

Paper X1

Creating a climate of change: A new approach to ethical investment

Resolution from the National Synod of Scotland

Basic information

Contact name and email address	David Pickering. Moderator of the National Synod of Scotland: moderator@urcscotland.org.uk
Action required	Decision.
Draft resolution(s)	See end of paper.

Summary of content

Subject and aim(s)	To amend the United Reformed Church's ethical investment policy in relation to fossil fuels, aiming to fully divest from investments in fossil fuel production companies.
Main points	See executive summary.
Previous relevant documents	Environmental policy for the United Reformed Church, General Assembly 2016. Ethical investment guidelines on climate change issues Mission Council paper G2 November 2015.
Consultation has taken place with...	The joint public issues team.

Summary of impact

Financial	No necessary impact on investment income long term.
External (e.g. ecumenical)	<ol style="list-style-type: none"> 1. Making a significant public statement of intent 2. Enable the URC input to the ecumenical Church Investors Group to take and demonstrate a prophetic lead.

Creating a climate of change: a new approach to ethical investment

Executive summary

- S1. In November 2015 Mission Council agreed an updated policy in relation to investment in fossil fuel: ethical investment guidelines on climate change issues. Since then, there have been considerable developments in the science, politics and response by other Churches in this area.
- S2. This paper applauds the URC's acknowledgement of the imperative to act on climate change and recognises that there is a spectrum of sincerely held views within the denomination on:
- a) the most effective way that the URC can use its investment decisions to influence fossil fuel companies, and
 - b) the morally and theologically appropriate way of using investment policy, mindful of the potentially catastrophic consequences of fossil fuel use for energy production.
- S3. This paper welcomes the 2015 decision to divest from coal and tar sands, two of the most polluting forms of fossil fuel production, and proposes that the time is now right for the URC to take the next step by moving to fully divest from fossil fuel production companies.
- S4. It further proposes that the URC continues to use its influence to pressure these companies, both through engagement and speaking into the public square, to end exploration for new oil and gas reserves and pursue a strategy of managed decline of fossil fuel production, and a just transition to sustainable energy use and production.
- S5. It nonetheless asserts that previous insights, language and arguments have already been overtaken by circumstance, including the suffering of partner Churches and their nations, and the ongoing toll of the extinction of species. The 'Integrity of Creation' is already breached, and on current trajectories, without unprecedented intervention, our way of life on Earth is not sustainable. The damage already done reminds us of the inadequacy of previous approaches.

Section one – the URC and environmental issues: a history of proactive engagement

1.1.1 A summary of actions

1980s – 1990s: Engagement with and advocacy of the justice, peace and integrity of creation approach fostered by the World Council of Churches.

1990s – 2000s: Embracing the Five Marks of Mission, the fifth of which is: ‘to strive to safeguard the integrity of creation, and sustain and renew the life of the earth’.

2004: The URC played a role in the development of the Accra confession of the then World Alliance of Reformed Churches, which includes the statement: ‘We believe that God calls us to hear the cries of the poor and the groaning of creation and to follow the public mission of Jesus Christ who came so that all may have life and have it in fullness (John 10.10).’

2010s – present: adopting Vision 2020 as a ten-year mission plan, of which Statement 10 is: ‘We will be a church that has taken significant steps to safeguard the integrity of creation, to sustain and renew the life of the earth.’

This has been underpinned by considered debate and decision-making at URC General Assembly, including:

2004: Adopting an environmental policy,

2007: Adopting a statement on climate change,

2009: Adopting (with the Methodist and Baptist Churches) the report *Hope in God’s Future*,

2016: Agreeing a new and updated environmental policy,

2017: Mission Council receives and agrees a set of environmental resolutions from URC Youth.

- 1.2. The case for the imperative of caring for God’s creation is widely accepted across the Christian Churches, and is an area in which the URC has traditionally taken an active and leading role.
- 1.3 The URC advocates a range of Christian environmental initiatives, including Eco-Congregation (now Eco Church in England and Wales), which supports and encourages local churches to green their life and mission. The priority of care of God’s creation among our churches is reflected in the high level of engagement of local URC churches with Eco Church/Eco-Congregation. The URC has supplied ministry to foster environmental stewardship, and currently the National Synod of Scotland has a special category ministry as an Environmental Chaplain, working ecumenically across the nation.
- 1.4 In 2009 as a part of the Joint Public Issues Team (JPIT), the URC played a significant role in the publication of *Hope in God’s Future*, which was both a report and study guide to explore the relationship between Christian faith and climate change.
- 1.5 In March 2015 the National Synod of Scotland became the first synod to pass a resolution to divest investments from fossil fuel producing companies. This has been widely acknowledged as a prophetic action, not least because it was primarily a moral rather than a financial decision.

1.6 As the urgency of significant action on climate change becomes ever more apparent, the November 2015 decision to continue to 'engage' with oil and gas companies whilst holding significant fossil fuel investments now aligns the URC more closely with those who benefit from the status quo, and behind the curve in relation to other UK Churches and significant institutions. This debate has been fostered in *Reform* magazine, and now seems an opportune time to reconsider the URC's ethical investment policy with regard to fossil fuel investments.

The following sections 2 – 8 outline factors that warrant a new approach to the URC's ethical investment criteria.

Section two: climate change, some implications of recent science

- 2.1 Given the urgency of action needed to accelerate a just transition from fossil fuels to renewable energy, it is important to consider the greatest possible impact that the URC could have, in order to influence government policy and drive action on climate change among its members and in wider society.
- 2.2 A 2016 report by Oil Change International, *The Sky's Limit* (written in partnership with Christian Aid and others), showed that potential carbon emissions from the oil, gas, and coal in the world's currently operating fields and mines would take us beyond 2°C of warming; the reserves in currently operating oil and gas fields alone, even with no coal, would take the world beyond 1.5°C.¹
- 2.3 An October 2018 report from the intergovernmental panel on climate change (IPCC) found that average global temperature rises could reach 1.5°C as soon as 2030, based on the current rate of greenhouse gas emissions.
- 2.4 A January 2019 scientific study published by researchers at the Universities of Leeds and Oxford in the journal *Nature Communications* found that 'if we built no more fossil fuel infrastructure and instead replaced existing infrastructure at the end of its productive life with a zero carbon alternative we could limit peak temperature rise to 1.5°C – as long as we start now.'²
- 2.5 The UK's summer heatwave in 2018 – which broke all-time temperature records in Belfast (29.5°C), Glasgow (31.9°C) and Porthmadog, Wales (33°C) – was made up to 30 times more likely by climate change, according to a preliminary study by scientists at the Met Office Hadley Centre.³ Seventeen of the last 18 years were the warmest ever recorded. Global warming causing climate disruption has driven hurricanes in the Caribbean, wildfires in the US and Europe, heatwaves in Australia and devastating floods and typhoons in Asia.
- 2.6 The UN estimates that 26 million people, or one person each second, are already being pushed into poverty by extreme weather and climate disasters every year.⁴ According to the World Health Organisation, an estimated 250,000 additional people will die each year from 2030 due to malnutrition, malaria, diarrhoea and heat stress caused by climate change.⁵

Section three: climate change and the Paris Agreement

- 3.1 The signing of the Paris Agreement at the UN Climate Change Conference meeting from 30 November to 12 December 2015 was a historic moment. After years of negotiation, 195 countries came together to agree united action on climate change. They committed to keep the global average temperature rise 'well below 2°C above pre-industrial levels' and 'pursue efforts to limit the temperature increase to 1.5°C' to protect humanity from the worst impacts of climate change. The URC's Environment Policy, adopted at General Assembly in 2016, recognised the significance of the 1.5°C target.⁶
- 3.2 Yet, so far, governments around the world have not made the commitments required to meet the Paris Agreement targets. It is estimated that the Paris pledges made by national governments, known as Nationally Determined Contributions (NDCs), would lead to between 2.7°C and 3.5°C of human induced warming, and dangerous climate instability. This is a long way from the commitment in the Paris Agreement, as is the current use of fossil fuels globally.
- 3.3 Where governments are not doing enough, it is vital that other institutions, including the URC, speak out, take action and stand up for the Paris Agreement.

Section 4: Climate Change and the Imperative for Urgent Action

- 4.1 According to the UN Environment Programme, global carbon emissions must peak by 2020 at the latest, and rapidly decrease thereafter, if there is any chance of meeting the Paris Agreement targets.⁷ However, we are heading in the wrong direction: global carbon emissions rose by 1.6% in 2017 and are set to rise by 2.7% in 2018,⁸ with the UK falling short of meeting its 'nationally determined contributions'.⁹
- 4.2 At a speech to the UN General Assembly in September 2018, UN Secretary General António Guterres said: 'Climate change is the defining issue of our time – and we are at a defining moment. We face a direct existential threat. If we do not change course by 2020, we risk missing the point where we can avoid runaway climate change, with disastrous consequences for people and all the natural systems that sustain us.'¹⁰
- 4.3 Chris Stark, Chair of the committee on climate change, which advises the UK government on climate policy, emphasised the urgency of action required in 2019: 'The lesson from last year's IPCC report is not – as some have said – that we have 12 years to respond to climate change, it's that we must act immediately.'¹¹ This has significant implications for the need to shift finance out of fossil fuels and into clean alternatives.

Section five: climate change and the risk to investors

- 5.1 While fossil fuel companies have historically been considered a safe investment, they are now seen as increasingly risky. The vast majority of

fossil fuels will need to remain in the ground if we are to meet the Paris Agreement targets, so fossil fuel companies run the risk of being left with 'stranded assets', worthless fuel reserves that regulations will prevent from being burned or that can only be consumed at unimagineable cost to us all.

- 5.2 Climate change poses risks to the entire global economy. As a result, it threatens the majority of assets in the Churches' portfolios, particularly in climate vulnerable sectors such as property and food. The insurance industry is also at risk: the CEO of insurance giant AXA has stated that global warming could lead to an 'uninsurable' world.¹² In April 2018, the Governor of the Bank of England, Mark Carney, compared the risks posed by climate change to the financial instability which caused the 2008 financial crisis.
- 5.3 A Cambridge University study found that 'Factors, including climate change policy, technological change, asset stranding, weather events and longer-term physical impacts may lead to financial tipping points for which investors are not presently prepared, leading to economic shocks and losses of up to 45% in an equity investment portfolio.'¹³
- 5.4 In June 2017, a carbon tracker report found that 69 fossil fuel companies were risking \$2.3 trillion (£1.6 trillion) of potential future investments on projects that will never be pursued if global temperature rises are limited to 2°C.¹⁴ Five out of six major oil and gas companies, including Shell and Chevron, were risking between 30% and 40% of capital expenditure on uneconomic projects.
- 5.5 Recent studies by Newton Asset Management (February 2016) and the University of St Andrews (April 2018) suggest that excluding fossil fuel investments from share portfolios would not appear to have had a long term impact on financial performance.
- Some investors have made financial losses as a result of continued fossil fuel investments: for instance, The New York State Common Retirement Fund would be an estimated \$22.2 billion (£17 billion) wealthier if it had divested 10 years ago, according to research from Corporate Knights.¹⁵
- 5.6 A report coauthored by former New York State Deputy Comptroller Tom Sanzillo in July 2018 states that 'the financial case for fossil fuel divestment is strong... over the past three and five years, respectively, global stock indexes without fossil fuel holdings have outperformed otherwise identical indexes that include fossil fuel companies'.¹⁶
- 5.7 Perhaps more important than past performance is the likely future performance and financial risk of investments in fossil fuel companies. In March 2018, the UK Sustainable Investment and Finance Association (UKSIF) and Climate Change Collaboration conducted a survey of 30 leading fund managers with over £13 trillion of assets under management. It found that 90% of fund managers expect at least one climate related risk to significantly impact the valuation of international oil companies within two

years¹⁷, citing risks such as reputational damage, litigation for losses from climate change and regulation to curtail pollution.

- 5.8 An increasing number of fund managers are developing investment options that exclude fossil fuels from their portfolios. One example is BMO Global Asset Management, which announced in May 2017 that its range of responsible funds will no longer invest in fossil fuels from January 2020.¹⁸
- 5.9 The Archbishop of Canterbury is President of BMO's Responsible Investment Advisory Council. He welcomed the change in policy as follows: 'This policy is a most impressive piece of work, and puts BMO Global Asset Management in the front line as a leader on the issue of climate change.'¹⁹
- 5.10 Some investors have argued in the past that divestment from fossil fuels was not possible due to 'fiduciary duty', which is the legal obligation that formerly required trustees to act only in the best interests of their members. However, by adopting ethical investment policies, the Church has already recognised that its fiduciary duties do not oblige it to make investments which may be at odds with its moral standpoint. For example, it already excludes investments in companies whose income is generated by gambling, pornography and weapons of mass destruction. But it is appropriate for the trustees to assess the financial risks of exposure to fossil fuels, mindful that a growing number of institutions are making decisions to divest from fossil fuels for financial reasons.
- 5.11 A legal opinion from Christopher McCall QC²⁰, a leading expert on fiduciary duty, states that carbon intensive investments may be 'irreconcilable' for charities with a wide range of missions. According to McCall, where a clear conflict exists, trustees must divest from such investments, including fossil fuels, 'regardless of the financial consequences'.
- 5.12 Gunnela Hahn, Head of Responsible Investment at the Church of Sweden, summarised well the financial case for divestment: 'As a responsible investor we ... do not want to own, and thereby fund, the extraction of fossil fuels. Instead we want to own and fund companies that stand for solutions.'
- 5.13 An article was published on page 2 of the Financial Times on 4/5 August 2018, entitled 'Christians cross the Rubicon on fossil fuel divestment'. A clear case is made, and the article cites the URC Synod of Scotland as having acted on divestment, along with other Christian denominations including the Quakers in Britain and the Church of Ireland.

Section six: climate change: shareholder engagement and divestment

- 6.1 Several Churches have opted to pursue a policy of engagement with oil and gas companies, including putting forward resolutions at shareholder meetings. But with companies such as BP and Shell pursuing business strategies which will lead to a global average temperature rise of 3-5°C+ (ShareAction, 2017),

there is every sign that, while notice is being taken, the resultant action appears more concerned with addressing reputational damage rather than the climate crisis.

- 6.2 The former Archbishop of Canterbury, Rowan Williams, questioned the effectiveness of engagement in a July 2018 *Telegraph* article: 'So far, like many large institutions, the Church of England has argued for a strategy of engagement and influence from within. But the question has to be asked: how effective has this proved to date? Is engagement working? It is a good moment to sharpen up the response.'²¹
- 6.3 The National Synod of Scotland believes that engagement with fossil fuel production companies is not working with the speed necessary to bring about the change required, and that it is now time for the URC to divest. A Transition Pathway Initiative report published in November 2018 showed that **none** of the 10 major oil and gas companies have plans to align with Paris Agreement targets. Only two out of 10 companies have long term carbon reduction targets, although these still fall well short of alignment with the Paris Agreement, while half of the companies, including Chevron, in which the URC Trust invests, do not have any emission reduction targets at all.²²
- 6.4 While the major oil and gas companies publicly claim to support the Paris Agreement and some policies that could have a positive impact on climate change, such as a carbon price, they also belong to trade associations that proactively lobby against climate action. For instance, major oil companies including BP, Shell, and Chevron spent \$31.2 million (£24.8 million) to oppose a carbon pricing measure in Washington State in November 2018, which could have generated billions of dollars for clean energy and air programmes.²³
- 6.5 At Shell's AGM in May 2018, only 5.5% of shareholders voted in favour of a climate change resolution calling on the company to set emission reduction targets in line with the Paris Agreement. Shell urged shareholders to vote against the resolution, arguing that it was 'not in the best interests of the company'.²⁴
- 6.6 When Shell made an announcement in December 2018 that was welcomed by some investors, Jeremy Martin of the Union of Concerned Scientists wrote that 'the most striking thing...about Shell's decarbonization plan is that it is so utterly disconnected from the huge sources of emissions under Shell's control'.²⁵ It is important to note that the company has only pledged *ambitions* (rather than targets) to reduce the carbon *intensity* of its products, i.e. carbon per unit of energy produced – rather than a commitment to reduce absolute emissions tied to a baseline year or carbon budget.²⁶ This means that Shell can continue to grow its gas business for decades, given the lower carbon intensity of gas compared to oil.

- 6.7 Given that the Paris Agreement requires carbon emissions to reach net zero by 2050, Shell's ambition to halve the carbon *intensity* of its products by 2050 falls well short of what is required and relies on the massive deployment of 'negative emissions technologies', which either do not exist or are yet to prove themselves economically viable.²⁷
- 6.8 BP outlined plans in February 2017 to increase oil production by an average of 5% per year up to 2021.²⁸ BP's 2018 Energy Outlook forecasts that global carbon emissions will increase by more than 10% between 2016 and 2040,²⁹ which stands in complete opposition to the need for greenhouse gas emissions to peak by 2020³⁰ to meet the Paris Agreement's goal of reducing emissions to net zero in the second half of the century.
- 6.9 In February 2019, BP made a pledge to make its business strategy consistent with the Paris Agreement. However, as reported by the *Guardian*, 'the company will not be setting targets any time soon for 'Scope 3 emissions' produced by consumers using their products'³¹, which account for 80-90% of overall emissions. Meanwhile, BP continues to explore for new oil reserves in areas of considerable ecological significance, such as the mouth of the Amazon river.³²
- 6.10 Chevron allocated \$15.8 billion (£12.5 billion) of planned spending on oil and gas exploration and infrastructure in 2018.³³ It has regularly insisted on the critical role for fossil fuels and dismissed the case for stranded assets in its 2017 report, 'Managing Climate Change Risks: A Perspective for Investors.'³⁴
- 6.11 The URC could instruct CCLA Investment Management Ltd, to continue to pursue engagement by divesting from oil and gas companies, whilst maintaining the minimum possible number of shares to attend company AGMs. The University of Edinburgh, for instance, intends to continue such engagement with oil and gas companies following its commitment to divest from fossil fuels. However, the Church has a powerful moral voice in society, which provides opportunities for engagement without being investors: for instance, through public statements and/or events with the oil and gas sector.
- 6.12 While engagement can be effective with some issues, for example in governance practices, moderating directors' pay or committing to paying employees a Living Wage, it may be reasonably judged that shareholder engagement is unlikely to change the core business of fossil fuel companies. The capital intensive nature of fossil fuel infrastructure and the time lag between investment and returns in oil and gas production mean that it is very challenging for fossil fuel companies to successfully diversify from their core business.³⁵ Engagement efforts could be more effectively directed to companies in sectors such as the electricity and automotive industries, in order to reduce the demand for fossil fuels.
- 6.13 The November 2015 guidelines agreed by Mission Council are as follows:
Those responsible for investment decisions on behalf of the URC and its Trust bodies should:

- a) engage intensively with those companies in which they are invested that make a significant contribution to global greenhouse gas emissions (such as fossil fuel producers, electricity generation utilities, large energy users, and producers of energy intensive products) to encourage them to assist in the transition to a low carbon economy
- b) conduct corporate and public policy engagement wherever possible in collaboration with other investors, including through the Church Investors Group (CIG), the Institutional Investors Group on Climate Change (IIGCC) and the Carbon Disclosure project (CDP)
- c) not invest in any company where more than 10% of its revenues are derived from the extraction of thermal coal or the production of oil from oil sands
- d) disinvest, after appropriate engagement, from companies that make a significant contribution to emissions of greenhouse gasses and that are considered not to be taking seriously their responsibilities to assist with the transition to a low carbon economy
- e) where practicable increase their investments in climate change adaptation, and in sectors and activities such as sustainable energy, energy efficiency, carbon capture and storage that may make a significant contribution to reducing global greenhouse gas emissions or facilitating the transition to low carbon economy, to the extent that such investments meet their investment risk/return criteria
- f) continue to encourage those organisations that invest money on their behalf to build climate change into their investment practices and processes, in line with the goals and objectives set out in this climate change policy, including through integrating climate change into relevant requests for proposals and due diligence processes, making climate change an explicit part of their asset management appointment processes, integrating climate change into their investment principles, and monitoring their asset managers' approach to climate change
- g) monitor and report periodically on their implementation of this policy.

6.14 Since November 2015, Mission Council has not received any reports on the impact of engagement or future prospects for the URC Guidelines achieving change.

6.15 As a denomination, the URC may ask whether it is likely that our active engagement, even with other ethical investment partners, is likely to shift companies whose core business is fossil fuel production to companies whose core business is providing environmentally sustainable energy, ensuring that the temperature limits enshrined in the Paris Agreement are not breached and in a timeframe that prevents catastrophic climate change.

6.16 The good news is that if the URC wishes to see the development of alternatives to fossil fuels, it does not need to wait for fossil fuel companies to provide them. It can increase its current investment in those companies already building and operating wind and solar power. The choice is between 20th and 21st century technologies; between environmental degradation and a sustainable future.

Section seven: fossil fuel divestment and the wider Christian community

- 7.1 According to a 2017 ComRes poll commissioned by Christian Aid, 78% of respondents (2,000 adults) agreed that investing in companies that cause dangerous climate change is morally wrong, no matter how profitable it is.³⁶
- 7.2 Christian Aid published a statement in July 2018 urging Churches to divest from fossil fuels: 'As leading advocates for action on climate change, it is now time that the Churches divest from the fossil fuel industry. Continuing to profit from fossil fuel production is financially unnecessary and morally wrong; investing in the alternatives is the Churches' prophetic responsibility.'³⁷
- 7.3 The global divestment movement has grown exponentially in recent years, with more than 1,000 institutions with nearly \$8 trillion of assets under management making commitments to divest from fossil fuels. During 2018, New York City Pension Fund, the Church of Ireland and the Royal College of GPs are among those to join the World Council of Churches, the Anglican Church of Southern Africa and the Church of Sweden in committing to full divestment from fossil fuels.
- 7.4 UK Churches have also moved forward in divesting from fossil fuels and investing in clean technologies in recent years. Quakers in Britain and the United Reformed Church Synod of Scotland have committed to full divestment. In 2017, Methodist Conference voted in favour of divestment by 2020 from oil and gas companies that have not aligned their business investment plans with the Paris Agreement targets. In July 2018, the Church of England General Synod voted to complete divestment by 2023 from oil and gas companies that are not on track to meet the Paris Agreement targets.
- 7.5 The World Council of Churches published a statement ahead of the UN climate talks in Poland in December 2018, urging its member Churches to 'urgently intensify their advocacy and action for climate justice... by divesting from fossil fuels and undertaking faith-consistent impact investments in renewable energies'.³⁸

Section eight: climate change: sustainable technologies and positive investment

'It is incumbent on those who have generated the most greenhouse gas emissions and derived the greatest benefit from relatively cheap and accessible fossil fuels to pioneer the path towards alternative energy futures'
– *Hope in God's Future*³⁹

- 8.1 With each passing month, we are witnessing rapid developments in renewable energy and clean technologies, from solar and wind energy to electric vehicles to battery storage. These technological developments both threaten the future of fossil fuels and provide opportunities for investors.

- 8.2 A combination of climate related regulation, developments in clean technologies and falling costs, and socio political pressures such as the divestment movement and changing consumer attitudes, threaten a perfect storm for the fossil fuel industry. The pace of change could surprise us all, not least because of the rapid development and application of new and sustainable technologies, and because of the imperative to avoid the worst impacts of climate change.
- 8.3 Mark Carney, Governor of the Bank of England, said in 2015: ‘Financing the decarbonisation of our economy is a major opportunity... It implies a sweeping reallocation of resources and a technological revolution, with investment in long-term infrastructure assets at roughly quadruple the present rate.’⁴⁰
- 8.4 Morgan Stanley estimates that energy from renewable sources will be the cheapest form of power in ‘nearly every country’ by 2020.⁴¹ Electric vehicle (EV) sales are expected to grow from 3 million in 2017 to 125 million by 2030, according to the International Energy Agency,⁴² as governments implement policies such as bans on new sales of petrol and diesel cars. Volvo has announced plans to make only fully electric or hybrid cars from 2019 onwards⁴³ and several other major car manufacturers also plan to expand their production of electric cars.⁴⁴

Section nine: climate change: the defining moral case for action

- 9.1 Beyond recent developments in terms of scientific understanding, politics and the response by other Churches, there is a separate moral case not to invest fossil fuel companies.
- 9.2 As a Church, the moral and theological case should be considered first and foremost. For those directly involved in the worship and commitment of local congregations, the previous encouragements merely to ‘celebrate’ creation, or act as good *stewards*, are superseded by a compelling call to solidarity and partnership with people and planet, as the effects of the crisis take hold.
- 9.3 Churches and their investment boards have a duty to ensure that their investments do not compromise the ethical position of their institutions. Given the impact of climate change around the world, caused by the emissions of fossil fuels, can the URC continue to invest in fossil fuel companies? It is deeply uncomfortable for the Church, called as it is to embody the love of God, to continue to invest in something which causes the very harm it seeks to alleviate.
- 9.4 Through divesting from fossil fuels and investing in clean alternatives, the URC can play a vital role in bringing about the change it wants to see in the world. The Revd Rachel Mash, Environmental Coordinator of the Anglican Church of Southern Africa, has said: ‘The burning of fossil fuels is leading to climate change, which will increase poverty and hunger. We are on the cusp

of a transition to green energy and divestment is a practical action that Churches can take to encourage this transition to take place more quickly.’

- 9.5 A key objective of divestment is, by ceasing to profit from organisations that are causing climate change and by doing so in as public a manner as possible, to make a statement that it is unacceptable to profit from such organisations. The Church has made similar statements through its decision not to invest in other areas, such as companies involved in the production of weapons, tobacco and coal and tar sands. According to researchers at the University of Oxford, divestment is succeeding in this aim and the reputation of the fossil fuel industry has been hit, posing a far reaching threat to the sector.⁴⁵
- 9.6 There is mounting evidence that divestment is having a financial effect on fossil fuel companies. Shell's 2017 annual report acknowledged divestment and climate litigation as material risks to the company's bottom line.⁴⁶

Section ten: climate change and the URC – time to choose

- 10.1 In the past, Christian investors have played an important part in the fight against apartheid and in the rise of Fairtrade certification, their discipleship being reflected in their investment decisions. We call on the Church to now act in a similarly prophetic way with respect to fossil fuel corporations.
- 10.2 The National Synod of Scotland considers that the URChurch should, in the words of Desmond Tutu, ‘move money out of the problem and into solutions’ by divesting from fossil fuels and increasing investment in renewable energy and clean technologies. Furthermore, the Church should ‘shout it from the rooftops,’ encouraging other investors to do the same and bearing witness to our congregations and the whole of society about the future we want to see.

Resolution

Mission Council, acting on behalf of the General Assembly, agrees that the ethical investment guidelines on climate change issues be updated as follows:

It is the wish of the United Reformed Church that those responsible for investment decisions on behalf of the Church and its Trust bodies should:

- a) not invest in fossil fuel companies whose total turnover is more than 10% derived from the extraction and/or supply of fossil fuels, including thermal coal, natural gas and oil
- b) complete the divestment required to fulfil this decision by the time the URC General Assembly meets in 2020
- c) widen their proactive role as investors, by engaging further with companies whose activities foster significant carbon emissions, for example the electricity and automotive industries, and producers of energy intensive products (e.g. cement)

- d) refocus the Church's investment portfolio by scaling up investment in renewable energy and clean technologies.

Mission Council further resolves to:

- e) encourage publicity of these actions and the rationale behind them, so that the URC can use its influence to advocate an end to the exploration for new oil and gas reserves, and the managed decline of fossil fuel production
- f) advocate to the UK government and others for action to foster the transition to a net zero carbon economy.
- g) encourage other URC synods and local URC churches with investments to divest from fossil fuels, and reinvest in clean alternatives
- h) support and encourage churches and church members to reduce their consumption of fossil fuels, and so participate in a just transition to a zero-carbon future
- i) request the Resources Centres for Learning to ensure that those being prepared for service and leadership are cognisant of the global and spiritual context of the climate crisis.

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⁵ WHO, World Health Organisation fact sheet: 'Climate change and health', February 2018, <https://www.who.int/news-room/fact-sheets/detail/climate-change-and-health>

⁶ United Reformed Church, 'Environmental Policy for the United Reformed Church', 2016, https://urc.org.uk/images/mission/church_and_society/Resources/Environmental_Policy_2016_with_Resolution.pdf, p.2

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⁸ Carbon Brief, 'Analysis: Fossil-fuel emissions in 2018 increasing at fastest rate for seven years', 5 December 2018, <https://www.carbonbrief.org/analysis-fossil-fuel-emissions-in-2018-increasing-at-fastest-rate-for-seven-years>

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