



# Statement From the UUA Board of Trustees Against the 2023 Business Resolution 'Complete Divestment From the Fossil Fuel Industry and Subsequent Reparations'

## Summary

The UUA Board of Trustees supports the long-existing work of the Investment Committee and the UU Common Endowment Fund (UUCEF) on climate action, human rights, and values-based investing. Divesting from fossil fuel companies and advocating for climate action has been a long-term commitment of UUCEF and is an urgent priority for our faith and our planet. ***However, the UUA Board opposes the Business Resolution 'Complete Divestment from the Fossil Fuel Industry and Subsequent Reparations,' which was submitted by petition, because it would undermine the UUCEF's current values-based work on climate action and other human rights issues, close off the conversations we need to have about UU values and investments, preempt the work the Board has begun around reparations, and directly cut the UUA budget.*** We are committed to continuing and expanding conversation about actions we can responsibly take to urgently and responsibly address the climate crisis in the months and years ahead.

## UU Common Endowment

The UU Common Endowment (UUCEF) has long been a values-based investor, holding the dual bottom line of UU values and responsible stewardship. It is managed by a volunteer Investment Committee, working with consultants and UUA Finance staff. At a current valuation of \$242 million with 359 investing congregations, UUCEF is big enough to control some of its own direct investments which are subject to our screens and exclusions of certain companies such as fossil fuel companies, private prisons and weapons manufacturers. However, UUCEF is not big enough to employ its own investment management team to have that level of control over its entire portfolio of assets. UUCEF uses contracted money managers to invest and diversify the majority of its portfolio through "pooled funds."

This year the UUA is also working with our primary investment managers to get snapshot data on those pooled fund managers, so we know how they invest our money. In the coming years, the Investment Committee is committed to using this data to set standards and expectations for how

these managers, who are selected based on our values criteria, are actually delivering our environmental and human rights concerns.

To maximize our values-based investing, UUCEF's size also means that we have the most impact when we work in coalitions like the Interfaith Center for Corporate Responsibility. We are excited about the recent work of the Investment Committee, including implementing new human rights screening and data, growing racial equity investing, and direct community investments. These changes are already having an impact – for example, the UUCEF has recently made a \$2 million investment in an Indigenous-managed fund for community development financial institutions.

The Investment Committee has had a long-term commitment to climate action and a carbon-free future, recognizing these commitments are important for UU investors and activists. UUCEF has embraced the UUA's commitment to climate justice for the most-impacted communities and the need to push companies whose stocks we hold to get to global NetZero 2050 targets for reducing greenhouse gas emissions. The work of UUCEF's full fossil fuel divestment began almost ten years ago and historically has included shareholder advocacy with fossil fuel companies. In May 2022, the Investment Committee decided to sell any fossil fuel stocks held in separate accounts that were greater than minimums needed for that advocacy. *This spring, the Investment Committee went further and voted to complete the full divestment of directly-held stocks called for in the 2014 GA Business Resolution and ended shareholder advocacy with fossil fuel companies (Carbon Underground 200 companies).* Recognizing there are now many other endowments paying attention to climate issues, far more than a decade ago when UUCEF began its advocacy, this will allow the Investment Committee to shift its focus towards emerging engagement campaigns advancing the green transition where it can have greater impact. This includes advocating that banks stop investments in fossil fuels and utilities continue to shift away from fossil fuels to renewable electrification.

## Impact of the Business Resolution

We believe UUCEF continues to offer a best-in-class opportunity for values-based investing and has wide support from UUs. We appreciate the hard work of our Investment Committee volunteers, their professionalism, and their deep commitment to UU values that have made this work possible. They are completing a three-year process to implement new standards for human rights and sustainability investing, including systematically monitoring the human rights records of companies we are invested in and scaling up racial justice community investments.

*Therefore, since the Board supports our continued work on climate action and values-based investment, we must oppose the resolution.*

We appreciate the work that the sponsors of this business resolution have done to advocate for our shared values and for urgent climate action. We have been in dialogue with them over the past two years about areas where we agree and diverge. Values-based investing involves complex ethical questions and tradeoffs, so conversation with many different parties is essential.

However, while we share many of the same goals as the sponsors, the terms of the resolution are at odds with what the UUCEF is able to accomplish given our size and capacity. We believe that many of the specific actions called for in the resolution, such as withdrawing from the majority of our pooled funds, could not be implemented on the required timeline without undermining our other human rights and values-based commitments and creating a potentially ruinous scenario for the UUCEF. As noted before, the UUCEF is managed by volunteers and consultants with support from UUA staff who are not positioned to implement such a dramatic and immediate change. The resolution ends the nuanced conversation we need to manage a dual bottom line with the capacity we currently have.

*The resolution's rigidity would present nearly insurmountable obstacles for the UUCEF, and if this business resolution passes, we would have to seriously consider ending the Common Endowment in its current form.* This would be a major blow to UU values, because many congregations would likely switch their investments to other funds which offer little or no values-based investing options or climate action commitments. When we compare UUCEF's values-based investing to similar faith-based and secular endowments, we are one of the most active and effective. At a time when values-driven investing is under attack in the political sphere and some endowments are forgoing it all together, a strong UUCEF is more important for our values than ever.

## Reparations

The Board has been working for the past year on an approach to reparations that is based on the 2020 "Widening the Circle of Concern" report from the UUA Commission on Institutional Change (COIC). The report included a chapter on reparations and repair that recommended a focus on specific harms, breaches of relationship, and on systemic solutions to repair that damage. Historically for the UUA, this means addressing our support of eugenics, our role overseeing Native American boarding schools, and our congregations' involvement in the slave trade. Today, this means supporting UU identity groups, increasing scholarships for UUs from historically marginalized communities, growing our anti-racism and anti-oppression resources, and much more.

The resolution mixes together the big picture conversation on reparations with critiques about past UUCEF holdings. *It would require the UUA to give away \$14 million in its endowment - the annual payment of this would be the equivalent of seven staff positions.* We urge the General Assembly to

give the Board's work the opportunity to move forward and succeed. We ask that the General Assembly not preempt our current process nor require major cuts to the UUA budget as we are building up staff capacity to implement the COIC report overall.

## Working Together Going Forward

We are committed to working together with UUs across the UUA on the multi-level questions which the UUCEF is facing. We have been in dialogue with the sponsors of the resolution; however, it is difficult to have the thoughtful conversation we need about tradeoffs required for making decisions on the endowment through the constraints of the General Assembly business process. We are convinced that this resolution as written would lead to UUA staff layoffs, legal challenges, and major losses in the assets we protect.

Yet we know we can choose a different path. While we encourage UUs to vote against this resolution, we encourage you to become an active participant in the conversation about how to make our investments most genuinely reflect our values and sustain our institutions. Get your congregation invested in UUCEF or keep it invested in UUCEF, support the UUCEF and the work of the Investment Committee volunteers, and engage with our broad climate organizing with Side With Love. This is a time with so much dynamic energy around climate activism and investing, and we are committed to continuing to work with our coalition partners to push for a carbon-free future.

## Related Information

- Full analysis on the financial and operational impact of the business resolution from Treasurer/CFO Andrew McGeorge (PDF) ([https://www.uua.org/files/2023-04/oper\\_imp\\_2023\\_bus\\_res.pdf](https://www.uua.org/files/2023-04/oper_imp_2023_bus_res.pdf))
- General Assembly 2023 Final Agenda (<https://www.uua.org/files/2023-05/GA%20final%20agenda%202023.pdf>)

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