

## **SUSTAINABLE INVESTMENT AT FIRST CHURCH**

### **A Commitment and Next Steps for 2014**

#### ***Background***

As Christians, our scriptures and tradition clearly call us to be stewards of God's creation, caring for our planet and for its future. And we are deeply concerned with the impacts and pace of climate change on our Earth and increasingly in all aspects of our lives.

We know that industrialized nations are the main producers of greenhouse gases that cause global warming and the United States, with only 4% of the world's population, still emits 22% of these gases. Over 2,500 scientists of the United Nations Intergovernmental Panel on Climate Change have concluded that these human-made gases are causing the earth's temperature to rise and these scientists project an increase of 2 to 6 degrees Fahrenheit during our children's lifetimes. Further, the extraction and burning of fossil fuels are an indisputably significant cause of human-made greenhouse gases.

The continued release of greenhouse gases is contributing to devastating effects on agricultural and natural ecosystems, the flooding of coastal regions and island nations, increased volatility of weather patterns with severe heat waves and storms, migration of tropical insects, diseases, deforestation, desertification and displacement of human populations. These adverse impacts are causing huge disruptions not only to ecosystems, but to human health, economies and public welfare across the globe.

We cannot stand idly by. We recognize the dangers of climate change and global warming and our biblical mandate as stewards of God's creation to be diligent in our efforts to decrease the emission of greenhouse gases.

As such, we call upon First Church members to make a moral commitment to change our daily lifestyles to reduce our carbon footprint and dependence on fossil fuels, and to take proactive steps to support clean energy policies and development of cleaner, more efficient forms of energy.

We will continue to offer educational and advocacy programs that serve to highlight the risks and adverse impacts of climate change and offer practical steps for individuals and our community to reduce our footprint and adopt more sustainable practices (i.e. fostering recycling and composting programs and energy efficient lighting and heat). In addition, we will do our part to foster a public witness and public conversation that will help shift our culture and practices away from a reliance on fossil fuels towards a cleaner, low carbon economy.

#### ***Sustainable Investment Initiatives***

Recognizing the role that our individual and endowment investments can play in shaping that public conversation, a group of church members, including our Investment and Earth Stewardship Committees, have been meeting over the past few months to discuss how we,

as a congregation, can invest our financial resources to ensure the long-term sustainability of our church and our planet. This Sustainable Investments Working Group proposes six initiatives described below. We reach these recommendations with the intent of balancing the need to make a commitment today and the need for additional investigation and learning to develop an informed and durable policy to guide FCC investments in the years to come. To this end, we propose the following “next steps” for 2014, to develop a sustainability investment approach that will include negative and positive screens as well as continued learning about how we can best address climate change in our investment decisions and portfolios.

1. Investment Survey: Develop a survey that our Investment Manager and Investment Committee (Our Investment Team) can use to evaluate awareness and management of climate change/carbon asset risk in current mutual funds and help screen/select future mutual fund opportunities. Our Investments Team will conduct the survey, report the findings, and will use this information to recommend further guidance for sustainable investment decisions with respect to current and future holdings.
2. Negative and Positive Screens for Investment: Develop appropriate negative and positive screens to help guide FCC investments with respect to fossil fuel companies and companies and/or funds that are advancing a sustainable clean energy economy. The Investment Team will investigate and assess different sources of credible and reliable information on negative screens or tracking services to limit investments in highly polluting fossil fuel companies, and positive screens with respect to investment opportunities in companies and/or funds that support energy efficiency, alternative and renewable energy, and clean energy technologies. We recognize that many of FCC investments are in mutual funds, as are the investments of many other religious, educational and nonprofit institutions, and that the criteria for selecting and overseeing a mutual fund are different than the criteria for an asset portfolio of individual company holdings. FCC is not alone in this regard. The Investment Team will continue to investigate and assess best practices and approaches to addressing climate change and fossil fuel investment/divestment in mutual funds, building on the efforts and experience of others as appropriate.
3. Statement of Sustainability Investment Principles (on climate change and fossil fuels): Develop a statement and policy of sustainability investment principles related to climate change and environmental impacts, including strategies and approaches with respect to fossil fuel investments and carbon asset risk. These principles need to include transparency and disclosure, with a focus on the “long view”, such as long-term environmental impacts and long-term investment, as well as short-term quarterly earnings.

4. **Report & Recommendations:** The Investment Team will report to the Sustainability Investment Working Group on their progress at least once during 2014, and to the Executive Council by the end of the first quarter, 2015, and to the Congregation thereafter with recommendations on a statement of sustainability investment principles and an investment approach regarding fossil fuel investment and climate asset risk, based on their research and best professional judgment. The statement and investment approach will include recommendations with respect to goals for divestment of fossil fuels and reinvestment in cleaner energy opportunities, as well as suggested metrics and benchmarks for evaluation of portfolio performance measured against such goals on an annual basis and long-term basis.
  
5. **A Divestment Step/Investment Step:** The Investment Team will take the next year to develop a prudent and fully informed approach to fossil fuel divestment/reinvestment, and substantial research and efforts to this end have already begun. A preliminary assessment of FCC's portfolio indicates that approximately 3% of FCC investments are in fossil fuel companies, based on the Carbon Tracker listing of the top 200 "dirtiest" fossil fuel companies globally. As an initial step toward implementing negative and positive screens, the Investment Team will divest within the next 6 months a mutual fund that holds a relatively high percentage of fossil fuel stocks, and within the next 12 months will invest a portion of FCC's portfolio in investment opportunities that support a sustainable, clean energy economy.
  
6. **Learning for All:** Ensure that the above practices and principles are shared broadly, through forums, training and/or other educational means, within and beyond First Church so that individual members and friends may use these tools to guide their own investment decisions. There are many proactive efforts of shareholder and investor groups to improve corporate reporting and response to climate change, fossil fuel consumption and impacts and clean energy opportunities. The Earth Stewardship team with support from others will help develop a plan of educational activities and information on outside learning opportunities for members of the congregation.

We recognize that divesting and investing a portion of our relatively small portfolio are small steps on a steep road toward change. However, even this small step allows us to bear witness as a congregation and individuals to the connection between investment and climate change impacts. Our goal to limit fossil fuel investments in a rational and deliberate manner represents our way of participating in a broader movement of public

witness and furthering a public conversation that is changing the whole field of investment in the energy sector away from dirtier fossil fuel holdings towards rapidly emerging cleaner energy and technology options.

We hope the above initiatives will serve as a model for other congregations and non-profits interested in not only divesting from the fossil fuel industry but also investing in a more sustainable future for our planet.