

# Considerations on Fossil Fuel Investments

Divesting from fossil fuels is a gradual process. Citing the principles of stewardship, the Catholic Church consistently teaches that we must care for our common home. Caring for the environment indicates our desire to provide for each other, for the global population, and for future generations. Indeed, it can be tied to the Christian virtue of hope so long as all efforts remain ordered toward the dignity of every human person.

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## As we transition to green energy, there are many aspects to consider:

- Efforts are increasing to reduce and even eliminate our dependency on fossil fuels so that carbon that lies deep within the earth need never move to the earth's surface.
- Currently, few alternatives to fossil fuels exist that can be deployed on a global or even national scale. For example, the electricity that fuels the overwhelming majority of EVs comes from fossil fuels, not solar or wind energies.<sup>2</sup>
- Pragmatically, we will need oil, gas, and even coal for the medium and long term, while we continue to pursue 100% sustainability.
- It is also worth noting that the technology used to produce fossil fuels has also made remarkable achievements in producing fuels with lower carbon emissions.<sup>3</sup>
- The transition to sustainable energy must be just and not in violation of any of the criteria set by "*Mensuram Bonam*," in Section 3 of its Exclusionary Criteria, particularly human rights violations and totalitarian violence and oppression.<sup>4</sup>
- Companies that produce fossil fuels in compliance with the regulations set by the Environmental Protection Agency can potentially receive a positive screen based on their role in building a more sustainable future.

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# Opportunities for Action and Engagement

## Exclusionary Investment Screening

Exclusionary investment screening is necessary in contexts where we seek to minimize or mitigate the benefits reaped from harmful, extractive practices. Minimizing or limiting investments held in fossil fuel companies can also be a matter of controlling for reputational risk (“avoidance of scandal”).

## Shareholder Corporate Engagement

Shareholder corporate engagement with corporations will always be necessary no matter where a company falls on the energy spectrum. At fossil fuel companies, we’ll need to encourage environmental protections and innovation. Likewise, just because a company participates in clean energy solution doesn’t mean they are excused from respecting the dignity of their workers, local communities, or the environments in which they source and operate.

## Inclusionary Screening and Impact Investing

Inclusionary screening is perhaps the most important and least utilized tool among our clients in promoting care for our common home. Estimates indicate the “world needs \$5 trillion in annual climate finance by 2030 for rapid action”. See [Reuters](#). Proactive investment in clean energy solutions will generate far greater long-term climate impact than sheer divestment. Clients may consult with their managers about this option.

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## Conclusion

IWP Capital does not recommend a full exclusion of fossil fuel investments, but it can be done should the client request it.

IWP Capital recommends that clients review their policies on fossil fuel investments every two years.

<sup>1</sup> Mensuram Bonam, Pope Francis, 2022, multiple citations, particularly n. 23; Socially Responsible Investment Guidelines, USCCB, 2021, V; Caritas in veritate, Pope Benedict, 2009, n. 51; cf. Catechism of the Catholic Church, nn. 2401–2402.

<sup>2</sup> It is also worth noting that EVs, powered by lithium batteries, have their own moral and environmental dilemmas. Lithium extraction has been rife with human rights abuses, water depletion and contamination issues, and soil degradation problems. Local indigenous communities are suffering many adverse outcomes. Euronews.green, “[In pictures: South America’s ‘lithium fields’ reveal the dark side of our electric future](#),” January 2, 2022; The Guardian, “Blinded, sexually assaulted, silenced: the war over lithium, Argentina’s ‘white gold’”, January 11, 2024.

<sup>3</sup> Cf. US Department of Energy, Study – “[Ethanol vs. Petroleum-Based Fuel Carbon Emissions](#)”, 2021: “U.S. corn ethanol has 44%–52% lower GHG emissions than gasoline.”

<sup>4</sup> Mensuram Bonam, Appendix, “Exclusionary Criteria,” Section 3: “Global Impacts and Sustainable Development” includes all of the following criteria: breeches of labor law, corruption, discrimination, human rights violations, the overlooked rights of indigenous peoples, totalitarian violence and oppression, and unfair/unethical business practices.