

The Bills and Overtures Committee of the Presbytery of Great Rivers recommends that the presbytery respond to the overture from the First Presbyterian Church of Lincoln, Northminster Presbyterian Church of Peoria, and First Presbyterian Church of Princeville with the following.

1. The Presbytery of Great Rivers overtures the 217<sup>th</sup> General Assembly (2006) to rescind the actions taken by the 216<sup>th</sup> General Assembly as they apply to divestment of stock in Caterpillar Inc.

Rationale:

The 216<sup>th</sup> General Assembly (2004) of the Presbyterian Church (USA) passed a series of resolutions designed to promote “a just resolution of the conflict between Israel and the Palestinians.” Overture 12-01 instructed the Mission Responsibility Through Investment (MRTI) Committee of the PC (USA) to “initiate a process of phased, selective divestment in multinational corporations operating in Israel.”

The action of the 216<sup>th</sup> General Assembly focused on companies providing the kind of equipment to Israel that does not ultimately effect the outcome of the conflict. The action supporting divestment talks was perceived by many as an attempt to damage corporate reputations. The action has, instead, damaged the reputation of the PC(USA).

The PC(USA) has given longstanding support to a just and lasting peace in the Middle East, and we believe that our church can play a positive role in fostering Middle East peace. Such actions require a fair, objective and balanced approach to addressing key issues in the dispute. The action by the 216<sup>th</sup> General Assembly regarding possible divestment from some companies doing business with Israel fails to meet that test and, in fact, causes considerable division and distrust within the PC(USA) and between the PCUSA and the Jewish community.

A policy of divestment is punitive in nature. While divestment might, under certain circumstances, be a useful tool for social change, it is wrong to single out Israel as the object of a “divestment” policy when other states and parties in the region are also accused of serious human rights violations that can and must be addressed. To divest from Caterpillar based upon debatable and questionable criteria is a distortion of the truth and reflects an unjust bias. This decision distracts the PC(USA) from our denomination’s historic commitment to a two-state solution to the conflict.

We believe Palestinians have a right to freedom, security, and self-governance within their own state and, further, that such a state must be established within safe and secure borders and be economically viable, consistent with PC(USA) support for a two-state solution to the present conflict.

Consistent with the PC(USA)’s commitment to the vitality and well-being of the state of Israel in awareness that only a strong Israel can be a partner in a lasting peace, we believe

in Israel's right to exist as a state and in Israel's right to defend itself against terrorism and acts of violence that threaten its security.

The action to instruct MRTI to divest in specific companies for alleged complicity in the struggle between the State of Israel and the Palestinians was beyond an internal administrative or governance issue of the General Assembly and, as such, was taken without sufficient research, debate, or education of the membership of the PC(USA).

2. The Presbytery of Great Rivers overtures the 217th General Assembly (2006) to recognize Caterpillar for its responsible actions as a global corporate citizen.

Rationale:

Caterpillar is a good corporate neighbor both globally and locally. It has a long-standing commitment of employee adherence to a worldwide code of conduct, reaffirmed over the past 30 years by each incoming chairman. In fact, Caterpillar was one of the first companies to develop a code of conduct and testified before a committee of Congress as to its belief that all employees adhere to an ethical code of behavior. The Better Business Bureau recently recognized Caterpillar as a Torch Award winner for advocating adherence to a strong code of corporate ethics and business practices.

Caterpillar is a member of the Dow Jones Sustainability World Index that recognizes companies for a focus on social responsibility, for sustaining the environment, and for strong financial results. In 2003, Caterpillar became the first engine manufacturer to offer a complete line of 2004 model year clean diesel engines fully compliant and certified by the U.S. Environmental Protection Agency. The company has developed break-through engine technology (known as ACERT®) that reduces emissions from its products; has set emission reduction targets for its facilities below those set forth in the Kyoto Protocol; and has established a new major business division focusing on expanding remanufacturing, aiding the environment by recycling millions of tons per year of its own and other companies' products.

The company has been a leader in its support for the United Way and has encouraged employees to serve on leadership committees of the national United Way. Most recently, the company announced a dollar-for-dollar match of employee contributions, a move that will increase support from \$3 million per year to \$6 million per year.

The Caterpillar Foundation has embarked on the largest sustainability partnership in The Nature Conservancy's history (\$12 million) that will demonstrate fresh water management practices for major river systems on three continents. The company was an original founder of Tropical Forest Foundation and is involved in a demonstration project on sustainable forestry practices in Asia and South America.

Caterpillar managers take active leadership roles in community, civic, charitable and non-profit organizations. For example, Caterpillar CEOs served as chair of the National

Salvation Army Advisory Board, chair of the World Methodist Council Achieving the Vision Endowment, chair of Easter Seals Rehabilitation and Family Services Center, and board member of Carnegie Endowment for International Peace. Others have demonstrated leadership in establishing extraordinary giving levels by being founders of the Salvation Army's William Booth Society, the Red Cross' Clara Barton Society, and United Way's Alexis de Tocqueville Society. Senior managers have led Habitat for Humanity projects and business units have built several homes. Hundreds of other employees are leading efforts in countless projects of all kinds on every continent.

Caterpillar products make progress possible – from providing potable water and sanitation facilities in third world villages; to infrastructure required for economic improvement in developing countries; to providing power generation to hospitals in Cuba, China and Iraq; to disaster relief and recovery in southeast Asia and the Gulf coast of the U.S. After the devastating tsunami in Asia and Hurricane Katrina, Caterpillar matched their employees giving to these disasters with 100% matching funds. Earthmoving equipment was sent to Asia and Louisiana. Other assistance to the Gulf region included helping to install power modules to power pumps to remove water from the city and to provide power to about 200 homes, increasing shuttles to the Gulf Coast from distribution centers so parts can be delivered sooner, waiving expedited charges for parts delivered to dealers in Mississippi and Louisiana, and donating equipment to help rebuild levees.

For 50 consecutive years, Caterpillar has held a spot on the Fortune 500 list, one of only 71 companies to do so of the nearly 1900 that have made the list at least once. It provides tens of thousands of jobs, operates responsibly and manages its businesses in a way that offers its shareholders a solid return on their investment.

3. The Presbytery of Great Rivers overtures 217<sup>th</sup> General Assembly (2006) to instruct the PC(USA) to pursue a peacemaking strategy of proactive engagement and selective investment in companies, not-for-profits, NGOs, and diplomatic efforts that are likely to promote a just and lasting peace in the region.

Rationale:

This positive approach supports the historic pronouncements of the General Assembly with regard to the objective of peace in the region.