

Good afternoon Synod. My name is Loretta Minghella and I speak to you in my roles as First Church Estates Commissioner and Chair of the Commissioners' Assets Committee, the Committee which makes the strategic decisions about investment and divestment of the Church's endowment fund.

I am joined for this presentation by Jonathan Spencer, Chair of the Pensions Board. Together we will be reporting back on behalf of all 3 national investing Bodies on what we have been doing since 2015 - when we committed to concerted action as investors in the fight against climate change and to report back to you in 2018.

After we have made our remarks, the Bishop of Oxford will give a five-minute presentation on the background to the amendment that he will move in the debate that follows this presentation. I will then wrap up.

Back in early 2015, I was the Chief Executive of Christian Aid and a new member of the Church's Ethical Investment Advisory Group, the EIAG. I joined it fresh from a trip to the Philippines where I had visited the recovery work Christian Aid had been doing in response to the massive Typhoon, Haiyan, which struck there at the end of 2013. Over 6000 people died and millions more were displaced.

In Tacloban, one of the areas hardest hit, I sat with a group of survivors and listened as the tales of bereavement and trauma poured out. In this coastal community, the typhoon had whipped up a huge body of water 6 metres high which had swept in, wrecking homes and carrying people upwards and inland, claiming many victims on the way. One woman told me that for her, it had been a case of swimming for hours in this body of water, with her 4 children calling out,

"Mum, Mum, how long do we have to keep on swimming?"

And she replied, "just a bit longer, just a bit longer."

"How much longer?"

"Just a bit longer."

"How long Mum?"

'Just a bit longer.'

'How.....?'

And she said to me,

'I still don't know how I kept on swimming.'

And then came her challenging question to me: "So what are you doing about climate change?" Her question is seared in my memory.

As the Ethical Investment Advisory Group, the EIAG, advised back in 2015, ‘humankind has a divinely mandated responsibility for the physical world, for its creatures and for one another, especially the weakest... This mandate ... requires us to do all we can to minimise whatever is damaging creation ...and to promote all that is good and that brings the kingdom of heaven into ever greater realisation on earth.’

Climate change is the most complex and important social, economic, environmental and moral issue of our time. It is claiming lives and ruining livelihoods. And the National Investing Bodies know it to be a wicked problem in every sense of the word. Because whatever we conclude today about what should happen to the Church’s money in the next few years, we will all go home to lives that remain, for the time being, fossil-fuel dependent.

But we cannot emigrate to another world; we cannot negotiate with the weather. We need real world, urgent, practical change to cut carbon emissions dramatically. We all have to embrace that Big Shift away from fossil fuel dependency to embrace new forms of energy as fast as we can.

At the end of 2017, we, the Church Commissioners, had under 5% of our listed equities portfolio in the world’s big oil and gas companies, and I am glad to say companies working on climate solutions comprised nearly 10% We are already making the Big Shift.

Still, it was absolutely right in 2015 that the EIAG advised the National Investing Bodies that we have a responsibility to promote the urgent need for change. As I said in the video, our investments give us the opportunity to be in the room and frame the conversation with fossil fuel companies, to keep the pressure on them to play a full part in the transition. That is a mandate that we have taken very seriously.

Winning arguments as a shareholder requires winning the hearts and minds of institutional shareholders. That’s what being institutional investors enables us to do. We’ve shown that we can do it time and time again. Leading a massive shareholder revolt against Exxon management last year is our best known example. Having this huge opportunity to press the case for change brings with it a huge responsibility to make the absolute most of it.

And in my first eight months as First Commissioner, I’ve seen close up just how much the National Investing Bodies have achieved – so much more than I ever imagined. I see now with greater clarity the powerful role institutional investors are able to play.

I’m now going to hand over to Jonathan Spencer to explain what we have been doing since 2015 on each of the specific commitments we made.

[Jonathan speaks to his slides]

Thank you, Jonathan.

I co-chaired the Summit at the London Stock Exchange on Monday that Jonathan referred to, reviewing with others who have backed the Transition Pathway Initiative the state of transition towards a low carbon economy.

I was struck by the strength of the convening power of the Church as an investor. Participants came for the Summit from many different parts of the world's investing community, reflecting the increasingly global backing for our initiative. We were able to engage there with the Chair of Shell, and the Chief Executive of Anglo American, to take two high profile examples.

It's only 18 months since the Transition Pathway Initiative was launched but it is already being hailed by investors and companies alike as having created a measurement tool which really meets the thirst for leadership and the thirst for reliable, transparent data about the state of transition of the biggest fossil fuel companies. Other investors kept coming up to me at the Summit, thanking me for the Church of England's leadership, urging us to keep going, saying that they need us.

I'm too new to take any credit for it but as a member of the Church of England I am really proud of what the National Investing Bodies have achieved! The credit goes to people like Edward Mason, the Commissioner's head of responsible investment and Adam Matthews, Co-Chair of the Transition Pathway Initiative and Director of Ethics and Engagement at the Pensions Board. They were both voted in the top 5 in a global survey of responsible investors. With a problem of this magnitude, I'm so grateful that we have some of the world's very best people on our team.

The big conclusion of the Summit was that many of the key companies are making progress but that it really needs speeding up. Because we have to get to a place where we can meet the Paris agreement vision of limiting the effects of climate change to 'well below 2 degrees of warming' if we want to avoid climate chaos. So we need to build on the momentum which is now gathering behind TPI in the investment and corporate community.

Meanwhile, time is not on our side. When TPI was launched last year we already made clear then that we would need to start to separate the sheep from the goats in 2020 – to separate the ones who are making a real effort and the ones who are burying their heads in the sand or who are simply too arrogant to change. In some instances, there will, I anticipate, be a clear case for disinvestment. If that is our view in 2020, based on our TPI data and our engagement experience, please be clear that we will then disinvest. This is also my message to any fossil fuel companies listening today.

But there will, at that point, still be companies that are ready and willing to change, who have indeed started to change but who can and must urgently do more to make themselves safe. Those are the ones which will require the most intensive engagement at that point. There will be a period of extra time, if you like, in which it is worth pushing them further.

Because if all financially and environmentally significant companies aligned behind this tool in the next few years, and got their business plans publicly in line with what is needed, it would be transformational. We want to do everything we can as institutional investors to make sure that happens.

At this point, I will invite the Bishop of Oxford to speak.

[To wrap up the Presentation:]

Thank you +Steven.

Synod, as you can see, the National Investing Bodies and Bishop Steven agree about many important things. Many of the perceived differences are more apparent than real.

The important difference between us boils down to this: To say now that we should be forced to blow the final whistle on our holdings based purely on a company's progress by 2020 is too blunt, given where things currently stand. We need to be able to judge, based on our TPI data and our engagement experience, whether it is indeed the moment to disinvest or whether a further final period of intense engagement could yet pull the company over the line. Because we don't need these companies to fail, we need them to change. If we believe we could achieve a greater impact on climate change by staying in the conversation, to disinvest would be an abdication of responsibility given the leadership position we now occupy.

Premature disinvestment leaves us unable to rely on our own judgment, out of the room, without a voice. It would leave the investors we are partnering with bewildered, weakened at precisely the wrong moment, in this crucial period, without the Church of England's leadership they have appreciated so much.

Meanwhile our shares would have changed hands and gone to people who may not care about climate change at all. In addition, our reputation as experts in the field of investor engagement would be shredded, our ability to build and lead investor coalitions forever undermined. We must beware the serious unintended consequences of declaring defeat too soon.

In the next five years we have a mountain to climb. We are not naïve about how tough it will be. Please don't set us up to fail. Right now, we're looking for your affirmation, your prayer and your support.

In my mind's eye, as your First Commissioner, there will always be one woman asking, 'What are you doing about climate change?' And I want to be able to say to her, and to all those suffering its impacts: We see you, We hear you and you don't have to keep on swimming any more.