THE CHURCH OF ENGLAND

The Church of England Pensions Board is today announcing its intention to disinvest from Shell plc and other oil and gas companies which are failing to show sufficient ambition to decarbonise in line with the aims of the Paris Agreement.

The new investment restriction announced today will apply to all oil and gas companies that do not have short, medium and long term emissions reduction targets aligned with limiting global warming to 1.5°C, as assessed by the independent Transition Pathway Initiative. The exclusion will apply to equity and also debt investments.

“Today we announce our intention to disinvest from all remaining oil and gas holdings across our equity and debt portfolio,” said John Ball, Chief Executive Officer of the Church of England Pensions Board. “There is a significant misalignment between the long term interests of our pension fund and continued investment in companies seeking short term profit maximisation at the expense of the ambition needed to achieve the goals of the Paris Agreement. Recent reversals of previous commitments, most notably by BP and Shell, has undermined confidence in the sector’s ability to transition”.

The Pensions Board has engaged the sector over the past ten years with a view to bolstering the level of ambition in company strategies to decarbonise in line with the Paris Agreement. While some companies have come close to achieving alignment as assessed by the TPI, none have met the threshold to remain investible.

As a result, the Pensions Board will no longer prioritise engagement with the oil and gas sector on climate change and will instead refocus its efforts on reshaping the demand for oil and gas from key sectors such as the automotive industry.

The Pensions Board will be seeking robust commitments related to the use of oil and gas from demand sectors such as aviation, utilities, automotives, and steel. It will continue to engage policy makers on the need for greater ambition in public policy – including a phase-down of oil and gas which take account of the different needs of emerging and developing countries.

Further information

- The Pensions Board has engaged with the oil and gas sector on climate change for over a decade, and has conducted a very intensive engagement with Shell. In 2021, we signalled support for Shell's Climate Transition Plan, but called for greater ambition. At Shell's 2023 Annual General Meeting the Pensions Board expressed disappointment that Shell had failed to increase the ambition of its short, medium and long term emissions reduction targets and called for it to increase its ambition on climate change.
- The Pensions Board uses the Transition Pathway Initiative's Carbon Performance Methodology as applied to oil and gas companies, to assess the alignment of oil and gas companies' emissions reduction targets in the short, medium and long-term with pathways that limit global warming to 1.5C. At this time, no oil and gas majors receive an assessment of alignment with a 1.5C pathway and therefore at its meeting in early June the Board resolved to exclude these companies.
- It is intended that all of our funds will be subject to this decision. Implementation in the main funds will be completed within four months. A small number of third party member-select funds (representing less than 2.3% of our total AUM) require governance level changes, which means that the implementation timeline is longer.
- The Church of England Pensions Board most recently held £1.35 million across equity and debt in Shell plc, and approximately £7m in equity and debt across oil and gas companies in our common investment fund.
