



National Capital Presbytery Earth Care Network

BEST PRACTICES: DIVEST/INVEST FOR CLIMATE



A Guide for Individual Investors

Prepared under the auspices of the Earth Care Network, National Capital Presbytery, PC(USA)

The Presbyterian Church (U.S.A.) believes that the mission and purpose of the church is to be a “provisional demonstration of what God intends for all humanity.” In July 2026, the 227th General Assembly made an historic decision to remove the great bulk of its investments from the fossil fuel industry, acknowledging climate change as an existential threat.

For individual investors, aligning personal finances with these values is a powerful way to model right living, relieve suffering, and promote a faster transition to a low-carbon economy. This paper serves as a directional guide for individuals interested in divesting from companies that sustain the fossil fuel system.

WHY PERSONAL DIVESTMENT MATTERS

While an individual investor’s portfolio is small compared to major institutions, collective action sends a strong signal to the market. Companies are increasingly aware that investors are shifting away from business models reliant on fossil fuels. Those dragging against the transition to a sustainable economy face mounting risks and long-term viability challenges. A more rapid transition is not only necessary for the health of our planet, but it also creates opportunities for forward-looking businesses.

Here are key reasons to consider divestment:

- **Moral Witness:** Aligning your investments with your values demonstrates a commitment to caring for creation and standing in solidarity with communities most vulnerable to climate change.
- **Market Signaling:** Moving funds away from fossil fuel companies diminishes their “social license” and signals demand for clean energy alternatives. As noted in Robert J. Shiller's Narrative Economics, economic forces can yield to narratives.



- **Financial Prudence:** Over the long term, data demonstrates that broad-market ESG (Environmental, Social, Governance) and fossil-fuel-free index funds perform similarly to—and often slightly outperform—traditional index funds, debunking the myth that sustainable investing requires a financial sacrifice. Fossil fuel companies face the risk of “stranded assets”—reserves that cannot be burned if we are to meet global climate goals. The long-term outlook for these stocks is increasingly uncertain. (The social and governance evaluations in ESG funds are complicated and may exclude more companies that you expect, but may align with your values as well. S has to do with whether employees are treated well and whether it is a ‘sin’ business (gambling, tobacco, etc.) and G whether management is self-dealing, cutting corners, etc. Tesla, for example, scores well on E but has been eliminated from some ESG funds due to poor evaluations on S and G factors.)



DEFINING THE TARGET

When divesting, it is helpful to define what constitutes a "fossil fuel company." You can choose a narrow or broad approach:

1. **Fossil fuel companies:** *Fossil Free Funds* has five different listings of fossil-related companies covering narrow and broad perspectives on the fossil fuel system, to include major end-users and service companies.
2. **Enablers:** No fossil development occurs without banks and insurers, and these companies are sensitive to reputational damage. See listings at [Banktrack](#), [Insure our Future](#), and [Fossil Free Funds](#).)

INVESTMENT APPROACHES

Investors generally fall into three categories. Here are alternative investments for each approach:

1. The Indexer ("You can't beat the market")

This approach favors broad market exposure with low fees.

- **U.S. Stocks:** Instead of standard S&P 500 ETFs, consider ESG (Environmental, Social, Governance) ETFs like Vanguard ESG U.S. Stock ETF (ESGV), [Fidelity US Sustainability Index Fund \(FITLX\)](#), or [SPDR S&P 500 Fossil Fuel Reserves Free ETF \(SPYX\)](#). You might also look into the [iShares ESG Aware MSCI USA ETF \(ESGU\)](#).
- **International Stocks:** Look for options like the Vanguard ESG International Stock ETF (VSGX) or the [iShares MSCI ACWI ex U.S. ETF \(ACWX\)](#).
- **Bonds:** Consider Green Bond funds like the Calvert Green Bond Fund (CGAFX).



2. The Managed Investor ("Set it and forget it")

Some investors prefer to delegate both the choice and maintenance of investments.

- **Target Date Funds:** There are ESG All-In-One funds which gradually move from stocks toward bonds near retirement (e.g., Blackrock Lifepath Index Retirement - LIRKX).
- **Robo-Advisors:** Platforms like Betterment offer a Climate Impact Portfolio that utilizes fossil-fuel-free funds and global green bond funds.
- **Managed Options:** Services like Schwab Personalized Indexing allow you to customize a portfolio of ESG stocks and funds with specific exclusions.

3. The Active Investor ("Beat the market with growth")

This approach involves selecting individual companies or actively managed funds focused favoring the energy transition.

- **Active Funds:** Look for funds focused on environmental markets, such as the Pax Global Environmental Markets Fund (PGINX) or the First Trust NASDAQ Clean Edge Smart Grid Infrastructure Index (GRID). Note: Ensure you research funds carefully. Some "climate-positive" funds and companies include fossil fuel lines of business.
- **Growth and Emerging Segments:** Consider researching companies in next-generation businesses like electric vehicles, wind, solar, geothermal, and hydrogen power.

TAKING THE FIRST STEP

Divesting and realigning your personal portfolio is a tangible way to live out your faith commitments.

1. **Evaluate:** Use tools to understand what you currently own.
2. **Plan:** Decide which divestment approach works best for your financial goals.
3. **Act:** Begin shifting your investments in ways that promote a sustainable future.

The transition away from fossil fuels is underway. By aligning your investments with your values, you contribute to a powerful narrative that prioritizes the health of our planet and the well-being of future generations.

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