

# RECOMMENDATIONS



## *Resources and Staffing*

### 2. Move Resources into Socially Responsible Investments

“People of conscience need to break their ties with corporations financing the injustice of climate change.”

—Archbishop Desmond Tutu

**Recommendation:** Using screening criteria, the Diocese and congregations should move to divest from fossil fuel–related investments and invest in environmentally responsible vehicles.

**Background:** At the beginning of the twenty-first century, fossil fuel companies continued to ignore the unfolding climate crisis. Instead, they pursued business as usual, exploring new areas for more fossil fuel and lobbying the U.S. Congress for continued subsidies. In 2012, a movement began among environmentalists to

encourage colleges, foundations, and churches to divest their holdings of fossil fuel companies. The divestment campaign focused attention on the fossil fuel industry's destructive business model, which depends on the continued burning of fossil fuels and information campaigns that deliberately misinform stockholders and the public about the negative effects on the environment of burning fossil fuels.

In 2013, the Bishop's Committee for the Environment (BCE) petitioned the Diocese of Olympia's Board of Directors, which controls the investments in the Diocesan Investment Fund (DIF), to divest the portfolio of two fossil fuel companies that comprised about 4 percent of the total holdings. At the Board's request, the BCE took the matter to the Diocesan Convention in the form of a resolution. The resolution passed with a 234 to 169 vote. It asked the Board to divest of the two stocks within five years. During those five years, the BCE continued to press the Board to divest, but it did not do so.

Numerous discussions between the BCE and the Board of Directors occurred. The BCE encouraged the Board to follow Environmental, Social, and Governance (ESG) protocol in investment decisions for the DIF. This protocol reflects our biblical and faith-based prophetic call for justice and caring for creation.

In 2015, a resolution was passed at the National Convention of The Episcopal Church calling on it to divest of its fossil fuel investments. It encouraged dioceses and parishes to consider fossil fuel divestment. The Episcopal Church Fund was subsequently divested of fossil fuel investments and now operates under an ESG investing protocol.

In 2018 (five years after the initial resolution), the BCE introduced another resolution asking the Board of Directors to divest of the two remaining fossil fuel holdings. It passed by a convincing voice vote (no count was tallied of the votes). This resolution also required that the Board of Directors report to convention each year, detailing action or non-action on divestment, until fossil fuel divestment was accomplished.

Determining what to invest in and divest from becomes challenging once the dirtiest stocks are eliminated. The criteria are complex, and there is no national policy. The European Union has agreed to screening parameters titled the Sustainable Financial Disclosure Regulations (SFDR), which might help frame our endeavor. The Diocese needs to clarify socially responsible investment criteria for churches and individuals and possibly maintain a web presence for standards and recognized sustainable investor groups.

An example of a screening criteria follows:

### **Environment**

1. Is the company involved in fossil fuel exploration, production, or generation?
2. Does the company derive more than 5 percent of revenues from nuclear power?
3. Is there a pattern of environmental litigation against the company? Has the company been involved in an environment-related scandal?

### **Social**

1. Are there any ties to biological, nuclear, and chemical weapons?
2. Does the company manufacture firearms?
3. Does the company derive more than 5 percent of revenues from gambling operations?
4. Does the company derive more than 5 percent of revenues from pornography sales or production?
5. Does the company derive more than 10 percent of revenues from alcohol sales or production?
6. Does the company derive more than 5 percent of revenues from tobacco sales or production?
7. Does the company manufacture opioids linked to abuse?
8. Is there evidence of persistent unsafe work conditions?
9. Is there a pattern of large-scale discrimination?
10. Does the company have ties to systemic human rights abuses including forced and child labor?

## **Taking Action:**

- The Board of Directors should report annually on its investment holdings to the Diocese of Olympia at Diocesan Convention. The report should include any divestment decisions made during the current year.
- Diocesan churches should be encouraged to review any investments they hold using the ESG protocol.
- Following an educational series of workshops, individual Episcopalians should be encouraged to divest of fossil fuel stocks and invest instead in earth-friendly stocks. This action is easily accomplished now as almost all investment firms and advisors have “green” portfolios available.

**Results:** The original divestment campaign was successful as the Board of Directors did divest of its fossil fuel stocks. Most churches with investments have them in the Diocesan Investment Fund. Thus, the churches do not hold fossil fuel stocks. Divestment is a powerful tool for catalyzing social progress and can be equally powerful now in motivating companies to change their environmental practices for the better.

## **Resources:**

- [Environmental, Social and Governance \(ESG\) Investing | Investor.gov](#)
- [“We Need Universal ESG Accounting Standards”](#) by [Robert G. Eccles](#) and [Bhakti Mirchandani](#) (Trinity Church, Wall Street), *Harvard Business Review*