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# Ethical Investments in an era of Climate Change

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A GUIDE TO REVIEWING  
ENVIRONMENTAL AND SOCIAL GOVERNANCE  
OF CATHOLIC INVESTMENTS

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The Global Catholic  
Climate Movement

**Trócaire**

Trócaire envisages a just and peaceful world where people's dignity is ensured and rights are respected; where basic needs are met and resources are shared equitably; where people have control over their own lives and those in power act for the common good.

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# Executive Summary

This guide provides a one-stop-shop for faith-based institutions concerned with the ways in which their investments align with their mission and vision, particularly in light of the global challenge of climate change. The guide, whilst specifically referencing Catholic Social Teaching, is also of interest to all institutions which share the common concern expressed by Pope Francis in *Laudato Sí*, to address the moral challenge of climate change and ecological degradation.

The SEE part of the guide reviews the global context in which faith-based institutions are making investments. In particular, it focuses on what is now known and accepted in relation to climate change – its causes, its impacts and what needs to be done to mitigate against a future of runaway climate change. It draws principally on science, but also makes reference to the concerns of financial institutions that increasingly see climate change not only as a moral and social concern, but a growing financial risk.

The JUDGE part of the guide then considers the rich social teaching of the Catholic Church and how it can help guide decision-making in the face of such challenging problems. This section makes particular reference to both the long tradition of teaching of the church on social issues, but also to the emphasis Pope Francis places on ecological issues, as outlined in *Laudato Sí*, 'On Care for our Common Home'. It summarises some of the key principles and outlines how these can be applied to decision-making in the context of institutional governance and particularly financial decision-making.

The ACT section turns to the specific question of institutional investments and the necessity of reviewing investments in the light of climate change without delay. Most Catholic institutions already have rigorous ethical investment policies tailored to their specific profile of concerns. However, most of these funds do not yet take climate change into account. Many investors and indeed, fund managers, may still be unaware of the ways in which climate-harming sectors and corporations present a financial risk or how their investments might contribute towards global climate solutions. They may also not have yet considered how their vision, mission and values as an institution align with or are in conflict with such investments. This section provides a practical step by step guide to working through such issues with institutional leadership, recognising that such decisions take time and effort. The final part of this section provides details on how institutions that make a decision to divest from the most egregious sector in terms of climate change, namely fossil fuels, can join forces with other institutions as part of the global divestment movement.

The final section of the guide provides case studies from institutions and investment houses to support and inspire action in this area. The process of addressing climate change through fossil fuel divestment can seem arduous and complicated at first. This section encourages action and will help readers to understand that there are a good number of investment options available for those in the privileged position of being able to choose to use their resources to tackle climate change.

Given the global reach of the Catholic community, with 1.2 billion members, and the leadership of Pope Francis, the potential for impact is significant. If a significant portion of Catholic institutions review their investment policies and publicise their decision to divest from the most harmful sectors, Catholic institutions can make a significant impact in caring for the planet.

**There is possibly no other global institution as well placed to show prophetic and practical leadership at this critical moment.**



**Important Disclaimer: Trócaire and other parties involved in producing this Guide are NOT regulated as investment advisory entities. Nothing that appears in the document should be deemed to be financial or investment advice. The reader should always seek independent investment advice before making any changes to their investments, climate-related or otherwise.**

# Introduction

“The human environment and the natural environment are deteriorating together, and this deterioration of the planet weighs upon the most vulnerable of its people. The impact of climate change affects, first and foremost, those who live in poverty in every corner of the globe.”

1st September 2017, Joint Statement of **Pope Francis** and **Patriarch Bartholomew I**  
(Reported in the Economist)

“In light of new evidence that climate change risk can impact investment performance, the relevance of climate change is no longer only an environmental issue – it is an economic one. [...] The focus has therefore shifted from whether it is permissible to consider climate change risk to whether, as a prudent fiduciary investor, with a long term investment horizon, you can afford to ignore it.”

**Pam McAllister**, Partner and Director of Mercer Legal

The threat posed by human induced climate change is now established scientific fact.<sup>1</sup> It is evident in the increasing frequency, scale and intensity of weather emergencies right across the world – events which are having a devastating impact for those directly affected. At the centre of the problem is the reliance of the global energy system on fossil fuels, which emit greenhouse gases, particularly Carbon Dioxide. It is now known that if all the reserves of oil on the books of oil majors were to be burnt, the world would go into a degree of warming far beyond safe levels. In fact, at least 80% of known reserves must stay in the ground to have a reasonable chance of staying within relatively safe climate limits for future generations. For those already experiencing the first impacts of climate change, however, those limits have already been breached.

Over the past few years many individuals and institutions have begun to consider how their financial investments might be contributing to climate change on the combined basis of the climate science and financial data. Given the need to keep remaining fossil fuels in the ground, given the changing policy environment since the Paris Agreement and given the devastation that burning remaining stores will cause – the case for divesting from fossil fuels is gaining strength. As of April 2017, 742 organisations with total assets under management of \$5.4 trillion (£4.1 trillion) have made commitments to divest from fossil fuels, 24% of which are faith-based organisations.

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1 The Intergovernmental Panel on Climate Change (**IPCC**), the leading international body for the assessment of climate change, conclude in 2014 that beyond any reasonable doubt, climate change is being caused by human activities. The **IPCC** reviews and assesses the most recent scientific, technical and socio-economic information produced worldwide relevant to the understanding of climate change. More information on this can be found at <https://www.ipcc.ch/report/ar5/>



**This guide makes the case for all Catholic institutions with financial investments to review the relationship between their investments and climate change. It presents a step by step guide to reviewing investments, divesting from the primary cause of climate change - namely fossil fuels - and considering re-investment in climate solutions.**

## Who this guide is for

The guide is intended to support leadership of faith-based institutions, especially Catholic ones, to support them in reviewing relevant policies in light of climate change. In particular, it is written with those engaged in financial management in mind such as trustees, bursars, treasurers and CEOs. However, as a response to climate issues requires a holistic review of values and leadership, it is also intended to provide guidance for those in other leadership roles such as senior clergy, religious, Catholic NGOs and their advisors.

## Prophetic faith leadership

At this historical juncture, the need for **prophetic leadership** from the global Catholic community is called for. Pope Francis is leading in this respect with his repeated and forthright calls to care for our common home. The response to this call has to come in a range of areas: pastoral renewal, Catholic education and liturgical responses are all essential in helping the Catholic faithful to see and understand the need for reflection, discernment and action.

Above all, there is a need to lead by example, taking into account the actual ecological impact of all aspects of the Catholic community's own actions and demonstrating how these can be reduced through practical measures. Every church, cathedral, Catholic school, university, hospital, parish centre, retreat house has its own **ecological footprint**.<sup>2</sup> This response can examine all areas of operations from procurement, transportation, energy supply, waste, water usage, to land usage.

Moreover, many Catholic institutions are in the privileged position of holding substantial financial investments. Catholic institutions already follow **ethical investment guidelines and policies**. These guidelines should be regularly reviewed to ensure they are kept updated, in line with the best scientific knowledge about the current social context and ecological crisis. It is possible that even those with strong ethical frameworks may still be heavily invested in sectors which are doing serious damage to the climate, particularly fossil fuels, and hence threatening the future of the planet. Moreover, most Catholic institutional investors may not have yet considered the potential risk of climate change from a **financial perspective**. This guide provides insights on the financial reasons for divesting from fossil fuels and re-investing in climate solutions.

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2 [www.footprintnetwork.org](http://www.footprintnetwork.org)

## Catholic Social Teaching approach

This guide follows the ‘See, Judge, Act’ approach of Catholic Social Teaching (CST) first officially advocated by Pope John XXIII.<sup>3</sup> It calls on all people of goodwill to read the signs of the times and discern social principles arising from a faith perspective. From the perspective of taking responsibility for and promoting action on climate change, this approach must be rooted in a solid understanding of the scientific basis for climate change, as well as the complex social and economic factors driving it. The following questions underpin the approach taken in this guide:

<p><b>See</b></p> 	<ul style="list-style-type: none"> <li>• Consider the most up to date <i>scientific facts</i> relating to the current global context. In particular, examine the data and prognosis relating to current and future climate change.</li> <li>• Consider the <i>impact</i> that climate change is having and will have in the future on the human family, especially the poorest people. Consider the loss to other species and their habitats.</li> <li>• Consider the <i>connections</i> between climate change and financial information. In particular, the burden of unburnable carbon and the pricing of the fossil fuel industry.</li> <li>• Consider the <i>historical reasons</i> why it has proven so difficult to address the global challenge of climate change. In particular, the role that dominant energy sectors may have played in a delayed response.</li> </ul>
<p><b>Judge</b></p> 	<ul style="list-style-type: none"> <li>• In light of this information, consider what it means to be ‘mission led’ or ‘values driven’ organisation.</li> <li>• Consider any institutional investments and how they may be <i>implicated</i> in the climate crisis; assess whether existing ethical principles and frameworks need to be modified.</li> <li>• Examine whether there are alternative approaches to the current scenario available and what the cost implications, if any, might be.</li> <li>• Consider whether there are ways to mitigate against any costs and share the burden of transition.</li> </ul>
<p><b>Act</b></p> 	<ul style="list-style-type: none"> <li>• Build awareness of climate change within the institution and the need for urgent action.</li> <li>• Propose and implement new ethics guidelines, policies or codes.</li> <li>• Become a prophetic leader by joining the divestment movement and making the decision public.</li> </ul>

<sup>3</sup> “There are three stages which should normally be followed in the reduction of social principles into practice. First, one reviews the concrete situation; secondly, one forms a judgment on it in the light of these same principles; thirdly, one decides what in the circumstances can and should be done to implement these principles. These are the three stages that are usually expressed in the three terms: look, judge, act.” (Mater et Magistra, 1961, No.236)

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# PART 1: SEE



Our planet today is facing an ecological crisis. The nature of the crisis is unprecedented in its scale, complexity and its urgency. The significant impact of human activity, leading to increased impacts of climate change, loss of biodiversity and resource depletion have led to scientists to argue that the current age we are living in is no longer the Holocene, but a whole new era: the 'anthropocene'. Such is the scale of our activities, humans have become the dominant force shaping the climate and the environment.<sup>4</sup>

Regardless of the naming of the scientific era, the damage to the planet and to all its inhabitants due to human activities is significant. Climate change in particular, is not only affecting ecosystems and other species, but also the ongoing prospects of human flourishing across the world.<sup>5</sup> Over the past decades, the complex interconnections between social, economic and financial factors and changing climate patterns have become much clearer. There is a now widespread acceptance that climate change is a phenomenon which has the most serious implications for the realisation of human dignity and justice.<sup>6</sup>

## Human impacts of climate change

The human impacts of climate change are complex, often indirect and spread very unevenly. It has become the ultimate 'threat amplifier' for those on the margins. As such, climate change exacerbates the risk and intensity of existing crises, such as drought, food insecurity, conflict, population displacement refugees, and social conflict. Climate change may not directly cause these situations but worsens the dynamics already leading to such conflicts.<sup>7</sup>

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4 See Guardian Report from 2016 on the scientific debates around the Anthropocene: <https://www.theguardian.com/environment/2016/aug/29/declare-anthropocene-epoch-experts-urge-geological-congress-human-impact-earth>

5 UNDP (2014) Human Development Report – Sustaining Human Progress is unequivocal about this: p.3 “Climate change poses grave risks to all people and all countries, but again, some are subject to more-grievous losses than others are. Between 2000 and 2012 more than 200 million people, most of them in developing countries, were hit by natural disasters every year, especially by floods and droughts. The 2011 Human Development Report showed how continuing failure to slow the pace of global warming could jeopardize poverty eradication, because the world’s poorest communities are the most vulnerable to rising temperatures and seas and to other consequences of climate change.” <http://hdr.undp.org/en/content/human-development-report-2014>

6 Humphreys, S., ed. (2009). Human Rights and Climate Change. Cambridge University Press. [http://www.cambridge.org/gb/knowledge/isbn/item2713745?site\\_locale=en\\_GB](http://www.cambridge.org/gb/knowledge/isbn/item2713745?site_locale=en_GB)

7 For example, see this article by former US Navy Officer, David Titley <https://www.scientificamerican.com/article/military-leaders-warn-that-climate-poses-security-threats/>

Moreover, those who have done least to cause the problem are bearing the burden first and deepest. Where access to water is already a struggle, there will be less water to drink, to grow crops, and to power electricity. When rain does fall, it will be erratic, falling more heavily and causing flooding. In many developing countries crops are already failing with increasing frequency and huge risks are posed to global and regional food security.

At present, the World Health Organization (WHO) predicts 250,000 additional deaths a year between 2030 and 2050 as a result of increased childhood undernutrition, heat exposure, diarrhoea and malaria – all exacerbated by climate change.<sup>8</sup> Women and groups with less power in society are hit hardest, exacerbating existing vulnerabilities. The current and projected effects of climate change impacts on national incomes in poor countries are significant. In the Philippines the cost of adaptation for agriculture and coastal zones is expected to be about \$5bn a year by 2020.<sup>9</sup> In Kenya, net economic costs of climate change, including health burdens, energy demand and infrastructure could be equivalent to a loss of almost 3% of GDP each year by 2030.<sup>10</sup>

### Causes

The causes of climate change are well-known, but worth summarising briefly. All life on earth depends on the earth's 'greenhouse effect', which traps energy from the sun and maintains the earth's temperature at a life-supporting average of 15°C. The earth's climate has warmed and cooled over many thousands of years due to naturally occurring phenomena. However, over the past two hundred years, since the industrial revolution - an unprecedented period of warming has occurred.

The main cause of this warming has been known for decades to be due to the **burning of fossil fuels**<sup>11</sup> - the principal energy source driving industrialisation and human development globally. The burning of fossil fuels releases Greenhouse Gases (GHG), including CO<sub>2</sub> into the atmosphere. This CO<sub>2</sub> cannot escape from the earth's atmosphere and accumulates there for a century or more. Over time, this accumulation results in the earth's heat not being able to escape. The result is warming of the earth.

The distribution of these emissions is very unequal: 90% of emissions are caused by just 10% of people.<sup>12</sup> Whilst a sizeable minority burn fossil fuels prolifically – others suffer from energy poverty and barely have enough to survive. This inequality of emissions is effectively a mirror of other economic and social inequalities. Such is the systemic nature of unequal carbon emissions, solving climate change requires a universal, rapid and just transition to a new, zero carbon economic development model.

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8 World Health Organisation (2017) Climate Change and Health Fact Sheet, updated July 2017 <http://www.who.int/mediacentre/factsheets/fs266/en/>

9 Trócaire (2014) Feeling the Heat: How Climate Change is Driving Extreme Weather in the Developing World <https://www.trocaire.org/resources/policyandadvocacy/feeling-the-heat>

10 Ibid

11 A significant portion of warming is also due to other gases such as methane, which has been released as a result of intensive agricultural practices.

12 Gore, T. (2015). Extreme Carbon Inequality: Why the Paris climate deal must put the poorest, lowest emitting and most vulnerable people first. Oxfam International <http://policy-practice.oxfam.org.uk/publications/extreme-carbon-inequality-why-the-paris-climate-deal-must-put-the-poorest-lowes-582545>

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## The Malizeni Family: How Climate Change Hits the Poorest, First and Worst

**It's already past lunch hour in Katunga Village, GVH Chejero, Malawi, yet Andrew's family don't know what to eat. The question "what shall we eat" is everybody's concern despite being only a few months after harvest.**

Aisha and Andrew Malizeni survive on a daily 'ganyu' (casual labour) if they are to feed their three children. "It is a very worrisome situation here in Katunga because everyone depends on casual labour in well-to-do people's homes and fields".

As Andrew explains, the village, like other surrounding villages, receives very little rainfall, not enough to support crop growth. Moreover the rains are very unreliable in terms of onset and cessation. "We only managed to harvest 300kgs of maize which was only enough for five months of the year" says Aisha.

Andrew and Aisha farm a  $\frac{3}{4}$  acre of land growing maize and pigeon peas. They have no irrigation system and rely entirely on the rain to water the crops. Their one annual harvest only feeds them for five months, leaving a hungry period of seven long months. "Between September and March we have no food," says Aisha. "We work on other people's land as labourers during this time. We get paid maize, sometimes a tin, sometimes money to pay for other household needs like medicine.

This was not always the case. Andrew believes all this is due to climate change because previously rains were very reliable and there were surplus

crops every year from the same piece of land which his mother could sell. A scientific report on drought would add credibility and depth to this anecdotal observation. "If it were not for good harvests those years, my parents could not have been able to support my education in terms of school uniform as well as contribution to the school's development. I don't know if we'll be able to support our children's education considering the impact of climate change we are feeling right now," says Andrew.

Katunga village has a community borehole that has greatly reduced the distance women and girls have to travel in search for safe portable water for domestic uses. "Previously we were relying on unprotected rivers and wells which are some few kilometres from our house. The only worry we have now is that during hot months the level of water in the well goes down as a result less water comes from the borehole which makes waiting time to be long," says Aisha. "This situation forces some women and girls to opt for the unsafe water sources. I believe this is the reason why during the months of September, October and November cases of diarrhoea and abdominal pains are very common in this village" says Andrew.

Trócaire together with our partner organisation CADECOM Dedza started working in T/A Kachindamoto in 2017 to support households, such as the Malizeni's, with the knowledge, skills and resources to adapt sustainable agriculture practices that promote food security, resilience to climate change and women's empowerment.



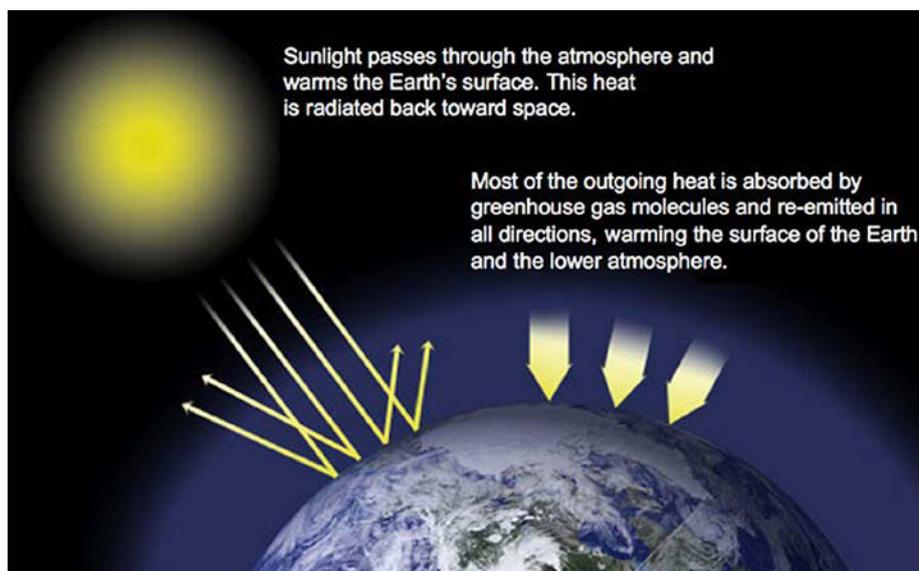


Figure 1. The Earth's Greenhouse Effect Credit: NASA: <https://climate.nasa.gov/causes/>

### One planet - one carbon budget

As a planet with one shared atmosphere, the earth has a finite carrying capacity for GHG. Above this limit, the delicate balance of gases making up the earth's atmosphere, which generate the conditions for all life, are permanently damaged. The atmosphere, together with our water supply, is therefore the greatest 'common good' which all inhabitants of the earth share. Because there are no physical boundaries in the air, the amount of GHG emitted in one part of the world directly (though imperceptibly) affects the balance within the atmosphere as a whole. For example, the CO<sub>2</sub> emitted from a coal plant in the USA has an equal impact on Australia and on Africa as it does on the USA. This is regardless, moreover, of whether emissions were made today or 200 years ago.

This physical reality of **one shared atmosphere** means that it is possible to calculate the amount of GHGs the potential impact that a specific rise in GHG will have. Using the same scientific basis, it is also possible to estimate what level of GHG in the overall atmosphere is desirable if living conditions on the planet are to remain stable for future generations. In other words, there is a "budget" of GHG gases we can emit globally. World governments agreed in the Paris Agreement that having a reasonable chance of staying within relatively safe limits of under 2°C rise on pre-industrial times means keeping GHG levels below 2,900 GtCO<sub>2</sub>-e.<sup>13</sup> That's the total budget.

Given that human activities have already pumped 2129 GtCO<sub>2</sub>-e into the atmosphere since the start of the industrial revolution, the total remaining budget that can be emitted if we are to stay within a rise of 2°C on pre-industrial times is 771 GtCO<sub>2</sub>-e. At present rates, this limit will be breached in under 20 years.<sup>14</sup>

13 UNFCCC (2015). Adoption of the Paris Agreement: Draft Decision -/CP.21. United Nations Framework Convention on Climate Change [http://unfccc.int/meetings/paris\\_nov\\_2015/meeting/8926.php](http://unfccc.int/meetings/paris_nov_2015/meeting/8926.php)

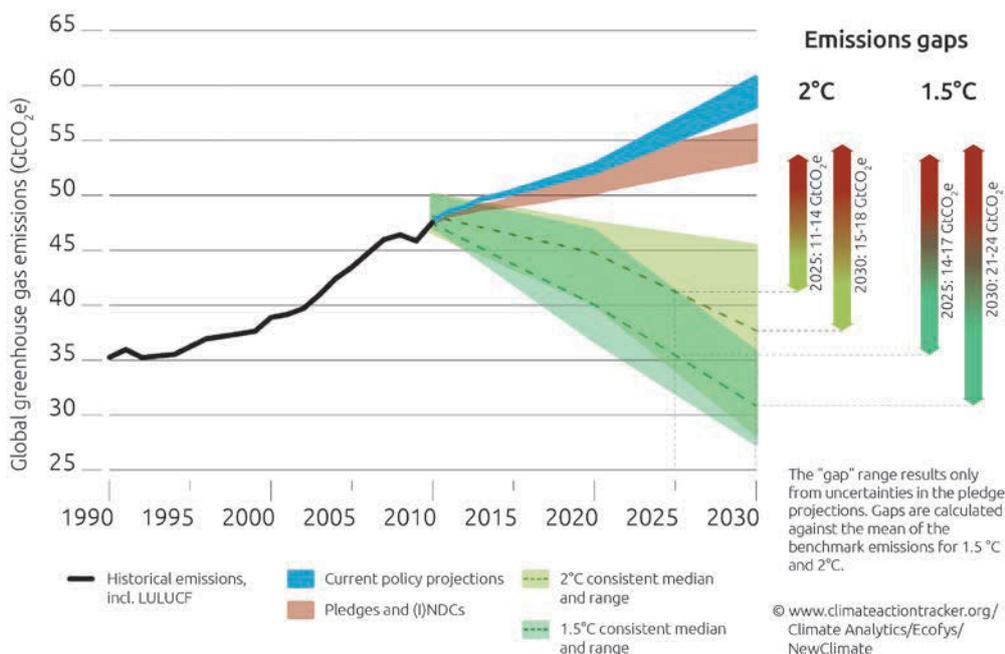
14 Based on IPCC 5th Assessment Report calculations. The real-time carbon clock is available on the Guardian website. <https://www.theguardian.com/environment/datablog/2017/jan/19/carbon-countdown-clock-how-much-of-the-worlds-carbon-budget-have-we-spent>

Moreover, given the existing time lag in shifting relevant policies - and the gargantuan task of shifting all global policies in the same low carbon direction within a few years simultaneously - some have argued that the 'safe limit' has been crossed already.

### Global policy regime

The international regulatory regime for tackling climate change, whilst it has moved forward, still remains seriously wanting. The 2015 Paris Agreement marked the first ever universal agreement on climate change. It sent a powerful message to financial markets that governments are united and intend implementing policy changes in line with the climate reality. The Paris Agreement commits countries to 'holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 °C above pre-industrial levels.'<sup>15</sup>

However, two years on, the world remains as far as ever from the kind of urgent action which is now required to curtail GHG and to address the implications of climate emissions which are already locked in. Whilst being based on the science of a global carbon budget, the Paris Agreement contains no mechanisms to set a global cap on emissions. It has no binding international targets on levels of emissions cuts. It also contains no mention of the major source of GHG: fossil fuels. Instead, all countries have to determine their own national commitments (NDCs) and report back every five years to the UN. Currently, the combined delivery of all national commitments will not be enough to avoid catastrophic climate change, as shown in Figure 2 below. The most recent assessment of the Paris Agreement says that humanity now only has a 5% chance of staying below the 2°C target set in 2015. It has a less than 1% chance of staying below 1.5°C.<sup>16</sup>



**Figure 2. The Emissions Gap** Credit: Climate Action Tracker, 2016

15 Article 2, Paris Agreement

16 Raftery, A et al (2017) Less than 2°C warming by 2100 unlikely *Nature Climate Change* 7, pp.637 - 641

One major reason is that national policy commitments are very often hampered by challenging political contexts driven by short-term financial considerations and special interests. This hampers the ability of national leaders to make difficult policy decisions which may incur a cost to some in the short term to benefit others in the future or elsewhere. Given the time lag between raising public awareness and political change, if there is to be any chance of preventing catastrophic climate change, it is essential that formal state commitments are therefore supplemented, and sometimes even by-passed, by other more ambitious institutional measures. This is especially true in relation to curbing investments in climate damaging sectors, particularly future fossil fuel production and usage.

### Catalysing Rapid Energy Transition

At the very heart of the problem of rapid transition is the ongoing reliance of the **global energy system on fossil fuels**. Estimates show that current fossil-fuel reserves contain around 2,795 GtCO<sub>2</sub>-e<sup>17</sup>. This amount is three times the remaining global carbon budget of 771 GtCO<sub>2</sub>-e – and five times the estimated 565 GtCO<sub>2</sub>-e share of the budget allocated to the fossil fuel industry. If these reserves are burned as currently planned,<sup>18</sup> they would effectively send the world into catastrophic climate change far beyond 2°C. **To have even a slim chance of keeping global temperature rises within 2°C, around 80% of known remaining fossil fuels need to remain under ground<sup>19</sup>**, as Figure 3 shows. This means that carbon reserves out with the smaller circle are effectively ‘unburnable’, and hence, have limited value.

The need to make the transition away from fossil fuels has been known for decades, yet has proven extremely difficult to address. The intractability of the problem is in part due to pervasive nature of fossil fuels in almost all sectors of the economy. Virtually nobody and no business can claim to live or operate in an in an environment free from fossil fuels. However, it also has to do with the fossil fuel industry itself and the overarching policy and regulatory frameworks in which the industry operates. It has to do with the undue influence of that industry on those frameworks and their wilful denial of the truth, to ensure their business operates as usual and even profits from the planet’s destruction.<sup>20</sup>

Clean, effective alternatives to the fossil fuel dominated economy now exist and are growing at exponential rates in recent years, making them increasingly financially viable.<sup>21</sup> These include investments in renewable energy such as solar, wind and tidal energy. **Supporting the rapid and widespread transition and usage of such alternatives in a very short timeframe is absolutely essential to have a chance of preventing catastrophic climate change.** Finding ways to become catalysts in that transition is now a clear ethical imperative.

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17 Refers to the fossil fuel reserves owned by companies, and countries that operate like fossil-fuel companies.

18 As stated in the annual reports and strategic plans of the companies in question.

19 Carbon Tracker (2011) Unburnable Carbon – Are the World’s Financial Markets Carrying a Carbon Bubble. [www.carbontracker.org](http://www.carbontracker.org)

20 Mulvey, K and Shulman, S (2015) The Climate Deception Dossiers. Union of Concerned Scientists. <https://www.ucsusa.org/global-warming/fight-misinformation/climate-deception-dossiers-fossil-fuel-industry-memos>

21 Deloitte (2017) Renewable Energy Outlook 2017 <https://www2.deloitte.com/us/en/pages/energy-and-resources/articles/renewable-energy-outlook.html>

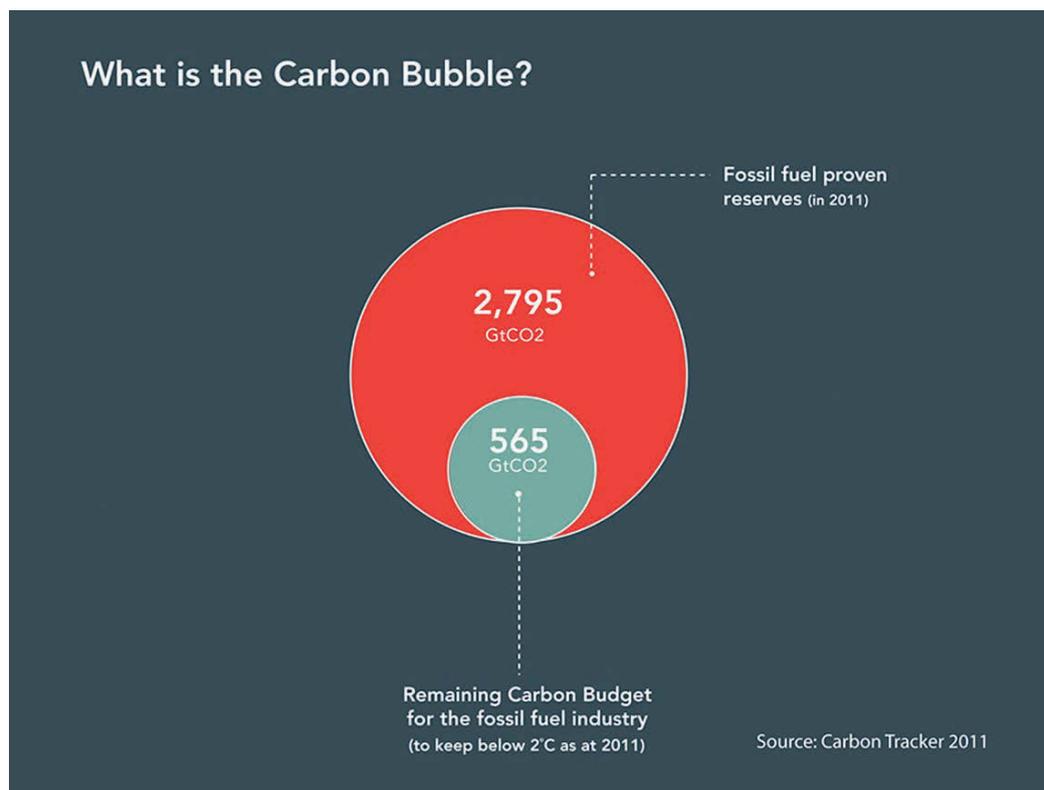


Figure 3. 'Unburnable' Carbon

### Climate change as growing financial threat

Climate change is now a clear and direct risk to human well-being and to the environment. Consequentially, there is growing evidence of the systemic implications of climate change on the global financial system. **A threat of such universal dimensions cannot but be a financial threat.** In fact, in the USA, investment lawyers anticipate that fossil fuel risks in portfolios may soon lead to legal re-definitions of fiduciary responsibility that require justification for holding fossil fuel assets.<sup>22</sup> Climate change and directly connected issues of extreme weather and resource crises have consistently featured among the top-ranked risks in the World Economic Forum's Global Risks Report since 2011.<sup>23</sup> The Scientific Advisory Committee to the European Systemic Risk Board points to the systemic risks posed by a late transition to a low carbon economy and the shocks this could entail. In 2015 the Economist Intelligence Unit produced a report examining the loss of value being incurred due to failures to take climate change seriously. A number of investment-related bodies are requesting additional reporting and consideration by investors of ESG factors and climate related risks.<sup>24</sup> The EU, moreover, has issued new directives in this regard.<sup>25</sup>

22 <https://insideclimatenews.org/news/07062016/retired-lawyer-boris-longstreth-floodgates-divestment-fossil-fuels-climate-change-investments>

23 <https://www.weforum.org/reports/the-global-risks-report-2017>

24 Task Force on Climate-related Financial Disclosures | TCFD

25 IORP II European Pensions directive <https://www.ipe.com/countries/eu/european-parliament-passes-revised-iorp-directive/10016370.fullarticle>; Non-financial reporting directive <http://fticommunications.com/2017/05/esgc-mandatory-responsibility-finding-value-in-non-financial-reporting/>

Perhaps the most significant contribution to date, underlining the seriousness of the risk, has come from the Bank of England Governor, Mark Carney. He identifies three types of financial risk related to climate change and delays in tackling the problem:

“There are three broad channels through which climate change can affect financial stability:

First, **physical risks**: the impacts today on insurance liabilities and the value of financial assets that arise from climate- and weather-related events, such as floods and storms that damage property or disrupt trade;

Second, **liability risks**: the impacts that could arise tomorrow if parties who have suffered loss or damage from the effects of climate change seek compensation from those they hold responsible. Such claims could come decades in the future, but have the potential to hit carbon extractors and emitters – and, if they have liability cover, their insurers – the hardest;

Finally, **transition risks**: the financial risks which could result from the process of adjustment towards a lower-carbon economy. Changes in policy, technology and physical risks could prompt a reassessment of the value of a large range of assets as costs and opportunities become apparent.”<sup>26</sup>

This systemic risk, moreover, translates into **specific risks for individual and institutional investors** who retain investments in sectors which damage the climate. As governments and policy regimes shift to align with the scientific facts and political consensus, assets once assumed to be sound, could become stranded. Investments in fossil fuel companies, for example, **are valued on the assumption that their reserves can be sold and used**. In other words, the value of these assets is based on governments failing to take action to tackle climate change and implement the Paris Agreement. If future regulatory regimes mean that they can no longer use these resources, their valuations are bound to change. Dealing with climate change, therefore, has shifted from being a purely environmental or even moral concern. Ensuring that each of these risks is properly assessed is now becoming a question of financial prudence for those who have medium and long-term investments.

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26 Mark Carney (2015) Breaking the Tragedy of the Horizon – Climate Change and Financial Stability, [www.bankofengland.co.uk/publications/speeches/2015/844.aspx](http://www.bankofengland.co.uk/publications/speeches/2015/844.aspx)

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PART 2:

# JUDGE



## A Catholic perspective on tackling climate change

Given the scale and urgency of the current crisis, and the need to rapidly change course, as people of faith it is necessary to ask what guidance faith can offer in finding solutions? Catholic Social Teaching offers a unique lens through which to examine the current climate crisis and its multiple causes and impacts. It can provide useful guidance on how best to respond to the moral and ethical problems of addressing climate change justly, with due concern for the poorest and future generations.

Pope Francis, through his Encyclical 'Laudato Sí: On Care for our Common Home'<sup>27</sup> and many public interventions, has provided important new insights into a Catholic response in line with the science and moral teaching, building on decades of magisterial teaching on the environment. Importantly, Catholic Social Teaching also offers the possibility of a hopeful, unifying vision at a difficult historical moment – something which is desperately needed.

### Inter-connectedness of everything

Catholic Social Teaching frames environmental degradation and social concern as issues which demand an integral approach. Such is the complexity of the issues involved, it is impossible to find adequate solutions if one adopts a narrow, fragmented or 'siloes' perspective. The tendency in Western society since the Enlightenment, however, has been geared precisely towards specialisation and technical knowledge. Whilst offering invaluable insights and knowledge, such vantage points often lack attention to the big picture - finding an integral, unifying perspective has proven very difficult. However, addressing the ecological crisis requires such a vantage point. Pope Francis, in particular, in *Laudato Sí*, seeks to offer this 'helicopter view'. **It is a viewpoint which seeks to step back and reflect the loving gaze of a Creator. It takes the long time horizon and considers past and future generations; it considers the "whole" picture.**

From this vantage point, what comes into sharp focus is the wholeness of everything, the 'network of relations between things'<sup>28</sup> – what ecologists call the 'web of life', and the common good. At the heart of climate change is the question of the future of God's creation and the human family. It concerns us all. The Creed affirms the essential truth that all human persons are part of one family, with one origin and one Creator. Every human being has been endowed with an innate dignity which must be protected.

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27 Pope Francis (2015) *Laudato Sí On Care for our Common Home*, [http://w2.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco\\_20150524\\_enciclica-laudato-si.html](http://w2.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si.html)

28 LS, cf. 20; 134, 138

Moreover, we are an integral part of the planet we call home. This home has been given by the Creator and above all needs to be protected, cared for and appreciated. The earth is not ours to pillage or destroy: non-human creatures have an intrinsic value, a value in their own right.<sup>29</sup> Pope Francis has even spoken of the environment having its own rights.<sup>30</sup> The earth needs to be shared by all, recognising that the earth cannot truly be owned by anyone: its riches belong to all (Leviticus 25:23).

### **From stewardship to integral ecology**

Catholic Social Teaching has traditionally taught that humans are called not to be masters, but to be 'stewards of creation', participating in the work of creation. The human calling is one of co-creating with the Creator through our labour and unique talents, contributing towards the common good of all (Genesis 2:15). At the same time, the message of stewardship has focused on the need to ensure the resources of the earth are minded, shared fairly, and other species are not subject to unnecessary harm. Yet this is far from what is currently happening. Pope John Paul II often emphasised humankind's important, yet unfulfilled role of stewardship, stating bluntly that humankind "is no longer the Creator's 'steward', but an autonomous despot, who is finally beginning to understand that he must stop at the edge of the abyss." He called for Catholics to undergo an "ecological conversion" to avoid an environmental catastrophe.<sup>31</sup> Pope Benedict XVI, moreover, called out the integral links between the global economic and financial system and ecological destruction.<sup>32</sup>

In *Laudato Si'*, Pope Francis takes this call for ecological conversion even further. He points out that failure to hear and answer the "cry of the earth and the cry of the poor" share the same cultural root and are part of one complex "socio-environmental crisis". In fact, *Laudato Si'* points to the fact that the same interior attitudes of lack of gratitude, isolation and extreme individualism are at the root of many modern problems. They give rise to a 'use and dispose culture' which ultimately treats others, whether nature, goods or even other humans as disposable. **Catholic faith rejects this disposable attitude, insisting on the dignity and sanctity of all life, and the reverence owed to the Creator.**

To counter this, *Laudato Si'* encourages "integral ecology"; an approach to living which holds together our deepest spiritual needs, relationships with our brothers and sisters especially the poor, love for Creation and love of God. Integral ecology endorses a comprehensive definition of sustainability based on an awareness that human emotions, psychology and spiritual well-being have a major impact on the web of life, and deepen an authentic Catholic faith response. Interiority and exteriority are intertwined. Such an integral approach, if authentic, cannot remain a spiritual, interior exercise, but translates into behavioural change and a change of course: "A true ecological approach always becomes a social approach; it must integrate questions of justice in debates on the environment, so as to hear both the cry of the earth and the cry of the poor."<sup>33</sup>

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29 See LS 33; cf. 69, 115, 118, 140, 190.

30 In his address at the United Nations, Francis went so far as to say that 'a true "right of the environment" does exist'. This is examined by Donal Dorr (2016 *Option for the Poor and for the Earth*, p.447)

31 Pope John Paul II (2001) [http://w2.vatican.va/content/john-paul-ii/en/audiences/2001/documents/hf\\_jp-ii\\_aud\\_20010117.html](http://w2.vatican.va/content/john-paul-ii/en/audiences/2001/documents/hf_jp-ii_aud_20010117.html)

32 Pope Benedict XVI (2007) [http://w2.vatican.va/content/benedict-xvi/en/speeches/2007/january/documents/hf\\_ben-xvi\\_spe\\_20070108\\_diplomatic-corps.html](http://w2.vatican.va/content/benedict-xvi/en/speeches/2007/january/documents/hf_ben-xvi_spe_20070108_diplomatic-corps.html)

33 Pope Francis (2015) *Laudato Si'* no. 49 [http://w2.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco\\_20150524\\_enciclica-laudato-si.html#\\_ftn10](http://w2.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si.html#_ftn10)

## Human dignity and option for the poor

In the context of climate change, the **preferential option for the poor**, a dominant theme throughout Catholic Social Teaching,<sup>34</sup> takes on a whole new meaning as a threat amplifier for those on the margins. A preferential option for the poor means creating conditions for marginalized voices to be heard at a time when those defending the environment are being marginalised and even killed. It means defending those who are defenceless in the face of climate emergencies especially those forced to become refugees. It also means re-assessing affluent lifestyles, policies and social institutions in terms of their direct and indirect impact on those **poor most vulnerable to climate disasters**. For people of faith, this obligation goes beyond the call to give surplus to charity, though that remains an important duty. In the face of a world of gross inequalities, where many more will face premature death due to material poverty exacerbated by climate change, it challenges us to identify and challenge the deep beliefs and institutional structures and policies which render this possible. Because while each person and organisation has diverse duties and missions and varied ways of doing good, we are all responsible to avoid causing harm.

Laudato Sí points out that given the intricate link that now exists between climate change and poverty, there is a serious responsibility on the part of those who produce the vast majority of emissions, to move away from the main cause of the problem - fossil fuels - without delay.<sup>35</sup> This transition to a clean energy world, moreover, cannot be allowed to become an additional burden preventing poor people from accessing their full potential. At the same time, repeating the polluting mistakes of wealthy countries – when clean solutions exist - would be like an act of suicide. There is a serious obligation on people and countries with the means, to re-double their support for those without the financial and technological resources to develop in clean ways. Indeed, advanced countries have “the moral duty of developing the use of the most complex and capital-intensive energy technologies, in order to allow poor countries to feed their development, resorting to simpler and less expensive energy technologies.”<sup>36</sup>

## Follow the money

Within the frame of reference of Catholic Social Teaching, and Laudato Sí in particular, one has to examine the integral link between all types of actions. An integral ecology means it is no longer possible, from a moral and ethical viewpoint, to isolate economic activity, driven principally by the profit motive, as if it were immune from moral obligation. This has been re-iterated many times in recent years by Pope John Paul II, Pope Benedict XVI and Pope Francis. Pope Benedict XVI asserted that “Every economic decision has a moral consequence”<sup>37</sup> Laudato Sí makes the point that every act of consumption is a moral and ethical act.<sup>38</sup> In other words, **every economic activity, every transaction, is inherently relational.**

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34 The Catechism of the Catholic Church states that: “Those who are oppressed by poverty are the object of a preferential love on the part of the Church which, since her origin and in spite of the failings of many of her members, has not ceased to work for their relief, defense, and liberation.” nos. 2444, 2448, quoting *Centisimus annus*, no. 57, and *Libertatis conscientia*, no. 68

35 *Ibid* No. 165

36 Pontifical Council for Justice and Peace, 2013, *Energy, Justice and Peace: A Reflection on Energy in the Current Context of Development and Environmental Protection*, 2013

37 *Caritas in Veritate*, 37.

38 *Ibid*

Our understanding of “consumption” in today’s world must go beyond the physical act of consuming the earth’s resources. It embraces the various ways in which individuals become ‘consumers’ of a whole range of commercialised services including a dizzying array of financial products. An increasing number of these services are hidden or virtual, happening in the online world, in the hidden world of regulated and unregulated financial transactions which drives consumption. They are regulated by far from perfect policies and laws which enable activities to take place. However, in many instances, activities can be legal - but at the same time not be entirely moral. In fact, many legal activities would not be morally acceptable within a Catholic Social Teaching frame of reference.

Even where the other is ‘invisible’, through distance, technology or institutional processes, there is a responsibility to avoid harm. As people of faith, moreover, there is an even higher calling: to heal broken relationships and wherever possible, build new economic relationship based on mutuality and communion.<sup>39</sup> There is a call to take prophetic economic action. This call to deep communion, moreover, extends beyond other humans, to embrace the whole of creation, which is bound up in our labours. The climax of the Bible’s narrative depicts the New Jerusalem as a place in profound harmony – spiritually, socially, and environmentally (Revelation 21-22).

### Investment choices

For Catholic institutions, there is a long tradition of discerning how to avoid investing in companies and sectors which are not in line with moral teaching. This process of ethical investment has traditionally involved negative screening process to ensure that no investments are being used to support sectors not in line with Catholic Teaching. For example, the exclusion of pharmaceuticals involved in contraceptives; abortion/ abortifacients; embryonic stem cell research; tobacco; pornography; weapons. In practice, many concerned institutional investors have aimed to apply these principles. Many Catholic institutions already follow the Environmental, Social and Governance (ESG) framework and the UN Principles for Responsible Investment.<sup>40</sup>

Many bishops’ conferences agree on principles to guide their investments. The US Conference of Catholic Bishops, for example, describe certain principles to guide their investments:

- **Human Dignity** - *The economy exists to serve the human person, not the other way around.*
- **Justice** - *The moral measure of any economy is how the weakest are faring.*
- **Stewardship** - *We are stewards of God’s creation, which it is our responsibility to nurture, respect, preserve and protect for future generations.*
- **Shared Prosperity** - *Wealth is a gift to be shared, and work must be fairly and justly rewarded.*

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39 Pope Benedict XVI (2009) *Caritas in Veritate* w2.vatican.va

40 [www.unpri.org](http://www.unpri.org)

- **Responsible Ownership** - *Ownership of capital should be used to promote corporate social responsibility and the common good.*
- **Corporate Social Responsibility** - *Businesses must be responsible not only to their shareowners but to all stakeholders. These include employees, communities, the environment and the public.*

Whilst these principles remain valid and strong, they could be considered as no longer fully comprehensive measures for Catholic investors, because they do not offer specific ethical applications related to investments that reflect sufficient or scientifically sound assessments of ecological risk to human wellbeing. The full implications of these enduring values in their particular application to investments that degrade the environment have not been fully realized in the guidelines. Even when investors apply additional frameworks, the interpretation of “ethical investment” or “sustainable and responsible investment (SRI)” has not usually excluded investment in the main causes of environmental damage, namely mining and export of fossil fuels. As a result, the guidelines do not detail ethical guidelines for Catholic investors in light of these facts and have limited application to concrete decision-making. There are problems with the validity of this definition and measure. Several Bishops’ conferences, such as German Bishops, have developed a more comprehensive investment guide which incorporates environmental sustainability.<sup>41</sup> Others, such as the Belgian Bishops, have opted to completely exclude fossil fuels from their investment portfolio.<sup>42</sup>

## Investment review in light of climate change

For this reason, it is clear that in order to assist the discernment of Catholic investors, the scientific understanding of climate change and a deeper understanding of integral ecology requires a much stronger definition of Responsible Investment practices for Catholic organisations. Such a strong framework must consider the new context we are in, seek to exclude the most damaging sectors and where possible, shift investments **towards activities which support the care necessary for living within the capacity of the ecological systems that support life on our planet – rather than destroying it.** It would do so in the understanding that such a shift is in the interest of the common good, long the orienting foundation of Catholic Social Teaching, by building the clean energy systems needed to sustain dignity and meet human needs

In the light of climate change, a more robust investment framework would apply four ethical tests to prospective investments:

- Does the activity in question contribute to observable, grave or large-scale harm?
- Does the organisation or sector contribute to denial of the truth about harm, whether through misleading information campaigns or other means, intended to delay a response, thus leading to intractable resistance?

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41 German Bishops’ Conference (2015) Making ethically-sustainable investments: A guide for persons in financially-responsible positions in Catholic institutions in Germany. <http://www.dbk-shop.de/de/deutsche-bischofskonferenz/sonstige-publicationen/making-ethically-sustainable-investments.html>

42 <http://www.catholicnews.com/services/englishnews/2017/forty-catholic-institutions-plan-to-divest-from-fossil-fuels.cfm>

- Does withdrawing investments from this sector have a symbolic, prophetic impact, contributing towards redefining society's moral code?
- Does redirecting investments enable pragmatic and productive investments in essential clean energy development and job creation?

When these four more rigorous tests are applied, in the light of climate change, continuing to invest in the fossil fuel industry emerges as one area requiring serious questioning. In terms of harm, it is now known that the ongoing exploration and extraction of fossil fuels will cause further serious climate change, putting at risk the viability of the planet. Further investments in exploration and extraction only increase global reserves and the financial risks of additional stranded assets, as well as increased potential for increased emissions. This will cause widespread harm to current generations and future ones. In terms of denial of truth, there is now significant evidence that certain key players in the fossil fuel industry effectively covered up their own understanding of climate change for several generations in order to ensure they could continue to operate.

Such actions have the potential to be a visible sign of the desire of Christian charity not to cause harm, and even to contribute positively to the common good. As such, ethical investments participate in the sacramental and public living out of faith. Finally, the withdrawal of investments from this sector could send out a very important and positive message about the need to face up to climate change and accelerate a transition towards a sustainable future.

### Speaking up - prophetic voices

**“You are the light of the world. A city set on a hill cannot be hidden. Nor do people light a lamp and put it under a basket, but on a stand, and it gives light to all in the house.” Matthew 5: 14 - 15**

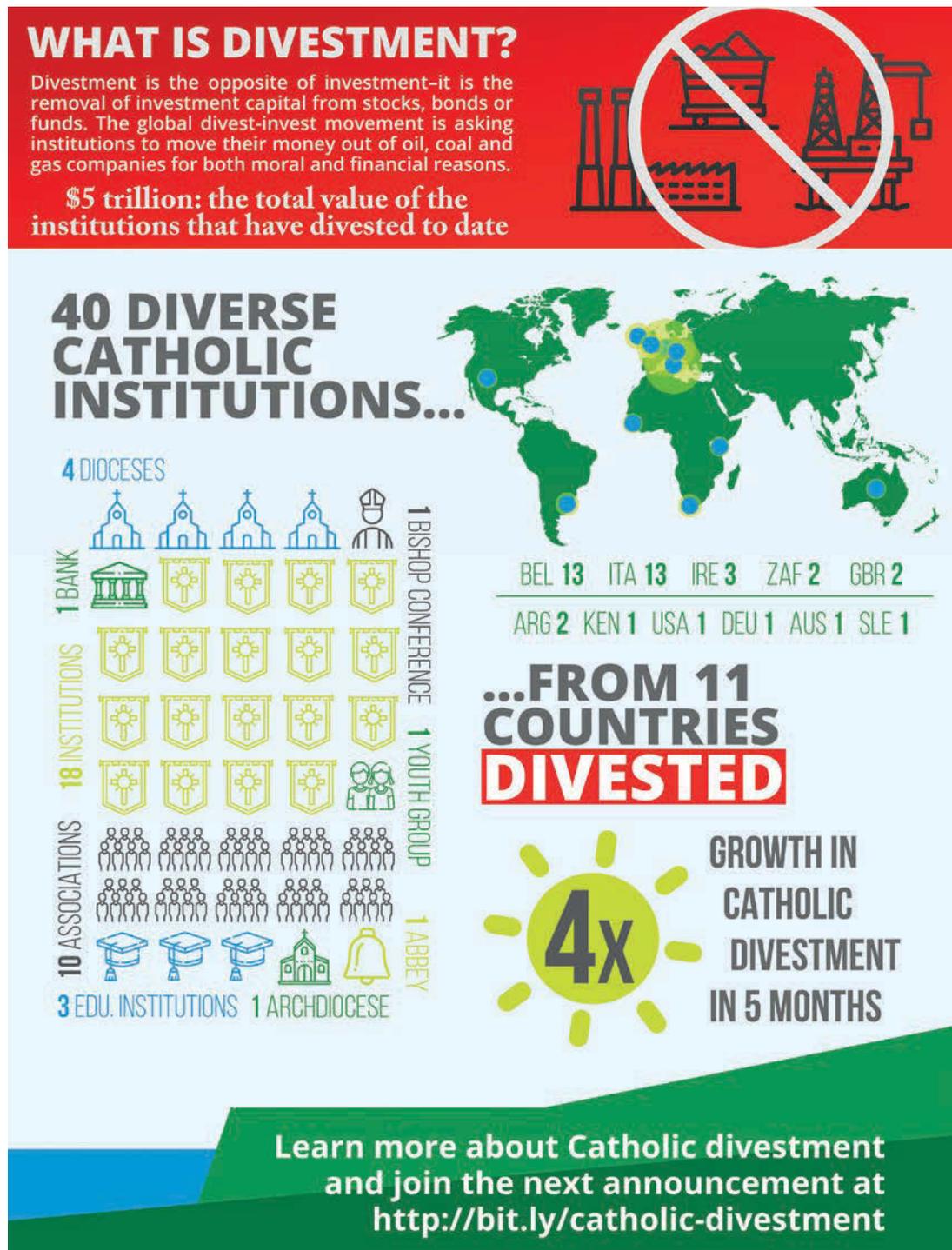
Catholic Social Teaching not only calls on Catholics to act with charity but to speak up for the poor and the vulnerable, and against injustice (Proverbs 31: 9). In the case of climate change, the prophetic voice of the Church to challenge injustice can be a catalyst of change. Catholic institutions have already started to raise their voices as part of the growing global movement to divest from fossil fuels. The global campaign to divest from fossil fuels started as a student movement in 2014 and has now has divestment commitments from assets worth over \$5.4 trillion US, involving over 700 institutions worldwide.<sup>43</sup> The power of the divestment movement lies not only in the decision to move investments away from climate damage, but in the decision to join with others to make a public statement on climate action. Just as during the Apartheid in South Africa, where it became socially unacceptable to engage with businesses involved in this regime, fossil fuel divestment is primarily a movement to demonstrate publicly the moral weight of investments in fossil fuels, and their concrete implication in the impacts of climate change. A quarter of these institutions are faith-based, with many Catholic institutions now taking part including Dayton University, the Diocese of Assisi, the Franciscan Sisters of Mary and the Belgian Bishops Conference.<sup>44</sup>

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43 See Arabella Advisors Report (2016) [https://www.arabellaadvisors.com/wp-content/.../Global\\_Divestment\\_Report\\_2016.pdf](https://www.arabellaadvisors.com/wp-content/.../Global_Divestment_Report_2016.pdf)

44 <http://catholicclimatemovement.global/divest-and-reinvest/>

Divestment puts into action Jesus' call in the Sermon on the Mount for Christian communities to represent a light to the world (Matthew 5:14). If a sizeable portion of Catholic institutions worldwide divested, it could have a significant impact globally on the fossil fuel industry and combatting climate change.



**Figure 4. Catholic institutions committed to divest fully or partially on 4<sup>th</sup> October 2017**  
 Source: [www.catholicclimatemovement.global](http://www.catholicclimatemovement.global)

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## PART 3:

# ACT



So far this guide has considered climate science and the perspective offered by Catholic Social Teaching on the need to care for our common home. Careful examination of the positive and negative impacts of decisions for financial governance, through a process of reflection and discernment, can lead to renewed action. In particular, it should inform a deeper understanding of the links between the prophetic mission of Catholic organisations and the ways in which financial resources are invested. This section offers a step by step guide to working through current investment strategies and reviewing them in light of climate science and Catholic Social Teaching.<sup>45</sup>



### STEP 1: JOINING THE DOTS: YOUR MISSION, FINANCES AND CLIMATE CHANGE

The key starting point for a new conversation is how what we ‘see’ in relation to climate change, and its impact on the world, relates to your organisation’s mission and strategy. This step needs to involve trustees and management in a discussion around the ethical nature of your organisation, its mission and its impact. **This assumes that the leadership in the organisation already has a sound grasp of the scientific basis of climate change, its causes and impacts.** If this is not already the case, it should be preceded by an information session on climate change from an authoritative source. Issues to be discussed at this stage include what values and beliefs are important to your organisation, stakeholders and beneficiaries.

A second, focused part of this discussion considers how investment strategy relates to the core mission of the organisation, such as ministries and congregations. This should examine the link between climate change and core values and beliefs, and what is known about the investment risks associated with climate change. It should look at how well climate change and risk is incorporated into existing investment strategies, and what would be achieved from a divestment strategy. This process will require additional research and engagement of fund managers and financial advisors with expertise in climate change. Additional research resources can be found in the annex.

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<sup>45</sup> These six steps are adapted from the “Faith-based guide to divestment” originally produced by [www.ARRCC.org.au](http://www.ARRCC.org.au), the Australian Religious Response to Climate Change. They in no way seek to replace financial advice, but rather to stimulate conversation about financial governance practices. Before making any changes to investments, you should always seek independent financial advice from a qualified financial advisor.



### **Step 1 - Questions for religious leaders in Examining Climate Change and Your Organisation:**

1. What values and beliefs are important to our organisation?
2. What values and beliefs are important to our beneficiaries and other close stakeholders?
3. What issues do we address through our ministries and congregations?
4. Is there a link between action on climate change and our values and beliefs?
5. Is climate change related to the issues we address through our ministries?
6. What do we know, believe and agree on about the investment risks associated with climate change?
7. Are those beliefs reflected in our current investment strategy and risk assessment approach?
8. What do we want to achieve from a divestment or decarbonisation policy in relation to our current investment strategy and risk assessment approach?



### **STEP 2: COMMIT: CREATE A SOLID POLICY**

Once these foundational questions have been addressed, the next step is to review the existing policy in the light of climate change or a new one written in collaboration with a qualified financial advisor. This policy should outline how a decarbonisation strategy, including divestment from fossil fuels, reinforces or strengthens your organisation's values and beliefs, grant-making (if appropriate) and mission. It should address how decarbonisation strengthens or reinforces your current investment strategy and risk assessment approach. It should also highlight any additional outcomes from the strategy, how progress will be assessed, as well as the consultation process involved. It should outline which asset classes apply to this policy, for example international equities, property, fixed interest, alternatives, infrastructure, sovereign and corporate debt and which methodologies will be used. It should specify which sectors are to be included, for example, all sectors, only high carbon sectors (for divestment), only very low carbon sectors (for investment)? Finally, it should specify which resources will be called upon (internal and external) to implement the policy).

#### **Expanding the scope of exclusions**

The strategies will include screening out, positive selection and/or promotion of various investments. **Negative screens** in line with Catholic teaching would routinely include sectors engaged in the production of contraceptives; abortion/ abortifacients; embryonic stem cell research; tobacco; pornography; and weapons. Climate change adds an additional layer to these exclusions.

	Exclusions
Traditional Catholic Screening	<ul style="list-style-type: none"> <li>• Abortion/abortifacients; embryonic stem cell research; addictive substances; pornography, weapons and military, investments in countries with high levels of corruption, human rights violations (particularly in mining), death penalty; totalitarian regimes</li> </ul>
Climate Screening	<ul style="list-style-type: none"> <li>• Fossil fuel extraction and infrastructure; fossil fuel-intensive products; indirect investment in fossil fuels.</li> </ul>

Different tools are now available to support this new screening process.<sup>46</sup> The most common form of divestment screening involves the exclusion of the 200 largest fossil fuel companies by reserves.<sup>47</sup> Other organisations have an expansive list of companies that they identify as particularly vulnerable to a collapse in the fossil fuel supply chain of prospecting, extracting, refining, equipment, and services. Recently, some companies have decided to exclude companies they feel are “not compliant with the Paris Climate Agreement.”<sup>48</sup> What route you will take depends on the institutional make-up and diversity of stakeholders.

As well as divesting from harmful sectors, many companies now use **positive screens**, in favour of climate solutions. The use of positive screens has been less common in Catholic institutions, but is growing in popularity through initiatives such as impact investing,<sup>49</sup> in light of the Sustainable Development Goals. There are many highly investible climate solutions that address mitigation and adaptation efforts in all markets. Examples are listed below. One way that this is done is through the selection of ‘environmental leaders’ – the best in class in the sector for ESG, or equivalent metrics. Further guidance on this aspect of reinvesting is available through the charities investors group in the UK.<sup>50</sup>

46 An excellent source of information on this is [www.divestinvest.org](http://www.divestinvest.org)

47 This information is held on a proprietary basis by Fossil Free Indexes <http://fossilfreeindexes.com/research/the-carbon-underground/>

48 Eg AP7 <http://www.reuters.com/article/us-climatechange-investment-sweden-idUSKBN1962CC> , UK Methodist church <http://brightnow.org.uk/news/methodist-church-takes-step-closer-divestment/>

49 More information can be found from the Catholic Impact Investing Collaborative: [www.catholicimpact.org](http://www.catholicimpact.org)

50 [www.charityinvestorsgroup.org.uk](http://www.charityinvestorsgroup.org.uk)

Positive Screens – Environmental Leaders	
Traditional Catholic Positive Screens – impact investing	<ul style="list-style-type: none"> <li>• Progressive employment practices; local social enterprises; community activities; public goods such as public transport and sustainable housing.</li> </ul>
Examples of investments in climate solutions <sup>51</sup>	<ul style="list-style-type: none"> <li>• energy efficiency improvements; environmentally sustainable goods and services; technology transfer to developing countries; renewable energies; low carbon technologies.</li> </ul>

The principles of ecological and social sustainability could favour investment in goods and services essential for simple and sustainable living with a focus on local resources and production regarding factors such as food, housing, water and energy systems and clothing. Investment will favour production and distribution systems that are resilient and able to cope with relatively rapid changes in temperature and weather. Also favoured will be transport and communication systems that are not dependent on unsustainable energy and resource use.

Of course, implementing these screens takes time, and requires consultation with financial advisers or agencies with expertise in ethical investment. It usually involves a staged process over time, starting with divestment from more destructive industries.

**Update your risk register**

Another important stage in reviewing your investment strategy is reviewing your risk register in the light of climate change. As discussed, climate change represents a significant risk to different asset classes and these risks need to be identified within risk reporting.

The UK’s Prudential Regulation Authority<sup>52</sup> identified three types of climate-related financial risks:

- I. Physical: risks that could arise from climate and weather-related events, such as floods and storms, which can damage property or disrupt trade.
- II. Transition: risks that could arise from the process of adjusting to a lower-carbon economy, such as changes in policy, technology, or investor sentiment.
- III. Liability: risks that could arise from parties who have suffered loss or damage.

51 [www.divestinvest.org](http://www.divestinvest.org) has a ‘how to’ guide which outlines in detail the opportunities for investing in climate solutions broken down by asset class.

52 <http://www.bankofengland.co.uk/prad/Documents/supervision/activities/pradefra0915.pdf>

Other useful resources on climate related risk include the Task Force on Climate Related Disclosure<sup>53</sup>; Mercer and CIEL, Trillion-Dollar Transformation<sup>54</sup>; and EY, Climate Change: The Investment Perspective.<sup>55</sup>

### **Review your benchmarks**

Given the objectives set for the policy and the criteria laid down in the exclusions and positive screens, it is important to review which benchmarks you are using to evaluate your investment decisions. Given the emergence of climate risk and current energy transitions, there is a live debate within the financial sector on the suitability of benchmarks and their inherent blind spots and flaws.<sup>56</sup> New indices are emerging all the time to deal with this fast changing environment. Examples include MSCI ACWI ex fossil fuels; FTSE ex fossil fuel; Fossil Free Indexes.

### **Review your fund manager and advisors**

Finally, given the new policy objectives, exclusions and benchmarks it may be important to review the suitability of fund managers and advisors. It is not uncommon for institutions wishing to divest from fossil fuels to meet with resistance from fund managers, who may argue that options do not exist or that divesting from fossil fuels will be a breach of fiduciary duty. Options for aligning with climate change exist, so it is important that you have full confidence in your fund manager to work within the guidelines set. It should be noted that all financial advisors are bound by the most recent EU pensions regulations,<sup>57</sup> climate related non-financial disclosures<sup>58</sup> and recent legal rulings in the UK (also being tested in Ireland).<sup>59</sup>

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53 <https://www.fsb-tcfd.org/publications/final-recommendations-report/>

54 <https://www.mercer.com/content/dam/mercer/attachments/private/nurture-cycle/gi-2016-responsible-investments-a-guide-to-climate-change-investment-risk-management-for-us-public-defined-benefit-plan-trustees-mercer.pdf>

55 [http://www.ey.com/Publication/vwLUAssets/EY-climate-change-and-investment/\\$FILE/EY-climate-change-and-investment.pdf](http://www.ey.com/Publication/vwLUAssets/EY-climate-change-and-investment/$FILE/EY-climate-change-and-investment.pdf)

56 <http://www.whebgroup.com/in-search-of-a-better-beta-why-benchmark-orthodoxy-must-change/>

57 IORP II European Pensions directive <https://www.ipe.com/countries/eu/european-parliament-passes-revised-iorp-directive/10016370.fullarticle>

58 Non-financial reporting directive <http://fticommunications.com/2017/05/esgc-mandatory-responsibility-finding-value-in-non-financial-reporting/>

59 Opinion of Christopher McCall QC on Ethically Questionable Investments: A Summary for Trustees, Bates Wells Braithwaite 16 November 2015 [www.bwbllp.com/file/summary-and-opinion-pdf](http://www.bwbllp.com/file/summary-and-opinion-pdf)



## **Step 2 – Questions for religious leaders to consider in writing your policy:**

1. Reflecting on questions 1 to 5 in Step 1, how does a decarbonisation strategy, including fossil fuel divestment, reinforce or strengthen our organisation's values and beliefs, grant-making and mission?
2. Reflecting on questions 6 to 8 in Step 1, how does this strategy strengthen or reinforce our current investment strategy and risk assessment approach?
3. Are there any other outcomes we might achieve through such a strategy?
4. How will we assess our progress and achievements?
5. Who needs to be consulted about, or asked to contribute to the policy?
6. To which asset classes will we apply the policy? For example, equities, international equities, property, fixed interest, alternatives, infrastructure, sovereign and corporate debt.
7. What methodologies will we use? For example:
  - complete or partial divestment
  - positive investment in low carbon assets across one or various asset classes
  - hedging
  - reducing our carbon footprint across the whole portfolio
  - specific sector or company weightings
  - using carbon indices
  - engaging investee companies about their transition to a net zero carbon economy.
8. Which sectors do we include in this strategy? For example, all sectors, only high carbon sectors (for divestment), only very low carbon sectors (for investment)?
9. How is the risk of climate change accounted for in our new policy?
10. Which services or suppliers do we engage? For example, index provider, asset consultant, wealth adviser, fund manager, carbon footprint consultant, in-house analyst?



### STEP 3: ACTION: IMPLEMENT THE POLICY

The action phase should consider the timing of sign off of the policy, the key performance indicators and the timeframe for the full implementation. It should look at whether there are any existing governing documents or legal requirements that should make reference to the policy and any amendments to agreements which would be required. It should also look at a communications strategy and wider strategy around the dissemination of the policy.



#### Step 3 - Questions for religious leaders to consider in developing an implementation plan:

1. When do we sign off on the policy?
2. What are our key performance indicators for the strategy – financial performance, carbon reduction, other KPIs?
3. What resources do we need to implement the strategy successfully?
4. What is our timeframe?
5. Are there any governing documents or legal and reporting requirements we need to make reference to the policy?
6. How do we appoint managers, advisers and services, if necessary?
7. Do we need to issue amendments to our existing Investment Management Agreements and communicate this to appointed investment managers or in-house investment staff?
8. Do we create a wider communications strategy to announce the policy?



### STEP 4: REPORT AND REVIEW

The decision to divest from fossil fuels and invest in climate solutions requires follow through over an extended period of time. Consideration for monitoring, reviewing and reporting on the progress of your divestment or decarbonisation policy needs to be planned for. In particular, this phase should include an agreement on what approach do we use for our reporting – basic disclosure, narrative reporting, storytelling?

What do we report on? For example, financial performance and carbon reduction achieved? How the policy has strengthened or reinforced our values, beliefs, grant-making, mission and strategy? Other issues include periodic review of the investment methodology, performance evaluation, resource implications and ongoing communications to different audiences.



#### **Step 4 – Questions for religious leaders to consider for monitoring, reviewing and reporting your policy:**

1. What approach do we use for our reporting – basic disclosure, narrative reporting, storytelling?
2. What do we report on? For example, financial performance and carbon reduction achieved? How the policy has strengthened or reinforced our values, beliefs, grant-making, mission and strategy?
3. When and how often do we review our investment methodology to determine if it is still effective?
4. When and how often do we evaluate the performance of participating fund managers, asset consultants, advisers and research providers?
5. What costs are we allocating for the strategy and for resources?
6. How do we communicate the results and who is the intended audience?



#### **STEP 5: ACCELERATING CHANGE - MAKING YOUR DECISION PUBLIC**

An important element in the effectiveness of divestment for the common good is the step of making the decision public. While the ethical integrity being shown through fossil fuel divestment decisions has intrinsic value, much of the beneficial impact is in the prophetic message such decisions send to the broader society, thus signalling that financial decisions in fact share moral significance. By making decisions public, organisations add to the important momentum for change being created by the divestment movement. Additionally, there is significant pragmatic benefit to societies and communities in terms of scaling up needed investments in clean energy. These actions show leadership by putting on the public record that creation must be safeguarded from continued exploitation, so that the children growing up today inherit the earth as beautiful as when we inherited it.

##### **How and When to Go Public**

For Catholic Institutions, the process of joining the global divestment movement could not be simpler. The Global Catholic Climate Movement coordinates global Catholic divestment announcements twice a year for all Catholic organisations. These announcements take place on the Feast of St. Francis of Assisi each year – **4<sup>th</sup> October**. In 2018, there will be a Catholic divestment announcement on Earth Day, 22nd April. Once your intention to implement a new, fossil free policy is agreed, you can join the global announcement. **You do not need to wait until you have implemented the full process above.** The commitment is that within **five years** or less of joining the announcement, you will have divested from fossil fuels.

The fossil free pledge form can be filled in online here: [bit.ly/fossil-free-pledge](http://bit.ly/fossil-free-pledge). There are a number of options within the form to decide how much information you want to make public.

Additionally, it may be worth coordinating with your Green Faith, local GCCM group, eco-faith group or fossil free campaign to agree on national press statements and announcements. A list of the main global groups with local counterparts is listed in the annex.



### Step 5 – Questions for religious leaders to consider when making your decision public

1. How can we use our decision to divest and decarbonise to support the bigger change in society to tackle climate change?
2. How much information do we want to make public?
3. Are there legal or confidentiality considerations we must consider?
4. Who are our allies locally and globally in publicising our decision? Can we join with them?
5. Is there a publicity hook we can use to decide on when to make our decision public?
6. How will we deal with any questions from the public or requests for further information from the media?



Figure 5. Press clipping reporting Catholic Divestment Announcement

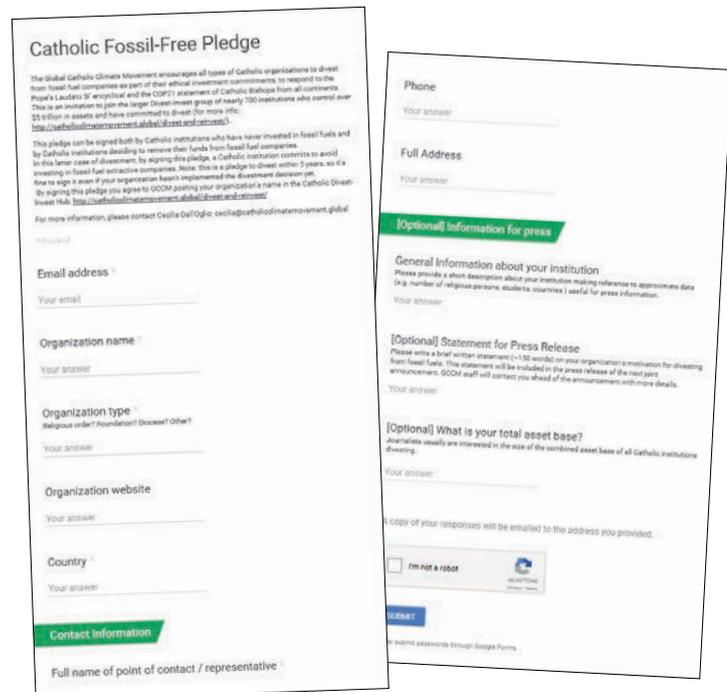


Figure 6 (right). GCCM Fossil Free Pledge Form

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## PART 4:

# CASE STUDIES



The work involved in a transition away from climate damaging investment can seem overwhelming, particularly in light of multiple pressing concerns. By far the best way to understand the positive value of aligning mission, values and investments is to learn from those who have done this already. Over 60 Catholic institutions have already divested from fossil fuels and made decisions to re-invest in ways that align with their mission.

Many investment houses are now offering a range of products tailored which take account of the climate risk and the need to divest from fossil fuels. The selection of case studies below highlight the challenges, but above all the opportunities involved in reviewing investments in light of climate change.



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### Franciscan Sisters of Mary: Investing for Impact

<https://www.fsmonline.org/>

**Throughout its history, the Franciscan Sisters of Mary (FSM), a congregation of** women religious in St. Louis, Missouri, has worked to meet the needs of the times. When it was established in 1872, its members ministered to the sick in their homes. Today, the congregation's non-profit health system serves communities across the Midwest through one of the largest integrated delivery systems in the nation. As its members have gotten older and aren't as able to work on the ground as they have in the past, the congregation has sought ways to continue to meet the needs of others—and our earth, says John O'Shaughnessy, the congregation's CEO and CFO. One of the ways it is furthering its mission of compassionate care for Creation is by using its assets to curb climate change through divestment, impact investing, and shareholder advocacy.



"I'm kind of a stickler for rules," admits O'Shaughnessy. So when he was reviewing the organization's social responsibility investment policy in 2009 and realized that its investment program wasn't producing the social impact the guidelines called for, he presented two options to the congregation: rewrite the guidelines or discover ways to adhere to the ones they had. FSM enthusiastically opted to find ways for its investments to truly further its mission.

“The leadership team was very much engaged throughout the process,” says O’Shaughnessy. The organization’s first question was what expertise it would need. In 2012, the leadership hired Imprint Capital to help FSM develop a strategy, construct a portfolio, and monitor financial and mission/impact performance. O’Shaughnessy then presented the strategy to the congregation, including specific examples of the kinds of investments it would make, how it would measure social and environmental benefits, and how this tool could help realize the organisation’s mission around the globe. “Without exception, members of the congregation were absolutely enthused,” he says.

Along with its new impact-focused consultants, FSM worked with its existing financial advisors at Merrill Lynch to revise its investment policy, which now dedicates \$10 million to impact investments. The allocation focuses primarily on private market investments, including private equity and debt, absolute return/credit funds, and real asset vehicles. To reduce overall risk, it established diversity parameters, including allocating 25 percent to investments that mature in five years or less. The investments’ geographic reach spans from the United States to Latin America and sub-Saharan Africa, and the investments address issues such as detoxifying the environment, sustainable land use, clean and renewable energy, energy efficiency, natural resource stewardship, and waste and pollution reduction. “This diversification in our mission investments gives us even greater confidence in how well we will do in terms of return,” says O’Shaughnessy. “In fact, we are convinced that we are in a better position in terms of our overall risk/return profile than before we started investing for impact.”

FSM’s investments include:

- A \$750,000 commitment to Liberation Capital Renewable Energy Fund, which makes direct investments into projects that convert waste, such as discarded plastics and used tires, into high-value products
- A \$1 million commitment to Clean Fund Holdings, a private debt fund that allows commercial properties to install energy efficient and renewable solutions with no upfront costs via property assessed clean energy bonds
- A \$725,000 commitment to the Global Energy Efficiency and Renewable Energy Fund, a private equity fund of funds that invests in clean energy projects in emerging-market countries
- A \$500,000 commitment to Lyme Forest Fund, a private real estate fund managed by a timber company that is a proactive steward of the land, paying particular attention to conserving soil, water, and wildlife resources

While the portfolio remains in the early years of realizing social impact, Imprint estimates that its first investments have produced 529,250 kWh of clean energy (enough to power more than 33 homes for a year), reduced greenhouse gases by 1,788 tonnes CO<sub>2</sub> (equivalent to the annual emissions from 376 cars), reduced energy costs of low-income households in East Africa by \$269,095, and sustainably managed 6,537 hectares of land. It expects its impact metrics to expand as its portfolio grows and is fully funded.

## Divestment

Like many Catholic congregations, FSM has always had socially responsible investment criteria. It excluded investments in companies that were in conflict with its most deeply held beliefs, concerns, and values, including: makers of abortifacients, nuclear weapons, and tobacco products; for-profit health care providers; and others. With its efforts to invest in clean energy under way, in August 2014, FSM turned to the next phase of its climate change strategy: divesting from companies that profit from fossil fuel production.

FSM joined 181 institutions and local governments and 656 individuals in signing the Divest-Invest pledge, a promise to divest its assets from fossil fuel companies. It had successfully used Christian Brothers Investment Services to generate a quarterly list of companies that fail FSM's screens, which O'Shaughnessy says made divestment an objective process for its managers. "We could give them specific companies, making it very cut and dry." FSM is now working with the Aperio Group, a public-equities manager that uses a customized index approach. By the end of 2014, FSM fully implemented this divestment strategy.

For more information on the inspiring FSM divest-invest journey, contact **John O'Shaughnessy**, CEO/CFO [joshoughnessy@fsmonline.org](mailto:joshoughnessy@fsmonline.org)



## University of Dayton, Ohio

<https://udayton.edu/>

In June 2014, the University of Dayton, in Ohio, which was founded and is sponsored by the Society of Mary (Marianist) religious order, announced that it would divest coal and other fossil fuels from its \$690 million endowment, making it the first American, Catholic university to do so. "As a university, our mission is education, and one of the things we seek to teach our students is how to make a commitment to leadership and service," says Paul Benson, interim provost. "Very often, that type of lesson is abstract, but with divestment we are illustrating concretely how to act according to one's core values."



The university has had a social responsibility investment policy for many years, and its mission-based guidance was in line with that of most Catholic institutions of its size. However, over the last few years, Dayton began to focus on sustainability and realized its policy didn't fully reflect that commitment. "Our president and members of our board's investment committee started a deliberate, 18-month process to understand what sustainability meant from a Catholic perspective," says Benson. "That study drew on expertise from the financial community, from the Society of Mary, and from the policies of other Catholic institutions." Having thorough research that was rooted in the university's values, as well as the strong support of the president, helped create consensus on the board, which deeply explored the question of its fiduciary duty. "We've never looked at the university's investments from an exclusively financial perspective," says Benson. "Our decisions have always been couched in our Catholic values, and having a long history of adhering to our mission allowed us to make a bold decision to divest."

“It boils down to: do you want to have integrity around your mission or do you want to make money at any cost to society?” says board member George Hanley. “And you can divest and still have a return that tracks the overall market.”

The board, in consultation with financial advisors, decided to use the Carbon Tracker 200 list to determine which companies to divest from. At the time, only five percent of the university’s \$640 million in investments were in fossil fuel companies. It also decided to start with investments that would be easiest to exit: domestic fossil fuel equities, from which it divested by September 2014. “Fossil fuel investments outside of the United States will take more time to divest from, but we aim to be finished doing so by the end of 2015,” says Benson. The university also expects to be fully divested from fixed-income fossil fuel investments by the end of the year, and has begun to explore new investments in renewable and clean energy.

So far, Dayton’s new portfolio has outperformed its former one. “We know that oil prices will go up at some point, and that might shift our performance overall,” says Benson. “But the board is comfortable with that and believes that in the long run, the university might do better financially. However, there’s no doubt that we’ll do better in terms of mission and value.”

The university believes that divestment positively impacts its community in many ways. In virtue of being the first Catholic university to divest, it hopes to catalyze serious conversations about ethical and social issues connected with climate change. While climate change can be a divisive issue, the University of Dayton’s experience demonstrates that it doesn’t have to be. “Because climate change is so pervasive, it forces people to come together to navigate a complex situation,” says Benson. “At Dayton, it brought together students, board members, our president, and other groups to learn and collaborate. The opportunity we have to work together more broadly on this topic is really exciting.”

For more information, contact **Shawn Robinson**, associate director of media relations, at 937-229-3391 or [srobinson@udayton.edu](mailto:srobinson@udayton.edu)



## Investment House Case Studies

The following case studies illustrate the range of fossil free financial products already available from a selection of providers. This list is not exhaustive, but demonstrates how financial houses are responding to clients need for new products that take account of both climate risk and ethical considerations in the light of climate change. All case studies can be downloaded in full from <http://bit.ly/divestment-case-studies>.



<https://www.eticasgr.it/en/>

Etica Sgr is the asset management company of Banca Etica Group founded in 2000 and since 2003 is developing, promoting and managing exclusively socially responsible investments with the goal of “*representing ethical values among the financial markets, making financial players aware of SRI and CSR values.*” This case study outlines how Etica manages its portfolio to ensure sustainable performance and divestment from fossil fuels. It outlines how the bank supports Catholic clients to play their part in the transition to a fossil free world.

**Link to Case Study:**

ETICA SGR – MANAGING CARBON ASSETS FOR A SUSTAINABLE PERFORMANCE



<http://www.vigeo-eiris.com/>

Vigeo Eiris is a global provider of ESG research and services to investors as well as private, public and non-profit organisations. Vigeo Eiris Rating offers decision-making tools designed for all type of investors, covering all ethical and responsible investment approaches. Vigeo Eiris Enterprise works with organisations of all sizes and from all sectors, supporting them in the integration of ESG criteria into their business functions and strategic operations. This case study outlines the methodology used and services offered.

**Link to Case Study:**

VIGEO EIRIS – HOW CLIENTS ADDRESS CLIMATE CHANGE ISSUES

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<http://www.oekom-research.com>

email: [clients@oekom-research.com](mailto:clients@oekom-research.com)

### **Providing High Quality ESG Ratings and Carbon Services to Church Investors**

OEKOM Research has been amongst the world’s leading agencies in sustainable investment, providing high quality ratings to church investors on a range on environmental and social governance issues. More recently it has become a leader in assessing carbon risk and carbon performance, supporting investors to make choices which support the transition to a low carbon future. This case study outlines the detailed methodology used to assess carbon

#### **Link to Case Study:**

OEKOM RESEARCH – DIVESTMENT FOR CATHOLIC INVESTORS

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[www.cantorfitzgerald.ie/LPgroup](http://www.cantorfitzgerald.ie/LPgroup)

For enquiries email us at [L&P@cantor.com](mailto:L&P@cantor.com)

L&P has been providing investment advisory services to charity and religious clients, and in particular Catholic organisations, for 30 years. In this time we have become specialists in developing innovative ethical investment solutions tailored to meet the specific needs of religious investors. We develop portfolios that meet investors’ return goals, but also have strong positive impact on the world around us, as well as deep ethical screening and full divestment from fossil fuels. L&P forms part of the Cantor Fitzgerald Group, a leading global financial services firm.

#### **Case Study:**

Meeting the Needs of Catholic Investors – Returns, Positive Impact and Fossil Fuel Divestment - <https://cantorfitzgerald.ie/wp-content/uploads/2017/10/Fossil-Fuel-Divestment-Oct-2017.pdf>

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# ANNEX

## USEFUL RESOURCES

- **Arabella Advisors (2015) *Assets in Action, How Catholic Institutions are Using Their Investments to Counter Climate Change***  
<https://www.arabellaadvisors.com/resource/assets-in-action-how-catholic-institutions-are-using-their-investments-to-counter-climate-change/>
- **Arabella Advisors (2015) *Measuring the Growth of the Global Fossil Fuel Divestment and Clean Energy Investment Movement***  
<https://www.arabellaadvisors.com/wp-content/uploads/2016/10/Measuring-the-Growth-of-the-Divestment-Movement.pdf>
- **Blackrock (2016) *Adapting Portfolios to Climate Change***  
<https://www.blackrock.com/investing/insights/blackrock-investment-institute/climate-change>
- **Centre for International Environment Law, Mercer (2016) *Trillion Dollar Transformation, A guide to climate change Investment Risk Management for U.S. Public Defined Benefit Plan Trustees***  
<https://www.mercer.com/content/dam/mercer/attachments/private/nurture-cycle/gl-2016-responsible-investments-a-guide-to-climate-change-investment-risk-management-for-us-public-defined-benefit-plan-trustees-mercer.pdf>
- **Centre for International Environment Law, Mercer (2016) *Trillion Dollar Transformation, Fiduciary Duty, Divestment, and Fossil Fuels in an era of climate risk***  
<http://www.ciel.org/wp-content/uploads/2016/12/Trillion-Dollar-Transformation-CIEL.pdf>
- **Climate Policy Initiative (2013) *The Challenge Of Institutional Investment in Renewable Energy***  
<https://climatepolicyinitiative.org/wp-content/uploads/2013/03/The-Challenge-of-Institutional-Investment-in-Renewable-Energy.pdf>
- **DivestInvest Philanthropy (2016) *Doing Good, Performing Better***  
[http://divestinvest.org/philanthropy/wp-content/uploads/sites/3/2016/01/12.22\\_Divest-Invest-Brief\\_web2.pdf](http://divestinvest.org/philanthropy/wp-content/uploads/sites/3/2016/01/12.22_Divest-Invest-Brief_web2.pdf)
- **FAO, *Guide to investing in locally controlled forestry***,  
<http://fs-unep-centre.org/sites/default/files/publications/financeguideforpolicymakers-regreeninfraaugust2016.pdf>
- **German Bishops' Conference (2015) *Making ethically-sustainable investments: A guide for persons in financially-responsible positions in Catholic institutions in Germany***.  
<http://www.dbk-shop.de/de/deutsche-bischofskonferenz/sonstige-publikationen/making-ethically-sustainable-investments.html>

- **Global Impact Investors Network (2017) *What you need to know about impact investing***  
<https://thegiin.org/impact-investing/>
- **IEEFA (2017) *Making the case for Norwegian Sovereign Wealth Fund Investment in Renewable Energy Infrastructure***  
[http://ieefa.org/wp-content/uploads/2017/02/Making-the-Case-for-Investment-in-Renewable-Energy-Infrastructure\\_February-2017.pdf](http://ieefa.org/wp-content/uploads/2017/02/Making-the-Case-for-Investment-in-Renewable-Energy-Infrastructure_February-2017.pdf)
- **IIGCC (2015) *Carbon Compass - Investor Guide to Carbon Footprinting***  
[http://www.iigcc.org/files/publication-files/Carbon\\_Compass\\_final.pdf](http://www.iigcc.org/files/publication-files/Carbon_Compass_final.pdf)
- **IIGCC (2015) *Climate Change Investment Solutions Guide***  
[http://www.iigcc.org/files/publication-files/Climate-Change-Investment-Solutions-Guide\\_IIGCC\\_2015.pdf](http://www.iigcc.org/files/publication-files/Climate-Change-Investment-Solutions-Guide_IIGCC_2015.pdf)
- **Initiative for Responsible Investment, Harvard University (2009) *Handbook on Climate Related Investing Across Asset Classes***  
<https://iri.hks.harvard.edu/>
- **Mercer (2015) *Investing In A Time Of Climate Change***  
<http://www.mercer.com.au/insights/focus/invest-in-climate-change.html>
- **Morgan Stanley (2016) *Climate Change and Fossil Fuel Aware Investing***  
[http://www.tricri.org/wp-content/uploads/Climate-Change-Fossil-Fuel-Aware-Investing\\_Primer.pdf](http://www.tricri.org/wp-content/uploads/Climate-Change-Fossil-Fuel-Aware-Investing_Primer.pdf)
- **MSCI (2016) *Fossil Fuel Divestment: A Practical Introduction***  
<https://www.msci.com/www/research-paper/fossil-fuel-divestment-a/0471389508>
- **OECD (2013) *Institutional Investors and Green Infrastructure Investments: Selected Case Studies***  
<https://econpapers.repec.org/paper/occdafaad/35-en.htm>

## Useful Climate Change/Finance Websites

- **Global guide to carbon footprinting services:**  
<http://montrealpledge.org/>
- **Specialists in tracking carbon risk in financial market:**  
<http://www.carbontracker.org/>
- **Planetary investment tool:**  
<http://decarbonizer.co/>
- **Global divestment hub for financial sector:**  
[www.DivestInvest.org](http://www.DivestInvest.org)

## Divest-Invest Campaign Hubs

- **Overview of Catholic institutions and divestment:**  
<http://catholicclimatemovement.global/divest-and-reinvest/>
- **Overview of the global divestment movement:**  
[www.gofossilfree.org](http://www.gofossilfree.org)
- **Overview of the inter-faith efforts on climate justice:**  
[www.GreenFaith.org](http://www.GreenFaith.org)
- **Leading international divestment movement:**  
[www.350.org](http://www.350.org)
- **Catholic Impact Investing collaboration:**  
<http://www.catholicimpact.org/>
- **UK Churches' initiative on divestment**  
[www.operationnoah.org](http://www.operationnoah.org)

## Catholic Institutions Committed to Divestment as of 4th October 2017

- Abdij OLV van Nazareth (Belgium)
- Archdiocese of Cape Town (South Africa)
- Bank für Kirche und Caritas eG (Germany)
- Broederlijk Delen (Belgium)
- Catherine Donnelly Foundation (Sisters of Service) (Canada)
- Catholic Action for Animals (UK)
- Catholic Welfare and Development (South Africa)
- CCFD-Terre Solidaire (France)
- Center for Action and Contemplation (USA)w
- Diocese of the Holy Spirit of Umuarama in Paraná (Brazil)
- Diocesi Assisi (Italy)
- Episcopal Conference of Belgium (Belgium)
- Federation of Christian Organisations for the International Voluntary Service (FOCSIV) (Italy)
- Franciscan Sisters of Mary (USA)
- Gasthuiszusters Augustinessen van Leuven (Belgium)
- Georgetown University (USA)
- Australian Jesuits (Australia)
- Il Dialogo (Italy)
- Lega consumatori (Italy)
- Marist Sisters (Australia)
- MASCI Umbria (Italy)
- Mercedarias Misioneras de Berriz (International)
- MGR Foundation (USA)
- Missionarissen van Scheut (Belgium)
- Missionary Society of St. Columban (International)
- Netwerk Rechtvaardigheid en Vrede (Belgium)
- Newton University (UK)
- Oikocredit Belgium (Belgium)
- Pax Christi Vlaanderen (Belgium)
- Presentation Congregation Queensland (Australia)
- Presentation Sisters, North East Province (Ireland)
- Presentation Sisters, South West Unit (Ireland)
- Presentation Sisters Wagga Wagga (Australia)
- Presentation Society of Australia and Papua New Guinea (Australia and Papua New Guinea)
- RAAD Red Argentina de Ambiente y Desarrollo (Argentina)
- RELAI (Argentina)
- Religious of the Sacred Heart of Jesus (International)
- Rete Interdiocesana Nuovi Stili di Vita (Italy)
- Sacro Convento (Italy)
- Salesian Sisters of Don Bosco–Daughters of Mary Help of Christians in Milan and Naples (Italy)
- Salvatorianen (Belgium)
- Scarboro Missions (Canada)
- Serafico Institute (Italy)
- Siloe Monastic Community (Italy)
- Sisters of Loretto (USA)
- SSM Health (USA)
- St Joseph's Province of the Congregation of the Passion–English Province of the Passionists (UK)
- The Diocese of Pescara (Italy)
- The Italian Jesuits (Italy)
- The Jesuits in English (Canada)
- The Mission Congregation of the Servants of the Holy Spirit (Global, General Curia)
- The Passionists–Holy Spirit Province (Australia, NZ, PNG and Vietnam)
- Trocaire (Ireland)
- University of Dayton (USA)
- Vicariaat Vlaams-Brabant – Mechelen (Belgium)
- Wheaton Franciscan Sisters, Daughters of the Sacred Hearts of Jesus and Mary (USA)
- Welzijnszorg (Belgium)
- Zusters van de Bermhertigheid (Belgium)
- Zusters van Maria (Belgium)





The Global Catholic  
Climate Movement

[www.catholicclimatemovement.global](http://www.catholicclimatemovement.global)

**trocaire**

[www.trocaire.org](http://www.trocaire.org)