businesses, schools, infrastructure, olive trees, orchards and gardens. They are used to clear land for illegal Israeli-only settlements and roads, and to erect the illegal Separation Wall.

### What is the difference between Caterpillar's Code of Conduct and the Ruggie Principles?

When asked to sign the Ruggie Principles, Caterpillar responded that its own Code of Conduct is adequate. It is not. Caterpillar's Code of Conduct simply encourages its employees to abide by broad principles: "Integrity, Excellence, Teamwork, Commitment and (in a recent addition) Sustainability." In its original form it made no mention of human rights. A newer version declares "We conduct our business in a manner that respects human rights," and states that the company expects its suppliers to "conduct activities in a manner that respects human rights." Yet [it provides no means of evaluating or correcting violations.](#)

The Ruggie Principles articulate a global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity. These are based on three pillars: "protect, respect, and remedy." They encourage states to set clear expectations that businesses respect human rights abroad. They provide mechanisms for companies to learn about, prevent, and address their adverse human rights impacts. Most important, they

emphasize [corporate responsibility to remediate](#) any infringement of rights to which they have contributed. .

### **How can Caterpillar be held responsible if it sells to the US government, which then sells equipment to Israel?**

Caterpillar, like almost all military contractors, sells to Israel through the US government's Foreign Military Sales Program. Under this program each contract is negotiated with the company on behalf of the foreign buyer and may be declined. Generally, specifications and designs for different uses are discussed with the company in advance. In fact, [every military company on the United Methodist "Do Not Invest" list sells products through the same Foreign Military Sales \(FMS\) program used by Caterpillar](#). Percentage of sales and other benchmarks are used, but weapons firms have never been exempted from United Methodist divestment because they use the vehicle of FMS sales.

### **Is it true that Caterpillar has no control over how its products are used.**

Not entirely. Caterpillar can decline contracts or instruct its dealers to avoid sales to parties involved with illegal settlements. [Caterpillar has already instructed its dealers to avoid sales to Iran. There is strong legal precedent for holding companies accountable if they knowingly provide any party with a product repeatedly used to violate human rights](#). Caterpillar is fully aware that its products are used to support the occupation and to violate human rights.

### **Why should the church get involved in this conflict?**

[We are already involved](#), through our ownership of companies that provide products to keep the occupation going.

### **Why should we change UM policies?**

[This is not a change in policy](#). It is aligning our investments with [existing](#) church policy, which opposes the occupation and discourages investments that "directly or indirectly support the violation of human rights." (Para. 717, 2012 Book of Discipline; Res. #6111, 2012 Book of Resolutions)

### **Is it true that the new General Board of Pension and Health Benefits "Equities Social Values Plus Fund (ESVPF)" omits Caterpillar?**

Yes. [Caterpillar is excluded because it falls into the bottom 40% of companies independently rated for their performance on human rights and/or the environment](#). The new fund, an alternative for those who prefer additional criteria focused on human rights and/or environmental practices, excludes the bottom 40% of companies in the Morgan Stanley Capital International (MSCI) Environment, Social and Governance ratings. The new ESVPF represents only \$46.5 million of Pensions' \$21 billion holdings. This means that while Caterpillar is recognized as having a record of human rights and/or environmental violations, only a tiny portion of the Pension Board's investments will be held to this higher standard.

### **Won't the church lose money by divesting from Caterpillar?**

[Actually, church funds are protected when they are removed from companies that are widely condemned for their actions](#). Some companies have lost billions of dollars in contracts [as a direct result](#) of their involvement with the occupation. One of these, Veolia Environnement, lost \$9 billion in contracts and two thirds of its value while in UM Pension Board portfolios.

### **Don't we need to keep a place at the table with Caterpillar to influence them on issues of human rights?**

That place at the table has not enabled our Pension Board to convince Caterpillar to sign the Ruggie Principles or to end its involvement with Israel's occupation over ten years of corporate engagement. [The UMC will have more influence with all companies if they know that divestment is a real possibility when change is not achieved.](#)

### **Will divestment hurt Caterpillar employees?**

No. The Presbyterian Church USA, Friends Fiduciary Committee, the Church of England and many other large organizations have divested from Caterpillar without harming the company's employees. When one shareholder divests, others purchase the stock. Our intent is to align our church's investments with its beliefs. Our denomination is opposed to the occupation and to the settlements, and we should not be profiting from something against which we have taken a moral stand.

### **Is Divestment really effective?**

Yes. [Some companies are already moving out of the settlements because of targeted economic actions like divestment.](#) Divestment has worked in the past, and it can work again. In the 1980s, the UM Pension Board divested \$77 million from companies doing business in South Africa. [Bishop Desmond Tutu has said: "In South Africa, we could not have achieved our freedom and just peace without the help of people around the world, who through the use of non-violent means, such as boycotts and divestment, encouraged their governments and other corporate actors to reverse decades-long support for the Apartheid regime."](#)

### **Would United Methodists be the first religious group to divest from Caterpillar due to its role in the occupation?**

No. The [Church of England](#) divested from Caterpillar in 2009. The [American Friends Service Committee](#) divested from companies involved with Israel's occupation in 2011. [Friends Fiduciary Committee](#) (Quakers) voted to divest from Caterpillar in 2012. The [Mennonite Central Committee](#) voted to divest from Caterpillar in 2013. The [Presbyterian Church USA](#) voted to divest from Caterpillar in 2014.

### **Shouldn't we study this more?**

Eternal study is often a tactic to avoid taking effective action. Palestinians are out of time. Unless the global churches step forward now there will be no meaningful Christian indigenous presence in the Holy Land in a few years. [The UMC has to decide now whether it will be a bystander or be true to its tradition of prophetic justice](#) by cutting its ties to a situation it has declared often and overwhelmingly that it wants to end.

### **Should corporate engagement be given more time to work?**

A long list of meetings and contacts with Caterpillar is on the web site of UMKR.<sup>ii</sup> In February 2012, investment managers of many denominations met in New York and concurred that [further engagement with Caterpillar would not lead to changes in the company's policies regarding the occupation.](#)

### **Will divestment from Caterpillar harm interfaith relations?**

No. [The movement to hold companies accountable is actually strengthening interfaith relationships among many people of conscience.](#) Struggles for equality and human rights have always been interfaith endeavors, and this one is building deep friendships and mutual

respect among people of every faith who work for justice. We have heard from many Israelis, Holocaust survivors and rabbis who support selective divestment and have asked our church to divest from companies supporting the occupation.<sup>iii</sup>

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<sup>i</sup> [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

<sup>ii</sup> [https://www.kairosresponse.org/Corporate\\_Engagement\\_04-11.html](https://www.kairosresponse.org/Corporate_Engagement_04-11.html)

<sup>iii</sup> [https://www.kairosresponse.org/Group\\_Endorsements.html](https://www.kairosresponse.org/Group_Endorsements.html),  
[https://www.kairosresponse.org/Endorsement\\_Statements.html#Israelis\\_Letter\\_Video](https://www.kairosresponse.org/Endorsement_Statements.html#Israelis_Letter_Video)

Dec. 2016 – Please note that this document has been updated with UMKR's new name:  
United Methodists for Kairos Response.