

**THE AMERICAN BAPTIST HOME MISSION SOCIETY
WOMAN'S AMERICAN BAPTIST HOME MISSION SOCIETY**
(Collectively referred to as the "Society")

Revised Guidelines Relating to Social Criteria for Investments originally adopted by the Board of Directors of the Society on November 1, 1972, and periodically amended. Latest amendment date - November 15, 2006.

I. Introduction

The Society realizes that its investment decisions can represent expressions of its commitment to carry out its mission in this world. This is evidenced by the fact that for decades the Society has refused to invest in tobacco and liquor stocks. These Guidelines are being promulgated in recognition of the fact that, in addition to safety, marketability, and yield factors, social values and social justice should be given consideration in investing the Society's funds and in exercising its rights as a shareholder.

II. Social Factor Criteria in Investment Decisions

(1) Selection and Retention of Securities

- (a) Except as otherwise provided herein, the investment objectives remain as the maximization of investment productivity without distinction between capital appreciation and current income.
- (b) In cases where a corporation is already in the portfolio and where an issue raised with that corporation under these Guidelines may result in the filing of a shareholder resolution, the investment manager shall be notified in writing, by the Treasurer of National Ministries, to transfer to the society a minimal number of shares not less than \$2000 in value, to be held in a special account to prevent the shares from being sold while a filing is underway.
- (c) As a general policy, securities will not be selected or purchased for the purpose of expressing approval or disapproval of a company's activities or for the purpose of enabling the Society to contest a company's activities. However, the Society does retain the right to make such purchases on an occasional basis so as to bear witness to important issues in the life of the nation.

(2) Voting Rights

When the Society receives proxy material from a company containing proposals of social concern, the Society will vote, or cause its shares to be voted, for any proposal which seeks to reduce or eliminate the social injury

caused by a company's activities if a determination has been made in accordance with Article III (a "finding") that the activities which are the subject of the proposal cause social injury and that means suggested in the proposal for reducing or eliminating such social injury are reasonable.

(3) Other Shareholder Rights

- (a) When social factors are involved in exercising its rights (other than voting rights) as a shareholder, the Society may take action in exceptional circumstances if a finding has been made that a company's activities may cause serious social injury. Such action may be taken separately or jointly with other institutions and may include (i) introducing and supporting corporate resolutions, (ii) initiating action to elect or defeat directors, (iii) initiating or joining in shareholder litigation, and (iv) making formal or informal presentations to the management of companies.
- (b) For the purpose of these Guidelines social injury will include:
 - (i) the pollution of air and water,
 - (ii) the destruction of the environment,
 - (iii) discrimination in employment, promotion and training practices on the basis of race or sex,
 - (iv) excessive reliance on militarism,
 - (v) foreign investments which have the effect of contributing to the economic support of governments whose policies seriously inhibit the political and economic rights of any substantial social group, and
 - (vi) the production, distribution or fraudulent marketing practices of goods or services which are harmful to civilians, consumers or minors.
 - (vii) such other actions or conditions as shall be designated by the General Board of the American Baptist Churches in policy statements or resolutions or by the Board of National Ministries in resolutions.

(4) Excluded Investments

- (a) The fund shall not knowingly be invested in securities of any company that is:
 - (i) primarily engaged in the tobacco, gambling or liquor business, or
 - (ii) derives 10% or more of gross revenues from the production, distribution or sales of products or services that are interpreted to be pornographic, meet the legal criteria for obscenity or legal definition of "harmful to minors", or
 - (iii) substantially engaged in the manufacture or supply of war material, defined as 10% or more Department of Defense contracts relative to total sales in any given year or inclusion in the top 15 Department of Defense contractors in any given year.

These criteria will be furnished to the investment managers.

- (b) If a finding is made by the Finance Committee referred to in Article III that a company whose securities are held by the fund is engaged in any of the businesses specified in subsection (a) above, or whose activities are causing or may cause serious social injury as defined in 3(b) above and that it is unlikely that the exercise of shareholder rights by the Society will succeed in modifying such activities, then the investment managers shall, upon receiving written notice from the Finance Committee referred to in Article III that such a finding has been made, dispose of all securities of such company held by the fund in a reasonably prudent manner.

(5) Exception

If a finding is made by the Finance Committee referred to in Article III that, because of extraordinary circumstances, any action under these Guidelines may impair the capacity of the Society to carry out its mission in this world (for example, by causing adverse action on the part of governmental or other agencies or groups) then any such action will not be taken.

(6) Applicability of Guidelines

These Guidelines shall be inapplicable to funds which are subject to limitations on investment imposed by the donor, by contractual provisions or by applicable law or regulations, and the investment managers shall be given written advice of all such limitations.

III. Procedures

(1) Social Responsibility in Investments Subcommittee of the Finance Committee

- (a) The Social Responsibility in Investments Subcommittee of the Finance Committee (the "SRI Subcommittee") shall develop and recommend guidelines for voting proposals contained in the proxy materials of companies in the stock portfolio of the corporation. It will recommend criteria for companies to be excluded from investments for social reasons. It will exercise the rights of the corporation as shareholder to take action where a finding has been made that a company's activities may cause serious social injury as described in the guidelines relating to social criteria for investments.
- (b) The SRI Subcommittee may ask individuals, whether or not connected with the Society, to attend its meetings to provide advice and information.
- (c) It shall be the duty of the SRI Subcommittee to consider

any request for action under the Guidelines and to determine whether the requested action is appropriate in the light of the Guidelines.

- (d) Before the SRI Subcommittee recommends to the Finance Committee any action or makes any finding, the committee will give careful consideration to the facts and arguments advanced by all parties and may invite such parties to attend meetings or provide information to the Committee.
- (e) All asset classes included in the category of Alternative Investments will require consideration and recommendation by the SRI subcommittee to the Finance Committee. Some classes in this category may be exempt from full implementation of these guidelines.

(2) The Finance Committee

- (a) If the Finance Committee determines that any action recommended by the SRI Subcommittee or findings of that subcommittee may have an adverse effect on the performance of the society's portfolio, the Finance Committee shall obtain the opinion of the Society's investment advisor about the effect of such action or finding on the overall investment return on the society's fund.
- (b) The Finance Committee shall act on recommendations and findings of the SRI Subcommittee.
- (c) The Finance Committee may amend these guidelines from time to time.

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