

Does divestment evangelize or enable the fossil-fuel industry?



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How are we to deal with fossil fuel companies that fight the world's shift to renewables, fund bogus research attacking climate change and generally strip-mine local communities' tomorrows for short-term profits today?

One option that has been receiving more attention is divestment: pressuring investment managers overseeing pension funds, university endowments and other large pools of money to sell-off holdings in fossil-fuel related businesses.



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Since 2005, the United-Nations-promoted [Principles for Responsible Investment](#) has offered itself as an international network for socially-minded investors and asset managers and also as a sort of Good Housekeeping seal for investment. Each of its over 1,700 signatories, many of them overseeing massive fund pools, commits to an ongoing consideration of the environmental, social and governance issues in their investments and must offer a public report on their progress each year.

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Christian Brothers Investment Services signed on in 2014. The organization, which manages nearly \$7 billion in assets for Catholic groups around the world, saw the PRI as an extension of its work “at the fulcrum of where faith and finance connect,” executive vice president Francis G. Coleman explains.

Initially C.B.I.S. had concerns about whether the P.R.I. had any teeth to it. “We weren’t quite sure this wasn’t an activity where you could just sign on and check the box.” But as the years have gone by they have been pleased to see some progress. “Some organizations have been kicked out; the reporting requirements have gotten tighter; they’re taking the right steps,” Mr. Coleman says.

But divestment is not everybody’s go-to strategy. In 2015 [P.R.I. Managing Director Fiona Reynolds](#) noted that while she applauded students in particular for their activism on the issue of fossil fuels, “I’m concerned that the debate is being characterized as though divestment is a quick and easy solution.”

In reality, Ms. Reynolds argues, we are not yet at the point where we can simply walk away from fossil fuels. Renewable technologies are not there yet. Mass divestment risks “triggering serious volatility” in the market, harming investors’ assets.

Mr. Coleman echoes those concerns. While C.B.I.S. sees itself as always looking for the opportunity to “catalyze change” in its asset managers and investments, it also has to remember the needs of its clients, organizations “serving the poor, clothing the naked.”

“We have to be competitive in what we are trying to achieve for those organizations,” Mr. Coleman says. “If you begin saying, ‘We’re going to stop here and there,’ then we’re saying to those organizations: ‘Put your money in a mattress.’”

A key alternative tactic to divestment is engagement, using the seat at the corporate table opened up by investing to advocate change.

“Investors, especially when they work collaboratively, are finding that flexing their financial muscle to engage with companies can yield better results,” says Ms. Reynolds.

Mr. Coleman finds this a very Catholic way of proceeding. “Our faith teaches us that we’re all imperfect, and our road is to move from where we are further down the road towards perfect understanding,” he says.

There are certainly industries and businesses C.B.I.S. will avoid completely as investments because their missions are “antithetical to basic core Catholic teaching.” But otherwise C.B.I.S. tries to resist the facile labeling of an organization as “good” or “evil.”



“One of the things about Catholicism that has attracted me to it all these years is that it understands that that we live in a very complex and interrelated world,” says Mr. Coleman, “and the solutions are never binary.”

So Apple Inc., he notes, does great work. But it has also had

great troubles at times with issues like the treatment of workers by their suppliers. “They’ve gotten a whole lot better than they were,” Coleman notes, “because of the advocacy we and others have done with them, [helping them] understand the cost that could be looming in their supply chains, if they’re not careful.”

And the approach to the fossil-fuel industry, Mr. Coleman argues, can proceed similarly. He believes there could be the possibility for change even for a fossil-fuel colossus like ExxonMobil, “if we can have a conversation with them about the basic arc of their current business, the reality that they have reserves they are probably not going to be able to pull out of the ground without exceptional cost to them and the world, the trend lines as it relates to the Paris climate accords.”

Already “the conversation is far different today than it was ten years ago. I think the writing is on the wall,” regarding fossil fuels, Mr. Coleman states.

And yet at some point doesn’t engagement reward companies that actually do deserve to fail? Given their rapacious histories (which continue into the present), why would we want to enable fossil fuel companies to find a way to continue? How would that be any different than trying to help Big Tobacco pivot to, say, fair trade coffee?

Mr. Coleman acknowledges wholeheartedly the conflicts that can arise working with the industry. “They have huge problems, I don’t want to suggest they don’t.” He also notes that a strategy of engagement “doesn’t mean there aren’t other strategies happening at the same time.”

At the same time, at C.B.I.S., the question of writing a group off speaks to a challenge of our faith. “When do you stop talking to the sinner?” asks Mr. Coleman. “It’s a fundamental faith question. And our faith teaches us you don’t stop talking to the sinner. Our belief is that if you keep talking there’s always the possibility for faith and evangelization.”



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