

 <p>The United Reformed Church</p>	<p>Thames North Synod 16th March 2019 Supporting Paper on Divestment for Thames North</p>	<p>Paper F</p>
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(1): Caring for creation and the ethics of investment in fossil fuels

As human beings, made in God’s image, we have a unique responsibility for the wellbeing of creation. We are called to steward God’s good creation for its flourishing. We are called to minimise whatever is damaging creation and promote the kingdom of God on earth.

Yet action by individuals alone is not enough in response to the scale of the global challenge posed by climate change. Change is needed not only by individuals but collectively, as Churches and Christian communities, and at all levels.

Hope in God’s Future, a report commissioned by the Methodist Church, United Reformed Church and Baptist Union states, ‘The demands of justice and love for these neighbours [in locations threatened by climate breakdown] are even stronger than the claim of the man cared for by the Good Samaritan: here are nations left wounded by our negligence in the past, whose injuries we continue to worsen through our irresponsibility in the present. Closing our ears to this call would be nothing less than giving up our claim to be Christ’s disciples.’¹

Hope in God motivates us to take action that can lead to transformation, for by God’s power at work within us, God is able to accomplish more than we can imagine. Despite the very serious effects of climate change, despair is not an option for Christians.

Through God we hope for new life for all creation (Romans 8:19-25). This hope is ‘not a naïve confidence that bad things will not happen’,² but an empowering hope to invigorate our daily lives. Christian hope is not an alternative to wise and moral actions in response to the situations that confront us. Rather, it is ‘a reason for bold action in the world in accordance with God’s will for creation, not an excuse for inaction’.³

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.⁴

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

¹ Hope in God’s Future, p.17

² Hope in God’s Future, p.15

³ Hope in God’s Future, p.15

⁴ ComRes, Christian Aid – Public Attitudes to Banks and Fossil Fuels, 2017: <http://www.comresglobal.com/polls/christian-aid-publicattitudes-to-banks-and-fossil-fuels/>

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.⁵

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, can the Church 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 climate change.

(2): The impact of fossil fuel divestment

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.

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.

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'.⁶

Through divesting from fossil fuels and investing in clean alternatives, the United Reformed Church can play a vital role in bringing about the change it wants to see in the world. Rev 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.'

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

⁵ Church investment in fossil fuels: A position statement from Christian Aid, July 2018: <https://www.christianaid.org.uk/resources/campaigns/time-divest-fossil-fuels>

⁶ World Council of Churches, Statement on COP 24 and Just Transition to Sustainable Economy, 7 November 2018 – Available from: <https://www.oikoumene.org/en/resources/documents/executive-committee/upsala-november-2018/statement-on-cop-24-and-just-transition-to-sustainable-economy/view>

succeeding in this aim and the reputation of the fossil fuel industry has been hit, posing a far-reaching threat to the sector.⁷

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.⁸

(3): The financial case for divestment

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 unimaginable cost to us all.

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.⁹ 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.

(4): Engagement with fossil fuel companies

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 leading to a global average temperature rise of 3-5°C+ (ShareAction, 2017), there is little sign that notice is being taken.

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.'¹⁰

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

7 B. Caldecott et al, University of Oxford Smith School of Enterprise and the Environment, 'Stranded assets and the fossil fuel divestment campaign: what does divestment mean for the valuation of fossil fuel assets?', 2013, www.smithschool.ox.ac.uk/publications/reports/SAP-divestment-report-final.pdf, p.13

8 Shell Annual Report 2017 – Strategic Report, https://reports.shell.com/annual-report/2017/servicepages/downloads/files/strategic_report_shell_ar17.pdf, p.13

9 <https://www.axa.com/en/newsroom/press-releases/axa-accelerates-its-commitment-to-fight-climate-change>

10 *Telegraph*, 'Moral Christians must press the Church of England to pull its money out of fossil fuels', 7 July 2018, <https://www.telegraph.co.uk/news/2018/07/07/moral-christians-must-press-church-england-pull-money-fossil/>

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.¹¹

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.¹²

(5): Conclusion

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.

The United Reformed Church 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.

¹¹ Transition Pathway Initiative, Carbon Performance Assessment in Oil and Gas: Discussion paper, November 2018, <http://www.lse.ac.uk/GranthamInstitute/tpi/wp-content/uploads/2018/11/Oil-and-gas-discussion-paper.pdf>, p.5

¹² Union of Concerned Scientists, Fossil Fuel Giants Are Pumping Out Greenwashing – Their Tricks Won’t Work, 13 November 2018, <https://blog.ucsusa.org/kathy-mulvey/fossil-fuel-giants-are-pumping-out-greenwashing-their-tricks-wont-work>