News
EarthBeat



A banner celebrating the National Catholic Reporter's 50th anniversary is seen on the company's headquarters in Kansas City, Missouri. (NCR photo/Teresa Malcolm)



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The National Catholic Reporter Publishing Company has separated its multimillion-dollar investment portfolio from financial holdings in the fossil fuel sector.

The decision to divest was approved unanimously by the NCR board of directors during its May 21 meeting, when the board for the 57-year-old independent nonprofit news publication ratified a revised investment policy statement for its $12.7 million endowment fund. The policy went into effect July 1.

Added to those guidelines was a new socially responsible investment screen against companies whose primary business involves the exploration or extraction of all forms of coal, oil and natural gas. It also stated the board's finance committee will encourage its portfolio managers to pursue investments in renewable energy. Previously, the policy had included screens against investments in abortifacients, tobacco and weapons.

"I see the board's decision as another 'step' in the journey that Pope Francis has invited all of us to take in the efforts needed to care for our common home, the Earth," board chairman Jim Purcell told EarthBeat. He added it was part of a recognition by the board that climate change is among the major issues facing the world today, "if not at the top of the list."

The policy screen against fossil fuels references both the pope's encyclical "*Laudato Si'*, on Care for Our Common Home" and "Journeying Towards Care for Our Common Home," a document issued by several Vatican offices in June 2020 outlining ways to implement the encyclical, including a section on finances that recommends fossil fuel divestment.

"It was time for NCR to align itself, as an institution, with the growing number of Catholic organizations that have taken the step of refusing to invest money in fossil-fuel companies," Bill Mitchell, NCR CEO and publisher, said in a press release.

While NCR has been a leader in its reporting on the environment, dating back to coverage under longtime editor Tom Fox in the 1980s of Passionist Fr. Thomas Berry, as a company, "to be honest, we have not been out front on the question of divestment," Mitchell said.

Mitchell said that National Catholic Reporter, as both a news operation and an institution with "Catholic" in its name, has "a particular obligation to do our best to live up to the values and standards that our faith calls for."

He added that the decision by the board, which is separate from the publication's editorial operations, would not influence how NCR covers environmental issues, including reporting on the financial angle of climate change.

"As publisher, I leave the decision of how best to cover a story to the journalists charged with doing so. So I don't envision in any way a decision on the part of the board influencing the way we cover this issue," Mitchell said.

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To date, roughly 250 Catholic institutions worldwide have publicly pledged to divest from fossil fuels or to avoid such investments. At 34%, faith-based organizations represent the largest number of the 1,300-plus groups who have joined the fossil fuel divestment movement, which has so far mobilized $14.5 trillion away from the fossil fuel industry.

In terms of media organizations, the majority of which are for-profit entities, such financial moves rejecting fossil fuels appear less common. In January 2020, The Guardian announced it would no longer accept advertising from oil and gas companies. A Swedish newspaper made a similar move a year earlier.

"An enduring and sad fact of climate coverage is that many of the media organizations whose reporting seeks to hold Big Oil accountable are, at the same time, invested in fossil fuel companies and receive ad revenue from them," said Andrew McCormick, deputy director of Covering Climate Now, a consortium of media outlets of which EarthBeat is a member.

"It's a clear conflict of interest, as bad for journalism as it is for the planet," he said in an email. "More outlets should step up to the plate and demonstrate leadership by

breaking from the status quo."

Rick Edmonds, media business analyst for the Poynter Institute for Media Studies, said it is not uncommon for news outlets to make ethical decisions in the types of advertisements they accept or investments they may make; for instance, many publications do not accept advertising for cigarettes. He said "it sends a good signal" to readers when a publication gives attention to ethical considerations and takes steps to match its own operations with its editorial values.

The NCR board first began its discussions about fossil fuel divestment in May 2020. Around then, it learned approximately 2.4% of the endowment's value at that time was invested in fossil fuels.

That dialogue included conversations with then-portfolio manager Christian Brothers Investment Services. The firm did not offer funds that omitted fossil fuels, and instead has been active in shareholder advocacy with fossil fuel companies, including introducing a resolution at ExxonMobil in May.

At its November 2020 meeting, the NCR board formed an ad hoc committee to further study the issue. Ultimately, it recommended adding a screen against fossil fuel companies to the investment policy document and that the endowment be moved to Catholic Investment Services. Both recommendations were approved at the May board meeting, and the funds were transferred on July 1.

Along with the ad hoc committee's research, including consultation with the Chicago-based investment firm Meketa, Purcell said the full board reviewed several documents making arguments for and against fossil fuel divestment, among them the Vatican's *Laudato Si*' implementation guidelines.

A key concern for the board was maintaining its fiduciary responsibility for the financial health of the company. Purcell said board members felt confident that could be achieved after reviewing financial reports from Catholic Investment Services that showed strong performances in funds without fossil fuels.

Purcell added that a significant factor for board members was that a number of prominent Catholic organizations, including congregations of women religious, have included fossil fuel divestment as part of their responses to climate change. Some board members also expressed skepticism about the long-term effectiveness of shareholder engagement with fossil fuel companies.

The board chair said it was important that the investment policy statement also include an emphasis on investing in clean energy, "because divestment by itself is not enough."

"The board is very aware that the need for this transition into renewables has got to be a key piece of the strategy for combating climate change," Purcell said.

The decision to divest from fossil fuels comes as National Catholic Reporter has expanded its coverage of environmental issues. In July 2020, the company received a $1.5 million gift from the Franciscan Sisters of Perpetual Adoration in La Crosse, Wisconsin, to establish a Laudato Si' Fund to support EarthBeat, NCR's reporting initiative on faith, climate and environmental justice.

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