



**REPORT OF THE PENSION BOARDS-UNITED CHURCH OF CHRIST, INC.  
TO THE THIRTY-FOURTH GENERAL SYNOD AND THE UNITED CHURCH OF CHRIST BOARD OF  
DIRECTORS CONCERNING ITS RESPONSE AS OF JUNE 2023 TO THE GENERAL SYNOD 29  
RESOLUTION URGING DIVESTMENT – ALONG WITH OTHER STRATEGIES – FROM FOSSIL FUEL  
COMPANIES TO ADDRESS CLIMATE CHANGE**

**Introduction**

The Pension Boards-United Church of Christ, Inc. (PBUCC) is pleased to present this report on its response to the call for urgent action on climate change to the Thirty-Fourth General Synod of the United Church of Christ (UCC), meeting June 29 – July 5, 2023, in Indianapolis, Indiana.

PBUCC began its work on climate change 47 years ago as part of a coalition of investors at the Interfaith Center on Corporate Responsibility (ICCR) utilizing direct engagement with publicly traded companies across all business sectors of the market. PBUCC and UCF were founding members of ICCR born out of the struggle against apartheid in South Africa and the need for economic action as a powerful tool for prophetic change.

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

These major steps have been taken since the Thirtieth General Synod in 2015: (figures below based on 3/31/23 data)

1. PBUCC has taken powerful steps toward a low-carbon future economy with the investment of \$233 million in sustainable and green bonds aimed at the development of alternative energy and increased energy efficiency. This multi-million-dollar investment publicly proclaims that PBUCC has not only supported the principles of the resolution but contributed to the development of a low-carbon future economy – the solution to climate change.
2. PBUCC introduced the Northern Trust Global Sustainability Index Fund (GSIF) in 2015 as an option for members in the accumulation (pre-retirement) phase of their Annuity Plan (\$149.7 million in assets) as both a stand-alone option and in early 2021 as part of the re-launched Sustainable Balanced Fund. This fund invests in companies that are leaders addressing environmental, social and governance (ESG) business risks. The strategy replicates the MSCI World ESG Leaders Index, starting with the best-in-class companies in the MSCI World Index based on ESG rankings. The strategy also excludes companies profiting from weapons, tobacco, gambling, alcohol, nuclear power, and thermal coal.
3. In 2021, the PBUCC re-launched the Sustainable Balanced Fund (\$308.4 million in assets). The Fund not only emphasizes ESG sustainability as described above but also seeks to incorporate professionally managed strategies that proactively invest in companies that are leaders in sustainability-related efforts. One of the underlying strategies consists of stocks that they believe will benefit from the transition to a carbon-constrained world. The manager focuses on companies worldwide whose growth will benefit from regulations, innovations, services, or products related to the global fight against or adaptation to climate change. Another strategy focuses on active corporate engagement, and another on positive social change (education, environment, healthcare, and the needs of the world's poorest populations).
4. In 2018, the PBUCC focused its private market investments on three key impact areas, which include human capital, healthcare access, and climate /resource transition. The portfolio includes a women-led impact fund focused on 15 of the 17 United Nations Sustainable Development Goals, an energy transition fund, a fund investing in the most impactful climate solutions in the hardest to abate sectors of energy, industry, buildings, and mobility, among others.
5. In response to the urgency of climate risks, ICCR members, across all faith bodies, filed 376 resolutions against publicly traded companies with 91 addressing climate-related topics. Many of these dealt primarily with climate change, while an additional number addressed climate change indirectly through lobbying, executive compensation, sustainability, food, water, or the environment. Issues addressed this year included science-based targets to reduce greenhouse gases; business planning for a 1.5-degree C and under future; and increased commitment to sustainability reporting and disclosure. (a full reporting can be accessed at ICCR.ORG in the report, *Proxy Resolutions and Voting Guide*.)
6. A more complete indication of the success of this shareholder activism is in the report of the 2022 proxy season, *Catalyzing Corporate Change in 2022, 173 Successes*. This report

details the success of faith-based shareholder advocacy for action on climate change in the 2022 proxy season, including but not limited to – 143 resolutions filed pertaining to climate change and the environment; 175 resolutions withdrawn because the company agreed to the terms/ask in the proposal; and 37 resolutions receiving majority support by shareholders. An example of the effectiveness of engagement is a 2022 proposal at Boeing Inc. focused on encouraging the company to address an aspect of the Climate Action 100+ Net Zero Benchmark calling on companies to develop targets and a plan to reduce their Scope 1-3 GHG emissions to net zero, improve climate governance and provide specific climate related financial disclosures.

The Climate Action 100+ initiative is a coalition of more than 617 investors with over \$55 trillion in assets. The 2022 proposal at Boeing focused on a single indicator of the benchmark, titled “Net Zero GHG emissions by 2050 (or sooner) ambition” (Net Zero Indicator), which seeks disclosure on whether the company has set an ambition to achieve net-zero GHG emissions by 2050 and whether such ambition explicitly includes scopes 1, 2, and relevant scope 3 (including product) emissions.

In an unusual move, Boeing did not oppose the shareholder proposal but instead supported it. The vote in favor of the proposal was one of overwhelming support with 91.4% of voting shareholders supporting it. In expressing support for the proposal, Boeing noted that “We consider climate change to be an urgent issue and we are devoting significant resources in support of net-zero emissions in Boeing operations and for our industry. We have previously demonstrated our commitment to transparency in climate disclosures, and we urge shareholders to support this proposal in the furtherance of our efforts. Boeing is actively developing low-carbon transition plans to meet long-term goals with meaningful milestones, and we look forward to continuing to implement the proposal’s objectives by being transparent with our stakeholders on our progress toward these goals.”

7. Because of a strategic planning process and church-wide consultation with a broad range of stakeholders, PBUCC developed the *Faith and Finance Initiative* in 2015 to focus on positive ways to initiate dialogue and respond to the UCC’s social justice priorities. A Faith and Finance Advisory Group was formed, whose members included a collegium executive, conference minister, and PBUCC trustees and staff. This group met regularly to receive counsel and wisdom on matters related to the intersection of faith and finance in the UCC. There is also a staff team on Faith and Finance. Please read the Policy on Faith and Finance for more information: [http://bit.ly/PBUCC\\_FFP](http://bit.ly/PBUCC_FFP). And see our periodical publication, *Generations, a Journal of Faith and Finance*.
8. PBUCC, in 2021 and again in 2022, sponsored and hosted an Annual Climate Symposium aimed at publicly witnessing to the dangers of climate change. These Symposiums included expert commentary, denominational peers, Trustees and UC Board members. Jim Antal, Special Advisor on Climate Justice to UCC General Minister and President was the keynote speaker at the 2021 event.
9. PBUCC has screened investments in separately managed accounts in thermal coal and tar sands.

10. Recently, at its May 2023 Board of Trustees meeting, PBUCC adopted new Sustainable Investment Guidelines, and a Sustainable Climate Policy setting forth a framework for: investments consistent with the transition to a low carbon economy, avoiding investments moving in the opposite direction, and to aspire to net zero by 2050; adapt and manage climate risks as they are long-term business risks; and to engage with managers and companies, and collaborate with like-minded investors for greater impact. The full text of these policy changes, along with a Climate Policy Background paper is attached to this report.

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

1. **Make lifestyle changes to reduce the use of fossil fuels (line 18):** The Pension Boards was a recipient of the Interchurch Center Leadership in Energy and Environmental Design (LEED) Award for the environmental integrity and efficiency of its offices at 475 Riverside Drive in New York City. The Board of Trustees has voted an official resolution and commitment to seek ways to reduce their carbon footprint as it relates to their own lives and communities. An article on other in-house efforts to address sustainability appears in the PBUCC *2022 Sustainability Report* on our website pbucc.org.
2. **Demand action from legislators (line 20):** The Pension Boards directly influences and encourages demands upon legislators through shareholder advocacy calling for companies to disclose political spending, participation in business association initiatives and fundraising, and to align political spending and lobbying with a net zero, 1.5 C. scenario by 2050 as set forth in the Paris Accords. PBUCC has also signed on to numerous investor letters both to companies and government urging bold regulatory action on climate.
3. **Publicly witness to dangers of climate change (line 22):** The Pension Boards has an active campaign of information sharing on the dangers of climate change on the PBUCC website ([www.pbucc.org](http://www.pbucc.org)); through its newsletters, social media, the ICCR website, and numerous publications and papers; through membership in the Ceres Investor Network on Climate Risk; and through participation in the Carbon Disclosure Project (CDP), which reports carbon disclosures and impact of 500 U.S. companies with goals for reduction. See also, Item 8. above on Climate Symposiums.
4. **Engage in shareholder actions including divestment (line 23):** The Pension Boards engages, along with our partners at United Church Funds (UCF), ICCR (300 ecumenical partners), Ceres Investor Network, Climate Action 100+, and USSIF in vigorous shareholder actions and positive investment. PBUCC makes investment decisions based upon the best interest of the more than 22,000 clergy and lay church workers in its plans and programs and fulfills its commitment to addressing climate change through direct witness to publicly traded companies and in all the ways enumerated in this report.

PBUCC currently has screens against investment in thermal coal and tar sands, offers two funds – The Sustainable Balanced Fund and The Global Sustainability Index Fund to members.

5. **Make shareholder engagement a top priority for five years (line 26):** Shareholder engagement remains a top priority, as it has been for over 47 years. The effectiveness of shareholder advocacy is measurable and demonstrable, such as the absence of oil and gas exploration by public American companies now in the Amazon Basin and as documented in many studies of numerous issues touched by this work. PBUCC and UCF are the sole UCC ministries still engaged – along with 300 ecumenical partners and other NGOs – in meaningful and powerful direct witness to companies concerning the social justice witness priorities of the United Church of Christ.
6. **Divestment, transition leaders and engagement (line 34):** PBUCC is currently offering a “best in class” investment option to members in the accumulation phase – The Northern Trust Global Sustainability Index Fund (GSIF). PBUCC also re-launched the Sustainable Balanced Fund which provides sustainable investments across both public equity and fixed income. PBUCC screens investment in thermal coal and tar and oil sands.
7. **Updates to UCC database (line 38):** No database is provided for this purpose at this time.
8. **Research to identify “best in class” and only hold fossil fuel investments that are... (lines 42, 46):** Currently, there are numerous socially-responsible investing (SRI) indices in various stages of development to measure the environmental, social, and governance (ESG) performance of a publicly-traded company. All these indices utilize differing criteria and methodologies for ranking such performance.

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

Utilizing an independent, well-researched and continuously updated, objective measurement of ESG factors is essential in any “Best in Class” evaluation. We have also charged our investment managers with the task of identifying investment opportunities from an ESG perspective along with other performance indicators, and our GSIF option is based upon a recognized MSCI Sustainability Index. PBUCC is a signatory to the United Nations Principles for Responsible Investment and requires all external managers to become signatories as well. PBUCC has incorporated into its investment policy and practices due diligence evaluation of ESG factors in every investment and manager in order to increase the overall sustainability of the total portfolio.

9. **Report to UCC Board on annual basis (line 55):** A formal report was made at the March 2014 meeting of UCC Board, to the Council of Conference Ministers Cabinet in October 2013, and to the Council of Conference Ministers in March 2017, and the UC Board in 2019. A report to The UCC Board was made in 2015, 2017 and 2019, 2022 and now in 2023.
10. **Report quarterly to public (line 59):** Regular reports are included in *Gateway* newsletters, social media, in regular Investment Team update webinars; and the PBUCC website. The CSR Director reports on activities to the PBUCC Trustees and other church and partner groups; and are also featured on the ICCR website. Disclosure of our full investment activity and holdings is available publicly online.
11. **Hearing at next five Synods (line 64):** The first report was made at the Thirtieth General Synod in Cleveland, Ohio, in 2015; the second was presented to the Thirty-First General Synod 31, June 30-July 4, 2017, in Baltimore, Maryland. The third was presented at the 32<sup>nd</sup> General Synod in June of 2019 in Milwaukee, Wisconsin. The fourth report is made to this 34<sup>th</sup> General Synod. (A report was offered at the 33<sup>rd</sup> virtual GS but no hearing was held.)

#### **Miscellaneous Actions in Addition to the Specific Calls in the Resolution**

- PBUCC actively supports the Paris Agreement on climate risk and has urged public officials and companies to maintain steadfast commitment to its principles and calls for action.
- PBUCC has publicly stood in opposition to DAPL and its intrusion into sacred Native American lands and water rights. PBUCC and other members of ICCR, through the Advocacy Subcommittee, Indigenous Peoples Working Group, participated in several calls and face-to-face meetings with tribal representatives from Standing Rock in support and solidarity on the rights of Indigenous Peoples related to climate issues.
- PBUCC supported and advocated for passage of resolutions on the environment at General Synods subsequent to 2013, and seeks open dialogue, transparency, and partnership with other ministries on environmental issues.
- PBUCC supports and lifts Pope Frances's encyclical letter on creation and climate *Laudate Se* as an inspirational call to all faith communities and secular groups to seriously address climate change.
- PBUCC is a signatory and participant in Climate Action 100+, Global Investors Driving Transition that has actively engaged 100+ companies (including fossil fuel companies) and gained commitments from 75% of those engaged to net zero by 2050.

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

See our brochure and congregational resource, 2022 Sustainability Report; and our Pastoral Letter to the Wider Church.

See our article on the impact of Green Bonds describing our nearly 233-million-dollar investment aimed at the development of alternative energy and increased energy efficiency. (See our 2022 Sustainability Report).

See our Generations Journal on Faith and Finance.

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

For more information, please contact Rev. Rick Walters at [rwalters@pbucc.org](mailto:rwalters@pbucc.org).

*Operating at the intersection of Faith and Finance*

