

Headline: Defying Pope's calls for climate action, US bishops cling to fossil fuels

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Hundreds of Catholic institutions around the globe have announced plans to divest their finances of oil, gas and coal to help fight climate change since Pope Francis published his landmark encyclical on environmental stewardship in 2015 urging a break with fossil fuels. REUTERS FILE PHOTO

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Hundreds of Catholic institutions around the globe have announced plans to divest their finances of oil, gas and coal to help fight climate change since Pope Francis published his landmark encyclical on environmental stewardship in 2015 urging a break with fossil fuels.

But in the United States, the world's top oil and gas producer and where about a quarter of the population is Catholic, not a single diocese has announced it has let go of its fossil fuel assets.

U.S. dioceses hold millions of dollars of stock in fossil fuel companies through portfolios intended to fund church operations and pay clergy salaries, according to a Reuters review of financial statements. And at least a dozen are also leasing land to drillers, according to land records.

The U.S. Conference of Catholic Bishops (USCCB), an assembly of the hierarchy of U.S. Catholic Church that sets policy guidance, told Reuters that its guidance on socially responsible investing was updated in 2021 to account for the pope's encyclical but confirmed that it does not require divestment from fossil fuels.

Pope Francis had planned to attend the COP28 conference in Dubai this week, but canceled on Tuesday due to health concerns. The Vatican said it was weighing options to ensure a presence at the summit and Vatican sources said most likely a senior official would read the pope's speech for him in Dubai, or the pope would use a video link.

"He's making another appeal," said Dan DiLeo, director of the Justice and Peace Studies Program at Creighton University in Nebraska. "This is a call and a plea for fidelity."

The ongoing investments in the U.S. reflect a long-running rift between U.S. Catholic bishops and the pope on how to address global warming.

The pope's Laudato Si encyclical urged immediate action against climate change, declaring that "highly polluting fossil fuels need to be progressively replaced without delay." Since then the Vatican has repeatedly, and explicitly urged Catholic institutions to divest.

APSA, the department that manages the Vatican's portfolio, adheres to the policy of not investing in fossil fuels and makes "all possible checks" to ensure funds in which it has shares do not, according to a senior Vatican finance official.

The Vatican bank, which is separate from APSA, also does not invest in fossil fuels, a bank official said.

Some 354 Catholic institutions across more than 50 countries have divested of fossil fuels since the 2015 encyclical, including scores of dioceses in the UK, Ireland and Germany, according to the Laudato Si Movement, a Catholic environmental advocacy group tracking divestment.

Notably absent are any dioceses in the U.S.

Reuters reviewed the financial reports published by two dozen of the nation's more than 170 Catholic dioceses, including several of its largest, and found that few provide details on specific investments.

The Archdiocese of Boston held over \$6 million in energy stock in its Income Opportunity Fund and Collective Investment Partnership at the end of June, according to its annual reports. None of the reports identified the underlying companies, and a spokesman for the Archdiocese did not answer questions about the investments.

The Boston diocese held around \$2 million in gas and electric corporate bonds in another portfolio.

The assets made up a small fraction of the archdiocese's roughly \$240 million in total investments.

Dioceses in Chicago, San Francisco and Erie, Pennsylvania, also listed energy assets, without providing details about the underlying companies. Financial reports of eight other dioceses examined by Reuters contained little or no information about which industries were represented in their investments.

Reuters also examined a database of oil and gas leases in Texas and found a dozen U.S. dioceses – seven based in Texas and five from out of state – were involved in deals with drillers.

The Texas dioceses included San Antonio, Austin, and Fort Worth. Erie and San Francisco dioceses also held leases.

"We engage a third party to review our compliance with the USCCB guidelines, and these guidelines do not prohibit investments in fossil fuels," said Peter Marlow, a spokesman for the Archdiocese of San Francisco, in response to Reuters questions about its investments and lease deals.

A spokeswoman for the Diocese of Erie confirmed it had "arrangements with two companies in Texas that provide minimal dividends, in the range of \$15/year," and was seeking to have them terminated.

"This effort will continue until we are successful," spokeswoman Anne-Marie Welsh said.

The Archdiocese of Baltimore declined to comment on its investments but pointed to an open letter from Archbishop William Lori in October supporting the pope's message of environmentalism and listing initiatives including the archdiocese's use of solar and a program to plant 1,000 trees.

Officials at other dioceses did not comment.

"As a Church we need to walk the talk of Laudato Si," said Father Joshtrom Kureethadam, an official in the Vatican's Integral Human Development department, which formulates environmental policy. He called the enormous financial gains by oil companies "immoral profits."

The American Petroleum Institute, which represents U.S. oil companies, said the industry was “committed to driving further innovation to accelerate global climate goals while providing the energy consumers around the world need.”

The USSCB investment guidance calls on dioceses to “consider divestment from those companies that consistently fail to initiate policies intended to achieve the Paris Agreement goals.”

The Paris Agreement is an international deal struck in 2015 to limit global warming to 1.5 degrees C above pre-industrial times to avert the worst consequences of climate change.

“The 2021 update endeavored to provide a practical guidance for investments based on the teaching of Pope Francis,” said Chieko Noguchi, a spokeswoman for the USSCB.

Noguchi declined to answer follow up questions, including whether USSCB had identified any companies for divestment, or whether engaging directly in oil and gas leasing could be reconciled with the pope’s call to shun fossil fuels.

The USSCB’s 2021 recommendations were guided by the Christian Brothers Investment Service (CBIS), a global investment manager serving Catholic investors and institutions, according to a press release issued at the time by the USSCB.

The CBIS, which manages nearly \$10 billion, has rejected wholesale fossil fuel divestment, arguing instead for active shareholder engagement to improve companies from within.

The “Catholic Responsible Investment” funds that it offers to U.S. dioceses and other clients include major oil and gas companies like BP, Shell, Saudi Aramco, PetroChina and ONGC India, according to LSEG data.

“CBIS is leading shareholder engagements with the largest players in the oil and gas sector to influence the industry towards a transformation to a low carbon future,” the investment service told Reuters. It added that it had introduced “targeted divestment from a subset of fossil fuel producers and users” that have the highest impact on carbon emissions, including those heavily involved in coal and oil sands.

Sabrina Danielsen, a professor at Creighton University who has studied the engagement of U.S. bishops on the issue of climate change, said the U.S. Catholic hierarchy is rejecting the pope’s calls for divestment in part because of its traditionally conservative leanings.

Fewer than 1% of the more than 12,000 columns by U.S. bishops in official publications since 2014 mentioned climate change, Danielson found in a 2021 study, and many of those that did downplayed the urgency of global warming or described the topic as controversial.

“I think bishops might be very afraid of upsetting politically conservative Catholics in their dioceses, and especially afraid of upsetting wealthy conservative donors,” she said.

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The USSCB did not comment on her research.