Presbyterian FOUNDATION

Policy on Prohibited Securities for the Presbyterian Church (U.S.A.) Foundation

Policy Statement: The Presbyterian Church (U.S.A.) Foundation is guided by the social witness principles established by the General Assembly of the Presbyterian Church (U.S.A.) and invests in accordance with the General Assembly's policies and guidelines as recommended by the Committee on Mission Responsibility Through Investment of the Presbyterian Church (U.S.A) to the extent legally possible in accordance with its civil fiduciary duties.

Background: The General Assembly of the Presbyterian Church (U.S.A.) (the "General Assembly") has provided a witness to the Lordship of Jesus Christ using investment policy guidelines that reflect the values of the church which was historically understood as avoiding the ownership of securities from certain industries such as alcohol and gambling, etc. that were deemed out of alignment with the church's values.
In 1970 an overture was passed recognizing the church's need to have guidelines for investment, with an early interest in "military related" investments. After the 1983 reunion and the formation of the PC(USA), the church felt the need to be explicit in the process concerning investment, engagement, and divestment of certain companies' securities. The 196th General Assembly (1984) adopted "The Divestment Strategy: Ethical and Institutional Context" Divestment Strategy. The Divestment Strategy, adopted by the General Assembly in 1984, and reaffirmed at many subsequent Assemblies. In 2026, the 227th General Assembly approved Engaging Faithfully in a Changing World: Reaffirming and Revisiting the Divestment Strategy of the Presbyterian Church (U.S.A.), which reaffirmed the core principles of the 1984 strategy while establishing updated criteria and policy guidance. The 2026 policy now serves as the church's framework for divestment[1].
One of the key principles of the Divestment Strategy says:

> "The means of administering the investment activity of the church is known as trusteeship. While those who function as trustees are elected and accountable to the bodies they serve, their responsibilities are also defined by civil law and thereby linked to the larger society. Thus, trusteeship within the church reflects both the particular purposes of the Christian community and the fiduciary responsibilities, legal requirements, and specific terms of trust that govern trustees."[2]

The Presbyterian Foundation (the "FDN") is both an agency of the General Assembly guided by the social witness principles of the church and a fiduciary corporation subject to civil law and fiduciary duties. The FDN's legal duties include, among others, duties of loyalty and prudence to invest with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in conduct of an enterprise of a like character and with like aims.

In practice, this means that the FDN has the legal fiduciary duty to fund mission and ministry for Permanent Endowment Funds and the Presbyterian Endowment Service in perpetuity. The FDN also has a legal fiduciary duty to fund income for Life Income Plans that pay income to individuals with remainders to a charity.

The FDN balances the social witness principles of the church as well as its legal responsibilities as a fiduciary through its Investment Policies and relationship with the PC(USA)'s Committee on Mission Responsibility Through Investment (MRTI). MRTI was created by the General Assembly in 1972 to advance the church's mission goals through the invested capital stewarded by the investing agencies and entities related to the General Assembly. The FDN has two permanent seats on MRTI and is a part of the committee's discernment and implementation process with respect to its referrals from and recommendations to the General Assembly.
It is MRTI's responsibility to implement the General Assembly's existing responsible investing policies and

[1] 227th GA (2026) https://myga.pc-biz.org/search/3001464: also available at: Engaging Faithfully in a Changing World - Reaffirming and Revisiting the Divestment Strategy of the Presbyterian Church (U.S.A.).pdf
[2] 196th GA (1984), p.194 [25.201], also available at: Engaging Faithfully in a Changing World - Reaffirming and Revisiting the Divestment Strategy of the Presbyterian Church (U.S.A.).pdf

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occasionally recommend new or enhanced policies to the General Assembly.

"The Divestment Strategy" (1984) spells out the divestment process with seven criteria.[3] The Committee on Mission Responsibility Through Investment (MRTI) has been charged with implementing the work of the General Assembly in this regard. The 2026 Policy maintained the seven criteria framework which includes:

1. The proposed divestment action shall be supported by analysis that is grounded in scripture; the church's confessions; and the justice-oriented ethical concerns of the Presbyterian Church (U.S.A.), as approved by action of the General Assembly; clearly defines the behavior and stance of the corporate entities whose policies or practices are at issue; and states the ends sought through divestment.
2. The issue on which divestment is proposed shall be one that the church has addressed by a variety of education and action efforts, such as:
    a. Correspondence with companies
    b. Discussion with company managers and directors
    c. Statements, questions, and shareholder resolutions to stockholders meetings, and
    d. Legal action against companies

    In the limited cases where potential engagement is deemed by MRTI as not likely to be successful and all the other criteria for divestment are met, a company may be added to the General Assembly Divestment/Proscription list upon approval by the General Assembly without the engagement ordinarily required.
3. The decision shall be taken only after consultation with the ecumenical community and values-based investment partners.
4. Efforts shall be made to examine the probable effects and consequences of the action with affected communities, particularly Presbyterians
5. The proposed action shall be sufficiently precise that the effect of its application can be evaluated
6. Any proposed divestment action shall include provision for:
    a. Informing appropriate church constituencies;
    b. Giving appropriate public visibility to the action;
    c. Engaging other governing bodies and members in advocacy for the ends that prompt the divestment;
    d. Giving pastoral care to those directly affected
7. Any divestment recommendation approved by the General Assembly, whether for a single company or a sector of companies, shall be referred to MRTI. In these cases, MRTI shall ensure that Criteria #1 through #6 are met, and shall work collaboratively with the investing agencies of the PC(USA) toward implementation consistent with the investing agencies' prohibited securities policies. In cases where divestment from more than one company in a single sector is being considered, the above criteria shall still apply.

General Assembly oversight is a critical component of the implementation process for prohibited securities and therefore implementation requires both a recommendation from MRTI, per the seven criteria in the "The Divestment Strategy", and the General Assembly's approval that new securities be added or removed from the GA Divestment/Proscription List. It is MRTI as an outcome of their process that produces the list of specific securities (issued by publicly traded corporations or governments) that is delivered to the Board of Trustees of the FDN as the General Assembly Divestment/Proscription List. The annually produced General Assembly Divestment/Proscription list contains the publicly traded securities that are out of alignment with the General Assembly's policies as recommended by MRTI.

Securities are placed on the General Assembly Divestment/Proscription List for one of two reasons: 1) They are in an industry that produces a product or offers a service that, according to established General

[3] 196th GA (1984), p.194 [25.203-210], also available at: Engaging Faithfully in a Changing World - Reaffirming and Revisiting the Divestment Strategy of the Presbyterian Church (U.S.A.).pdf

Assembly policy, has been deemed out of alignment with PC(USA) values; 2) They are in an industry that is not out of alignment with PC(USA) values according to established General Assembly policy, however are involved in conduct that is, and MRTI, following the seven criteria have decided that the issuer is not making adequate progress towards alignment with PC(USA) values as articulated by established General Assembly policy. The Trustees of the FDN annually affirm this process and incorporate, to the extent legally possible in accordance with the FDN's civil fiduciary duties, the General Assembly Divestment/Proscription List into the organization's Prohibited Securities List and direct investment managers to implement.

Under the FDN's Investment Policies, investment managers agree not to invest in securities of prohibited issuers and to divest existing holdings as soon as prudently possible. Investment managers will report at least annually as to whether and why securities of any issuer on the list are still being held by the investment managers.

The New Covenant Trust Company, N.A. ("NCTC"), is a wholly owned subsidiary of the FDN, and is a separate for-profit entity that is regulated by the Office of the Comptroller of the Currency ("OCC"). NCTC has a prohibited securities policy that is similar to the FDN's and is in alignment with the OCC's regulatory requirements.