



**REPORT OF THE PENSION BOARDS-UNITED CHURCH OF CHRIST, INC.
TO THE THIRTY-SECOND GENERAL SYNOD AND THE UNITED CHURCH OF CHRIST BOARD OF
DIRECTORS CONCERNING ITS RESPONSE AS OF JUNE 2019 TO THE GENERAL SYNOD 29
RESOLUTION URGING DIVESTMENT – ALONG WITH OTHER STRATEGIES – FROM FOSSIL FUEL
COMPANIES TO ADDRESS CLIMATE CHANGE**

Introduction

The Pension Boards-United Church of Christ, Inc. (PBUCC) is pleased to present this report on its response to the call for urgent action on climate change to the Thirty-Second General Synod of the United Church of Christ (UCC), meeting June 21-June 25, 2019 in Milwaukee, Wisconsin.

PBUCC began its work on climate change 27 years ago as part of a coalition of investors at the Interfaith Center on Corporate Responsibility (ICCR) utilizing direct engagement with publicly traded companies across all business sectors of the market.

As a result of the passing of the *Resolution Urging Divestment – Along with Other Strategies – From Fossil Fuel Companies to Address Climate Change* by the Twenty-Ninth General Synod in 2013, and in concert with a growing coalition of investors beyond ICCR and the publication of research and conclusions by the Intergovernmental Panel on Climate Change (IPCC), PBUCC launched a campaign to address climate change in 2014.

These six major steps have been taken since the Thirtieth General Synod in 2015:

1. PBUCC has taken powerful steps toward a low-carbon future economy with the investment of \$265 million in sustainable bonds aimed at the development of alternative energy and increased energy efficiency. This multi-million-dollar investment publicly proclaims that PBUCC has not only supported the principles of the resolution but contributed to the development of a low-carbon future economy – the solution to climate change.

2. PBUCC introduced the Northern Trust Global Sustainability Index Fund (GSIF) option for members in the accumulation (pre-retirement) phase of their Annuity Plan accounts (Now at 19 million \$ in assets). This fund option invests in “best in class” publicly-traded companies, based on MSCI Global Sustainability standards across all asset classes. As this investment grows, opportunities will develop to further customize the fund to make it even more sustainable and climate-sensitive.
3. In response to the urgency of climate risks, ICCR members, across all faith bodies, filed 250 resolutions with 163 companies this year. Many of these shareholder resolutions dealt primarily with climate change, while an additional number addressed climate change indirectly through lobbying, executive compensation, sustainability, food, water, or the environment. Issues addressed this year included science-based targets to reduce greenhouse gases; business planning for a 1.5-degree C and under future; and, increased commitment to sustainability reporting.
4. Because of a strategic planning process and church-wide consultation with a broad range of stakeholders, PBUCC developed the Faith and Finance Initiative to focus on positive ways to initiate dialogue and respond to the UCC’s social justice concerns. A Faith and Finance Advisory Group was formed, whose members include a collegium executive, conference minister, and PBUCC trustees and staff. This group met regularly to receive counsel and wisdom on matters related to the intersection of faith and finance in the UCC. There is also a staff Working Group on Faith and Finance. Please read the Policy on Faith and Finance for more information: http://bit.ly/PBUCC_FFP. And see our Faith and Finance e-newsletter:
5. PBUCC’s Investment Committee voted to eliminate holdings in thermal coal and tar sands reducing its portfolio’s carbon footprint by 60%.
6. PBUCC became a signatory to the United Nations Principles for Responsible Investment and requires its investment managers to be signatories as well. Signatories are required to maintain a commitment and significant action plan on climate and other human rights issues through investment practices and reporting.

In addition to the above actions, the resolution calls for 11 specific actions by all stakeholders within the church. The Pension Boards has responded to all 11 as set forth below:

Leadership in Energy and Environmental Design (LEED)

1. **Make lifestyle changes to reduce the use of fossil fuels (line 18):** The Pension Boards was a recipient of the Interchurch Center Leadership in Energy and Environmental Design (LEED) Award for the environmental integrity and efficiency of its offices at 475 Riverside Drive in New York City. The Board of Trustees has voted an official resolution and

commitment to seek ways to reduce their carbon footprint as it relates to their own lives and communities.

2. **Demand action from legislators (line 20):** The Pension Boards directly influences and encourages demands upon legislators through shareholder advocacy calling for companies to disclose political spending, participation in business association initiatives and fundraising, and to end lobbying for a reduction in environmental regulation.
3. **Publicly witness to dangers of climate change (line 22):** The Pension Boards has an active campaign of information sharing on the dangers of climate change on the PBUCC website (www.pbucc.org); through its *News & Views* newsletters, social media, the ICCR website, and numerous publications and papers; through membership in the Ceres Investor Network on Climate Risk; and through participation in the Carbon Disclosure Project (CDP), which reports carbon disclosures and impact of 500 U.S. companies with goals for reduction.
4. **Engage in shareholder actions including divestment (line 23):** The Pension Boards engages, along with our partners at United Church Funds (UCF), ICCR (300 ecumenical partners), Ceres, and USSIF in vigorous shareholder actions and positive investment. PBUCC makes investment decisions based upon the best interest of the more than 22,000 clergy and lay church workers in its plans and programs and fulfills its commitment to addressing climate change through direct witness to publicly-traded companies and in all the ways enumerated in this report. PBUCC has eliminated thermal coal and tar sands from its investment portfolio.
5. **Make shareholder engagement a top priority for five years (line 26):** Shareholder engagement remains a top priority, as it has been for over 40 years. The effectiveness of shareholder advocacy is measurable and demonstrable, such as the absence of oil and gas exploration by public American companies now in the Amazon Basin and as documented in many studies of numerous issues touched by this work. PBUCC and UCF are the sole UCC ministries still engaged – along with 300 ecumenical partners and other NGOs – in meaningful and powerful direct witness to companies concerning the social justice witness priorities of the United Church of Christ.
6. **Fossil fuel-free investment option (line 34):** PBUCC is currently offering a “best in class” investment option to members in the accumulation phase – The Northern Trust Global Sustainability Index Fund (GSIF).
7. **Updates to UCC database (line 38):** The first update was made in October 2013. No database is provided for this purpose at this time.

8. **Research to identify “best in class” and only hold fossil fuel investments that are... (lines 42, 46):** Currently, there are numerous socially-responsible investing (SRI) indices in various stages of development to measure the environmental, social, and governance (ESG) performance of a publicly-traded company. All these indices utilize differing criteria and methodologies for ranking such performance.

In addition, there are various strategies for obtaining investment goals and benchmarks within an investment strategy incorporating ESG factors. Several considerations are important from the PBUCC perspective in analyzing these trends. Our first priority is to meet our obligations to members whose investments represent earned compensation paid on their behalf into their Annuity Plan accounts during their working years for retirement purposes. Any investment decision must begin there.

Utilizing an independent, well-researched and continuously updated, objective measurement of ESG factors is essential in any “Best in Class” evaluation. We have also charged our investment managers with the task of identifying investment opportunities from an ESG perspective along with other performance indicators, and our GSIF option is based upon a recognized MSCI Sustainability Index.

9. **Report to UCC Board on annual basis (line 55):** A formal report was made at the March 2014 meeting of UCC Board, to the Council of Conference Ministers Cabinet in October 2013, and to the Council of Conference Ministers in March 2017, and the UC Board in 2019. A report to The UCC Board was made in 2015, 2017 and 2019.
10. **Report quarterly to public (line 59):** Regular reports are included in *News & Views* newsletters, social media, and the PBUCC website; the CSR Director reports on activities to the PBUCC Trustees and other church and partner groups; and are also featured on the ICCR website. Disclosure of our full investment activity and holdings is available publicly online.
11. **Hearing at next five Synods (line 64):** The first report was made at the Thirtieth General Synod in Cleveland, Ohio, in 2015; the second was presented to the Thirty-First General Synod 31, June 30-July 4, 2017, in Baltimore, Maryland. The third is being presented at the 32nd General Synod in June of 2019 in Milwaukee, Wisconsin.

Miscellaneous Actions in Addition to the Specific Calls in the Resolution

- PBUCC actively supports the Paris Agreement on climate risk and has urged public officials and companies to maintain steadfast commitment to its principles and calls for action. “We are still in.”
- PBUCC has publicly stood in opposition to DAPL and its intrusion into sacred Native

American lands and water rights. PBUCC and other members of ICCR, through the Advocacy Subcommittee, Indigenous Peoples Working Group, participated in several calls and face-to-face meetings with tribal representatives from Standing Rock in support and solidarity on the rights of Indigenous Peoples related to climate issues.

- PBUCC supported and advocated for passage of resolutions on the environment at General Synod 30, and seeks open dialogue, transparency, and partnership with other ministries on environmental issues.
- PBUCC supports and lifts Pope Frances’s encyclical letter on creation and climate *Laudate Se* as an inspirational call to all faith communities and secular groups to seriously address climate change.

Please refer to the *Policy on Faith and Finance* (http://bit.ly/PBUCC_FFP) for more specifics on our overall program. See also the *Resolution Urging Socially Responsible Investment Practices*, cosponsored by UCF and PBUCC, adopted by General Synod 30 in 2015: http://bit.ly/PBUCC_SOC_RESP.

See our brochure and congregational resource, *A Just World for All*; and, our Pastoral Letter to the Wider Church on the Faith and Finance Newsletter and bold action on climate change now.

See our e-newsletters on Faith and Finance.

We encourage and invite dialogue and questions concerning our strong commitment to addressing climate change and in working and investing in a low-carbon future economy. Thank you for your kind consideration of this report.

For more information, please contact Rev. Rick Walters at rwalters@pbucc.org.

Operating at the intersection of Faith and Finance

