Drafting Team Report 3

WCRC Investment Guidelines

Comments from the four Discernment Groups were reported, noted and discussed. The vast majority of comments were concentrated on Pages 5-7 of the WCRC Investments and Policies document circulated at plenary. These pages are entitled *Draft WCRC Investment Guidelines with Possible Changes*; no comments were received on sections I and III. All comments below are based on Group consensus and do not reflect individual Group member views.

Section II: Ethically-sustainable Aspects of Financial Investments

Exclusion criteria for companies

"*As long as the share of the business division in the total company turnover does not amount to more than ten percent maximum, exclusion should be discouraged for the sake of proportionality*."
Question: why 10 % - could it be lower? Clarification and justification is required?

"*Companies producing liquors (minimum alcohol content 15 percentage by volume)*"
Question: why not no alcohol? (asked by one group)

"*Companies producing genetically modified crops*"
Response: this is not a black-white issue. For example, ensuring food security under climate change scenarios, and providing nutritionally-enhanced yield were noted as positive justification for GM crops. The involvement of multinational industrial concerns and exploitation of subsistence farming were seen as negative. What evidence is there that GM crops have proven negative consequences either medically or environmentally? This requires careful consideration before inclusion. (concerns raised by three groups)

"*Companies producing nuclear energy*"
Response: in many ways nuclear energy is a 'cleaner' energy than other means of producing power. The concern is centred around storage and disposal of nuclear waste. (concern raised by one group)

"*Companies demonstrably conducting research on the human embryo or on embryonic cells.*"
Response: three of the four Discernment Groups were split in their view, finding consensus difficult. Concern was expressed on medical issues with examples having been presented in the groups highlighting the important role such research can yield. It was noted that the majority of countries where such research is carried out is done under strict ethical guidelines and legislation. This requires careful consideration before inclusion. (Concerns raised by three groups)

Suggestions for inclusion:
• Companies that misuse personal data
• Companies that block humanitarian aid from reaching its destination (associated with 'country' recommendation below)

Exclusion criteria for countries

"The funds of church investors should, on principle, never flow into the budgets of countries that significantly go against church investment guidelines, especially when they
• act as warmongers,

• *violate human rights, or*
• *endanger Creation."*
Question: what does 'endanger Creation' mean? Do not the majority of nations by their anthropogenic activity do this. Is it purely in the 'climate change' sense? (asked by one group)

"*Countries practicing the death penalty*"
Question: does this mean no investment in USA? (asked by two groups)

"*Countries classified "not free" (in the terms of the organization and research institution Freedom House)*"
Response: needs clarification (asked by one group)

Suggestions for inclusion:
• Countries that block humanitarian aid from reaching its destination (associated with 'company' recommendation above)

To be reinstated from original draft (Page 3 of the WCRC Investments and Policies document circulated at Plenary): '*Investments should not be made in securities of countries which systematically violate human rights (e.g. the death penalty, torture, political arbitrariness, freedom of movement, religious freedom, child labour*)" and also add "which visibly restricts freedom of speech and religion". Also to add to this point, include torture, child soldiers, and LGBTQ persons related issues. Also add, "*where women are given significantly less social and economic development opportunities that men*". (points 3a and 3f in original draft document)

Positive criteria

"*Among investment options of the same kind, it is the objective of positive criteria to identify and favour*
• *those that have a better rating in terms of ethics/sustainability.*"
Question: on what basis will this rating be established? No reference index noted. (asked by one group)

Positive criteria for companies (samples):

"*Preference for companies that actively promote in all regions measures for infrastructural development and the construction of schools and/or expansion of water and power supply systems.*"
Response: clarification of why the highlighting of "in all regions" is considered essential – a suggestion to delete. (noted by one group)

Suggestions for inclusion:
Companies that show active engagement with gender equity. This would require identification of appropriate index metric.

Positive criteria for countries:

"*Preference for countries that are fair, liberal, democratic and constitutional.*"
Response: what does "liberal" mean? Is it necessary to include? Delete.

"*The Shared Prosperity Indicator of the World Bank*"
Response: World Bank could be considered as being Empire. Suggest delete. (one group noted)

"*World Development Indicator Deforestation and Biodiversity of the World Bank*"
Response: see World Bank comment above.

Point 4
"*When investing in funds and asset managements, it is important to ensure that an investment approach is pursued that meets the requirements set out in 1 to 4.*"
Comment: '4' should read '3'.

Recommendation: The WCRC Executive Committee commend the work carried out in preparing the draft Investment Guidance, and through a process of discernment has concluded that the document provides the basis of ethically responsible investment guidelines on which the Communion can act. Prior to finalizing, the Finance Committee are directed to heed and give due consideration to the comments arising from the discernment process.

SPPG

Discussion was limited in most Discernment Groups. In general, it was felt that the WCRC Strategic Plan is excessive (while appreciating that this is based on the remit of General Council); limited attention is also given to the implementation of the Strategic Plan to the regions (a plea was also made by some groups for a longer time period to be given for regional reporting at the Executive meeting). Concern was expressed regarding the possibility of reaching some of the action targets – partly as a result of uncertain structured capacity building (staff). A more optimal approach to SPPG review, discussion and planning was requested at the 2020 Executive Meeting.