

FREQUENTLY ASKED QUESTIONS

UCC General Synod 29 – June-July 2013

Submitted by the Massachusetts Conference UCC

SECTIONS - QUESTIONS ABOUT:

THE MOVEMENT & THE SCIENCE

EFFECTIVENESS & HYPOCRISY

IMPLEMENTATION AND INVESTING RESPONSIBILITIES

WHAT'S SO BAD ABOUT FOSSIL FUEL COMPANIES? CAN'T WE JUST ENGAGE THEM?

IMPACT / LOSS OF JOBS

THE MOVEMENT & THE SCIENCE

1. OK – what's the point? What are you trying to accomplish with this?

Let's keep it simple:

- a) Final goal: keep 80% of the known fossil fuel reserves in the ground.
- b) Immediate goal: gain public acceptance that just as it's morally wrong to wreck the climate, it's morally wrong to profit from wrecking the climate
- c) Intermediate goal: compel the influential people who sit on the boards of colleges, universities, religious institutions as well as those in the investment community to face the reality that fossil fuel companies cannot fulfill their mission because doing so will wreck the earth.
- d) Gradually, this effort will revoke the social license society extends to fossil fuel companies (think tobacco)
- e) Ultimately, all of the above will have a growing impact on consumer and lifestyle choices.

2. You claim this is part of a worldwide movement. What other institutions are pursuing divestment from fossil fuel companies?

As these FAQs were being drafted, in the space of 6 days, two major publications featured the divestment campaign among colleges and universities. [Time Magazine Dec. 11, 2012](#) [New York Times Dec. 5, 2012](#) As of February 1, 2013 there are divestment initiatives on 284 campuses.

3. Is the resolution aimed only at our churches' investments or is it also asking individual investors like myself to divest?

In both the first and fourth "be it resolved" sections, all UCC entities as well as individual members of the UCC are called to divest and to engage in additional strategies.

4. Don't scientists disagree as to whether global warming is even real?

Among almost 14,000 authors of peer-reviewed scientific articles on global warming published between 1991 and November 2012, many of them scientists at American universities, only 24 reject human-caused global warming. <http://www.jamespowell.org/>

5. Isn't divestment a radical demand?

There's nothing radical about asking for a planet that resembles something like the one we grew up on. Climate change is loading the dice for more extreme weather events like Hurricane Sandy and the drought, wildfires, and floods that preceded it. The CEOs at fossil fuel companies are the radicals:

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they're planning on burning five times more carbon than scientists say is safe to burn. As people of faith, we have a moral obligation to disassociate ourselves with this rogue industry.

EFFECTIVENESS & HYPOCRISY

6. Even if hundreds of universities and numerous denominations and religious organization divest their holdings in fossil fuel companies, it's only a drop in the bucket, and there are plenty of people worldwide who will gladly step in to buy stock in fossil fuel companies in hopes of receiving a great return.

Divesting is a prophetic action. While the impact on the industry of each institution's divestment will be negligible, the impact on public awareness will gather momentum as well as raise people's sense of urgency and consciousness of the stakes. It shows that people and leading institutions are willing to forego a portion of their profit margin in order to chart a new course for investing humanity's capital. The week this resolution was submitted, the [New York Times carried a front page story on this widespread movement across college campuses](#). This action sends a message to everyone connected to the UCC that "business as usual" has ended, and the human community needs to align its resources and activities to create a sustainable planet.

7. What's the rush? Can't we just adapt to the gradual changes?

The unprecedented extreme weather events we've experienced in 2011 and 2012 are the result of an increase in global temperature of less than 1 degree Celsius. We can hardly imagine the impact of an additional rise of 1 degree – which is certain (due to the buildup of carbon that's already been released). We need immediate action.

8. If I support this resolution and still drive a car or fly in a plane, aren't I a hypocrite?

This resolution is not directed at moving towards moral purity. In addition to being a *prophetic* action, its *strategic* purpose is to accelerate the speed by which the fossil fuel industry will begin to take action. In voting for this resolution, **we are in sync with the long term economic interests of the fossil fuel industry and their investors**. Passing this resolution is an incremental step towards the point where earth advocates and industrial leaders all recognize that they are on the same side.

IMPLEMENTATION AND INVESTING RESPONSIBILITIES

9. So would the effect of this resolution be to add fossil fuel companies to the short list of exclusionary screens which the Pension Board and United Church Funds currently employ? (The current investment policy instructs the investment manager to "avoid securities of companies which derive a significant portion of their revenues from the manufacture, sale or distribution of alcohol

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(>10%), tobacco (>1%), gambling (>10%) or military products or services (conventional >10%; nuclear >5%).”

Yes – this is the hope and intention. The current investment policy for the Pension Board and for UCF's Funds also instructs the investment manager to “favor securities of companies and organizations which in their policies and actions work to promote human health and dignity, environmental integrity and moral responsibility.” No one can suggest, in light of what science now accepts, that fossil fuel companies “work to promote human health and dignity, environmental integrity and moral responsibility.”

10. So if I divest, is there a set of existing funds that I can turn to that screens out the top 200 companies in the fossil fuel industry?

The resolution proposes that divestment occur over a 5 year timeline. As soon as there is a demand for such investment funds, Goldman Sachs, Fidelity, etc. will quickly fill the demand by offering a product.

11. Isn't the sole objective of endowment managers to maximize return on investment? What can I say to them?

Four key factors are now in play:

- a. The fight against climate science (funded by Exxon Mobil and the Koch brothers) continues to diminish;
- b. Massively disruptive and expensive weather events are occurring - and will continue to occur - with greater frequency;
- c. The political climate (that has privileged fossil fuel companies for many decades) is beginning to shift. John Kerry is now Secretary of State. Obama's Inauguration comments on climate are without precedent. The likelihood of completing the Keystone tar sands pipeline across any US/Canada border (whether in Montana or in Maine) is dropping day by day.
- d. The investment climate (that now favors fossil fuel companies for their ROI) will likewise shift as it factors in the previous three points. When it will shift is not certain.

At some point, **these four factors will render fossil fuel companies a less and less prudent investment.** As Boston Common Asset Management says in their recent publication, "owning and engaging threatened firms has its place, but won't be enough on its own to protect shareholder value."

12. Don't our fund managers have a fiduciary responsibility to invest the money we give them in a way that benefits us, and if fossil fuel companies are profitable, don't our fund managers have a fiduciary responsibility to consider investing in those fossil fuel companies?

Science now tells us unambiguously that if fossil fuel companies simply fulfill their purpose, the earth will become inhospitable to life as we know it. In contrast to the industries which the UCC screens against (alcohol, tobacco, gambling and military products or services), if fossil fuel companies continue to carry out their mission, life as we know it will end. Investment in fossil fuel companies is therefore incompatible with a fund manager's fiduciary obligation to invest client funds in such a way as to maximize benefit to investors. An investment that wrecks the place we all call home can in no way be defended as fulfilling the fiduciary obligation to benefit investors. Of course, the call to divest from

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fossil fuel companies is motivated by moral concerns as well, but when we consider the scientific consensus together with the mission of these companies, **divestment becomes a fiduciary obligation.**

WHAT'S SO BAD ABOUT FOSSIL FUEL COMPANIES? CAN'T WE JUST ENGAGE THEM?**13. Based on TV advertising, it seems like fossil fuel companies care about the environment.**

Fossil fuel companies spend tens of millions of dollars each year to convince the public that they are “green” and that they care as much about the environment as does the public. Between 2002 and 2010, \$112,000,000 was channeled through a nonprofit called “Donors Trust” so that it could be spent on think tanks and activist groups, all dedicated to undermining the science of climate change and heading off the progress of climate policy.

<http://thinkprogress.org/climate/2013/02/19/1611441/secretive-donors-trust-pumps-far-more-money-into-climate-denial-and-inaction-than-kochs-and-exxon-mobil-combined/>

14. Usually, socially responsible investment focuses on corporate engagement. Why not engage these companies and get them to change their ways?

When the movement for socially responsible investment began in the late 1960's, General Synod expressed a preference for corporate engagement rather than divestment. The idea was to use the UCC's influence as a shareholder to work for “beneficial changes in corporate policies and practices”. The UCC, through the work of the Interfaith Center for Corporate Responsibility, has had significant impact on the policies and practices of many companies.

However, what is needed from the fossil fuel companies is a radical departure from their mission and practice – namely, to leave most of their carbon reserves untapped. Doing so is not in the economic or fiscal interests of the shareholders. The reason people hold shares in fossil fuel companies is because they can make enormous profits; and the reason they are so profitable is that the company is not paying for the damage it is doing to creation.

15. But, shouldn't there be a way for fossil fuel companies to avoid divestment by behaving differently? Could we ask them to agree to see themselves as “energy companies”, and invest in renewable energy?

Many fossil fuel companies already have modest investments in renewable energy, along with skilled and well-funded public relations teams (with enormous budgets!) to help the rest of us feel good about what the companies are doing. Establishing contingencies related to divestment would invite a public relations battle, which, given the vast resources of the companies in question, the companies would certainly win. This would not keep the carbon in the ground.

Nevertheless, Bill McKibben himself has said: “Our criteria is that it's okay to invest in companies so long as they stop lobbying in Washington, stop exploring for new hydrocarbons, and sit down with everyone

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else to plan to keep 80 percent of the reserves in the ground. We just need to change the power balance. They're making so much money. The popular notion is that Americans are addicted to fossil fuels but I find that's not true; most people would be happy to power their lives with anything else. The addicts are the big fossil fuel companies that are just fatally addicted to the level of profit they are able to derive. They can't help themselves you know — so we're going to have to help them."

IMPACT / LOSS OF JOBS

16. Where I come from, many churches are full of hardworking people who mine coal/drill oil/run fracking equipment for a living. How can I support this resolution?

The presenters of this motion are profoundly and humbly aware of the vast economic disruptions and personal costs that will result from moving beyond a fossil-fuel-based economy. The church will need to have a role in helping individuals deal with grief and change, and in advocating for corporate and governmental policies to mitigate the damage. But, if humanity does not make this transition, the disruption and cost will be incalculable, as our world will cease to be habitable for miners, drillers... or any of us. We believe we are called to stand with those who will lose their jobs, even as we pursue this change.

17. Activists always present climate change as an environmental concern. Isn't it also a profound economic concern?

Absolutely! Some of the leaders of the largest fossil fuel companies even acknowledge that they would favor putting a price on carbon. Capital markets work well when the markets are driven by honest signals. But since the beginning of the industrial age, the actual cost (to the planet) of burning fossil fuels has not been accounted for. In economic terms, it is called an "externality."

Another economic reality can be found in the resolution's footnote # 12: The total known fossil fuel reserves are worth about [\\$27 trillion](#). If we need to keep 80 percent of those reserves in the ground, that's a \$20 trillion write off for the industry. CEOs as well as sophisticated investors are very well aware that such a write off will someday (soon?) be factored into the value of fossil fuel companies. Creating a moral climate that offers fossil fuel companies **an opportunity to disengage from this risky behavior** is crucial both for economic and environmental reasons.

Finally, the Security and Exchange Commission (SEC) has affirmed that climate change is a material risk.

18. What about the insurance industry? Are they taking climate change into account in assessing risk?

Yes! The European insurance industry has disclosed specifics about climate risk for some time, and the American insurance industry is beginning to do so as well. [Read this background in the context of hurricane Sandy.](#) [See this article from the Wall Street Journal.](#)