

STATEMENT OF POSITION CONCERNING THE USE OF ECONOMIC LEVERAGE

Updated on October 30, 2012

United Church Funds Board of Directors believes that as faith-based investors, we bear a responsibility to use our economic leverage as shareholders to influence the policies, practices and behaviors of companies in which we invest in order to build a more just and sustainable world. With a range of actions open to us, we pursue the following strategies—

Engage in constructive dialogue

We believe engagement with company management — in collaboration with our ecumenical partners — provides the starting point for making change around issues of concern to us, including human and worker rights, the environment, and compliance with international law. In many situations, dialogue has proven a successful process, bringing about positive change in policy and in corporate operations.

Sponsor shareholder resolutions

When corporate dialogues do not produce results over time, we believe we must explore the unique opportunity available to us as shareholders in sponsoring or co-sponsoring shareholder resolutions. We seek to collaborate with our ecumenical partners and other shareholders in these filings, harnessing our combined “power of the proxy” to change corporate practices we believe to be morally, ethically or economically wrong.

Seek opportunities for positive investment

In the unique situation posed by the ongoing Israeli Occupation of the Palestinian Territories, we believe engagement may be complemented by positive investment. We recognize, however, that appropriate investment opportunities in Palestine remain extremely limited. We believe positive investment to be a supplemental rather than alternative strategy to engaging with corporations profiting from the Occupation.

Divest as a last resort

Because of their long-term nature, social justice struggles often require an array of coordinated strategies and we recognize years may pass before change begins. When all other actions have not produced the desired results, however, United Church Funds believes our investors may be best served by divestment from a particular company’s stock. While we remain reluctant to pursue this strategy, as divestment eliminates our opportunity to influence company policy and practice, we recognize this as a potentially viable strategy.

United Church Funds has practiced the use of economic leverage since the beginning of its socially responsible investing work over 30 years ago. We continue to believe we bear a spiritual and moral obligation to use our power as shareholders to actively engage corporate management in support of the spiritual and moral values of the United Church of Christ.