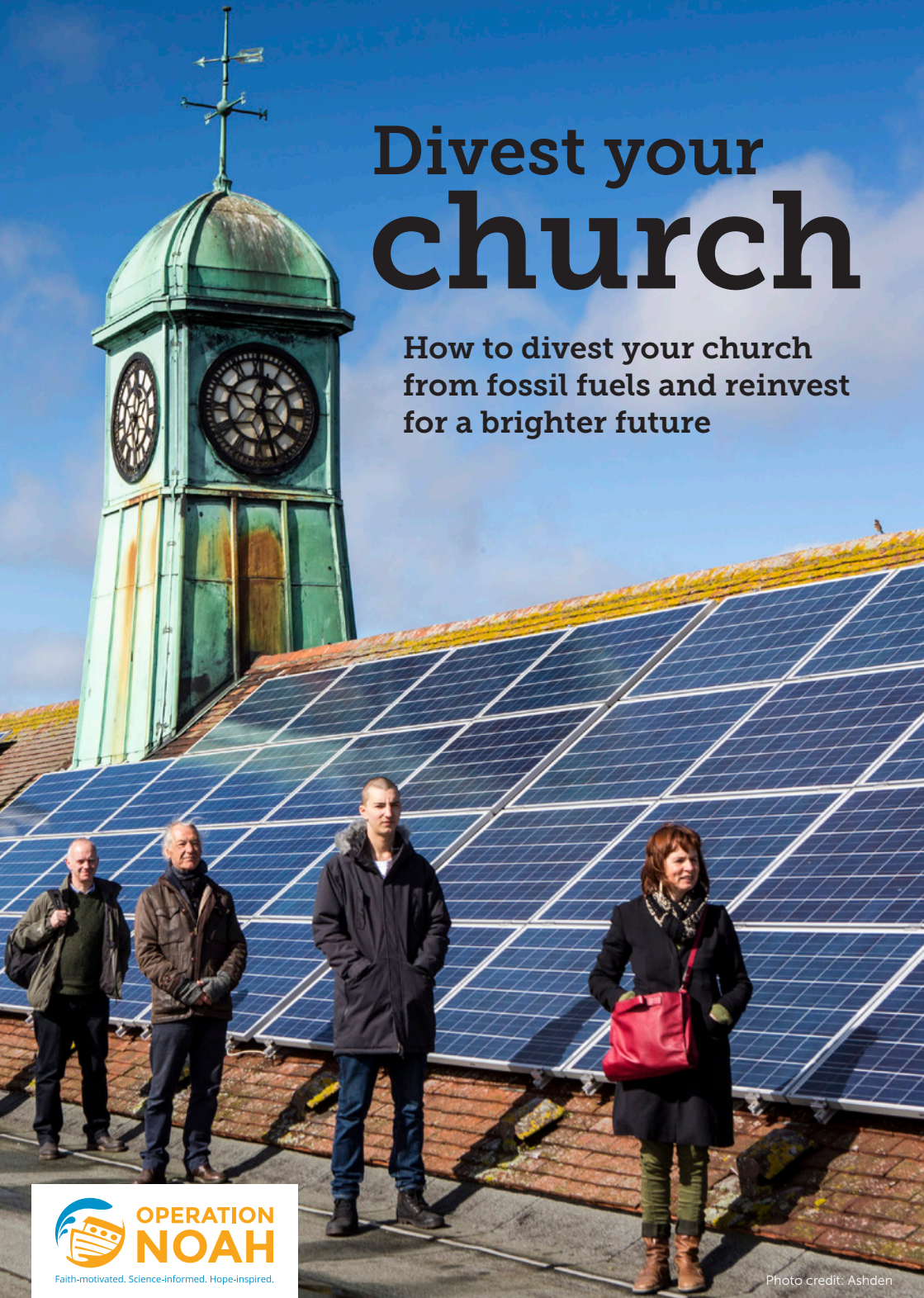


Divest your church

How to divest your church
from fossil fuels and reinvest
for a brighter future



**OPERATION
NOAH**

Faith-motivated. Science-informed. Hope-inspired.

Photo credit: Ashden

Bright Now – the campaign for fossil free Churches

Operation Noah launched the Bright Now campaign in 2013, calling on UK Churches to divest from fossil fuels and invest in clean alternatives. Since then, several UK Churches have responded by making divestment commitments, including Quakers in Britain and the United Reformed Church Synod of Scotland, which have committed to full divestment from fossil fuels. The Church of England and the Methodist Church have divested from coal and tar sands but continue to invest huge sums in oil and gas companies.

What is fossil fuel divestment?

Divestment, or disinvestment, is the opposite of investment. While investment means buying stocks, bonds or other investments in order to generate financial returns, divestment is moving investments out of particular stocks, bonds or investment funds. This could be for ethical reasons, financial reasons or a combination of the two.

Why divest?

At the UN climate talks in Paris in December 2015, world leaders committed to keep global temperature rises 'well below 2 degrees Celsius above pre-industrial levels' and 'pursue efforts to limit the temperature increase to 1.5 degrees Celsius' to protect humanity from the worst impacts of climate change. We know that it will not be possible to meet these goals while continuing to extract and burn fossil fuels.

We believe it is no longer ethical to invest in the fossil fuel industry, which shows little or no sign of attempting to change its behaviour to respond to the risks of climate change. Fossil fuels are also becoming an increasingly risky investment, since the vast majority of fossil fuel reserves will need to stay in the ground (see page 14 for more on the financial reasons for divestment).

What your local church can do

Our ultimate aim is for the national Churches in the UK to follow the lead of the World Council of Churches, the Church of Sweden and the Anglican Church of Southern Africa in committing to full divestment from fossil fuels. Local churches can show their support by making a commitment to divest (or, for those without existing fossil fuel investments, committing not to invest in fossil fuels in future) and writing to national and regional Church investors calling on them to do the same.

The steps



Commit

Make a commitment to divest from fossil fuels.



Communicate

Write to national/regional Church investors to communicate your decision.



Switch

Move to a 100% renewable energy supplier.



Reinvest

Move your investments and/or switch to a fossil-free bank account.

'People of conscience need to break their ties with corporations financing the injustice of climate change.'

Desmond Tutu (former Archbishop of Cape Town and Nobel Peace Prize winner)

'Ask your churches and religious institutions to align their spiritual assets with their financial assets.'

Christiana Figueres (UN climate chief, 2010–2016)

Step 1 Commit

Make a commitment to divest from fossil fuels

By making a commitment to divest from fossil fuels, your local church can make a big difference in supporting the campaign for national Churches to divest from fossil fuels.

First of all, you will need to find out how your church finances are managed – perhaps by asking your minister or church treasurer. Your church may just have a bank account or it may hold investments as well. Either way, your church can commit to divest.

In order to make a divestment commitment, your church would be asked to:

1. Immediately freeze any new investment in the top 200 publicly traded fossil fuel companies
2. Divest from direct ownership and any commingled (pooled) funds that include fossil fuel public equities and corporate bonds within five years.

If your church does not have existing investments, it can commit to avoid investing in fossil fuels in the future. It is not necessary to switch bank account to make a divestment commitment, but if you are interested in fossil-free banks please see page 12.

In most cases, investment decisions are made by the church governing body (PCC, church council or meeting) or a church treasurer. You could ask your minister who makes these decisions and how you could put forward a proposal on divestment. By working with at least one other person, you can encourage each other and show broader support for divestment in the church.

Please let us know if your church makes a divestment commitment! By making a public commitment, your church can have an impact in your wider church and society. To register your commitment, contact James Buchanan on james.buchanan@operationnoah.org.

CASE STUDY

Brighthelm United Reformed Church, Brighton

In May 2014, Brighthelm United Reformed Church became the first local church in the UK to divest from fossil fuels.

The church held some investments, which were managed by a broker on its behalf. Brighthelm had an ethical investment policy, yet this did not view fossil fuel investments as unethical.

That view changed when Brighthelm's Trustees read about Operation Noah's Bright Now campaign and the decision of Quakers in Britain to divest. They realised that Brighthelm's investments in fossil fuels were incompatible with the Christian gospel, with its message that all creation is loved and valued by God.



Step 2 Communicate

Write to national/regional Church investors to communicate your decision

So you've made a commitment to divest from fossil fuels (thank you!).

As a local church, you can now increase your impact by encouraging your denomination, both nationally and regionally, to make further steps to divest from fossil fuels.

If you are in the **Church of England**, this will involve writing to the Church Commissioners (with regard to national Church investments) and contacting your local diocese. The best person to contact is usually the Diocesan Finance Officer, and you may wish to copy your local Bishop in to correspondence.

In the **Methodist Church**, you could write to the Methodist Central Finance Board (CFB) and approach your local Circuit or District. If your church, Circuit

or District holds investments with the CFB, it could commit to divest from fossil fuels in a maximum of five years and state that it would urgently consider moving its investments if the CFB has not divested before then.

As a member of the **United Reformed Church**, why not encourage your local Synod to divest (as the URC Synod of Scotland has done)? Your local church could put forward a resolution calling on Synod to divest from fossil fuels.

For template letters and further information about other Churches, please contact James Buchanan on james.buchanan@operationnoah.org.

CASE STUDY

United Reformed Church Synod of Scotland

The United Reformed Church Synod of Scotland committed to full divestment from fossil fuels in 2015. Their Moderator at the time, the late John Humphreys, said, *'I'm delighted that the Synod has shown a clear commitment to ethical investment. We hope and pray that other Churches will feel able to respond ethically to the growing threat of catastrophic climate change.'*

His successor, Revd Dr David Pickering, says: *'As time passes, the need for significant action to move towards a zero-carbon economy grows ever more acute. This is a matter of justice for the most vulnerable and for future generations and shows proper respect for, and wise stewardship of, God's gift of creation.'*



Step 3 Switch

Move to a 100% renewable energy supplier

Burning fossil fuels to generate electricity is currently the UK's largest contributor to greenhouse gases. But we can do something about it.

Switching to 100% renewable electricity is one of the biggest things you and your church can do to reduce your carbon footprint. (Note: not all 'green tariffs' are 100% renewable.)

In 2016, hundreds of churches across the UK signed up to the Big Church Switch (through Christian Aid and Tearfund) to switch their energy supply from fossil fuels to renewable energy. What's more, they were able to negotiate a better deal by having several group buying deals

throughout the year. Many churches reported saving money compared with their previous contracts with fossil fuel suppliers! Look on the Big Church Switch website for details of the scheme, which will continue in 2017.

Several Church of England dioceses have their own schemes with renewable energy suppliers, for instance in the Diocese of Leeds. Contact your local Diocesan Environment Officer to find out more.

Did you know?

By January 2017, 18 out of 22 Catholic dioceses in England and Wales had switched to using energy from renewable sources, including wind and solar power. Thousands of Catholic churches are now buying their energy from suppliers of renewable energy.

CASE STUDY

High Street Baptist Church, Tring

High Street Baptist Church, Tring has long had a concern for the environment and a desire to integrate creation care with their lives as people of faith. As part of its work towards Eco Church status, the church reviewed its energy supply and decided to join the Big Church Switch campaign.

Church Secretary Kevin Ashton said: *'It was very straightforward to register and then await quotes from a couple of suppliers a few months before our existing contract was due to expire. We selected LoCO2, who offered very favourable rates, and we expect to make some financial savings over the next few years as well as knowing that all our electricity is coming from renewable sources.'*



Step 4 Reinvest

Move your investments and/or switch to a fossil-free bank account

As well as divesting from fossil fuels, your church can play a key role in supporting the transition to a sustainable economy by investing in clean alternatives to fossil fuels and other socially responsible areas.

Depending on the funds available, there is a range of positive reinvestment options available both locally and on a large scale (see pages 12-13 for examples). These include the following:

- Investment in specific renewable energy generation projects, either directly or through a social investment platform which lists schemes seeking investors.
- Purchasing shares in community renewable energy schemes.
- Fixed-term deposits with an ethical bank.
- Investment in large-scale fossil-free investment funds.

Did you know?

Since making a commitment to divest its £21m portfolio from fossil fuels in 2013, Quakers in Britain has worked with its fund manager, Rathbone Greenbank, to reinvest in areas including renewable energy, energy efficiency and public transport.

CASE STUDY

Power Up North London (St Anne's Church, Highgate)



Power Up North London partnered with St Anne's Church in Highgate to install solar panels on the church roof, with support from the local community, parishioners and the church.

The project began in 2015 after Power Up North London received a grant to cover a feasibility study. They began speaking with St Anne's Church, who were considering solar panels as part of a church refurbishment project.

St Anne's wished to expand community activities including their successful community lunches and a youth project. This meant there would be increased energy usage in the daytime when solar energy could be utilised.

Power Up North London raised funds for the project through a community share offer, and solar panels were installed on the church roof in September 2016.

The church now benefits from discounted energy, through a purchase agreement with Power Up North London. Parishioners and members of the local community investing in the project receive a small return on their investment and are helping to combat climate change.

Examples of alternatives to fossil fuel energy investments

This information is based on research by *Ethical Consumer* magazine, used with permission.

Disclaimer: The investments listed here do not imply endorsement or recommendation by Operation Noah. Competent professional advice should be sought, and a full appraisal undertaken, before making investment decisions.

Fossil-free bank accounts

There are three banks that actively invest in renewables:

- **Triodos Bank:** lends to a range of projects including organic food and farming businesses, renewable energy enterprises and recycling companies. Triodos plans to launch a current account in April 2017.
- **Charity Bank:** only lends to charities, social enterprises and organisations with a social purpose.

- **Ecology Building Society:** prioritises the following areas: sustainable housing practices, sustainable economic activity and other ecologically positive projects and ventures.

While building societies such as **Nationwide** and **Norwich & Peterborough** do not actively invest in renewable energy, they focus their lending on housing stock and do not invest in fossil fuels. You may have a local building society with a similar policy.



Investment funds

Some examples of funds engaging in positive investment are:

- **FP WHEB Sustainability Fund:** invests in environmental technologies including renewable energy.
- **Alliance Trust Sustainable Future European Growth Fund:** is fully carbon divested. It discloses its full list of investments and only invests in companies that meet its criteria for environmental and social responsibility.
- **Impax Environmental Markets Fund:** invests in alternative energy, energy efficiency, water, waste, sustainable food and agriculture.

While the above funds are leaders in positive investment, there are other alternatives.

You may wish to consider whether the funds you invest in are 100% fossil free. Visit the website fossilfreefunds.org to see the proportion of mutual fund investments held in fossil fuel companies.

Direct investments

- **Ethex:** is a platform offering a range of investment opportunities, including renewable energy, social housing, charity bonds, Fairtrade projects and social enterprises.
- **Abundance:** specialises in UK-based renewable energy projects and is regulated by the Financial Conduct Authority.

Other direct investment options include Energy4All, Sharenergy, Repowering London and Power for Good.



Frequently asked questions

What does making a divestment commitment mean in practice?

By making a divestment commitment, your church would commit to freezing any new investment in the top 200 publicly traded fossil fuel companies and to divest any investments in fossil fuel companies within five years. Churches without existing investments can make a commitment not to invest in fossil fuel companies in future. Your church can increase its impact by publicly communicating its divestment commitment and writing to national and regional Church investors urging them to divest too.

What about our bank account? Do we need to switch to a fossil-free bank as part of a commitment to divest from fossil fuels?

Your church is not required to switch its bank account in order to make a commitment to divest from fossil fuels. If you are interested in moving to a fossil-free bank, some options can be found on page 12.

What are the ethical arguments for divestment from fossil fuels?

Without bold action to stop any new fossil fuel projects and phase out existing ones, a changing climate will have devastating consequences, especially for people living in poverty who have done the least to

cause it. Yet fossil fuel companies continue to search for and develop new reserves, and show no signs of diversifying into renewable technologies at a pace consistent with the mounting climate crisis.

Christ teaches us to love all our neighbours, not just our family and friends. This love extends to grandchildren and future generations. By acting now we can support the transition to a sustainable economy and protect God's creation for future generations.

What is the financial impact of divesting from fossil fuels?

While fossil fuel companies have historically been very profitable, they are an increasingly risky investment. Since their business models are based on emitting five times more carbon than can safely be burned, they run the risk of being left with 'stranded assets' – worthless fuel stocks that regulation will prevent from being burned or that can only be consumed at unimaginable cost to us all.

In 2015 MSCI, the world's leading stock market company, conducted an analysis indicating that portfolios free of fossil fuel investments outperformed those with assets in coal, oil and gas companies over the previous five years.

The Church of Sweden, which completed divestment from fossil fuels in 2014, achieved returns significantly outperforming the stock market index in both 2014 and 2015.

Is there a conflict between divestment from fossil fuels and fiduciary duty?

No. Fiduciary duty is a legal obligation that requires trustees to act in the best interests of their members. The UN Principles for Responsible Investment concluded in 2015 that, 'Failing to consider long-term investment value drivers, which include environmental, social and governance issues, in investment practice is a failure of fiduciary duty.'

Churches and their investment boards also have a duty to ensure that their investments do not compromise the ethical position of their institutions.

Can divestment from fossil fuels and involvement in the Bright Now campaign support our church in qualifying for an Eco Church Award?

Yes! If your church invests ethically (including divestment from fossil fuels) and engages in the Bright Now campaign, it would meet some of the Lifestyle criteria (point 13) and Global and Community Engagement criteria (point 15) towards gaining an Eco Church Award.

What other resources are available to support us with campaigning on divestment locally?

Resources available on the Bright Now website include the reports 'Bright Now: towards fossil free Churches', 'Is it ethical to invest in fossil fuels?', 'Otherwise engaged' and 'The financial case for disinvesting from fossil fuels and reinvesting in low-carbon

sectors'. You could also refer to the resource 'Building support for fossil fuel divestment' for more ideas. www.brightnow.org.uk/resources

How can I get involved with campaigns for my national Church to divest?

More information about the national Church divestment campaigns can be found on the Bright Now website. You may be interested in becoming a Bright Now Champion and writing to national and regional Church investors, and encouraging others in your church to get involved.

Where can I find more information?

Bright Now – the campaign for fossil free Churches: www.brightnow.org.uk

Fossil Free UK (350.org UK divestment campaign): gofossilfree.org/uk

Ethical Consumer Guide to Personal Carbon Divestment: www.ethicalconsumer.org/ethicalcampaigns/carbondivestment.aspx

The Big Church Switch: www.bigchurchswitch.org.uk

CAFOD – Catholic diocesan energy switch: www.cafod.org.uk/News/UK-news/Diocesan-energy-switch

Eco Church Award scheme – A Rocha UK: ecochurch.arocha.org.uk

Quakers in Britain Fossil Fuel Divestment: www.quaker.org.uk/our-work/sustainability/fossil-fuel-divestment

The Guardian – MSCI analysis of fossil-free investments: <http://bit.ly/1tom2iE>

Does your church have investments in fossil fuel companies? Ever thought about moving your money somewhere that builds the world you want to live in?

This 'how to' guide explains how your local church can divest from fossil fuels and reinvest in clean alternatives, as well as supporting the campaign for the national Churches to divest.

'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.'

Revd Dr Rachel Mash (Anglican Church of Southern Africa)



Bright Now is a campaign of Operation Noah calling on UK Churches to divest from fossil fuels and invest in clean alternatives.

www.brightnow.org.uk



Operation Noah is a Christian charity providing leadership, focus and inspiration in response to the threat of catastrophic climate change.

www.operationnoah.org

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