



THE INTERSECTION OF FAITH & FINANCE

By Ryan Velez

While the discussion on fossil fuels generally orbits around corporations and politicians, there is one group whose internal debate is unknown to many: the church.

Some churches around the world are currently investing in fossil fuels, but as the facts about climate change become more prevalent, religious groups in every denomination are grappling with this financial and moral question. Even churches that agree that climate change is a problem have differing ways of addressing it. Some believe that holding onto their investment and trying to affect change from within is the best course of action, while others see divestment as the best way to stir fossil fuel companies to change policies.

At the front of this discussion is the United Church Of Christ (UCC). The UCC made headlines in June 2013 by passing a resolution to deal with climate change that included divestment from fossil fuel companies, making it the first religious organization to do so. This resolution also contained a call for:

- Enhanced shareholder engagement in fossil fuel companies,
- An intensive search for fossil fuel-free investment vehicles, and
- The identification of “best in class” fossil fuel companies by 2015.

The resolution was the brainchild of the Rev. Jim Antal, Conference Minister and President of the Massachusetts Conference of the UCC, a community leader who saw this as an opportunity to become “a vocal witness with a denominational voice.” Rev. Antal partnered with [United Church Funds](#), “an investment arm investing the endowment funds for schools, churches, housing, and so forth. They don’t represent pension assets, and are not a church in itself,” said Katie McCloskey, Director of Social Responsibility for United Church Funds.

According to Ms. McCloskey, United Church Funds, (UCF), an affiliate of UCC, became involved as a result of the resolution’s

call for individual and local churches to lower carbon demand, which they interpreted as a call for shareholder action. Not only did CC want to create an option to be free of fossil fuel companies, but also to set benchmarks that can be used to invest in the future. As a result, this partnership was formed, and is still working hard to affect change. However, being a religious group, there are several questions and roadblocks unique to their situation. Even Ms. McCloskey realizes some of these issues, remarking “We’re active in hammering out something that would support shareholder action, and the need for individual demand for lowering fossil fuels. The question is, how can a church implement such a strategy?”

“We’re active in hammering out something that would support shareholder action, and the need for individual demand for lowering fossil fuels. The question is, how can a church implement such a strategy?”

The question of implementation is easily the most difficult for religious groups seeking to enter the arena of climate change. While many groups spanning all the major sects have made statements — the majority treating climate change as an area of concern — the amount of groups taking action is far less. In addition, some believe that this isn’t a suitable domain for churches to enter at all.

“Make no mistake, we reserve the final option of disinvesting from those particular [oil] companies who resist change.”

Rev. Canon Professor Richard BurrIDGE, The Church Of England.

“We cannot continue to destroy nature without also destroying ourselves. The dire problems besetting our world — war, disease, poverty and hunger — will all be magnified many fold by the predicted impacts of climate change.” Hindu Declaration on Climate Change.

“Clearly global warming and related climate change brought on by the combustion of fossil fuels pose grave threats to justice, peace, and the integrity of creation.” [The Power To Change: U.S Energy and Global Warming Report](#), Presbyterian Church USA.

“Our present economic and technological relationships with the rest of the biosphere are unsustainable. To survive the rough transitions ahead, our lifestyles and expectations must change. This involves new habits as well as new values.” Buddhist Declaration On Climate Change

Ms. McCloskey reminds us, however, that UCF only handles assets, and that they “believe it is a fiduciary duty to look at socially responsible investments.” (SRI’s)

The question of SRI’s and their value to investors poses its own legal and ethical dilemma. Any fiduciary board’s (be it religious or otherwise) investments for the future are subject to a set of laws that differ by state. In some states, valuing socially responsible metrics over return on investment could be consid-

“Times are changing in terms of what is material in investing. We are able to understand externalities as material to our decision making.”

ered a violation of fiduciary policy. Violations of these policies would open the board up to legal action. In response to this possible issue, Ms. McCloskey states that “Times are changing in terms of what is material in investing. We are able to understand externalities as material to our decision making.” This statement rings true in the face of the crashes of 2001 and 2008. While SRI’s generally conjure up images of fair trade products and environmentally-

focused companies, longevity is also a major metric for funds with SRI’s in mind. Ms. McCloskey seconds this, remarking that “certain stocks, such as tobacco, don’t really don’t make sense when thinking of a small church wanting to preserve capital over the next 100 years. Socially responsible investing tends to support this.” In order to make sure that SRI’s match both the needs of the environment and investor, UCF’s investments are done through ICCR, an Interfaith-based institutional investment center sponsoring shareholder resolution discussions and promoting environmentally and socially responsible practices.

Even with the precautions being taken, there are still inherent risks when forging new ground such as UCC and UCF are doing. As more and more groups shift attention to their investments in fossil fuels, the value of carbon assets themselves is going to change. Should the massive amounts of funds currently allowing the big oil companies to function no longer be available, there will be major problems should alternative fuels

not be sufficiently present in the infrastructure. Ms. McCloskey voices her concerns in the following statement:

“If legislative reality becomes clear that there will be a carbon tax, or a social implication to end the license to ‘drill baby drill’, then assets aren’t what they [oil companies] say they are. If there is no easy way to get the assets out of the ground they may not be as rosy as you think. Are they really assets?”

In addition, as the concept of divestment is gaining steam, there is a question of who may end up filling the void that those interested in SRI’s may leave. Ms. McCloskey believes that if everyone wanting to combat climate change divests from fossil fuels, others will come in who will be “less responsive” on social issues. Regardless of these fears, she believes that “every kind of activism is necessary.

UCC and UCF plan to fully execute their resolution by 2015, and appear to be well on their way. In January, UCF worked

Advertise Your Company Become a Green Economy Expert.

Get an expert listing on TGEink. Let other companies know how you can help them invest in their future.

Call us at 212.749.4620 or
email at sales@TGEink.com.



with a group of 70 global investors, managing more than \$3 trillion in collective assets, to issue a letter to the 45 top fossil fuel companies asking them to conduct risk assessments on current business activities and disclose them before their shareholder meetings in May. UCF also launched a website, [Beyond Fossil Fuels](#), a complete guide to working towards a carbon-free future. The website provides education for churches on how to go carbon-free as well as corporate strategies.

By 2015, UCF plans to offer an additional fund for its clients that will not include fossil fuel companies, as well as create a methodology to determine which fossil

UCF worked with a group of 70 global investors, managing more than \$3 trillion in collective assets, to issue a letter to the 45 top fossil fuel companies asking them to conduct risk assessments on current business activities and disclose them ...

fuel companies can be considered best-in-class. Best-in-class fossil fuel companies are those with minimal contribution to climate change and pollution, while promoting sustainability and transparency.

While their efforts may draw concern, they also appear to be drawing followers. In January, the Presbytery of The Twin Cities Area agreed to divest its endowment

from fossil fuel companies, and the resolution is drawing praise from around the world.

Overall, the extent of the impact that UCC's resolution has remains to be seen. While the religious community and business world have taken note of this landmark action, there is still much work yet to be done to follow through on their plan. Even after all the initiatives in the resolution are put into motion, the question still remains as to how the environment and marketplace will be affected. With that said, though, while the majority of church investors are still grappling with how to react in the face of climate change, the United Church of Christ's decisive action may very well inspire other groups to

take an official stance, be it divestment or otherwise. Perhaps a catalyst in the struggle against climate change could come from this unlikely source.

About the United Church of Christ

The United Church of Christ is a mainline Protestant denomination with more than 1 million members and nearly 5,200 congregations nationwide.

About United Church Funds

Established in 1909, United Church Funds (UCF) offers a family of nine professionally managed, well-diversified and socially responsible investment funds to over 1,000 churches, conferences, associations and other ministries of the United Church of Christ. At present, UCF manages over half a billion dollars in assets — from small church reserve accounts to some of the denomination's historic endowments.

UCF plans to offer an additional fund for its clients that will not include fossil fuel companies, as well as create a methodology to determine which fossil fuel companies can be considered best-in-class.

Catholic Climate Covenant

Dan Misleh, Executive Director of the [Catholic Climate Covenant](#), is following on a Church history of concern for climate change. He mentioned the activities of Pope Benedict XVII, calling him "The Green Pope" for his activities, including his [Message to 2009 Summit on Climate Change](#). He added that the Catholic Church is focused on the impact of climate change on people, especially the most vulnerable who are often the most impacted. Noting that the Vatican is the first carbon neutral nation, he went on to say "The envelope that encompasses all of creation is our atmosphere. As a people of faith, a community of faith, it's a continuing incarnation of Jesus to be concerned about our neighbors. "

[The St. Francis Pledge](#), currently signed by 25,000 Catholics, follows 5 principals:

- PRAY and reflect on the duty to care for God's Creation and protect the poor and vulnerable.
- LEARN about and educate others on the causes and moral dimensions of climate change.
- ASSESS how we-as individuals and in our families, parishes and other affiliations-contribute to climate change by our own energy use, consumption, waste, etc.
- ACT to change our choices and behaviors to reduce the ways we contribute to climate change.
- ADVOCATE for Catholic principles and priorities in climate change discussions and decisions, especially as they impact those who are poor and vulnerable.