



CHRISTIAN

PRESBYTERIAN CHURCH USA

The Presbyterian Church USA has around 1.5 million active members and some 20,000 ordained ministers in nearly 10,000 congregations. It is the largest Presbyterian denomination in the USA. Presbyterianism is a form of Protestant Church government in which the Church is administered locally by a minister, with a group of elected elders of equal rank. The Presbyterian Church USA has ordained women as elders since 1930 and as ministers since 1956. It was formerly known as the United Presbyterian Church in the USA. The Board of Pensions and the Foundation of the Presbyterian Church USA manage a combined total of some US\$11 billion in assets under management. Both agencies are universal investors.

Investment background

In 1971 the 183rd General Assembly of the United Presbyterian Church USA adopted Investment Policy Guidelines which, affirming “the concept of using investments as tools for mission”, were designed to “provide handles for the practical implementation of the concept.”

Today the Presbyterian Church USA has detailed investment guidelines for itself and for congregation members, covering available in a dedicated section on its website pilp.pcusa.org. It has a team dedicated to loans and investments.

Through its Committee on Mission Responsibility Through Investment, the church issues an annual Divestment/Proscription List based on the policies of the General Assembly. The 2017 document contains a list of 50

named corporations that are out of compliance with the church's policies. These include: companies involved in military-related weapons production, tobacco, human rights violations or companies operating prisons for profit, a controversial policy of contracting third parties to run institutions, which can lead to poor conditions for prisoners, reduced safety, and poor rates of reoffending.

The prison industry in the USA made profits of some \$5 billion in 2011 leading many banks to invest in them. However in the past five years many US faith institutions, universities and others have voted to divest from the private prison industry.

Theological underpinning

Much of the theological underpinning for the guidelines comes from the Presbyterian Confession of 1967:

www.presbyterianmission.org/resource/inclusive-language-version-confession-1967/

“God has created the beauty and vastness, sublimity and awfulness, order and disorder, the world reflects to the eye of faith the majesty and mystery of its Creator.” (9.16)

“The members of the church are emissaries of peace and seek the cooperation with powers and authorities in politics, culture, and economics. But they have to fight against pretensions and injustices when these same will finally prevail.” (9.25)

“His service to men and women commits the church to work for every form of human well-being.” (9.32)

“God's redeeming work in Jesus Christ embraces the: social and cultural, economic and political, scientific and technological, individual and corporate.” (9.53)

Positive and Negative principles

As well as principles on tobacco, alcohol, gambling and military-related and weapons production the 2017 proscription/divestment list for MRTI includes

guiding principles on human rights and publicly traded for-profit prison companies and there is a proposal that will go to the 2018 General Assembly for the church to affirm and adopt an instrument to help measure progress with companies especially in the oil and gas industry.

Palestine and Israel investment guidelines

The Presbyterian Foundation has also adopted a program focused on positive investment in Palestine, called 'Transformational Investment. It recognizes Israel's right to exist as a sovereign state within secure, internationally recognized borders, as well as Palestinians' right to self-determination, including the right to establish a neighbouring, independent, sovereign state and is led by "the desire of all to establish a just and durable peace to which the end of occupation is essential."

The aim is to "make a difference in the lives of those most vulnerable, preserve an effective witness to peace in the entire region, be invested in the West Bank around issues of job creation and economic development, minimize Palestinian dependence on Israel or others, offer transparency of use and impact, and provide direct engagement with those who ultimately benefit".

The programme requires companies to confine "business activity solely to peaceful pursuits, and refrain from allowing their products or services to support or facilitate violent acts by Israelis or Palestinians against innocent civilians, construction and maintenance of settlements or Israeli-only roads in East Jerusalem and the West Bank, the Israeli military occupation of Palestinian territory, and construction of the Separation Barrier as it extends beyond the 1976 "Green Line" into Palestinian territories."

Environment investment guidelines "Caring for God's Creation"

The Board of Pensions has committed \$100 million to climate change solutions. In collaboration with the Presbyterian Investment and Loan Program, a portion of the Church Loan Funds (for which the Foundation is the fiduciary) have been made available for loans that help PC(USA) congregations and ministries implement renewable energy or carbon reduction solutions. The goal is to provide loans to congregations to renovate their buildings using energy-efficient products in order to conserve energy,

thus saving on costs and reducing carbon emissions.

The Foundation's subsidiary, New Covenant Trust Company, is providing fossil free managed strategies to congregations and other clients that desire a customized approach.

Creative Investments

The Creative Investment Programme was set up to invest funds on six continents for the promotion through investment of social concerns expressed by the General Assembly. Up to 10% of endowment funds held by the PCUSA are made available for creative investments. After an investment has been identified as creative, there are eight additional criteria for choosing it.

The future

Faith-based investors should codify:

- How can we expand the field of impact investment to further the [faith's] mission and ministry?
- How can we seek out companies that are doing good and encourage the growth of their efforts through investment?
- How can we encourage other companies to follow the models set by these "positive" investments?
- How will we quantify the impact that results from the investment and engagement work that we do?

For instance, FCI investors can include flexibility in their investment policies to provide for impact investments that may carry more risk or promise lower financial return than traditional investments, but which also offer a social return that furthers the church's mission (e.g. PCUSA permits up to 10% of its unrestricted portfolio to be invested in these ways.)

Because impact investments are often not tied to traditional markets, some impact investors use that segment of their portfolio as a hedge against downturns in traditional stocks and bonds.

Recommendations and lessons learned from creating guidelines

Faith groups that implement impact investment and positive screens will benefit from establishing goals and criteria for the investments up front. (e.g.

the Presbyterian Foundation's criteria for Transformational Investment in Israel-Palestine above).

The guidelines were compiled by Rob Fohr, Presbyterian Mission Agency of the Presbyterian Church USA, Katie Carter, Presbyterian Mission Agency, Presbyterian Church USA and Rob Bullock, Foundation of the Presbyterian Church USA, under the auspices of the Presbyterian Church USA's Committee on Mission Responsibility Through Investment (MRTI) and the Office of Faith-Based Investing and Corporate Engagement, Presbyterian Mission Agency, Presbyterian Church USA. Most have been reviewed or outlined by the General Assembly of the Presbyterian Church USA as well as the boards of directors of the Board of Pensions of the Presbyterian Church USA and the Foundation of the Presbyterian Church USA. Some have been reviewed by the board of the Foundation of the Presbyterian Church USA in concert with the General Assembly of the Presbyterian Church USA.