

***Report to the Methodist Conference
July 2007***

Joint Advisory Committee on the Ethics of Investment

July 2007

1. Role and Function of the Committee

1.1 Terms of Reference

The Joint Advisory Committee on the Ethics of Investment (JACEI) was established in 1983 by a Resolution of the Methodist Conference to provide a mechanism for the Methodist Church to tackle ethical dilemmas associated with investment and report annually to the Conference. Its terms of reference, which were last revised in 2001, are as follows:

“The Joint Advisory Committee of the Ethics of Investment shall have a Chair appointed by the Methodist Council. The Committee shall have five members appointed by the Central Finance Board of the Methodist Church (CFB) and five members appointed by the Methodist Council. The function of the Committee shall be:

- *to advise the CFB of ethical considerations relating to investment, it being accepted that the CFB legally has responsibility for making the final decision on the purchase or disposal of any share;*
- *to make public where appropriate any ethical policy of the CFB and in particular any investment decision taken on ethical grounds and any other advice the Committee may provide on ethical matters relating to investment;*
- *to report to the Conference on the workings of the Committee and in particular to comment on the performance of the CFB in managing the funds under its control according to an ethical stance which is in accordance with the aims of the Methodist Church.”*

1.2 SRI Reporting Requirements

In July 2000 regulations came into force that obliges all pension funds to consider their policy, if any, on socially responsible investment (SRI). In April 2005 similar requirements were extended to charities under the SORP guidelines. The CFB is investment manager to large pension funds that use the JACEI Conference report as a part of their assessment of CFB compliance with their SRI policies.

1.3 JACEI Procedures

In its 2001 Report to the Conference JACEI stated that procedural changes were required to enable trustee bodies to assess clearly whether the CFB operated in a way consistent with the aims of the Methodist Church. It was agreed that the basis of each meeting should be as follows:

- one or two major items for debate either previously agreed by the Committee, requested by the CFB or driven by events;
- regular reporting items to keep the Committee fully informed of ethical issues relating to investment and to assist in the selection of items requiring a major debate;
- a report from the CFB on its ‘ethical performance’. This would include the EIRIS screen, voting records and any divestment on ethical grounds.

It was also agreed that the Committee should:

- have its own identity with an address located at Methodist Church House;
- take responsibility, where appropriate, for making public any ethical policy of the CFB and in particular any investment decision taken on ethical grounds;
- seek ways to make the advice provided by the Committee available to the wider Methodist Church.

1.4 The Committee’s Underlying Approach

During the current year the Committee reiterated that its brief was to advise the CFB on ethical matters relating to investment, rather than to set Methodist Church policy. It also stressed that while certain activities such as the production of nuclear weapons, land mines, or cigarettes might rule out investment

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on ethical grounds, such absolute bans were relatively rare, with the normal basis of its approach being to examine all aspects of a company's operations rather than simply focus on one particular issue.

2. Highlights of Actions and Decisions

2.1 The Committee:

Supported the Central Finance Board's (CFB) judgements relating to a number of companies.

Agreed that the CFB had met its requirements prior to considering any investment in Nestlé (see section 4.1).

Drafted a detailed paper "*Guidelines for Constructive Corporate Engagement Related to Israel/Palestine*" (see section 4.2):

Advised the CFB regarding potential investment in companies operating prisons (see section 5.8).

Advised the CFB in relation to carrying out existing policy on investment in mining companies (see section 4.4).

Hosted the 'fringe' meeting "Corporations and Communities" at the 2006 Conference.

Scrutinised the screen of the CFB UK Equity Fund produced by the ethical research organisation EIRIS, and the regular voting report produced by PIRC.

2.2 The Central Finance Board (CFB):

Held meetings and produced briefing notes relating to ethical, environmental and human rights issues as follows on:

- Anglo-American, UK Coal and Xstrata (see section 4.4).
- Group4Securicor (see section 5.8).
- BT and Vodafone (see section 5.9).
- Close Brothers (see section 5.2).
- First State Sustainability Fund (see section 5.5).
- First Group (see section 5.8).
- Nestlé (see section 4.1).
- Marsh & McLennan (see section 5.3).
- Reed Elsevier (see section 5.2).
- Rio Tinto (see section 4.4).
- Royal Dutch Shell (see section 5.5).

Continued to play an active role in the development of the Church Investors Group and the Institutional Investors Group on Climate Change.

Continued to work with CCLA and Henderson Investment Management on company dialogue relating to pornography, child safety and gambling in the mobile telephone sector.

3. The Working of the Committee

3.1 Committee Membership

The Revd John Howard succeeded the Revd John Swarbrick as the Chair of the Committee at the beginning of the Connexional year 2006-07. Members nominated by the Methodist Council were:

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Dr David Clough, Ms Anthea Cox, Dr Brian Gennery, Mr Kumar Jacob and Mr Gareth Mostyn. Nominated by the Central Finance Board (CFB) were: Dr Keith Aldred, Mr Alan Emery, Sir Michael Partridge, Mr Bill Seddon and Mr Peter Thompson.

Also in regular attendance to facilitate the workings of the Committee were members of the Staff Preparation Group (SPG): Mr Russell Sparkes (who acts as Committee Secretary), Mr Stephen Beer, Mr Stephen Hucklesby and Ms Alison Jackson (who joined the SPG during the year).

3.2 Developing Greater Understanding of the Committee's Work

The Committee agreed that the shorter illustrated version of its report was proving to be a very useful publication. It was circulated to Conference delegates and sent to all district and circuit treasurers and others with an interest in Methodist finances.

At the 2006 Conference a fringe event entitled *Corporations and Communities* was held to promote discussion of the Committee's work. Questions from the floor focused on the impact of supermarkets on farming and the environment. The film, *The Iron Wall* was also screened, giving a graphic account of the situation of Palestinians in Hebron and elsewhere in the occupied territories. A time of prayer for peace and reconciliation in the region followed. The Committee considered whether it should continue holding fringe meetings in view of the relatively light attendance. It agreed that it should do so, but that the format should be changed.

(Enquiries about the Committee's work are encouraged, with letters to be addressed to the Committee's Chair c/o 25 Marylebone Road, London NW1 5JR).

3.3 Future Working Practices

During the year the Committee continued working on the issues set out in the 2005 paper *Future Working Practices for the Methodist Church - integrating ethics into investment policy*. There was recognition that Connexional resources were under pressure, but it was argued that the Public Life and Social Justice (PLSJ) team needed adequate resources for JACEI to do its work properly. It was noted that JACEI's ethical work was an essential component of the CFB's mission to manage Methodist investments. Further more, this had become more important now that Methodist trustee bodies relied upon the JACEI report to Conference to meet their SRI legal requirements. The Conference's express wish that JACEI should be independent of the CFB was also highlighted, which would not be true if the CFB provided most of its resources. It was agreed that an updated paper on *Future Working Practices* should be produced, which in addition to resource issues should consider whether a minimum quorum was necessary, and whether the current system of three meetings a year was adequate.

3.4 Gender Balance

The Committee discussed the Notice of Motion at the 2006 Conference encouraging the CFB to bring a more gender-balanced list of nominees for its Board and Council. The CFB reported that it was trying hard to find people in order to get a better gender balance, but that it was difficult to find suitable names. The Committee encouraged the CFB in its efforts, and commended the CFB Chair's letter on the subject published in the *Methodist Recorder*. It also agreed that the Connexional team should take the question of better gender balance to the Methodist Council.

4 Significant Issues

4.1 Nestlé

The Committee was pleased that the 2006 Conference had accepted its advice to the CFB on Nestlé by receiving the Report to Conference and accepting the replies of the Connexional team to various

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Memorials on Nestlé. It was noted that three Memorials critical of JACEI's Nestlé policy had been 'declined' by a substantial majority. A fourth Memorial requesting JACEI to establish a mechanism to monitor Nestlé's ethical performance and report back annually to the Conference was accepted. It confirmed that it was now up to the CFB to carry out its normal engagement activity with the company. Information on the Nestlé investigation can be found at:
<http://www.methodist.org.uk/index.cfm?fuseaction=information.content&cmid=122>

The Committee considered notes of the meeting of the joint CFB/Connexional Team visit to the Nestlé Head Office in Switzerland in October 2006, which it described as a helpful record. It noted that the visit had facilitated dialogue between the company and FTSE4Good. The Committee was encouraged that Nestlé appeared to have been relatively open during this visit, which showed that the Methodist team had created a significant level of trust with the company. It suggested that the process of dialogue with Nestlé was a good example of engagement. However, the Committee specified obesity, child labour, and greater transparency as areas where the company should be encouraged to improve. It will also continue to monitor the company's performance in the marketing of breast milk substitutes.

The Committee concluded that the conditions set prior to the CFB considering any investment in Nestlé had been met. It affirmed the guidance given to the CFB in November 2005, and encouraged continuing dialogue with the company.

4.2 Israel/Palestine

The Committee's work was guided by consideration of Memorial 28 and the replies to the Conferences in 2005 and 2006, *Use of Funds in Relation to Conflict in Israel and Palestine*.

It considered various material relating to Israel/Palestine, including articles and correspondence in the *Methodist Recorder*. It was noted that the Trustees for Methodist Church Purposes (TMCP) had received a number of letters urging disinvestment from companies 'who support the illegal occupation of Palestinian lands'.

The Committee's discussions stressed that the ethical issues under discussion needed to be clearly defined. It was agreed that it was important for the paper to make clear that the key ethical issue was the illegal occupation of Palestine land, and not the existence of the State of Israel itself. Recognising that it was not the Committee's brief to set Methodist Church policy, it was emphasised that the paper should concentrate on interpreting current Methodist Church policy in relation to key corporate concerns. For example, in relation to companies starting new operations in the occupied territories or benefiting from sales of products ultimately produced in the occupied territories but which were not described as such.

The CFB reported that it had met with the Revd Stephen Sizer who was one of the leaders of the Israel/Palestine campaign in the Church of England. He had alerted the CFB to a new War on Want publication, *Profiting from the Occupation*. This alleged that some UK supermarkets were deliberately and misleadingly selling products made in illegal settlements on the West Bank under the label made in Israel.

The 2004 decision of the Presbyterian Church of the USA (PCUSA) calling for: '*phased, selective disinvestment in multinational corporations operating in Israel*' gave impetus to the Israel disinvestment campaign. Consequently, the Committee regarded as important the June 2006 decision of the Committee on Peacemaking and International Issues of PCUSA in to moderate the language of its previous call for disinvestment by reaffirming its commitment to corporate engagement.

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During the year the Connexional team drafted a paper, *Guidelines for Constructive Corporate Engagement Related to Israel/Palestine*, in response to a further reply to 2005 Conference Memorial 28 presented to the 2006 Conference by the Methodist Council. This identified a number of ethical concerns and factors that would lead to engagement or ultimately disinvestment. The paper was approved by the Committee and presented to the Methodist Council in March 2007 (see appendices). As part of the process of producing the guidelines requested by the Conference, members of the Connexional team and the CFB undertook a fact-finding trip to the region in April.

4.3 The Church Investors Group

The Committee commended the continuing progress made by the Church Investors Group (CIG), an initiative aimed at enabling the UK Churches to present an ecumenical approach when dealing with companies on ethical issues, and in making related public statements. Executives of HSBC and Tesco each provided a detailed presentation on their company's corporate social responsibility profile to the group. CIG continued its dialogue with executives of Reed Elsevier regarding its concern about the company's involvement with defence exhibitions. It also entered into correspondence with British Airways to express concern about the company's refusal to allow a Christian member of staff to wear a cross visibly.

4.4 Investment in Mining Companies

The CFB introduced a discussion on investment in mining companies based upon the Mining Sector Policy Statement of November 2002, and individual CFB notes on Anglo-American, Xstrata, and UK Coal. The CFB note on Anglo-American argued that the company's social and environmental policies were now approaching those of Rio Tinto and BHP Billiton which were regarded as ethically acceptable. The Committee noted that Anglo-American was originally a South African company, and concerns were expressed about it in relation to the legacy of apartheid, and the need to consider the theology of repentance. It was decided that these were two separate issues.

The Committee felt that further work needed to be done on the company on health and safety, human rights, and environmental issues. Subsequently the CFB reported on additional meetings with company executives to discuss these key points. Concerns were raised about a breach of an arms embargo by an affiliate of Anglo-American, Anglo Gold Ashanti, in the Democratic Republic of the Congo (DRC). Anglo Gold Ashanti employees had made payments under duress to armed rebels in the DRC which could have been used to buy arms. The company had then withdrawn from the site and only returned when its security was assured by the presence of UN and DRC government troops. The Committee advised that Anglo-American should now be considered an acceptable holding. It was also agreed that the Connexional team should contact the Methodist Church in South Africa to facilitate further engagement work with the company.

A CFB note on Xstrata, the fourth largest mining conglomerate quoted in the UK was discussed. It was noted that the company has good practices in addressing HIV/AIDs. However, concerns were expressed about its corporate governance, and its carbon footprint. The Committee advised that Xstrata should not be considered as ethically acceptable by the CFB, as it did not meet the 'best in class' standards set in the Mining Sector Policy Statement.

A CFB note on UK Coal was discussed. The Committee agreed that it was unable to recommend UK Coal as an ethically acceptable holding pending further work. Its operations were based upon coal mines, which raised concerns about fossil fuels and climate change.

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The Committee was concerned to see press reports of violent clashes at the Grasberg mine in Indonesia. The CFB stated it had arranged a visit with other church investors to Rio Tinto, who had a minority stake in the mine, to discuss this.

5. Regular Reporting Items

5.1 Alcohol and Tobacco

Concerns about alcohol and tobacco were regularly discussed, and press articles and other material relating to alcohol were considered.

5.2 Armaments

Meeting notes on Reed Elsevier relating to its involvement with defence exhibitions were considered. It was noted that this was a very small part of the company's business, and that the churches had probably done all they could on the matter. However, the CFB would continue to engage on the issue in collaboration with other investors.

A CFB briefing note on Close Brothers was considered. It was agreed that the company's activity of lending money to individual soldiers, about 5% of total lending, should not be an ethical bar to CFB investment.

5.3 Corporate Governance and Business Ethics

The CFB reported that the new system of electronic voting through PIRC came into operation in January 2006. The CFB emphasised that while PIRC had been given a standard voting template, individual cases were reviewed by the CFB and PIRC requested specific voting instructions when necessary.

A CFB note on the US company Marsh & McLennan was considered, which described how the company had been avoided because of a major financial scandal. However, under new management two years had elapsed without any further improprieties coming to light. The note argued that the company should be reinstated as ethically acceptable. This was agreed.

The Committee was concerned to see that a new financial scandal seemed to be erupting in the US relating to companies illegally rewarding executives by granting them undervalued share options.

5.4 Debt Relief and Fair Trade

Material relating to fair-trade coffee, credit card debt and Tesco were considered. The Committee continued to note public concern about the economic powers of large supermarket chains.

5.5 Environment

The Committee reviewed a variety of material relating to a Royal Dutch Shell ordinary Shareholder Resolution filed by ECCR. The Resolution invited the company to produce a Memorandum of Understanding based upon an independent Social and Environment Impact Assessment, before starting work on any major new project, noting concerns about Shell's operations in Ireland, Nigeria and Sakhalin. The CFB reported on a meeting held with company executives to discuss the various issues in the resolution, and that it had abstained on this resolution as it was felt the Resolution oversimplified a complex situation. The Committee commended the CFB decision, adding that the standard CFB approach of regular dialogue with the company was normally more effective.

The Committee was concerned about reports of BP's poor environmental performance in Alaska, and health and safety problems in various locations. The CFB stated that it had raised with the company a variety of such problems that had emerged in BP North America, indicating senior management failures. Whilst it was positive that a new head of BP North America had been appointed, there was a risk that

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further damaging revelations would adversely impact BP's reputation for management excellence, and hence its share price.

The Committee noted that climate change is becoming a major public issue, with the Fifth Intergovernmental Panel on Climate Change report producing clear scientific evidence that man-made activities were leading to global warming. It noted that a paper, *Caring for Creation in the Face of Climate Change*, had been produced for the Methodist Council. The CFB stated that it believed the most effective way to approach the issue of climate change was to work alongside other large institutional investors as a member of the Institutional Investors Group on Climate Change (IIGCC). The CFB reported that IIGCC had commissioned a briefing note, *Investment Opportunities in Climate Change*, and hosted a major conference in Paris. It had also sent a letter to European Commission Environment Commissioner Barroso warning the EC of the need to tighten CO2 allowances in the next round of the Emissions Trading System. IIGCC was also planning an engagement programme with companies and was working on trustee training to help them consider climate change issues in their work.

The CFB verbally reported upon a new investment in the First State Sustainability Fund, a pooled fund investing in Pacific companies using sustainability criteria. Press articles about climate change (Stern Report), the Carbon Disclosure Project, water scarcity and nuclear power were also noted.

5.6 Gambling

The Committee considered articles on online gambling, and a Church of England gambling review. It noted widespread public concern about the expansion of casino gambling in the UK. It was recognized that the CFB did not invest directly in casinos, but the Committee requested the CFB to carefully monitor its exposure to other companies, for example construction companies, involved in this expansion.

5.7 Medical and Food Safety Issues

It was noted that the US government was trying to ban vending machine sales of fatty snacks and fizzy drinks in US schools. It was noted that there was renewed concern about the ethical standards used in some drug tests, and in restrictions on the sale of cheap generics in developing countries.

5.8 Human Rights

The Committee considered a CFB note on Group4Securicor which raised the question whether the CFB could invest in security companies that operated private sector prisons. The Meeting agreed with the CFB suggestion that it would be wrong for the CFB to invest in companies which operated prisons in the US where the death penalty was carried out. However, it was accepted that there might be grey areas which would need to come back to JACEI, for example transporting prisoners to prisons where they faced execution. It was also argued that the UK private sector was helping to raise standards in prison, and that owning shares enabled the CFB to raise issues of concern with company managements. It was suggested that private sector companies were subject to much higher scrutiny than the Prison Service and were in fact a positive force for improvement.

Guidance to the CFB Regarding Potential Investment in Companies Operating Prisons

- a) Investment in security companies operating UK prisons was ethically acceptable;
- b) investment in companies operating prisons where the death penalty was carried out was not acceptable;
- c) investment in a company operating in states or countries where the death penalty was carried out, but not in prisons run by the company was likely to be acceptable;
- d) there might be some grey areas needing further discussion.

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Material relating to an ordinary Shareholder Resolution for First Group was also considered including a CFB briefing note. The Resolution called on the company to minimise risks to shareholder value by ensuring compliance with International Labour Organization (ILO) labour standards at work, particularly the right to join independent trade unions. It was noted how this resolution had been sponsored among others by the TUC and US trade unions. The CFB reported that it had decided to abstain on the resolution, following meetings with the TUC and with the company, as the issues were not clear cut and the company seemed open to discussion. Correspondence between the Revd David Haslam and the CFB on the Ambedkar Principles to eliminate caste discrimination in India were noted.

5.9 Media

The Committee was concerned to see press reports that pornographic material might be made available from BT. The CFB replied that it had been working closely with the Church of England ethics unit on media issues, and a joint meeting with BT was planned for the autumn. CFB notes on BT and Vodafone highlighted concerns about adult content and measures taken to limit availability to children.

5.10 Networking

The CFB reported that it had met and corresponded with overseas church bodies: Glebe Asset Management, Anglican Diocese Sydney; Uniting Church of Australia (New South Wales, Queensland and Victoria Synods); the Board of Pensions of the Evangelical Lutheran Church in America; the Interfaith Center on Corporate Responsibility; Mennonite Mutual Aid; the General Board of Pensions of the United Methodist Church.

It was also actively involved in: the Church Investors Group (Vice-chair and Steering Committee - see section 4.3); the Institutional Investors Group on Climate Change (Steering Committee), and the EIRIS Foundation (Trustee Board member). Other contacts included the Ecumenical Council for Corporate Responsibility, the Responsible Investor Network and the Payments Transparency Group. During the year the CFB Chief Executive spoke at a church-based workshop held in Prague on globalisation and business, while the Committee's Secretary addressed the Swiss Federation of Protestant Churches on the role of church investors in the formation of ethical investment.

6. Conclusion

The Committee judges that the CFB has managed the funds under its control in accordance with the aims of the Methodist Church.

Resolution 1

The Conference receives the report of the Joint Advisory Committee on the Ethics of Investment

The Resolution was passed

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**Guidelines for Constructive Corporate Engagement Related to Israel/Palestine:
A Position Paper of the Joint Advisory Committee on the Ethics of Investment (JACEI)**

1. Introduction

Ethical aspects of investment in relation to Israel and Palestine were brought to international attention by the resolution of the Presbyterian Church USA (PCUSA) in 2004¹ calling for disinvestment from companies operating in Israel, although the 2006 General Assembly of the PCUSA passed a resolution moderating that position (Appendix 1). Some NGOs and peace groups have called for ethical investment funds to disinvest from companies that support Israel's occupation of Gaza and the West Bank.

In response to memorial 28 (see Appendix 2 for both the memorial and reply), the 2005 Methodist Conference asked the Joint Advisory Committee on the Ethics of Investment (JACEI) to prepare a report to guide ethical investment in the context of companies operating in Israel and Palestine. The Methodist Council presented a further reply to Memorial 28 to the 2006 Methodist Conference (Appendix 2).

The purpose of this paper, therefore, is to:

- determine the key concerns that would inform constructive engagement with companies;
- establish how these concerns should be taken forward;
- identify the criteria that should guide Central Finance Board (CFB) policy.

This paper initially draws on JACEI statements relating to human rights and relevant Methodist Church statements and recognises the need for further work to inform our engagement with companies operating in the context of conflict or in situations where human rights are routinely violated.

2. CFB Mission Statement

The Central Finance Board of the Methodist Church invests on behalf of Methodism in Britain.

Part of the CFB's mission statement is to work.....**alongside the Church**

- to witness that Christ has bridged the gap between the Kingdom of God and a fallen world;
- to speak with relevance on the subjects of money, wealth creation and ownership in a world dominated by material possessions;
- to engage with the world and in response to God's love and grace, seek to encourage peace, economic justice and responsible stewardship of physical resources;
- to show leadership by example, in accepting the responsibilities that ownership of investments entails.

The CFB ethical pledge is that "*The securities held by all CFB Funds will, to the best of our ability, be in line with the ethical policy of the Methodist Church.*" The Joint Advisory Committee on the Ethics of Investment (JACEI) advises the CFB. JACEI was established by Methodist Conference and has an independent Chair appointed by the Methodist Council with five members appointed by the CFB and five members appointed by the Methodist Council. The function of the Committee is to advise the CFB of ethical considerations relating to investment, it being accepted that the CFB legally has responsibility for making the final decision on the purchase or disposal of any share (Appendix 3).

¹ <http://www.pcusa.org/ga216/news/ga04121.htm>

3. A Methodist position on Israel/Palestine

The Methodist Church has:

- recognised the right of the people of Israel and Palestine to live side by side in secure and viable states;
- condemned suicide bombings and called on Palestinian groups to recognise the right of Israel to exist;
- expressed anxiety over actions of the Israeli Defence Forces that have failed to discriminate between armed militants and civilians;
- expressed increasing concern over the plight of Palestinians in the West Bank and Gaza;
- opposed the Israeli government's policy of settlement expansion in the occupied territories and the building of the separation wall that has damaged the livelihoods of so many Palestinians;
- acknowledged the fear of ordinary Israelis who, since the beginning of the second *intifada*, have felt increasingly insecure.

The Methodist Church has drawn attention to the perspectives of the three Abrahamic faiths in relation to Israel (see Appendix 4 and 5) and acknowledges competing theological standpoints within the Christian tradition². For a comprehensive discussion of Christian theological approaches to the Holy Land, the report of the Church of Scotland in 2003³ is particularly instructive. However, the demands of peace and justice crucially influence Christian thinking with respect to the Holy Land today. In this respect a meaningful peace in Israel and the Occupied Palestinian Territories is dependent on translating the ancient calls of God upon humankind – justice, mercy, humility – into effective action⁴.

Methodist Conference has made statements on Israel and Palestine on several occasions in recent years for example, in 2003, when Conference expressed concern for the desperate humanitarian plight of Palestinians living in the occupied territories. In 2001, Methodist Conference passed a motion directing the Connexional Team to seek clarification from the British Government in relation to its position with respect to human rights and injustice in Israel/Palestine and on its role in exerting influence to promote the implementation of Israel's responsibilities under the 4th Geneva Convention and various UN resolutions.

4. Peacemaking: A Christian Vocation

In 2006, the Methodist Church and United Reformed Church produced the report *Peacemaking: A Christian Vocation*⁵ which has called the churches to affirm their commitment to peacemaking. Peacemaking, it is observed, does not mean passivity, or acquiescing to injustice; it means being active in creating and maintaining right relationships. Peacemaking in its widest context is concerned with economic as well as social relationships. The report recognises the value of non-violent approaches to conflict transformation and calls the church to be creative in the use of strategies to address violent conflict.

² "One Land, Many Voices", Christian Aid, 2004.

³ "Theology of Land and Covenant" Church of Scotland, 2003 (extract in Appendix 4)

⁴ "One Land, Many Voices"

⁵ *Peacemaking: A Christian Vocation*, Methodist Publishing House, ref. PD302

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5. Methodist Conference statements on the use of funds in relation to conflict in Israel and Palestine

The key Methodist Conference statements are Memorial 28, 2005 (see Appendix 1) and the further report to Methodist Conference in 2006. The latter states that:-

In line with Memorial 28 2005, the Methodist Council has invited a report from the Joint Advisory Committee on Ethics of Investment (JACEI) to:

- a) *determine the key concerns that would inform constructive engagement with companies;*
- b) *establish how these concerns might best be taken forward with companies in which the Central Finance Board of the Methodist Church (CFB) has a shareholding;*
- c) *identify the criteria that should guide the CFB in a progressive policy that begins with constructive engagement related to these key concerns but which could ultimately lead to selective disinvestment. Such criteria should also be applied to potential new investments.*

6. Key Issues

Some groups within Palestine have challenged to Israel's right to exist. This has created a high degree of insecurity in the minds of many living in the State of Israel especially when accompanied with the threat of suicide bombings or rocket attacks on villages or settlements. The following issues are raised with a full appreciation of the right of all Israelis and Palestinians to exercise appropriate security measures during difficult times.

1. **Occupation** - Israel's expansion into Palestinian territories has deprived many of livelihoods, pasture and water resources. For example, Israel controls 80% of the water resources in the West Bank⁶. The settlement expansion is now so extensive as to call into question the viability of a future contiguous Palestinian state within secure borders.
2. **Separation barrier/wall** - The separation barrier/wall, as well as attempting to minimise the risk from suicide bombers, is widely accepted as a mechanism to establish new "facts on the ground". It has not been built on the 1967 boundaries and constitutes a *de facto* annexation of parts of the West Bank. It has almost imprisoned some communities preventing access to employment, land and services. The fence or wall represents an impediment to securing a lasting peace, increasing the feeling of isolation in both Palestine and Israel.
3. **International Law** - While Israel contests the application of certain aspects of international law to the occupied territories, successive Security Council resolutions indicate that the continued expansion of West Bank settlements does have implications under the fourth Geneva Convention⁷. The Geneva Convention makes specific reference to economic activity and denies an occupying power the right to derive economic benefit from occupation. The UK Government (following the advisory opinion of the International Court of Justice) maintains the view that the building of the separation barrier/wall in the occupied territories is unlawful. Demolition of Palestinian houses and removal of olive groves in the West Bank also represent a contravention of international legal norms.

⁶ Intisar Al Wazir, Minister of Social Affaires, Palestinian National Authority, (UN General Assembly, World Summit for Social Development and beyond, Geneva, 28 June 2000)

⁷ Security Council Resolutions 242 and 1322

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4. **Violence** - Israel and Palestine appear trapped in an escalating cycle of violence. Since the kidnap of an Israeli Defence Forces (IDF) soldier in June 2006, Israeli military action has resulted in the deaths of over 500 people in Gaza⁸. The IDF often fails to discriminate between militias and civilians and many of those killed have been civilians of all ages who pose no threat. Meanwhile Hamas continues to launch rockets at Israeli settlements and refuses to renounce the deliberate targeting of civilians, with suicide bombers still a threat to Israelis. Palestinian violence on Israelis has resulted in the deaths of 17 in 2006.⁹

7. Our expectations of companies

There has been an increasing interest in recent years in standards to guide corporate behaviour with regard to social impact and human rights. In 1999, the former General Secretary of the UN, Kofi Annan, worked with the corporate sector to agree a set of core values in the areas of human rights, labour standards, the environment and anti-corruption. These are enshrined in the UN Global Compact (Appendix 6), which enjoys widespread support among trans-national companies.

The Global Compact's ten principles reflect a universal consensus and are derived from:

- The Universal Declaration of Human Rights.
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work.
- The Rio Declaration on Environment and Development.
- The United Nations Convention against Corruption.

The first two principles concern Human Rights:-

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Make sure that they are not complicit in human rights abuses.

When operating in the context of conflict or contested governance, companies face particular challenges. Interpretation of human rights is often contentious particularly where a state itself is accused of contravening rights.

We would therefore expect companies to:-

1. have demonstrated that they have addressed human rights concerns when working within the context of conflict;
2. be conversant with adjudication of the Security Council, the UN Human Rights Council (and prior to 2006 the UN High Commission for Human Rights) and the International Court of Justice on practices or events that have relevance to their operations or contracts;
3. demonstrate transparency in their assessment of alleged violations associated with their activities;

⁸ B'Tselem – Israeli Information Centre for Human Rights in the Occupied Territories

⁹ *ibid*

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4. be able to articulate their learning from previous contracts/activities as this will inform future corporate behaviour;
5. where necessary, be prepared to engage suppliers in dialogue regarding human right principles;
6. when selling through intermediaries, to take all reasonable measures to ensure that they are not indirectly complicit in human rights abuses of the end user.

The CFB would also be keen to receive reports of innovative or progressive corporate practice in the context of conflict, for example in the use of conflict transformation tools to assess impact on conflict or in the establishment of business ventures with the intention of contributing to social and economic development in areas of deprivation.

8. Areas of Ethical Concern

The scope for action on Israel/Palestine through church investment gained public attention with the resolution of the Presbyterian Church USA at their General Assembly of 2004. This resolution produced criteria to identify specific concerns in relation to Israel and Palestine (see Reply to Memorial 28, Methodist Conference 2004 in Appendix 1). This caused significant upset within the church and in relations with Jewish Groups in the US. Consequently in 2006 the General Assembly passed a further resolution changing the semantics of the 2004 resolution (but not the criteria) firstly, to ensure that the framing of the political situation avoids placing primary accountability on either Israel or Palestine and secondly, to uphold the approach of the church to selective divestment.

The development of a CFB policy on Israel and Palestine should take note of the Presbyterian Church USA resolution, the further work of the Presbyterian Church and that of other ecumenical partners. On the basis of the statements of the Methodist Church and the key issues identified above, JACEI highlights the following by no means exhaustive list of activities that would give rise to ethical concerns:-

1. Provision of equipment or services to the military or police in support of operations in the occupied territory or to terrorist groups in support of any military or terror activities
2. Construction of facilities within the occupied territories without the express permission of the Palestinian Authority
3. Construction or management of transport links between Israel and settlements in the occupied territories
4. Contracts for the supply of materials or other activities related to the construction of the separation barrier
5. Manufacture of goods/produce within Israeli administered areas of the occupied territories or the sale of such items
6. Appropriate country of origin labelling of goods sourced from Palestinian administered areas of the West Bank or Gaza.

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7. The establishment of new operations in the region or partnerships with Israeli or Palestinian companies without due regard to possible human rights implications or impact on conflict.

JACEI and the CFB will need to assess a dynamic and changing situation against clear ethical criteria on an ongoing basis. This work should continue in close liaison with other parts of Methodism, ecumenical partners, and through consultation with other faith groups.

9. Engagement or divestment?

The CFB's strategy for influencing change relies primarily on engagement with companies. The CFB pursues engagement until it becomes clear that a company is not open to dialogue or does not accept the concerns that are raised. If engagement fails then divestment is an option that the CFB would consider.

A decision to divest is not taken lightly and requires careful judgement. The following factors would be taken into consideration:-

1. The severity of the concern including:-
 - a) The extent/significance of the activity that has given cause for concern.
 - b) Its impact on individuals/communities.
 - c) Whether the company is planning to continue or expand such activities.
2. The record of the company on human rights elsewhere; is it otherwise progressive in its policies?
3. The significance of a company's business in Israel/Palestine within the context of its global operations.
4. The contribution of the company's operations to the economy of the affected Israeli and/or Palestinian communities.

There may be circumstances where the concerns are of such significance (for example, where a company's activities or sales are directly related to violent actions against civilians) that regardless of other considerations, if engagement proves fruitless, divestment becomes the only ethical response.

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APPENDIX 1

PC USA Press Release - 17 June 2006

Committee recommends replacing language calling for divestment
by Toya Richards Hill

BIRMINGHAM, June 17 — The Committee on Peacemaking and International Issues voted Saturday night to replace language calling for phased, selective divestment approved by the 216th General Assembly (2004).

An 11-member sub-group was tasked with drafting the recommendation after the Peacemaking and International Issues committee moved into a quasi committee of the whole to find consensus on the multitude of divestment overtures before them.

The recommendation — passed by a 53 to 6 vote, with 3 abstentions — says:

"We acknowledge that the actions of the 216th General Assembly caused hurt and misunderstanding among many members of the Jewish community and within our Presbyterian communion. We are grieved by the pain that this has caused, accept responsibility for the flaws in our process, and ask for a new season of mutual understanding and dialogue.

To these ends, we replace the instructions expressed in Item 12-01 (*Minutes*, 2004 Part I, pp. 64-66) item 7, which reads:

"7. Refers to Mission Responsibility Through Investment Committee (MRTI) with instructions to initiate a process of phased selective divestment in multinational corporations operating in Israel, in accordance to General Assembly policy on social investing, and to make appropriate recommendations to the General Assembly Council for action."

with the following:

"To urge that financial investments of the Presbyterian Church (U.S.A.), as they pertain to Israel, Gaza, East Jerusalem, and the West Bank, be invested in only peaceful pursuits, and affirm that the customary corporate engagement process of the Committee on Mission Responsibility Through Investment of our denomination is the proper vehicle for achieving this goal."

The two-page recommendation contains additional items, including affirmative investment opportunities, an end to all violence and terror against Palestinian and Israeli citizens and interfaith co-operation.

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APPENDIX 2

Memorial 28 and Reply, Methodist Conference 2005

Use of Funds in Relation to Conflict in Israel and Palestine

The York and Hull Synod (R) (Present: 188. Voting: 187 in favour, 0 against) wishes to take up the call of the World Council of Churches to encourage genuine efforts for peace and justice between the Israelis and Palestinians based upon International Law.

The Synod notes the statement of the Central Committee of the World Council of Churches (WCC), made in February 2005, to all its member Churches "with investment funds, that they have an opportunity to use these funds responsibly in support of peaceful solutions". It further notes the WCC endorsement of the action of the Presbyterian Church of the USA, to divest from any multinational corporations involved in the occupation of the West Bank and Gaza Strip. It further notes the call of the "Israeli Committee against House Demolitions" for such divestment to take place.

The Synod therefore calls on the Conference, as a member of the WCC and as part of its commitment to ethical investment, to undertake a review of all investments under its control, with a view to divesting from any corporations or activities which support the illegal occupation of the West Bank and Gaza Strip. It further calls on the Conference to publicise this stance through appropriate channels.

Background statement provided by the York and Hull Synod:

Despite recent hopes for peace, the Israeli Government is continuing certain illegal activities in the Occupied Territories, which are unhelpful to an equitable negotiated settlement. Despite the ruling of the International Court of Justice in July 2004, on the illegality of the Wall/Barrier it is building in the West Bank, it continues to build the said Wall, causing great suffering to innocent Palestinians. Despite its offer to withdraw illegal settlers in Gaza, the Israeli Government has shown no willingness to dismantle its major settlements in the West Bank, the existence of which breaks the 4th Geneva Convention. Israel's recent announcement of its intention to build over 3000 new houses in the major settlement of Maale Adumim is a further illegal action, which is unhelpful to peace. This calls into question Israel's intention ever to withdraw fully from the West Bank, the occupation of which breaks UN Security Council Resolution 242.

Reply

The Conference notes the call of the York and Hull District for disinvestment from corporations or activities which support the illegal occupation of the West Bank and Gaza Strip. The Conference is mindful of the adoption of the Notice of Motion in 2003 acknowledging the desperate plight of Palestinians living in the occupied territories.

Responding to the adoption of the resolution of the Presbyterian Church USA General Assembly, the Committee on Mission Responsibility through Investment (MRTI) has published its strategy for phased selective disinvestment. MRTI will compile a listing of multinational corporations operating in Israel and Palestine based on the following criteria:

Multinational corporations that:

- provide products or services to or for use by the Israeli police or military to support and maintain the occupation;
- provide products, services, or technology of particular strategic importance to the support and maintenance of the occupation;

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- have established facilities or operations on occupied land;
- provide products or services, including financial services, for the establishment, expansion or maintenance of Israeli settlements;
- provide products and services, including financial services, to Israeli or Palestinian organisations/groups that support or facilitate violent acts against innocent civilians;
- provide products or services, including financial services, that support or facilitate the construction of the Separation Barrier.

The Conference notes that the Presbyterian Church USA proposes progressive engagement with companies involving conversations that encourage “open and honest dialogue about the companies’ involvement”. Further engagement strategies could also be employed over a period of time and MRTI would only consider recommending disinvestment to the General Assembly if no positive results consistent with the General Assembly criteria and the MRTI classification process were attained.

The mission of the Central Finance Board of the Methodist Church of Great Britain (CFB) states an aim to construct investment portfolios that are consistent with the moral stance and teachings of the Christian faith. This has resulted in the investment decisions of the CFB being guided by biblical principles such as encouraging a concern for the vulnerable and oppressed. It also seeks to provide a voice through which socially concerned investors can be heard and engages in constructive dialogue with company managements, challenging them to make social justice a growing influence in their decision-making process.

The Conference welcomes the challenges brought to its attention by the York and Hull District Synod but recognises the need to distinguish between strategies for blanket disinvestment, phased selected disinvestment and corporate engagement. The Conference therefore refers the Memorial to the Joint Advisory Committee for Ethical Investment (JACEI) to consider in conjunction with ecumenical partners, advise the CFB accordingly and report to the Conference in 2006.

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Report to the 2006 Conference

The Methodist Council has considered this Memorial further and now recommends that the Conference adopts the following:

- 1) The Conference acknowledges the background statement accompanying M28 brought to the 2005 Conference by the York and Hull District. The Conference welcomes the Government of Israel's disengagement from settlements in Gaza in 2005 but expresses deep concerns over continued settlement and road development in the West Bank. This expansion continues in defiance of Security Council Resolution 242 and in contravention of the July 2004 International Court of Justice Advisory Opinion on the legality of such action. Continued settlement construction represents a significant impediment to the process of negotiating a peaceful resolution in Israel and Palestine and may additionally threaten the viability of a two state solution.
- 2) As newly elected administrations become established in both Israel and Palestine, the Conference:
 - a) calls on the Government of Israel to cease all further settlement and road expansion in the West Bank and to authorise the immediate total demolition of the security barrier that is dividing Palestinian communities, depriving people of agricultural land and denying Palestinians access to health care;
 - b) calls on Hamas and other all Palestinian groups to recognise the State of Israel and to seek peaceful means to bring to an end the occupation;
 - c) urges the Government of Israel and the Palestinian Authority to find ways to reduce tension and to persist in the search for a solution that guarantees the rights of all.
- 3) In line with Memorial 28 2005, the Methodist Council has invited a report from the Joint Advisory Committee on Ethics of Investment (JACEI) to:
 - a) determine the key concerns that would inform constructive engagement with companies;
 - b) establish how these concerns might best be taken forward with companies in which the Central Finance Board of the Methodist Church (CFB) has a shareholding;
 - c) identify the criteria that should guide the CFB in a progressive policy that begins with constructive engagement related to these key concerns but which could ultimately lead to selective disinvestment. Such criteria should also be applied to potential new investments.
- 4) The Methodist Conference acknowledges the role played by the Ecumenical Accompaniment Programme to Palestine and Israel and the links of many Methodist ministers and churches with Israeli and Palestinian groups. It encourages the Connexional Team to continue to liaise with Circuits and Districts and engage Jewish and Muslim groups and ecumenical partners on these issues.

RESOLUTION

4/1. The Conference adopts the report as its further reply to Memorial 28 2005.

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APPENDIX 3

Terms of Reference

The 2001 Conference amended the terms of reference of the Joint Advisory Committee on the Ethics of Investment, by approving the following resolution:

“The Joint Advisory Committee of the Ethics of Investment shall have a Chair appointed by the Methodist Council. The Committee shall have five members appointed by the Central Finance Board of the Methodist Church (CFB) and five members appointed by the Methodist Council. The function of the Committee shall be:

- a) to advise the CFB of ethical considerations relating to investment, it being accepted that the CFB legally has responsibility for making the final decision on the purchase or disposal of any share;
- b) to make public where appropriate any ethical policy of the CFB and in particular any investment decision taken on ethical grounds and any other advice the Committee may provide on ethical matters relating to investment;
- c) to report to the Conference on the workings of the Committee and in particular to comment on the performance of the CFB in managing the funds under its control according to an ethical stance which is in accordance with the aims of the Methodist Church.”

APPENDIX 4

Christian Perspectives on the Land of Israel/Palestine

Extract from

“Theology of Land and Covenant”

The Church of Scotland, 2003

2.4 Approaches to the Theology of Land and Covenant within the wider Christian Tradition

2.4.1 There is no one monolithic view of the place of Israel in the wider Christian tradition. Rather there is a mosaic of principles, truths and insights which all contribute to the fuller picture but which ultimately demand some kind of conclusion which will inform and guide our approach. These historical and current views can be roughly summarised in the following three broad categories.

2.4.2 Replacement Theology/Supersessionism

Held by many Roman Catholic and Eastern Orthodox Christians, as well as some in the Reformed tradition, this view sees the church as the "new" Israel or indeed the "true" Israel, and consequently the promises in the scriptures to the "old" Israel are now ours, by inheritance, new covenant or replacement. The Jewish people have, in one sense, lost out and many of their aspirations and hopes are largely meaningless in this context. For them there is the same offer of grace in Christ as for anyone else, but their Jewishness no longer has any ultimate meaning. An extreme view of replacement theology, *ie*, that the Jews are actually rejected, has been used to support anti-Semitism over the centuries, but this has largely been replaced with the more inclusive alternative. In terms of the modern state of Israel, there is no theological significance, there is simply a state which, at the moment happens to be Jewish, but which is under the hand of God in the same way as every other state and which shares the communal responsibility inherent in a basic humanity.

2.4.3 Christian Zionism

A response to the Replacement position and its arguably horrific consequences, (the Holocaust), is found in various forms of Christian Zionism, which range from the post war acceptance of the Jews having somewhere to go for safety, to the much stronger, affirmation that it is actually the sovereign will of God that his chosen people return to their homeland. The former would state the principles of the basic right to life enshrined in the scriptures and Christian traditions, whilst the latter would find in the promises of the *Torah*, the prophetic writings *etc*, the literal word of God to return his people to the land. A more fiercely prophetic strain of this view is found in the various Dispensationalist positions developed over the last hundred years or so. These see the return of the Jews to the land as a harbinger of the last days before the return of the Messiah. For them this is a major spiritual portent, rather than a political debate about human rights. The Christian Zionist position can be summarised in three basic tenets:

- the uniqueness of the Jewish people and their continuing place in salvation history;
- the importance of the Jewish Theology of *berith* and *eretz*, (*ie* of Covenant and Land) which inextricably links the Jewish people to the land of Israel;
- the post-holocaust psyche, and the ongoing significance of Jerusalem.

For many however, this visionary approach has not always been accompanied by a sense of critical realism and the "what" has often been obscured by the "how". The result has been a tension between a

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perceived "God given" gift of the land to one people, and the suffering this continues to cause to another, a proportion of whom are Christian.

2.4.4 Liberation /Universal Models

Historically, liberal Protestantism has tended to be anti-Zionist and universal in its concept of covenant grace, and it is a late 20th century development of this view which forms the third broad category of mainstream Christian thought. This third position often stands as a reaction to the previous one, finding an unacceptable face of "chosenness", which means the rights and hopes of another people are trampled upon and the standards of peace and justice enshrined in the scriptures are denied, even by those who call on the name of the God who initiated them in the first place. This fatal inconsistency in the face of real and ongoing suffering has caused many to question and reject any concept of a particularised divine provision, and leads them to see the need instead to denounce the holocaust and any post-holocaust suffering as equally abhorrent to any concept of a loving God. Many respond to this by having recourse to a model of Liberation Theology where hope is fused with political and pastoral concerns to form a critique which can be highly politicised and even confrontational.

2.4.5 A wider and possibly more eirenic model of Liberation, makes the point that even if God were indeed returning the Jews to the land, they were never meant to live there as oppressors or overlords, but rather as caretakers who reflect and embody the love and grace of the God who called them. Many of these themes are echoed by a Jewish response to Liberation Theology, which sees the same liberating influence for all humanity in the great events of Israel's history. The Exodus, the Passover, the teachings of the prophets and the subsequent moral guidance of the rabbis all point to an inclusive humanity which shares in the riches of a spiritual tradition and is not abused by it.

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APPENDIX 5

Jewish and Muslim Perspectives on the Land of Israel/Palestine

Elizabeth Harris, the Methodist Church's Secretary for Inter Faith Relations

Jewish Perspectives

Holy Scriptures

The Christian Aid theological report mentioned elsewhere in these pages touches on three Christian responses to the Holy Land and calls each of the three great faiths in the Middle East to think theologically. This theological thought is already taking place amongst Jews. In the Jewish tradition, robust debate is possible about texts and their meaning. In the rabbinical tradition, every word of a text can be challenged. Multiple meanings are sometimes accepted. In connection with attitudes to the 'land' of Israel, some Jews are also aware that holy texts can be abused. 'We have a battle for our holy texts' declared Rabbi David Rosen, of Rabbis for Human Rights in Jerusalem, at a session on theologies of the 'Land' at the Parliament of World's Religions in Barcelona in 2004.

For example, Jews who seek justice for all - Jews and Palestinians - will draw strength from the Covenant with Noah in Genesis (Genesis 9: 8 - 17). It is a Covenant which makes no distinction between nations or races. Other Jewish groups look to 'later' Covenants, which can be interpreted more exclusively. This intra-religious dialogue within Judaism must not be overlooked.

An Ethos of Victimhood

Anti-Semitism in Europe, culminating in the Holocaust, is another factor that cannot be overlooked if Christians are to understand Jewish perspectives on the land of Israel. 'Israel is the only real answer to the Holocaust' is the message given at Yad Vashem, the Holocaust Memorial Centre in west Jerusalem. Its location (on Mount Herzl, a hill which is home both to the tomb of the founding father of the Zionist Movement and the central military cemetery for members of the Israeli Defence Force) and its symbolic layout undergirds this message. A pilgrimage through the exhibition rooms of the Centre, which bring home both the horror of the Holocaust and the vigour of Jewish resistance, brings you out in the open air, overlooking the beauty of Jerusalem. This perspective is transmitted to young Israelis through visits to Yad Vashem organised by schools and other groups. When I visited the Centre with a group from Britain, I noticed that many visitors were not of European Jewish descent. As Michael Ipgrave, then Secretary of the Churches' Commission for Inter Faith Relations, wrote in his report of the visit: 'The Holocaust has come to serve as a national story embracing also Oriental Jews for whom this was not part of their family history.' Peace groups in Israel have to work against this backdrop.

What is given at Yad Vashem is an interpretation of history. Not all Israeli historians would wish to link Zionism and the State of Israel so closely with the Holocaust. However the influence of the narrative presented at Yad Vashem, one that emphasises the resistance of the Jewish people in Europe and the importance of Israel, should not be underestimated. It is salutary and necessary for Europeans, and particularly Christians, to realise that they are implicated in this narrative.

Collective memory of the Holocaust also feeds into an ethos of victimhood within the Jewish community. Suicide bomb attacks within Israel and the knowledge that some Arab groups do not want Israel to exist keep this sense of victimhood alive. This can lead to battles of comparative suffering, Jews and Palestinians each perceiving their suffering and victimhood to be more intense.

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Peace groups

A growing number of Israeli Jews are involved in groups that work for understanding between Jew and Arab. Some of these openly contest the victimhood ethos mentioned above and struggle for Palestinian rights. Rabbis for Human Rights is one example. Others include: Israeli Committee Against House Demolitions; Physicians for Human Rights; Interreligious Co-ordinating Council in Israel; Israel Inter Faith Association.

Muslim Perspectives

Imam Rashied Omar, an imam from South Africa, speaking at the 2004 Parliament of the World's Religions, quoted the saying – 'The meaning of a text is often as moral as its reader'. All texts, he went on, bring the possibility of tolerant and intolerant readings. Texts can be part of the problem but they can also be part of the solution. He called for collaborative research projects to be undertaken among Jewish, Christian and Muslim theologians.

Islamic texts that speak of the land of Israel/Palestine in theological terms exist, but they are mainly from the Middle Ages and are in Arabic. Not many Muslims have access to them. The majority of Muslims, though, are aware of the Qur'anic assertion that the holy Prophet Muhammad visited Jerusalem. Chapter 17 of the Qur'an describes a night journey that the Prophet made from Mecca to a mosque in Jerusalem, on the site of the Temple of Solomon (Temple Mount). In the *Hadith*, an oral tradition describing deeds and sayings of the Prophet, this is elaborated. The Prophet is taken to Jerusalem by Gabriel. He is greeted by several other prophets there, including Abraham, Moses and Jesus. He acts as a prayer leader. Then, from the Temple Mount, he is taken up into the seven heavens, accompanied by Gabriel, and encounters divine light. Some Muslims interpret this event spiritually and mystically. Others believe that Muhammad made the journey physically. All Muslims are united in seeing Jerusalem as holy and sacred because of this. At first the followers of the Prophet Muhammad prayed in the direction of Jerusalem.

The vast majority of Muslims, whilst considering Jerusalem holy to Muslims, would not justify violence against Israeli Jews on this basis. The minority that do perpetrate violence are more likely to appeal to political and economic reasons, though they may also see themselves as doing the will of God. This perception – that they are doing the will of God by killing others – is strongly opposed by the majority of Muslims, many of whom quote the following Qur'anic sentiment: 'Whosoever kills a human being, it shall be as if he had killed all humankind' (this is an adaptation of the following part of Chapter 5 verse 32 of the Qur'an.' For this reason did we prescribe to the children of Israel that whoever slays a soul, unless it be for manslaughter or for mischief in the land, it is as though he slew all men; and whoever keeps it alive, it is as though he kept alive all men.')

APPENDIX 6

The Global Compact - The Ten Principles

The Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights.
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work.
- The Rio Declaration on Environment and Development.
- The United Nations Convention against Corruption.

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.