

OVT- 02 Briefing Paper

Briefing Position Paper “On removal of investments in and subsidies for fossil fuels.”

(You may find the full text of the overture and rationale for OVT-02 in [PC-Biz.org-ENV](https://www.pc-biz.org/ENV))

The overture as well as a slide presentation about it are available at [Presbyterians for Earth Care](https://www.presbyteriansforearthcare.org/) website.

Contents

Title and Contents	1
Summary	2 -3
Rationale	3-4
Other reasons to support	4-5
Common arguments against proscription with responses	5-10
Appendix I 2024 Proscription List	11-12
Appendix II Analysis of proscription/exclusion process	13
Appendix III BOP and Foundation FF “exposure” numbers and comparison of levels of FF investments 2013 and 2023	14-15
Appendix IV Presbyterians for Earth Care response to the PMA Advice and Counsel Statement	16-18

Summary:

The second “commandment” given to humankind after their creation, immediately following “be fruitful and multiply”, was that they should: **“Be responsible** for the fish in the sea and birds in the air, **for every living thing** that moves upon the face of the earth.” (Genesis 1:28, Msg. Translation)

Motivated by this commandment, scientific knowledge about the causes of climate change and compassion for the suffering of the most vulnerable of our brothers and sisters, thousands of Presbyterians have petitioned our General Assemblies for ten years through the orderly processes of bringing overtures from the presbyteries, to **remove our denomination’s investments from the fossil fuel industry** because their products are a primary cause of climate change. During this time climate related deaths have increased, while climate related disaster costs have skyrocketed and the impacts on the web of life have worsened. And yet those whose work it is to maximize returns on invested funds continue to seek profit from this destruction and suffering with Presbyterian investments in the fossil fuel industry.

The famous Scottish philosopher, John Stuart Mill, in his inaugural address at St. Andrews University in 1867 stated words then which are as true today as they were at the time:

“He [sic] is not a good man [sic] who, without a protest, allows wrong to be committed in his name, and with the means which he helps to supply because he [sic] will not trouble himself [sic] to use his mind.”

Alternative GA-approved divestment options (categorical divestment and proscription) are ignored by the MRTI staff and board who continue to insist that the company-by-company engagement process and policies as the “only way” to convince the Presbyterian Foundation and Board of Pensions to remove our money from the fossil fuel industry. In light of the historical crisis in which we find ourselves and the options for exclusion/proscription offered by our denomination’s “1984 Divestment Policy” document, we believe this is morally and ethically indefensible. We need our General Assembly to provide clear spiritual guidance to the Church as a whole about the climate justice issues at stake and respond with one clear voice with guidance for not only our denominational fiduciaries but all PCUSA institutions and individuals on this important issue.

We need to step back and use our minds, and our hearts, to reflect on what our priorities are as a community of faith. Loving our neighbors, caring for creation, and using our money to do good in the midst of a crisis where people are dying and creation is suffering, are more important than adhering to self-imposed and ineffectual policies and processes that continue our profit-taking investments in these poisonous products. Doing our part to save the planet is a moral imperative.

This overture calls for the proscription/exclusion of all investment in companies for whom the production of fossil fuels is their primary source of profit and strongly encourages all church investing entities and individual Presbyterians to remove our money and not reinvest it in this industry. (see

Appendix I for the current proscription list). It also asks the U.S. government to end all subsidies for the development and production of fossil fuels.

In Short:

- 1.) It is unjust and immoral to profit, either personally or as a denomination, from a product that we and its producers know to be contributing 65% of the greenhouse gasses poisoning the planet and disproportionately harming the “least of these” our brothers and sisters.
- 2.) By withdrawing funds from non-renewable energy production, we free up monies for investing in the green transition to renewable energy.
- 3.) By divesting of FF stocks, the cost of financing FF projects increases because it becomes more scarce, assuming we are joined by others, while renewable energy costs are dropping.
- 4.) By divesting of FF stocks, we make a symbolic action in solidarity with all life on the planet and the most vulnerable of our brothers and sisters.
- 5.) By divesting FF stocks, we set an example for all our congregations and members that we can live into the hope we profess of a works that is no longer dependent on FF

Note: The 1984 Divestment Policy outlines two categories of divestment which are both currently practiced by our denomination: 1) that which is intended to achieve an alteration of a company’s practice (which is the foundation of the MRTI decision matrix for company by company engagement) and 2) that which is primarily focused on a company’s product, which is the basis for the list of companies on the proscription list of excluded investments. The General Assembly, acting on the recommendation of MRTI, has called for the divestment of stocks held in five of the largest fossil fuel companies based on their failure to change certain **practices** considered to be harmful to the environment.(Appendices I and II) However, there is still a combined approximately \$320 million of stocks in fossil fuels related companies held by the Presbyterian Foundation and Board of Pensions.(Appendix III) This is about \$100 million more than the value of stocks held by these entities in 2013 when concerned Presbyteries across the church first began this divestment effort! But despite the rather large dollar amount of this investment in fossil fuels it is still a rather small percentage (around 3%) of total investments.

Regardless of these numbers, they pale in comparison to the amount held by individual Presbyterian members, congregations, seminaries and other PCUSA entities. The supporters feel that rather than focusing on the **practices** of a few companies we should rather focus on the **product** of all companies whose primary income source is from the production of fossil fuels. Because it is this product which is the root cause of over 65% of greenhouse gases causing climate change.

Overture Rationale:

- Past General Assemblies have repeatedly stated the vocation of earth care is an essential mission and ministry of our denomination.
- We are in the midst of a **climate crisis** that is caused primarily by the production and burning of fossil fuels which release greenhouse gases (primarily methane and carbon dioxide) which hold heat, warm the planet and slowly destroy the livability of the planet in myriad ways such as droughts, storms, rising sea levels, changing seasons, etc. etc.

- Yet in the face of this crisis, Presbyterian institutions and individuals continue to provide financing for and profiting from continuation of business as usual rather than taking actions to addressing the primary cause of the problem.
- Scientific consensus, global leadership consensus and statement after statement issues by our own church's ACSWP agree that the **world has to change** the path it is on in two specific ways: 1) a "fast, full and fair" **phase out of fossil fuel** production and usage quickly. 2) the rapid **expansion of clean renewable energy**.
- Our denomination has acknowledged the climate crisis multiple times with educational and advocacy efforts. The Presbyterian Foundation (PF) is leading the response of our fiduciaries by establishing a "fossil fuel free investment fund" for church-related institutional investors and is considering opening this fund to individual investors. They have also reduced their portfolio exposure to fossil fuels substantially over the years since presbyteries began to raise this concern at the General Assembly level in 2014. But this good work as well as solidarity with the victims is undermined by continuing to seek profit from investment in the fossil fuel industry.
- The particular practices of individual fossil fuel companies are not the cause of global warming but rather the products of all of these companies. No amount of engagement has or will in the future result in these companies shifting from their core business of producing a product that is poisoning the earth's climate. Furthermore, continuing to engage with and profit from the activities of these companies provides misleading guidance to individuals, families, congregations, and church-related institutions around faith-based investing decisions related to the extent and causes of the climate crisis.
- [The 1984 Divestment Strategy: Principles and Criteria](#), approved by the GA provides a well-reasoned, theologically sound basis for the removal of funds from an entire class of firms, as well as the proscription of a class of firms when the focus of their economic activity, their product, conflicts with the mission and purpose of the church. It was on this basis that the church chose to create the "proscription" list which includes the ten largest tobacco companies, all companies that run for-profit prisons and companies that manufacture weapons of mass destruction. However, the MRTI has ignored this broader exclusion/divestment option in favor of continued engagement/investment option.
- Therefore, this overture asks that the General Assembly put the fossil fuel industry on its prohibited securities list pursuant to The Divestment Strategy paragraph 25.256(g) and calls on all Presbyterian-related entities and individuals to quickly remove their investments from the fossil fuel industry.

Additional reasons to support this overture:

The overture rationale provides the main reasons, but additional reasons include the following:

1. The global scientific consensus is that Fossil fuel production and use must be phased out by 2050. At the last meeting of signatories to the Paris Climate Accord including the U.S., they also agreed that fossil fuels production and use must be phased out by 2050. This accord was affirmed by our PCUSA General Assembly two years ago.
2. Climate change is real, getting worse and people are suffering. The [World Meteorological Organization](#) (WMO) confirmed on March 19, 2024, that 2023 was the

hottest year on record by a clear margin. In a report on the climate, it found that records were “once again broken, and in some cases smashed” for key indicators such as greenhouse gas pollution, surface temperatures, ocean heat and acidification, sea level rise, Antarctic sea ice cover and glacier retreat. [Per Bill McKibben](#), this spike is so scary that NASA’s keeper of the climate record wrote in the journal, *Nature* that it raised the most profound possible implications. “It could imply that a warming planet is already fundamentally altering how the climate system operates, much sooner than scientists had anticipated.” Further, a [Harvard Study](#) reported that fossil fuel air pollution was responsible for more than 8 million deaths in 2018.

3. The Fossil Fuel industry is actively working to oppose the green energy transition. While the world is transitioning to clean renewable energy and our fossil fuel investments help **this industry oppose the transition** to clean renewable energy.
4. Removing the denomination’s money **does have a financial impact on the companies**. One line of evidence to support this is the nationwide opposition to Environmental, Social and Governance (ESG) investing generated by the fossil fuel industry. This is an investment strategy that takes into account a business’s environmental and social risks. This **opposition** was created and pushed by the fossil fuel industry.
5. The **impact on investment income is neutral to positive**. Divestment may even increase returns given the historical volatility of fossil fuel linked securities.
6. We are not alone in doing this. As of December 2023, more than **1,600 institutions** that hold more than \$40.6 trillion in assets have pledged to divest themselves of their fossil fuels stocks.
7. The theological reasons are clear, **God expects us to care for creation** and our fossil fuel investments hurt this creation.
8. **Let’s move forward** using our money as a power for good and for change and sever our ties with an industry that is profiting off the destruction of God’s creation.

Common arguments against categorical divestment and now against fossil fuel proscription with suggested responses:

1. **The 2024 overture bypasses the long-established processes and policies of the GA for establishing social witness policy.**

Response: This is misleading as the ACSWP has addressed this issue multiple times. The statement refers to the practice of calling on the Advisory Committee on Social Witness Policy (ACSWP) committee to study issues about which the GA is considering adopting into policy. This committee provides the GA with studies of moral challenges, discernment of Christian responsibilities and policy recommendations for faithful action.

The 2009 ACSWP study, *The Power to Change: U.S. Energy Policy and Global Warming*, spoke directly to the need for the Presbyterian Church (U.S.A.) in all its manifestations to act to reduce our carbon footprint and provide leadership needed to keep global warming below two

degrees Celsius. This document did commend the “shifting” of government subsidies away from fossil fuels and toward renewable energy research and development. ¹

Also, the ACSWP has reviewed and reported on categorical divestment overtures in 2014, 2016, 2018 and 2022. Asking for this industry to be excluded from our investments is not substantively different than categorical divestment. Both approaches are from the 1984 Divestment Strategy and have the same end result – removal of investments and exclusion of future investment in this industry. The idea of ACSWP studying this issue for two more years is like asking the Captain of the Titanic as his ship is sinking to do an inventory of the number of life jackets on board before allowing people to get in the lifeboats. There is an urgency to address the climate crisis that is being ignored here. Both the theological and economic reasons for doing this are understood and if there is doubt that the 2024 commissioners understand this, then the ACSWP can make a presentation at plenary.

2. Calling for the removal of investments from the fossil fuel industry is merely a symbolic action because it will not greatly impact the functioning of the industry.

Response: This is incorrect. As people of faith, we understand the potent value of symbolic actions and moral leadership for our membership as well as the larger society. Furthermore:

- a. According to the Stand.earth website, over one-third of the 1,600 institutional divestment commitments is faith-based organizations.
- a. The Fossil Free California website describes the [financial impact on the companies](#) with divestment.
- b. Another line of evidence to support how divestment is hurting the industry is the nationwide opposition to Environmental, Social and Governance (ESG) investing. This is an investing strategy that takes into account a business’s environmental and social risks. The [opposition](#) to ESG investing was created and pushed by the fossil fuel industry. Legislatures in 20 states as of last September, have passed anti-ESG investing laws for public institutions. This is the industry’s response to the effect divestment is having on them.
- c. The Financial Times reported April 2023 in an article entitled, “[Fossil fuel groups hit extra hard by divestment pledges that go viral](#)” that fossil fuel divestment pledges which gain traction on social media have an outsized impact on carbon intensive companies, wiping billions off their market value per new research.
- d. Removing money reduces the industry’s ability to block the transition to clean renewable energy.

3. The MRTI review process using guideline metrics and its process of continued engagement with companies through the rules of access provided to shareholders for bringing petitions and shareholder voting, leads to material change.

¹ “(2) Shift subsidies and financial incentives toward industries specializing in renewable energy and energy efficiency and away from the fossil fuel and nuclear power industries. . . . These funds need to be increased, and a much larger percentage must be dedicated to renewable energy, alternative fuels, and energy efficiency. Funding for these measures can be made revenue-neutral by reducing subsidies to the oil, gas, and nuclear power industries.”

Response in two parts:

One: Our denomination's current policy of shareholder engagement is not changing the industry in any substantive way that matters in the climate crisis. It has not convinced them to stop producing fossil fuels which is what must happen to stop the climate crisis.

- Shareholder engagement was acknowledged in the 1984 Divestment Strategy as having only a “small potential” for affecting corporate change, (Paragraph 25.253) because in 1983, the Securities and Exchange Commission rule changed to only allow shareholders to request or suggest changes. They cannot direct. Also, SEC Rule 14a-8(i)(7) allows a company to exclude any shareholder proposal that “deals with a matter relating to the company’s ordinary business operations.”
- Further the **fossil fuel companies** continue to spend millions to advocate for their product and to oppose the transition to renewable energy. They also are scaling back their internal weak climate targets. These are not the actions of an industry that is changing.
- Lastly, the kinds of “changes” enacted by the fossil fuel industry in response to public and shareholder pressures are merely cosmetic green-washing such as token investments in renewable energy (e.g. solar panels on coastal oil platforms) and promises to release less methane gas or at worst, they are focused on continuing the world’s addiction to their deadly products through as yet to be realized technological processes such as underground carbon sequestration.

Two: MRTI's guideline metrics company by company review only considers individual companies. It will never result in the removal of an entire class or industry and contrary to claims, has not led to material change with the industry or within the church:

- In 2022, the GA approved divestment from five fossil fuel companies (based on company practices and not based on their products) and both the Board of Pensions (BOP) and the PF divested from these companies. However, through the normal portfolio rebalancing process, the **money was re-invested in other fossil fuel companies**. We appear to have the same percentage, if not more, of our funds invested in this industry as we did before we divested from these five companies. The current (as of end of 2023), combined amount of these two fiduciaries’ fossil fuel “exposure” in their portfolios is approximately \$320 million U.S.D. (See Appendix II)
- This makes a mockery out of the decade long work of thousands of Presbyterians because even this small slow step of divesting from just five companies was negated by resorting back to business as usual.

4. Proscription of holding fossil fuel stocks is a “purity-focused” solution to marketplace ethical issues, is anti-reformed and unattainable.

Response: This overture is not based on purity claims. Presbyterians know ourselves to be deeply implicated in and compromised by our own addiction to the status quo economic realities. The foundational 1984 “Divestment Strategy” policy paper describes our denomination’s position on the use of our money as a continuum between purity and pragmatism. It’s not an either/or proposition but a spectrum. We are always only “more or

less” pure OR pragmatic, never wholly one or the other. Presbyterians are generally more on the pragmatic end of this spectrum, choosing to stay engaged with the world in service to the goal of transformational redemptive activity. However, from time to time, we are moved by the spirit and our vocation to strive for justice, understanding that this occasionally calls us to prophetically stand apart from some economic activity in order to stand alongside the vulnerable, marginalized and voiceless. We do this not as pure and holy people but as wounded healers serving a crucified and risen Lord.

As for the charge that the choice to withdraw from engagement with and investments in fossil fuel companies is somehow not in keeping with our identity as a reformed community of faith, we might want to ask our brothers and sisters in The Presbyterian Church of Ireland and the Church of Scotland as well as the World Communion of Reformed Churches, how they have addressed this question in the process of their own decisions to divest fully from the fossil fuel industry.

5. Change requires sustained and ongoing action by Christians.

Response: Of course it does and asking the denominational fiduciaries, PCUSA related institutions, congregations and families to remove their money from the fossil fuel industry is one part of this sustained action. Other actions from educating members, lobbying Congress and state legislatures, planting trees, putting solar on our churches, reducing the use of plastics in our churches to asking all Presbyterians and institutions to go carbon neutral are part of the denomination’s ongoing actions to switch our church and society to clean renewable energy to address the climate crisis.

6. We (referring to MRTI) understand and agree that the climate crisis is bad.

Response: Acknowledging that climate change is real, but insisting on keeping investments in the industry that is knowingly contributing the greatest percentage to its cause, suggests that there is a knowledge-behavior gap that has not been bridged. Real people are dying because of this industry. Real people are suffering. God’s creatures are dying. Ocean temperatures are quickly moving out of the tolerable range for many species. Prolonged droughts are driving people to walk hundreds of miles with children in their arms to find a better life. If you know this and continue funding and profiting from the industry then you don’t really understand the seriousness of the climate crisis or the toll that it is taking on God’s creation.

7. Investing agencies (BOP and PF) cannot implement the actions of the G.A. to proscribe/exclude/divest-from categories of economic activity.

Response: This is a particularly misleading assertion. The BOP has a self-imposed 2019 policy that says it won’t categorically divest on its own but will only follow the guidance of MRTI. (It should be noted that both the BOP and the PF are funders of and have representation on the MRTI committee, so this policy basically creates a closed system where it tells itself what to do.) This 2019 anti-categorical policy was adopted after three general assemblies, where it was clear that thousands of Presbyterians from across the entire U.S. supported fossil fuel divestment.

Further, the PCUSA and the BOP did agree years ago that the GA wouldn't interfere with its investment decisions referring to the companies it chooses to invest in. However, the denomination has had a divestment strategy/policy for decades (1984) that makes it clear that our investments are about more than financial return. They also are about doing good in the world and seeking social justice. Clearly, continuing to profit from fossil fuels which are causing so much harm is contrary to this long-standing divestment strategy/policy, our biblical teachings and past GA climate change policies.

Appendices I and II at the end of this briefing paper detail both the existence of a list of proscribed investments as well as the specific companies to be excluded by their fund managers, demonstrating that this overture is consistent with existing church processes. As MRTI is a program unit under the direction of the General Assembly, a decision to proscribe/exclude companies whose primary source of income is derived from fossil fuels production would, of course be passed on to MRTI to prepare a comprehensive list, using the research of others such as the Carbon Underground 200 list of fossil fuel companies, and to publish the comprehensive list at the beginning of 2025. It would meet the requirement of the Board of Pensions policy described above that they only respond to MRTI in their divestment choices. The only difference between the current list and the new one that would be produced, as well as in the response by our fiduciaries, is the addition of another category and parameters of divestment/proscription/exclusion. To be clear, this means that it would not need to go through MRTI's guideline matrix review process. The GA in essence has defined single review parameter for proscription - "companies whose primary source of income results from the production of fossil fuels."

8. It is not MRTI's role to set policy.

Response: That is correct. This is properly the purview of the commissioners, attuned to the movement of the Holy Spirit and the signs of the times as they meet and deliberate. This is all that is being asked by the sponsors of this overture. It is also true that policies established in the past can be changed in such meetings and that MRTI could support this overture.

Common Arguments from other commissioners with suggested responses:

1. Climate change is not real or if so, isn't human driven.

Response: Of course it is real. And there is now a long-standing scientific consensus on its causes (greenhouse gases such as methane and carbon dioxide, 65% of which are produced by burning fossil fuels) and a majority of Americans have felt its affects – from monster hurricanes, smothering smoke, extreme rainfall events, flooding, droughts to extreme heat. Our oceans are now bathtub warm and birds and other critters are quietly disappearing, and people are dying.

2. Removing our money from this industry will harm our investments.

Response: The [impact on investments is neutral to positive](#). Click to learn more.

3. It will put good people out of work.

Response: The world is transitioning to renewable energy, and it is the responsibility of federal, state and local governments, as well as corporations to make sure that the transition to new jobs is fair and equitable.

4. **We all use fossil fuels so aren't we being hypocrites?**

Response: The answer is no. As we are provided with other options that fit our budgets, such as solar, wind and EVs we can take advantage of them. Right now, fossil fuels are the dominant energy source in our lives and limiting our choices. The burning of these fuels is harming all of creation and we cannot ignore this. Further, we need to recognize and acknowledge that we are in the midst of a transition and there will be problems, but eventually we will all transition to clean renewable energy, which is safer, healthier and cheaper.

5. **Our mission as a church is to proclaim Jesus, not meddle in politics or the economy or micro-manage the church and members' investing decisions.**

Response: Our slow deliberations and strict adherence to a process over responding quickly to the reality of the climate crisis is undercutting our witness to Christ who calls us to stand in solidarity with the poor and vulnerable of the world. Jesus Christ was in the world and engaged in the political process. It killed him.

Appendix I: PRESBYTERIAN CHURCH (USA) 2024 General Assembly Divestment/Proscription List

Effective January 1, 2024

Committee on Mission Responsibility Through Investment (MRTI)

Office of the Executive Director

Presbyterian Mission Agency

Approved by MRTI on October 12, 2023

The General Assembly of the Presbyterian Church (USA) urges divestment and/or proscription of some corporations due to their involvement in military-related production (MR), tobacco (TO), human rights violations (HR), environmental concerns (EN) and operating for-profit prisons (FPP). The 183rd General Assembly, UPCUSA (1971) outlined investment policy guidelines, affirm that church investment is an instrument of mission and includes theological, social and ethical considerations (available here: https://www.presbyterianmission.org/wp-content/uploads/mrti_ga_policy_-_19711.pdf). The 116th General Assembly, PCUS (1976), also outlines guidelines around social responsibility and investments and highlights the importance of balancing social factors and priorities with investment decisions (available here: https://www.presbyterianmission.org/wp-content/uploads/mrti_ga_policy_-_19761.pdf). The 196th General Assembly, PCUSA (1984) outlines steps MRTI must follow when considering divesting from a company (available here: <https://www.presbyterianmission.org/wp-content/uploads/GA-1984-Divestment-Strategy.pdf>).

Military-Related Investment Policy

The General Assembly military-related divestment policy was first adopted in 1982 and has since been revised four times, most recently by the General Assembly in 1998. This policy is an outgrowth of the General Assembly's adoption of *Peacemaking: A Believer's Calling*, which asked the church to review its witness and seek additional ways to promote peacemaking. MRTI conducted a review of its engagements with military-related companies and developed guidelines consistent with the historic concerns of the General Assembly. These included concern about the overall spending on the military, over-dependence on military contracts by a company, and weapons that do not distinguish between combatants and non-combatants. Later amendments stemmed from General Assembly actions on foreign military sales and landmines, while this latest revision was conducted in collaboration with our research partner.

Tobacco Policy

The General Assembly's policy on tobacco-related investments recommends divestment and/or proscription of the top ten tobacco companies according to revenues.

The Presbyterian Church (U.S.A.) Foundation/New Covenant Funds proscribe investments in all tobacco companies.

Publicly-Traded For-Profit Prison Companies

As the 2003 General Assembly adopted a policy calling for the abolition of for-profit prisons, jails, and detention centers, the 2014 General Assembly approved a recommendation that publicly traded companies operating such institutions would be added to the divestment and/or proscription list.

Environmental and Energy Policy

The 222nd General Assembly in 2016 directed MRTI to “pursue its focused engagement process on climate change issues with all corporations, particularly with those in the oil, gas, and coal sectors, and report back to the 223rd General Assembly (2018) with recommendations, including possible selective divestment if significant changes in governance, strategy, implementation, transparency and disclosure, and public policy are not instituted by the corporations during the engagements of MRTI and ecumenical partners.” Based on this directive, MRTI developed the [Guideline Metrics](#) to measure progress on governance, strategy, implementation, transparency and disclosure. The 223rd General Assembly (2018) adopted the Guideline Metrics as policy and named nine companies for focused engagement and to report back possible selective divestment recommendations to the 224th General Assembly (2020). The nine companies included: **Chevron, ExxonMobil, ConocoPhillips, Marathon Petroleum, Valero Energy, Phillips 66, Duke Energy, Ford Motor Company and General Motors.**

In 2019, MRTI voted to adopt a policy for the purposes of [its report to the 224th General Assembly](#) that any company scoring in the red by January 15, 2020, be recommended to be added to the 2021 General Assembly Divestment/Proscription list. Three companies scored in the red: **ExxonMobil, Marathon Petroleum, and Valero Energy.**

Due to the impact of COVID-19, the 224th General Assembly did not consider the MRTI Report and referred it to the 225th General Assembly (2022). As a result, **ExxonMobil, Marathon Petroleum, and Valero Energy** remained on MRTI’s focused engagement list, and along with the remaining companies named by the 223rd General Assembly (2018), continued to be evaluated against the Guideline Metrics Framework. In 2022, the 225th General Assembly [approved MRTI’s report](#), which included adding five companies to this list: Chevron, ExxonMobil Marathon Petroleum, Phillips 66, and Valero Energy. The latest Guideline Metrics with company scores can be [found here](#).

“The Pursuit of Peace” is highlighted as an investment goal in MRTI’s foundational 1971 policy (https://www.presbyterianmission.org/wp-content/uploads/mrti_ga_policy_-_19711.pdf). It discusses being critical of enterprises used to support increase military spending and private enterprises producing weapons “whose use does not permit a distinction between civilian and combat.” The importance of “peaceful pursuits” is further examined in the divestment from companies involved in Apartheid South Africa (1985-1993) and the divestment from Talisman, for unpeaceful pursuits in Sudan (2001-2004), and the 2014 action of the General Assembly (<https://www.pc-biz.org/#/search/4715>). The General Assembly action was taken in 2014 (<https://www.pc-biz.org/#/search/4715>) and emphasized that financial investments of the PCUSA be invested in only peaceful pursuits. As of December 31, 2016, due to corporate proximity to human rights harms, there are now three companies including Hewlett Packard Enterprise, HP Inc., and DXC Technology.

Appendix II: Analysis of Proscription/Exclusion Process

The 1984 Divestment Policy document provides essentially two categories of response to marketplace “bad” behavior of publicly traded companies in which we hold (or consider holding) stock: engagement/divestment and exclusion/proscription. What follows is an effort to analyze these two options and the ways in which they are applied through our Mission Responsibility Through Investment process.

Divestment

The use of divestment is essentially restricted to a process of engagement and is only taken when this engagement process has been met with persistent failure over many years of effort with the potential for re-investment in those companies if and when they may eventually change the behavior which originally led to the divestment.

As our theological and economic policy position vis a vis participation in the marketplace is primarily of the pragmatic/redemptive variety, this is the preferred and more developed path. Our Faith-based Investing department, through its MRTI, which is funded by a collaborative arrangement between the General Assembly, Board of Pensions and Presbyterian Foundation and has representatives from each of these entities, is primarily interested in finding ways to influence the companies in which we hold stock in order to meet the fiduciary responsibilities (i.e., to maximize profit) while also attempting to influence these companies around the church’s justice concerns.

Exclusion/proscription

The use of exclusion/proscription is the extremely rare choice to ban an entire type of economic activity from consideration (or continuation if already held) for investment.

The number of “Excluded/proscribed” categories of investment is quite small and there is no universal or official set of steps for placing a new category in that list. However, a review of the paths which led to the current list would seem to suggest the following:

- a.) matters of company practices, (i.e., social justice concerns around gender or race or environmental degradation on a local geographic area) are the focus of the engagement/divestment process.
- b.) matters of company products, (i.e., disease producing tobacco, profit-based incarceration, weapons of mass destruction), are the focus of exclusion/proscription.

From examination of past efforts around each of these areas of market-place relationship the following decision process seems to emerge:

- 1) The denomination’s Advisory Committee on Social Witness Policy (or equivalent, such as an overture to the General Assembly) recommends a policy position to G.A. with implications for our investments related to
 - a) certain practices deemed out of alignment with PCUSA values or
 - b) certain products “class” of investment that is irredeemably contrary to our PCUSA values.
- 2) This is affirmed by G.A.
- 3) Then MRTI implements these policy positions either through
 - a) Engagement (for bad practices) the engagement process utilizing the decision metrics or
 - b) Exclusion/Proscription listing (for products) specific companies which meet the parameters set forth in the G.A. approved recommendation.

Conclusion:

As MRTI is a G.A. entity with no official authority over the investing fiduciaries, both the choice of divestment at the unsuccessful end of the engagement process, or that of listing an area of economic activity on the excluded/proscription list is ultimately up to the board of directors of the fiduciaries. However, past practice and

agreement has been that such choices, handed down to MRTI by the General Assembly have been honored by these entities.

Appendix III: Correspondence with Presbyterian Foundation and Board of Pensions and comparison of levels of FF investments 2013 and 2023.



Walker, Donald <DWalker@pensions.org>

Mon, Feb 12,
10:24 PM

Dear Rev. (deleted),

My apologies - this got stuck in our SPAM filter. If you still need the information, I will work with my team to get you our exposure as of 12/31/2023.

Generally, since we run an actively managed portfolio on behalf of our plan members, at any given time we may have positions in companies who develop and produce fossil fuels, based on the investment opinions of our investment managers. Of course, we do exclude any companies listed on the Prohibited Securities List.

Best wishes,
Don

Don Walker
he/him
Executive Vice President/Chief Investment Officer
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Walker, Donald <DWalker@pensions.org>

Feb 21, 2024,
10:31 AM

Dear Reverend (deleted),

As of 12/31/2023, the Agency's investment portfolio had 2.6% (~\$294 million) exposure to the energy industry.

As a reminder, we do not select stocks, we select the investment managers who select stocks. At any given point in time, we may have more or less exposure based on individual manager stock selection decisions.

Best regards,
Don

Don Walker
he/him

Presbyterian Foundation



Anita Clemons <anita.clemons@presbyterianfoundation.org>

Mon, Dec 18, 2023,
9:01 AM

Dear (deleted)

The fossil fuel exposure for the FDN is 3.4% which is \$30,260,000.

Thank you,
Anita

From a 2015 briefing paper produced by the Fossil Free PCUSA group we read the following:

“As of August 31, 2013, BOP staff reported that it had investments in 45 of the companies listed in the Carbon Tracker 200 list for a market value of \$176 million. It also held six bonds with a market value of \$10.4 million for a total of \$186.4 million. Based on 2013 data, we learned that the Presbyterian Foundation had around \$47 million in fossil fuel holdings. This is over \$200 million of our money being used to produce and market greenhouse gases.”

Conclusion:

As is clear, the total dollar of funds invested in fossil fuels by the Presbyterian Foundation has decreased from \$47 million in 2013 to \$30,260,000 at the close of 2023 while the BoP investments in fossil fuels have increased from \$186.4 million in 2013 to \$294 million at the close of 2023.

Appendix IV: Response to the PMA Advice and Counsel Statement written by MRTI

The MRTI staff drafted a comment which was approved by the Presbyterian Mission Agency, opposing adoption of overture ENV-02. Much of the information to respond to the assertions is found above in our briefing paper. Here we have summarized our direct responses to the assertions in the comment.

One: The overture by-passes “long-established steps” for both MRTI’s process, as well as ACSWP’s role to develop social witness policy.

Two: Approving ENV-02 will not lead to changing the companies it seeks to divest.

Three: A General Assembly action to place the designated (those whose primary source of income is from fossil fuels) companies on the exclusion/proscription list will not result in divestment action from either the Foundation or Board of Pensions.

Assertion one: The overture “bypasses the long-established processes and policies” of the General Assembly.

Response: First of all, there is no document that specifies the “steps” to use in moving a class of economic activity or specific industry or product to the “exclusion/proscription” list. The current set of excluded investments came about variously and not by a G.A. approved set of steps. Only the company-by-company engagement process which focuses on particular practices of specific companies is clearly delineated, not the product focused proscription list process.

But more generally, MRTI’s and ACSWP’s processes have been fully utilized repeatedly in reviewing the issue of removal of fossil fuels from the denomination’s investments and ignore other GA approved options available to the denomination. The previously cited 1984 Divestment Strategy document clearly outlines the three-pronged approach to providing moral guidance around our investment decisions: Engagement, Exclusion/proscription, and Investment. MRTI has a role in each of these. When the justice/moral issue is related to a company’s practice or process, engagement is the best approach. When the actual product being produced is in conflict with our values, Exclusion/proscription is the best approach. And when the marketplace fails to provide adequate funding for alternative approaches to some need, Investment is the best approach. To direct MRTI to shift its approach on fossil fuels from engagement to exclusion/proscription is not circumventing them but re-directing their efforts in a way we believe is more suited to our current understanding of the impact of this industry on our mission goals.

As for ACSWP, it has repeatedly considered and addressed fossil fuel divestment at General Assemblies in 2014, 2016, 2018 and 2022 in reviewing and responding to fossil fuel divestment overtures.

In the 2009 ACSWP study, the Power to Change: U.S. Energy Policy and global Warming, it made clear the need for the PCUSA in all its manifestations to act to reduce our carbon footprint and provide the leadership needed to keep global warming below two degrees Celsius. It also called for the U.S. government to “shift” subsidies from fossil fuels to renewables. Then in its 2022 Investing in a Green Future, it extended this shift of resources to the church, calling on us to “Work toward a goal of 100% renewable energy in congregations, mid councils and agencies in the PC (USA) by 2030 by practicing energy efficiency, purchasing our power from renewable energy sources **and investing in the development of renewable energy.**” (emphasis added)

In ACSWP’s documents ENV 04 and ENV-Info-01 before the ENV Committee this year, they are quite clear that the age of support for the use of fossil fuels is over: In **Environmental Justice and the Costs of Green Transitions ENV-Info-01**, they comment that: “The fossil economy, which has

created the present environmental crisis, has been defined by a certain set of social relationships – between capitalists and workers, government and industry, the energy sector and the rest of society – that are too often unjust. A just green transition includes a transition to a more just set of social relations.” And “While costs of mining for the sake of the green transition are genuine, it is important to remember that they pale in comparison to those of mining, drilling, and fracking for fossil fuels. Even apart from the contribution to climate change, the environmental effects of mining, drilling and fracking for fossil fuels are significant, especially when oil spills devastate towns, waters, and ecosystems. The harm to workers is well documented. And access to fossil fuels has given rise to war, exploitation, dispossession, and more. Fortunately, the minerals mined for the green transition can be put to use in batteries and other electrical devices that can last decades and potentially be recycled, while fossil fuels, once mined, drilled, or fracked, are burned once and gone, requiring an unceasing search for more.” And “. . . [T]he extraction of fossil fuels also enacts heavy tolls on wildlife, a fact which is most evident in the case of oil spills and the continual incursion of the extractive industry into protected federal lands.” And, “In addition to posing dangers, green transitions also present opportunities. **The status quo must change.** The need to change the status quo is an opportunity to correct its injustices – environmental, economic, and racial, among others.” (emphasis added)

In their Lithium Mining Paper: ENV-O4, ACSWP states: “It is clear that the market will not regulate itself. It is further evident that for-profit corporations will not regulate themselves at the expense of their profit margins. . . . Therefore, the Presbyterian Church (U.S.A.) needs to consider its investments regarding transitioning to a green economy.” While this statement was set in the context of protecting the rights of indigenous peoples against the power of the fossil fuel industry, it is a valid concern for the broader issue of climate change as well. The question might be asked, what level of investment of BoP/PF funds, assures us a “seat at the table” (currently around \$320 million USD.) If one million dollars would achieve this and we continue to maintain its effectiveness, why not reduce to a lower amount? What success can be shown that this “seat” is bringing the fossil fuel industry into alignment with our church’s values? Can we show evidence of past success with this process having actually “worked”?

Assertion Two: “Approving [the overture] will [not] lead to changing the companies it seeks to divest”

Response: This is both misleading and incorrect. In contrast to the company-by-company engagement process which is focused on bringing about change in targeted companies, and quite appropriate for most of our investments, the goal of using exclusion/proscription (removing all our investments from an industry and not reinvesting in it) is significantly different from that. Rather, it is the goal of expressing solidarity with the victims of an industry (in this case, climate change) by a refusal to profit from that industry whose product is irretrievably incompatible with the mission and goals of the PCUSA, (such as our Biblical charge to care for creation). The GA 1984 The Divestment Strategy: Principles and Criteria provides this option to our denomination and MRTI reports to our fiduciaries annually on which companies transgress this list of excluded investments.

However, there is evidence that the world-wide divestment movement which now involves over 1,600 institutions, 35% of which are faith-based, is, in fact, “affecting” the industry. The Financial Times reported in April 2023 that fossil fuel divestment pledges which gain traction on social media have an outsized impact on carbon intensive companies, wiping billions off their market value.

Assertion Three: Approving this overture will not “result in divestment action from either the Foundation or Board of Pensions.”

Response: This statement does not reflect past practice of the Foundation or the Board of Pensions vis a vis the MRTI Proscription List. We understand that pursuant to an agreement between the PCUSA and the BOP, the GA cannot **direct** the investment decisions of either the PF or BOP. However, the overture does not direct but uses the language, “strongly encourages these two entities as well as all presbyterian entities and individual members to align their investments with this declaration with all due speed and diligence.” Further, the BOP’s 2019 self-imposed policy prohibits it from taking divestment action outside of the MRTI processes. However, these processes are not limited to company-by-company engagement. Rather they also include the G.A. list of excluded/proscribed securities. (See Appendix II for confirmation of the Board of Pension’s practice regarding this list)

The assumption behind this overture is that our fiduciaries could treat this new class of investments in the same manner as they currently treat others on the exclusion/proscription list such as for-profit prisons and weapons of mass destruction. MRTI would issue a comprehensive list of companies, based on the criterion in the overture of a company’s primary source of income and the fiduciaries would then address it in accordance with their internal policies.

The BOP and the PF are the primary entities responsible for deciding on our denomination’s investments and they could decide today that they no longer want to remain invested in fossil fuels. They choose to not remove this industry from their investments even with the growing threat of these assets becoming stranded and knowing that people are suffering and dying, and that all of creation is at risk. Further, they know, but ignore the fact that the need to phase out all fossil fuels is urgent.

This overture clarifies that investing in this industry is not compatible with our presbyterian values and provides guidance to our money managers about how the denomination wants its money invested in the same way as we do with other categories of economic activity on the Exclusion/Proscription list.

Summary: Leadership in the BOP, PF and MRTI have opposed categorical divestment from the fossil fuel industry since 2014, opting, wrongly, we believe, for the approach of engagement with an industry which will never stop producing its product, fossil fuels sufficiently to align with our denomination’s mission and values because the issue is product and not practice.

We are not arguing that excluding or dramatically reducing our current holdings will cause fossil fuel companies to quit producing their products. (although there is some evidence it just might). Rather, we will at least no longer be profiting from their destructive products. What we are quite clear about is that the current approach of company-by-company divestment is misguided and no match for the escalating climate crisis. Even if shareholder engagement changes a company’s practice by moving them to some trivial level of “greenwashing” measures it will NEVER EVER be enough to address the climate crisis. Fossil fuels have to be completely phased out and the time to do this is running out. Proscription is focused on our denomination stopping its support of the industry’s product which is incompatible with maintaining a livable planet.

We should make a decision on whether to remove our money from the fossil fuel industry, not on the need to adhere to a process and/or self-imposed policy.

It is undeniable that all of creation is suffering because of climate change and that our situation is rapidly getting worse. Scientists have told us and every major country on this planet has agreed that we have to phase out fossil fuels and do it quickly. This was affirmed by the GA in 2022. After dozens of Presbyteries have supported overtures asking for all our investments in this industry to be removed for a decade, it is now time to do it and this overture provides a way forward based on past actions and policy declarations by the GA in light of the escalating climate crisis.