

# A Response to the General Board of Pension and Health Benefits Brochure: “Addressing Human Rights: Israel and the Palestinian Territories,”

By the Steering Committee of United Methodist Kairos Response



Photo by Christopher Goecke, Ecumenical Accompanier Program

*In 2015, the General Board of Pension and Health Benefits published a brochure opposing divestment as a means of addressing human rights violations in Israel and the Palestinian territories. UMKR responds to some of the statements in the brochure below and welcomes questions at [info@kairosresponse.org](mailto:info@kairosresponse.org). As always, our work is footnoted. See [website](#) for notes.*

**GBPHB:** “GBPHB actively helps secure the financial future of our participants while striving to improve the lives of those affected by human rights abuses around the world...including those in Israel-Palestine.”

**UMKR:** We appreciate the Board’s capable financial stewardship of investment funds. Yet if we really want to improve the lives of those affected by human rights abuses in Israel-Palestine, we must help bring an end to Israel’s occupation of Palestinian land, which creates violence for all. The church has repeatedly affirmed this goal,<sup>i</sup> but some of our investments are undermining it.<sup>ii</sup> We need to state emphatically that our church will not profit from Israel’s occupation of Palestinian land and the ongoing dispossession of indigenous Palestinians. To continue holding stock in companies that openly profit from the occupation is a betrayal of our faith community in the region, and an affront to the courageous Jews and Muslims, labor unions, churches and civic leaders who have joined the call for principled moral action like divestment.

**GBPHB:** “We have implemented a leading edge human rights investment guideline to help identify companies operating in high risk areas where human rights are prevalent.”

**UMKR:** UMKR is grateful for the initial steps toward implementation which were taken by the Pension Board in December 2015. These actions gave hope to our faith community in the Holy Land and were greeted by letters and statements of thanks from around the globe. Yet nine companies in Israeli settlements remain in Pensions portfolios, along with others with well documented violations of human rights in our Central Conferences. The guideline itself<sup>iii</sup> simply states that GBPHB will continue to rely on corporate engagement, proxy voting and the filing of shareholder resolutions to amend company behavior, and will continue to use the 10% threshold in determining a company’s exposure to high risk areas. The key to its effectiveness is in how it is implemented, and the recent actions by Pensions constitute a good first step toward ridding its portfolios of companies involved in human rights violations. UMKR has been concerned that this guideline relies heavily on country risk analysis from “Freedom House,” which receives funding in part from the Caterpillar Corporation<sup>iv</sup> and other large companies. Despite overwhelming evidence from respected human rights groups, Freedom House does not list Israel among the countries that violate human rights. UMKR is glad that other sources are also being used.

**GBPHB:** “We are implementing the human rights guideline to help determine whether the financial risk of holding identified securities is significant enough to merit exclusion from our funds.” (*emphasis added*)

**UMKR:** There is no mention of the moral risk of holding certain securities. We are told that our church should use financial “sustainability” as its only benchmark for deciding whether to keep stocks. If a company regularly dumps arsenic in a river, but can somehow keep operating profitably despite this, the church would have no reason to divest. The Pension Board has accumulated holdings in a number of companies that have been implicated in serious human rights violations around the world. We think it’s time for both the moral risk and the financial risk of investments to be considered, and the latest action by the Pension Board gives us hope.

**GBPHB:** “We believe engaging companies on the issue of human rights can influence constructive change, particularly when other investors may not be as persistent in raising human rights concerns.”

**UMKR:** Actually, other religious investors have been far more persistent in raising human rights concerns regarding company practices in Israel-Palestine. An Ecumenical Action Group has been meeting around this issue since 2005. UM Pension Board representatives have on several occasions refused to sign letters from ecumenical partners asking companies for changes related to Israel’s occupation.<sup>v</sup> We have no evidence that the Pension Board has ever asked companies to change their practices related to Israel’s human rights violations.

**GBPHB:** GBPHB “aligns activities with General Conference 2012 statements on human rights and on Israel-Palestine....The UN Guiding Principles on Business and Human Rights provide the foundation for our human rights engagement activities...We actively encourage the companies that represent our largest holdings to amend or create robust human rights policies to incorporate the UN Guiding Principles.”

**UMKR:** The 2012 General Conference passed a resolution asking all boards and agencies of the church to advocate that companies formally adopt the UN Guiding Principles on Business and Human Rights, and that they prayerfully consider economic sanctions when companies refuse to do so.<sup>vi</sup> Caterpillar has refused a direct request from GBPHB to sign the United Nations Guiding Principles. No negative repercussions by GBPHB toward Caterpillar have been noted. Why would any company comply with requests from the Pension Board when there are no consequences for ignoring them? Divestment is the most obvious and effective response to this refusal.

**GBPHB:** “Divestment is too blunt a tool for a complex and long-standing political situation.”

**UMKR:** Describing the situation as “complex” is a common approach of people who do not want to question Israel’s actions toward Palestinians. Implying that this enmity has been going on for thousands of years is another. Yet we have spoken to many Israelis and Palestinians who recall a time when people of three faiths co-existed in this region in relative peace. Today’s conflict has its genesis in the expulsion of 750,000 Christians and Muslims when Israel was established on land that for centuries had been inhabited by Palestinians. The desire to provide a refuge for one people was accomplished through the dispossession of another, and that dispossession is still taking place today. Two different systems of law, housing, transportation and water allocation have been established for two different ethnic groups in the region. By definition, this dual system of assigning rights by race is apartheid. Many Israelis have acknowledged this.<sup>vii</sup> Divestment was an effective tool when used against the complex and longstanding apartheid situation in South Africa. An analysis funded by the government of South Africa<sup>viii</sup> has determined that the twelve pillars of apartheid that undergirded the oppression in South Africa are equally present in the occupied territories today. Recently, Archbishop Desmond Tutu wrote of his trip to Israel/Palestine: “I shrink not one step backwards. I saw and I name what I saw: apartheid, separation, segregation.”<sup>ix</sup>

**GBPHB:** “In the case of Israel, divestment proponents seek to punish companies for the deeds of others.”

**UMKR:** There is strong legal precedent, beginning with the Nuremburg trials, for holding companies accountable for the use of their products if they continue to sell them once they know how they are being used.<sup>x</sup> Caterpillar and other companies identified by UMKR know that Israel is using their products to attack and destroy Palestinian people and property, to provide data storage and employment for illegal settlements, and to provide surveillance and other functions that enable the settlements to expand.

**GBPHB:** “Divestment from companies operating in Israel-Palestine is not consistent with our ethical exclusions...activities that generate at least 10% of the company’s revenue.”

**UMKR:** Private prisons did not generate 10% of G4S revenue, yet the Pension Board divested. When the Pension Board divested from 17 companies involved with the oppressive apartheid government of South Africa in the 1980’s, that involvement was the sole reason for their divestment, and those activities did not comprise 10% of the companies’ revenues. When Pensions divested from three companies involved with Sudan in 2008, no mention was made of the 10% rule. When Pensions divested from Kmart, its placement of adult literature in stores was the sole reason given for the divestment. This literature did not comprise 10% of Kmart’s revenue.

The board’s own guidelines in the past have made it clear that in some cases a company’s actions are so egregious that the board needs to distance itself from them through divestment, even when the 10% rule is not met.

**GBPHB:** “There is no evidence that where divestment has occurred it has resulted in progress or had an impact on the core issues underlying the ongoing conflict.”

**UMKR:** Actually, divestment has played a significant role in convincing companies to leave the illegal settlements, which are core issues in the conflict. Boycott has often been used along with divestment to achieve change. Each time a company leaves the settlements, it weakens the financial base of these illegal colonies and hastens the time when they will be dismantled.

We have listed on our web site<sup>xi</sup> numerous examples of companies that have moved out of the West Bank or shed some of their operations there in response to divestment and boycott. These include SodaStream (left the West Bank), Cemex (sold a quarry in the West Bank), CRH (cut its ties with cement producer), G4S (announced plans to leave), Veolia Environnement (left the West Bank, and Ahava (announced plans to leave). Communications giant Orange has announced plans to sever its ties with Partner Communications in the West Bank. Heineken, Unilever, Assa Abloy, Intercosma, Royalife and Barkan Mounts are among the many firms that have left the West Bank or moved their production elsewhere to avoid the possibility of divestment and boycott.

**GBPHB:** “We launched the Equity Social Values Plus Fund (ESVPF) in December 2014.”

**UMKR:** This fund represents only two-tenths of one percent of the church’s total investments. On 9/30/15 it held stock in several companies that profit from the occupation, including Motorola Solutions, Bank Hapoalim, and L3 Communications. UMKR is relieved that Bank Hapoalim was divested in the fourth quarter. Motorola Solutions is deeply involved in equipping the settlements and has a new \$100 million contract with Israel’s military, which enforces the occupation. L3 Communications is a military contractor, providing equipment to the Israeli military and checkpoints.

**GBPHB:** “We are actively seeking investment opportunities that have a positive impact in the Palestinian territories.”

**UMKR:** Other churches have also sought such opportunities but have found there are no “safe” investments in the territories because Israel has destroyed roads, solar panels, power plants

and many other projects funded by outside investors.<sup>xii</sup> Such an investment in an area where business leaders cannot predict with reasonable assurance that their initiatives will not be undone or destroyed by the occupation forces would be a violation of fiduciary responsibility.

Zahi Khoury, a Palestinian Christian and Chairman of Coca Cola Palestine, met with Pensions representatives when they visited the region, and urgently asked them to divest. Mr. Khoury has said that Palestinians have no trouble coming up with capital, but it's the "closures, restrictions on getting goods to market, lack of access to water and raw materials, etc., that are killing the Palestinian economy."<sup>xiii</sup> "Positive investment" could help some individuals and companies in the short run, but is not an alternative to divestment from companies that refuse to end their involvement with occupation.<sup>xiv</sup>

**GBPHB** "strongly believes that responding to the calls for divestment is incompatible with our fiduciary duty under federal and state law."

**UMKR:** Fiduciary duty requires taking into account the reputational risk of the companies involved in behavior that subjects them to boycott and divestment from others parties. In 2011, the GBPHB web site had this to say on its web site: "We continue to write and express our belief that the company's [Caterpillar's] actions subject Caterpillar, and by extension its shareholders, to reputational and financial risk."<sup>xv</sup> Yet they took no action to distance shareholders from those activities. Why? We can demonstrate that GBPHB has lost money for investors by continuing to hold stock in a number of companies that have been the subject of global criticism for their involvement in Israel's occupation.

Many UMKR members are clergy who derive their retirement benefits from a United Methodist pension. None of these people are going to endanger their financial futures or those of their families by advocating an irresponsible step. They fully believe that selective divestment can protect their assets, and at the same time make sure they are not profiting from a situation they and their denomination oppose.

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*United Methodist Kairos Response was founded in 2010 to answer the call of Palestinian Christians to stop buying from and investing in companies that profit from Israel's occupation. The Presbyterian Church USA, the United Church of Christ, the United Church of Canada, the Quakers, and other denominations have already taken this step. In May 2016, the UMC General Conference will consider four resolutions which call for divestment or screens that can ensure the church does not profit from the oppression of Palestinians. We have a chance to align our actions with our words, which call for occupation to end. Please study the issues through our website (<http://www.kairosresponse.org>) and reading of the Kairos Palestine Document (<http://www.kairospalestine.ps/content/kairos-document>.)*



Isaiah 42: 6-7

*"I have called you to open the eyes of the blind...this is a people plundered and looted, all of them trapped in pits or hidden away in prisons. They have become plunder, with no one to rescue them."*

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iii <http://www.gbophb.org/humanrights/#hr3>

iv <https://freedomhouse.org/content/our-supporters>

v [https://www.kairosresponse.org/corporate\\_engagement\\_04-11.html](https://www.kairosresponse.org/corporate_engagement_04-11.html)

vi <http://calms2012.umc.org/Text.aspx?mode=Majority&Number=471>

vii <https://jewishvoiceforpeace.org/stop-mccarthyite-campaign-against-use-of-apartheid-word-in-us/>

viii <http://icahdusa.org/is-israel-an-apartheid-state/>

ix <http://mondoweiss.net/2015/04/episcopal-divestment-june> Scroll down to "Foreward."

x <http://www.corteidh.or.cr/tablas/r26652.pdf>

xi <https://www.kairosresponse.org/divestment.html>

xii

<https://nebula.wsimg.com/2456cdcbcce34153bad73c24fd17221f?AccessKeyId=7BB3DAA86ABC0388A877&disposition=0&alloworigin=1>

xiii <http://mondoweiss.net/2012/04/zahi-khouri-to-methodist-conference-we-dont-need-charity-we-want-freedom-to-help-ourselves>

xiv [https://www.kairosresponse.org/investing\\_is\\_not\\_enough.html](https://www.kairosresponse.org/investing_is_not_enough.html)

xv [https://www.kairosresponse.org/corporate\\_engagement\\_04-11.html](https://www.kairosresponse.org/corporate_engagement_04-11.html)

This statement has been removed from the GBPHB web site.

List of companies located in the settlements that are in Pension portfolios is at

<https://nebula.wsimg.com/ab06c80967b1f7f983ae77e7776fe47e?AccessKeyId=7BB3DAA86ABC0388A877&disposition=0&alloworigin=1>