

GENERAL SYNOD**Intensifying Engagement and Disinvestment in Fossil Fuel Companies****Summary**

The National Investing Bodies (NIBs) are proposing a motion on Climate Change and Investment (GS 2093). The Diocese of Oxford will be proposing an amendment that will seek to change a crucial clause of this motion as follows:

“(e) urges the NIBs to engage urgently and robustly with companies rated poorly by TPI and to divest from any fossil fuel company which is not on an unequivocal path by 2020 to aligning its business investment plan with the Paris Agreement to restrict global warming to well below 2°C”

The amendment gives the NIBs much greater authority to engage more robustly with fossil fuel companies within a more urgent time frame in response to the timetables set out in the Paris Agreement and the IPCC reports.

The debate on the amendment will give the General Synod a critical opportunity to debate a key current issue in environmental and investment ethics and to demonstrate urgent and credible leadership within the United Kingdom and the Anglican Communion on one of the most pressing ethical questions of the age.

History of Amendment**Oxford’s Motion on intensifying TPI engagement**

1. In March of this year Oxford Diocesan Synod considered an amended form of its 2014 motion calling for a phased divestment from fossil fuel companies. This amended motion responded to developments since 2014 and sought to strengthen and intensify the engagement the NIBs are pursuing through TPI by urging divestment from any company which had not “aligned their business investment plans with the Paris Agreement target of a global average temperature rise well below 2°C” by 2020.” After an extended debate the motion was overwhelmingly passed. The wording of the revised motion was inspired by and in line with a similar Memorial passed by the Methodist Church at its 2017 Annual Conference.

Oxford’s proposed Amendment

2. Our proposed amendment of the NIBs motion seeks faithfully to reflect Oxford’s diocesan motion, while also clarifying its intentions. In view of the scientific and financial case for a peak in carbon emissions as soon as possible, our amendment calls on the NIBs to begin divestment from any fossil fuel company which has not demonstrated that it is on “an unequivocal path by 2020 to aligning its business investment plan with the Paris Agreement” to restrict global warming to well below 2°C”.

Affirmation of NIBs engagement

3. We affirm the substantial progress made by the Ethical Investment Advisory Group and the NIBs in influencing companies on a range of issues through active shareholder engagement. This is a very significant achievement. Our amendment aims to refine one aspect of this policy in relation to fossil fuel companies. There is growing international debate on this issue and a growing list of investors and institutions seeking more rapid divestment from fossil fuels. The Church of England and the NIBs need to offer more vigorous ethical leadership in this area.

The Paris Agreement and the Fossil Fuel sector

4. The Paris Agreement requires governments to pursue policies for “holding the increase in the global average temperature to well below 2°C above pre-industrial levels” and “to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.” On current trends the average global temperature rise will reach 1.5°C by 2040 and 2°C by 2060. For the temperature rise to be halted at any level, net emissions of CO₂ must fall to zero; therefore, to achieve the Paris Agreement the world must have net zero carbon emissions by around 2050. Rises in temperature are not evenly distributed. In the parts of South Africa where Oxford has a link diocese, temperatures could “rise at about twice the global rate of temperature increase”. Global warming and climate change are a present reality for many of our sisters and brothers experiencing drought, extreme weather events and rising sea levels¹.
5. Holding the increase in global warming to well below 2 degrees, let alone 1.5°C demands a range of measures in which individuals, companies and governments all have a critical part to play. Pope Francis has called for an ecological conversion of individuals and communities. UK Church leaders have noted that we need to apply the best of our intellectual, economic and political resources to this task².
6. Reducing the world’s reliance on fossil fuels and shifting towards large-scale renewable energy supplies are vital parts of the change required. Achieving the aims of the Paris Agreement requires at least two thirds of known fossil fuel reserves – including 30% of oil and 50% of gas reserves³ - to remain unburned, or if they are burned, for the carbon dioxide generated to be safely and permanently stored out of the atmosphere. The need for rapid change is

¹ This paper draws on an unpublished briefing paper produced by Rupert F. Stuart Smith and Matthew C. Ives of Oxford University’s Environmental Change Institute and Smith School of Enterprise and the Environment.

² <https://pilgrimage2paris.files.wordpress.com/2015/06/lambeth-declaration-on-climate-change.pdf>

³ From the Nature article: <https://www.nature.com/articles/nature14016>

urgent. Each year that goes by before the world reaches peak carbon emissions, increases the challenge and expense of reaching net zero carbon emissions by 2050. The question of engagement/divestment in fossil fuel companies must therefore be even more urgent and robust than engagement/divestment in other companies.

7. Fossil fuel companies which have no plans for a carbon zero future are relying on generating profits and shareholder returns from oil and gas deposits which the Paris Agreement and protocols have declared must not be burned if global warming is to be kept below 2°C. The burning of these fossil fuel deposits will contribute significantly to global warming and catastrophic consequences for the planet and the poorest people in the world. The Church of England and other responsible investment bodies must not be beneficiaries of practises which are not aligned with the Paris Agreement.

Engagement and The Transition Pathway Initiative (TPI)

8. The NIBs are to be congratulated both for their work in coalitions and the Transition Pathway Initiative in bringing together asset managers and owners responsible for \$6.5 (£5) Trillion in their engagement with fossil fuel companies and others. Such large and wide-ranging partnerships hold promise for a greater impact than the Church of England could accomplish on its own. The mixed success of engagement-focused coalitions in introducing and backing share-holder resolutions at AGMs of major oil and gas companies, including BP, Shell and ExxonMobil, however, is also to be noted.
9. As the TPI states, most companies are still not providing enough disclosure about emissions to enable accurate assessments of their strategies. In the case of Shell and ExxonMobil, the disclosures on climate risk that followed from the shareholder action have been rated by financial and scientific groups as showing an unwillingness to address key issues. A subsequent Church of England backed resolution, which called for change at Shell in the form of tougher carbon emission targets, moreover, received only 5.54% of shareholders' votes.
10. Our concerns are heightened by the fact that the present NIB's motion calls only for divestment from laggards— a relative and imprecise term by contrast, a clear ethical standard of divestment seems likely to help create the significant shift in public opinion necessary to move companies to urgent action.
11. In January, 2018, the Oxford Martin institute published a much more demanding set of criteria to guide engagement/divestment debates among shareholders and public bodies⁴. We commend these principles to the TPI and the NIBs in relation to their investments in fossil fuel companies. The principles are:

⁴ For more information see: https://www.oxfordmartin.ox.ac.uk/news/2018_new_corporate_principles

- (i) Commit to reaching net zero emissions by 2050 from their business activities
- (ii) Develop a plausible and profitable net zero business model
- (iii) Set out quantitative mid-term targets compatible with their net zero goal

The Wider Church

13. In 2015 a group of Bishops from across the Anglican Communion issued *The World is our Host: A Call to Urgent Action for Climate Justice*. In this pastoral letter to Anglicans worldwide, after describing the challenges and suffering already experienced by many of their flocks, they called “for a review of our churches’ investment practices with a view to supporting environmental sustainability and justice by divesting from industries involved primarily in the extraction and distribution of fossil fuels.”
14. More than 730 institutions representing trillions of dollars of assets have already committed to or implemented a policy of divestment from fossil fuels. These include many Churches and faith groups (the Church of Ireland, the Church of Sweden, the World Council of Churches and the Quakers in Great Britain among them as well as pension funds, philanthropic foundations, towns, regional governments, universities and others)⁵
15. The Paris Agreement represents genuine hope for the future in addressing the huge environmental challenges of the 21st Century. As the Church of England we need to play our part in offering courageous and coherent leadership both in the United Kingdom and across the Anglican Communion.
16. The NIB’s motion calls for urgent and robust engagement with fossil fuel companies. In the light of the clear and present danger of climate change, the Oxford amendment gives to the NIB’s the General Synod’s authority to intensify engagement and divestment in a way which is appropriately robust and truly urgent. We ask for the support of the Synod.

Rt Revd Dr Steven Croft, Bishop of Oxford
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⁵ Source: <https://gofossilfree.org/divestment/commitments/>