

UCC investment fund will be free of fossil fuels

by [Celeste Kennel-Shank](#) in the [October 15, 2014](#) issue

The United Church of Christ's investment arm is launching a fund this fall that is free of fossil fuel extraction and production companies—possibly the first such fund based in a Christian denomination.

Since United Church Funds announced the Beyond Fossil Fuels fund, the UCC board as well as UCC congregations, conferences, agencies, and other affiliated groups have committed nearly \$16 million in investments as of late September.

“Any church that would like to have their investment be free of fossil fuels can invest part or all of their funds in this fund,” said Donald Hart, president of UCF, which manages investments for the endowments of local churches and the institutional assets of hospitals and administrative bodies of the UCC.

As far as UCF officials know, it's the first launch of a denominationally based fossil fuel-free fund. People outside of the UCC have inquired about the fund.

“We are going to begin marketing to other faith-based organizations,” Hart said.

The domestic core equity fund—with U.S. stock from big-name companies—will be managed by Quantitative Management Associates. The fund's starting goal of \$20 million is based on that manager's minimum, Hart said. The fund continues UCF's current policy of screening funds that deal in tobacco, gambling, alcohol, and conventional and nuclear weapons.

The UCC General Synod called for creation of the fund in a 2013 resolution, “Urging Divestment—Along with Other Strategies—from Fossil Fuel Companies.”

The new fund comes alongside existing investment funds that already engage in shareholder activism, said Kathryn McCloskey, UCF director of social responsibility.

“It strengthens the options for UCC congregations,” she said. The work of the new fund could expand into other asset funds, “if we find that there's overwhelming interest, investors, and, most importantly, dollars flowing into the Beyond Fossil Fuels fund.”

UCC leaders acknowledged that creating the fund is only one step.

“Our divestment will not stop the drilling of oil, and will not stop the use of fossil fuels, but what it will do is [challenge] the notion that this continued behavior is appropriate,” said Geoffrey Black, UCC general minister and president. “Hopefully that will feed into a broader movement for change, which is really what we’re after.”

Black noted that the denomination’s pension funds have a different approach to the goals in the resolution.

Rick Walters, director of corporate social responsibility for Pension Boards–United Church of Christ, Inc., explained that while Pension Boards is among the UCF’s investors, its funds are separate and held in accounts owned by individual employees. They are also subject to separate regulation.

“We have less flexibility in how we can invest than United Church Funds,” he said. “We applaud what they’re doing. Our only caveat is that we remain independent with respect to the responsibility that we have to the members of the retirement fund.”

Pension Boards currently has no plans to work on alternative investments, Walters said.

“It might be possible if the opportunities that are presented by the fund would be competitive with the assets that we’re letting go of,” he said. “In other words, if we could find assets that were greater than or equal to the ones we’re selling off.”

Pension Boards uses shareholder advocacy to work on climate change issues with all of its holdings—for example, with real estate on retrofitting buildings for more efficient energy use. In that work Pension Boards and UCF join ecumenical partners such as the United Methodist General Board of Pension and Health Benefits.

The UM board is also launching a new fund, planned for January, with stricter environmental screens. The Equities Social Values Plus Fund, for UM entities only, draws from third-party research that rates companies on human rights and environmental criteria.

The new fund will be an option for UM clergy in the portion of their pension fund that “they can self-direct,” said Anita Green, sustainable investment strategies manager for Wespath, which manages the UM General Board’s investments.

Such actions are needed, in addition to efforts like making church buildings more energy efficient, said Emily Goldthwaite Fries, associate minister of Mayflower Community Congregational UCC in Minneapolis.

For decades many people “have thought, ‘if I just recycle more, if I drive less, if I drive the right vehicle, then climate change will go away,’ and that hasn’t happened,” she said.

“We need to be organized so that we can make an impact on a more systemic level, which in this case is the fossil fuel industry.”

Mayflower Church has a foundation for social justice grants that will invest with the Beyond Fossil Fuels fund.

“For us, fossil fuel divestment is very hopeful,” Goldthwaite Fries said. “The church has a very powerful message to preach, that business as usual isn’t just the way it is. The gospel really gives us the courage to preach hope in the face of cynicism.”

While many opponents of divestment prefer the tool of shareholder activism, companies “don’t have a financial incentive not to drill for more oil,” she said. “Fossil fuel companies have not been taking action on the knowledge that we actually have to leave it in the ground.”

Minnesota communities like hers are also concerned about oil that’s being transported from North Dakota by train and pipeline through “some very fragile habitats and ecosystems,” she said.

In such situations, “we need to be the moral voice that faith communities can provide,” she said. “Businesses can make ethical decisions, and we can support that with our money.”