



**LAUDATO SI'
MOVEMENT**

Catholics for Our Common Home

Guide to Divestment

Congregations



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INTRODUCTION

***“We know that technology based on the use of highly polluting fossil fuels – especially coal, but also oil and, to a lesser degree, gas – needs to be progressively replaced without delay.”
(Laudato Si’, 165)***

The Laudato Si’ Action Platform encourages us to embrace the model of Ecological Economics, a Laudato Si’ Goal. One of the ways in which your Congregation can embrace Ecological Economics is to divest from industries that harm our common home.

This guide will help you explore how your Congregation might divest from fossil fuels and other industries. The guide is composed of three sections:

1. See
2. Discern
3. Act

The first section will help you understand divestment. The second section will help you discern whether your Congregation would like to pursue divestment. Finally, the third section will help you take action.

It is important to note that this guide is for educational purposes only. It does not constitute or intend to constitute investment advice or any investment service and is not a substitute for professional investment advice. Laudato Si’ Movement and its partners, members, and affiliates do not endorse or recommend any particular investment product and are not responsible for actions taken by investors. All investments carry some form of risk, and you should consult with an appropriate professional for specific advice that suits your particular needs and/or verify the accuracy of the information provided herein before making an investment decision.

SEE

*“The climate is a common good, belonging to all and meant for all.”
(Laudato Si’, 23)*

Fossil fuels play an outsized role in the global economy. One report [estimates](#) that oil and gas exploration and production made up nearly 4% of the global economy, while another [report](#) estimates that in 2022 the cost of using energy produced by fossil fuels made up more than 13% of the world’s gross domestic product.

Fossil fuels are big business because they are integral to modern life. Over the past 150 years, fossil fuels have raised standards of living for many people, and they are woven into nearly every aspect of our lives. The men and women who have dug coal mines, laid oil pipelines, staffed factories and refineries, and performed many other types of labor have worked for the benefit of many.

At the same time, we now know that these industries do not serve the interests of humankind and the rest of creation. Over decades of research and experience, we have learned that the dangers of fossil fuels are many.

Fossil fuels are the single greatest source of the greenhouse gasses that drive climate change. A changing climate leads to the risk of less predictable rain, stronger storms, growing deserts, and bigger territories for mosquitoes. In turn, this leads to suffering for our sisters and brothers, who risk the loss of homes and businesses, failing crops, increased hunger, the spread of respiratory disease and vector-borne disease, and the need to migrate.

Poverty and conflict often arise in the wake of these upheavals. While all of us are at risk, the poor, the young, and women and girls are disproportionately exposed to these dangers.

With this background in mind, it is clear that the use of fossil fuels must be ended as soon as possible.

To continue their operations, fossil fuel companies depend on investments. While these investments can provide the cash that companies need to extract more fuels from the ground, they also provide a “social license.”

The social license to operate means that an industry that is contrary to human wellbeing is allowed to continue thriving in our midst. Fossil fuel companies can make the case to governments, lenders, and the general public that millions of people have shown their support for their activities by investing in them.

Investments in fossil fuels communicate that everyday people believe this industry has moral standing. In contrast, divestment makes a public statement that we do not believe these businesses should continue.

In response to challenges ranging from tobacco advertising to the Apartheid system in South Africa, divestment has created a social stigma around unethical action. This social pressure often leads to the development of policies that curb the harmful activity.

Because protecting the common good and caring for the most vulnerable is at the heart of Catholic Social Teaching, the Vatican has repeatedly emphasized the need to step away from investments that harm our common home.

- [Laudato Si'](#) encourages us to replace technologies based on fossil fuels “without delay.”
- [Journeying Towards Care for our Common Home](#), by the Inter-Dicasterial Working Group on Integral Ecology, encourages divestment from fossil fuels and other industries that harm our common home.
- [Mensuram Bonam](#), by the Pontifical Academy of Sciences, encourages divestment as an “exit strategy” if investor engagement is unlikely to succeed.

Many Catholic institutions have already committed to divest from fossil fuels. In fact, Catholics are often noted to be the single largest source of commitments to the global divestment movement.

Early leaders in Catholic divestment included religious congregations, particularly women religious, and universities. In addition to these, the movement is now led by hundreds of Congregations, Dioceses, Archdioceses, Caritas agencies, Episcopal Conferences, NGOs, and many more.

A small sampling of Congregations that have divested from fossil fuels includes the following:

- Adorers of the Blood of Christ, Italy
- Congregation of Sisters of Mercy Western Province, Ireland
- Congregation of Sisters of St. Joseph, Canada
- Dochters der Liefde Filles de la Charité, Belgium
- Dominican Sisters of Mary, Uganda
- Franciscan Friars TOR Society, Bangladesh
- Franciscan Sisters of Mary, United States
- Little Sisters of St. Joseph, Kenya
- Marist Sisters, Australia
- Tertiary Sisters of Saint Francis, Cameroon

The full list of Catholic divestments is available [here](#).

Reflection Questions

- How has the fossil fuel industry affected humanity and all creatures in our common home?

- What is the impact of widespread investments in fossil fuels?
- How does divestment seek to create public momentum for change?
- How is Catholic Social Teaching aligned with a choice to step away from investments in fossil fuels and other activities that harm creation?
- What may be some reasons why other Congregations have decided to divest?

DISCERN

*“Love, overflowing with small gestures of mutual care, is also civic and political, and it makes itself felt in every action that seeks to build a better world.”
(Laudato Si’, 231)*

Many Catholic institutions already take a social approach to their investments. Whether it is ensuring that their investment portfolios do not support human rights abuses, tobacco, weapons, or other industries, many Congregations are thoughtful about what their finances make possible.

The practice of choosing to restrict funding from certain industries is often called a “negative screening.” The portfolio manager must screen all investments with these negative criteria in mind.

As awareness of the reality of our planetary crisis has grown, Congregations are adding industries that harm our common home to their negative screening list. Choosing what to filter out is a question for each Congregation.

Fossil fuels are top of mind for many. However, deciding what is meant by “fossil fuels” is a more complex question. There are many steps between a drop of oil or a molecule of natural gas and the cars we drive or the lights we turn on.

A negative screening for fossil fuels could include some or all of these:

- fossil fuel exploration and extraction
- fossil fuel refining and distilling
- fossil fuel distribution
- producing and selling energy based on fossil fuels

In addition to divestment from fossil fuels, some institutions choose to negatively screen other activities that are harmful to creation, such as producing palm oil or maintaining massive animal agriculture operations.

Divestment means either selling assets related to these industries or committing publicly never to invest in these industries. If the Congregation already has investments in the fossil fuel industry, it could divest by selling them. If the Congregation does not have investments in this industry, it could divest by making a public statement that it will never invest.

If your Congregation does already have an investment in fossil fuels, stepping away might take several forms:

- exiting any direct ownership agreements (for example, if the Congregation owns an oil well)
- exiting commingled funds (such as a retirement scheme) or mutual fund
- selling shares in fossil fuel companies
- selling corporate bonds of fossil fuel companies

Your Congregation could make a *full* divestment from all activities related to fossil fuels, in all investment vehicles, or a *partial* divestment from some activities related to fossil fuels, in some vehicles.

Divesting is a crucial first step. The next step is deciding where funds that are not dedicated to fossil fuels or other industries will go instead.

Please see the *Guide to Sustainable Investing* for more information about how to complement your divestment with investment in industries that protect creation.

Reflection questions

- Does the Congregation have any investments in the fossil fuel industry, whether exploration/extraction, refining, distribution, or energy sales? *Answering this question may involve looking at more easily found investments, such as oil wells, fossil fuel stock, and fossil fuel corporate bonds, as well as speaking with an investment manager to learn whether fossil fuels are involved in commingled or mutual funds.*
- If the Congregation does not have investments, would pledging to never make them align with our values and with Catholic Social Teaching?
- If the Congregation does have investments, would any form of divestment, whether full or partial, align with our values and with Catholic Social Teaching?
- Does the Congregation have a team of people who can manage the divestment process, including any volunteers?
- Do we want to move forward with divestment?

ACT

***“These attitudes also attune us to the moral imperative of assessing the impact of our every action and personal decision on the world around us.”
(Laudato Sí, 208)***

If your Congregation makes the decision to divest, it should take action.

As your Congregation begins the process of divesting from fossil fuels, keep in mind that Laudato Si’ Movement’s [Catholic divestment webpage](#) is an excellent source of information. Laudato Si’ Movement can connect you with a dedicated staff person who is able to answer additional questions about the divestment movement. Please email hello@laudatosimovement.org and ask to speak with the divestment campaign coordinator.

As a reminder, this information is for educational purposes only, and neither the webpage nor any assistance provided constitutes or intends to constitute investment advice or any investment service and is not a substitute for professional investment advice.

These steps are suggested as a way to move through the process.

- 1. Establish a committee**
- 2. Review your current investments**
- 3. Establish screening criteria**
- 4. Decide whether to invest sustainably**
- 5. Establish administrative processes**
- 6. Make a final decision**
- 7. Take the pledge**
- 8. Celebrate**
- 9. Monitor for the long term**

Establish a committee

A committee can bring together viewpoints and help share the work of divesting.

To create your committee, identify the leader(s) in your Congregation who contribute to financial decisions. That could be the Superior, Regional Superior, or the Superior General. A JPIC Team (Justice, Peace and the Integrity of Creation) or a care of creation team, the local bursar, investment committees, finance office, and/or councils established for decision making might also contribute to financial decisions. Even if the department in which you are located is the one that approves financial decisions, it would be worthwhile to identify others who contribute to values-based decisions.

At this point, you should also consider your Congregation's style of economy and influence. Is it autonomous? Or centralized? Will the decisions taken have a local impact? Or regional?

In addition, you may want to hire an external advisor to support the Congregation's action. An advisor who is an expert in sustainable investments may offer more tailored advice. If helpful, you may want to share a [study](#) on the performance of 7,000 companies over 40 years, which found that the "investment performance of portfolios that exclude fossil fuel production companies does not significantly differ in terms of risk and return from unrestricted portfolios."

Review your current investments

As part of your discernment process, you may have developed an overview of your investments in fossil fuels. If not, create one now.

A spreadsheet might help you keep track of key information such as this:

- type of investment (e.g., ownership of fossil fuel assets such as oil wells, ownership of corporate bonds, ownership of stock, or investment in a commingled fund or mutual fund)
- amount of investment

- the person or company that manages the investment
- whether any contracts exist with the manager

If you do not have any current investments and you're ready to commit to not avoiding these investments in the future, go right to the step to "make a final decision."

Establish screening criteria

Define exactly which investments are not a good fit for your Congregation's values and its commitment to Catholic Social Teaching.

You may already use negative screening criteria to guide your investments in other industries. If so, be sure to review how these decisions were made in the past and use similar language to describe the rationale for your fossil fuel criteria.

For fossil fuels, you might choose any of these as a negative screen:

- any service related to any fossil fuel (coal, oil, gas)
- any service related to just one or two fossil fuels
- any service related to the two most carbon-intensive fossil fuels, coal and tar sands oil
- selected fossil fuel services, such as exploration/extraction, refining, distributing, or producing energy

You should also define which asset classes are affected:

- ownership of fossil fuel infrastructure (such as oil wells)
- ownership of corporate bonds
- ownership of stock
- investment in a commingled fund or mutual fund

Being clear and concise about your negative screening criteria will allow those who manage investments to make decisions.

Decide whether to invest sustainably

Divesting from fossil fuels sends an important signal to the industry and to governments. Divesting from fossil fuels removes the social license that these industries need to operate.

Similarly, investing in sustainable industries sends the signal that they are aligned with our values and priorities. Decide whether your Congregation will complement its divestment with a sustainable investment. For more information, please see the *Guide to Sustainable Investing*.

Establish administrative processes

Be sure that any administrative processes are covered in your divestment transition.

The members of your committee will know what works best in your particular situation. As initial ideas, you might create a list of people who will implement and monitor your divestment, speak with your legal advisors to ensure there are no legal issues, and establish a timeframe when the divestment will be completed.

Make a final decision

Your final decision should include the type of divestment you will make and whether you will make sustainable investments.

In a typical process, the committee would make a formal recommendation to the bursar, which would then submit a proposal to the Superior General for his final approval.

Take the Pledge

Your public commitment to divest is an important part of the process. This public commitment builds the case that fossil fuels do not have the license to continue harming all creation. Your commitment will be joined with others in a groundswell of momentum.

Make the pledge at the [Laudato Si' Movement Catholic divestment page](#).

Celebrate

The decision should be celebrated via the communications channels of the Congregation and included in the Congregation's Laudato Si' Plan on the [Laudato Si' Action Platform](#).

Monitor for the long term

If possible, the committee should review its investments at key moments, such as the annual review of the Congregations' Laudato Si' Plan, to ensure that its divestment commitment still holds.

ADDITIONAL RESOURCES:

[The Dicastery for Promoting Integral Human Development](#) offers a wealth and depth of guidance and teaching on integral ecology, including information about [Laudato Si'](#).

[The Laudato Si' Action Platform](#) offers a library of inspiring [Laudato Si' Plans](#) and personalized tools to [create your own plan and take action](#).

[Laudato Si' Movement](#) coordinates a global Catholic divestment movement. Resources, case studies, guides, and a pledge form are available at the [Catholic divestment page](#).

[FaithInvest](#) supports faith groups to invest in line with their values, for the benefit of people and planet. It offers resources, insights and case studies on its dedicated [Living Laudato Si' resource hub](#).

[Guide to Ethical Investments in the Era of Climate Change](#), produced by Trócaire, offers theological perspective and practical suggestions.

[The Francesco Collaborative](#) offers workshops and encounters with leaders to help asset stewards in the transformation to embody Catholic Social Teaching.

