

Joint Statement to the Northern Illinois Conference by the Eco-Sustainability Task Force, the Conference Council on Finance and Administration, and the United Methodist Foundation of the Northern Illinois Conference, Inc.

The Northern Illinois Conference (NIC) Eco-Sustainability Task Force (Task Force) authored a resolution in 2017 seeking to exclude “any company or entity whose core business activity involved the production of petroleum, natural gas, or coal ...” from the investments of the (NIC). The matter was referred to the authors of the divestment resolution (i.e. the Task Force) and to the United Methodist Foundation of the Northern Illinois Conference, Inc. (Foundation) for “reconsideration in 2018.”

Since last year’s annual conference, members of the Task Force met with Foundation board members and had several discussions. Both groups have made presentations to the NIC’s Council on Finance and Administration (CCFA). It is the position of the Task Force, in alignment with the worldwide fossil-fuel divestment movement known as 350.org, that no NIC-held investments be made in companies appearing on the Carbon Underground 200™ (CU200), a list of the “top global 200 publicly-owned coal, oil, and gas reserve owners by the carbon emissions embedded in their reserves.”¹

The Foundation has for many years followed an investment strategy that adheres closely to ¶ 717 of *The Book of Discipline of The United Methodist Church 2016* that calls upon UM investors to “make a conscious effort to invest in institutions, companies, corporations, or funds ... that are socially responsible, consistent with the goals outlined in the Social Principles.” The Foundation has followed the so-called “clean hands” approach by screening “out” objectionable companies as recommended by ¶ 717. The UMC amended ¶ 717 at the 2016 General Conference to call upon UM investors “to give careful consideration to environmental, social, and governance (ESG) factors when making investment decisions ...”

Going beyond the “clean hands” approach starting in 2018, the Foundation began using the services of Sustainalytics, a leading company research provider, to identify companies having high ESG ratings to screen in these “good” companies, in addition to screening out the “bad” companies. As a result, the Foundation’s portfolios are virtually free of the companies with the largest proven fossil fuel reserves.

However, some investors seek full CU200 compliance with their investments. Therefore, starting January 1, 2019, the Foundation will make portfolios available to the NIC and to local churches that are identical to the current ESG approach and that will add the CU200 screen. The Foundation has chosen to invest some of its own funds in these new CU200 compliant portfolios to monitor their performance in advance of offering them to clients, which is a sound fiduciary management practice. CCFA pledges to seriously consider each year increasing the allocation of the investments under its care to the Foundation’s CU200 compliant portfolios.

The Task Force strongly encourages CCFA, the Foundation, and all local UM churches to invest as much of their invested assets as they can in these new CU200 compliant portfolios offered by the Foundation. According to 350.org, founded by United Methodist Bill McKibben, “Divesting from [the CU200] has been the default demand for fossil fuel divestment campaigners across the globe ... ‘CU200’s potential embedded emissions are now 608.8% more than their allocated carbon budget.’ This means, these companies now claim a business plan of burning six times more fossil fuels than can be burned for the world to have an 80% chance of limiting global temperature rise to 2°C,”² the limit set by the Paris Agreement.³

All three groups—the Task Force, CCFA, and the Foundation—unite to declare that we must ultimately end the burning of fossil fuels, and we need, in the words of 350.org, to “build 100% clean energy solutions that work for all,”⁴ which is consonant with the clarion call of the “Investment Ethics” of Resolution 4071 of the UMC, to “seek to increase energy efficiency and mitigate and/or adapt to climate change.”⁵

¹ <http://fossilfreeindexes.com/research/the-carbon-underground/>

² <https://gofossilfree.org/divestment/the-new-top-200/>

³ https://ec.europa.eu/clima/policies/international/negotiations/paris_en

⁴ <https://350.org/about/>

⁵ <http://www.umc.org/what-we-believe/investment-ethics1>