

The Church of England, Investments and fossil fuels

In May 2015, The National Investment Bodies of the Church of England published their revised policy on climate change in response to an advisory paper from the Church's Ethical Investment Advisory Group. They decided to remove their investments from thermal coal and tar sands. Bishop David Atkinson finds much to be grateful for in the policy, and the theology that lies behind it, but indicates there is more that needs to be done. The climate crisis, he says, is ultimately a spiritual crisis. He wants a wider theological perspective and a more urgent timeframe for action. He asks why divestment from oil extraction is not included, and urges the Church to take the lead in investing in clean energy.

There is much to be very grateful for in the EIAG advisory paper to the National Investment Bodies of the Church of England. And the decision of the NIBs to withdraw investments from thermal coal and oil sands is hugely welcome. The main emphasis of the paper is rightly on the need for transition to a low carbon economy, and in that light they discuss consequent divestment decisions and a stronger engagement with fossil fuel companies. They rightly call for investment in sustainable energy and low carbon assets, and refer to significant investment decisions already made, for example in relation to sustainable forestry. I welcome the reflections on the wider issues of energy supply and demand, and the commitment to serious engagement with companies in which we invest, though – as I say below – I am not persuaded that engagement in fossil fuel companies will achieve what is needed. The EIAG rightly call for further ‘urgent’ action, arguing that we have been given responsibility by God to do all we can to mitigate whatever is damaging God’s creation.

This is a significant and very welcome step forward for the CofE, but as the Bishop of Salisbury rightly commented it is only a ‘first step’. I am left with significant questions about the paper: I think there are some theological gaps; there is a lack of a sense of urgency; and then there is the question of oil.

1. Theological gaps

The paragraphs of rich biblical and theological reflections about creation, humanity and justice, are summarised in terms of ‘the place of human beings within God’s good creation, and our divinely mandated responsibility for the physical world, its creatures and one another, especially the weakest and least able’. There is much in this section that is excellent. Clearly it is not appropriate in a paper primarily for investors to offer a thorough theological reflection on all aspects of climate change. The primary focus is, I suppose inevitably, anthropocentric, and this means that God’s love of other creatures and our creaturely interdependence with them as part of creation ourselves, are downplayed. The paper helpfully says a great deal about lifestyles of simplicity and generosity and the need to minimise human impacts on the environment, especially those caused by a consumerist

mindset. What appears only in a minor key is the sense that the climate crisis itself is a spiritual crisis concerning humanity's relationship with God and therefore with all God's creation. The Church needs to find a way of saying this more strongly.

There is a sense that economics rather than theology is guiding the decisions: the theology appears to be offered as a reflection on questions raised by science, public policy and economics. Thus 'stranded assets' are discussed in economic terms (though, even then, there is little recognition of the pressing economic case for leaving fossil fuels in the ground), but not in relation to moral issues of over-extraction of non-renewable resources, greed and waste. The paper says very little about corporate and structural sin and Christian complicity in 'domination' over the environment, and the need for deep repentance for human failure to live within God's will and God's ways. There is no mention of the 'principalities and powers' in global structures that do not acknowledge God, and what our Christian attitude should be to corporate power. It gives no incentive to rejoice in the world, give thanks for God's gift, celebrate the achievements of science and technology, and be grateful for the benefits of fossil fuels – or to mourn the fact that their days are over. It offers no theology of human vulnerability and fear in the face of potential catastrophe. It does not provide any theological evaluation of our economics, does not indicate Christ's authority over our economic structures, or acknowledge the intimate links between economy and ecology, and that our fundamental economy is the natural order of creation. There is no mention in the discussion of God's creation of limits to growth, of planetary boundaries, of the need to live within the carrying capacity of the planet, of resource depletion. It rightly criticises consumerism, but does not explore the extent to which consumers give 'permission' to fossil fuel companies to continue extracting, or the serious extent to which fossil fuel extraction gives powerful encouragement to growing consumption. Where, in other words, is there any recognition that the climate crisis itself is a spiritual crisis about humanity's relationship with God, and of the impact this has on our Christian evaluation of economic theory, social structures and investment priorities? Perhaps many of these 'gaps' are not appropriate in a paper primarily for investors, but I believe they need to have serious consideration in the Church's broader response to climate change.

2. The EIAG timescale is too relaxed

The timeframe for action seems drawn from the IPCC indication of the need for 40% to 70% reduction of GHG emissions by 2050, and from the CofE 'Shrinking the Footprint' commitment to a carbon reduction target of 80% by 2050 with an interim target of 42% by 2020. Strangely, the EIAG paper says (2.2.13) that 'StF recognizes that the Church of England cannot cut emissions to 20% of their level in the first decade of this century until 2050', which is not what the StF commitment says at all. The impression given is that there is still plenty of time. In fact, the StF commitment was made nine years ago, and much has

happened since then. Professor Kevin Anderson has written that even 2 degrees rise is 'beyond dangerous'. Cumulative emissions will mean that impacts of climate change will persist for many centuries. There is growing effort to aim towards a Zero Carbon Britain by 2030 (cf Centre for Alternative Technology). The cost of renewable energy is falling much faster than would have been expected nine years ago.

The context of the IPCC reference to which the EIAG refers has some urgency: it assumes rapid improvements in energy efficiency; a quadrupling of the share of zero- or low-carbon supply from renewables, nuclear energy or carbon capture and storage; and changes in land use. These, say the IPCC, will vary across regions. The EIAG rightly underline that 'It is politically, economically and morally necessary to address poverty in low-income nations' (4.5.3), and they comment that economic growth for these nations is likely to result for a number of years in an increase in their GHG emissions. Which surely makes even more 'urgent' the obligation on the Western world to make drastic emissions cuts now – though we need to question the assumption that increasing demand for energy in developing countries can only be met by fossil fuels.

The UK Parliamentary Committee on Climate Change (Fourth Carbon Budget Review, November 2013) argued that in order to have any chance of reaching 80% reduction by 2050, our global emissions need to peak by the year 2020, followed by rapid cuts after that if we are to have a chance of avoiding catastrophic climate change.

The Report 'Church and Earth: The Church of England's Seven Year Plan on Climate Change and the Environment' (2009), referred to in the Southwark motion at General Synod (an excellent report, which, for some reason, seems now no longer to be on the CofE website) suggested 'working by 2020 towards disinvestment from fossil fuel extraction and supply companies and towards a portfolio that is carbon neutral, whilst offering maximal return for minimal environmental and social impacts'. I think the EIAG, the Church Commissioners and the Pensions Board would have done better to follow that suggestion. There is a notable contrast between the IPCC's view of direct impacts of climate change (which the paper quotes) and the relaxed timescale that the EIAG propose for action.

3. Why not divest from oil as well?

The EIAG acknowledge that in this time of 'transition to a low carbon economy', gas (as a cleaner fossil fuel) is likely to play an important bridging role. But what about oil? Clearly, with oil being such a significant contemporary factor in domestic life and transport, the movement away from dependence on oil will have to be a carefully managed transition. But if Berners-Lee and Clark are right (*The Burning Question*) that reserves already held are so high that there is far more oil available than could ever be safely burned, we do not need to extract any more.

As far as I can discern, all the arguments that have led to the decision to withdraw investments from thermal coal and oil sands apply equally to oil. The reason the EIAG gives for choosing coal and oil sands extraction companies is that they are ‘much less likely to change their business processes or models’ than ‘companies that are already involved in a diversity of activities’ (4.4.2). The EIAG believe that their preferred response of ‘engagement’ is more likely to be effective with oil companies than divestment. What is the evidence for this? The EIAG say they have been engaging with oil companies ‘for a number of years’, and though they have recently persuaded them to improve their climate-related disclosures (4.2.2), which is very good news, they present no evidence that oil companies are ‘likely to change their business processes or models’. In fact, the future projections for BP and Shell appear to show no indication that they are considering any change in their business models; rather, they plan to expand oil extraction for decades to come. What would continuing engagement seek to achieve? Is it realistic to expect Shell and BP to withdraw from the extraction of hydrocarbons? And what would count as clear and measurable criteria by which to decide, in a given timescale, whether engagement is sufficiently effective? There have also been recent reports about significant lobbying by some oil extraction companies against investment in renewables. In my view the Church should not continue to invest in companies involved in such lobbying. Further, the very day that the Church of England announced its success in tabling a shareholder resolution for Shell, that day Shell also announced that it was seeking permits for fresh exploratory drilling in the Arctic (of all sensitive places on God’s earth). How, for example, would church shareholder engagement prevent Shell drilling in the Arctic?

4. Engagement with policymakers

One of the excellent recommendations made by the EIAG is to continue engagement with ‘governments, other investors and other stakeholders’ (1.3.1). They say that corporate investor engagement has ‘to great effect’ argued that public policy needs to be designed in a way that ‘encourages investment in areas such as cleaner and renewable energy, energy efficiency, decarbonisation and climate change adaptation, and that reduces the incentives to invest in high greenhouse gas emitting activities’. That is well said, and the shared investor commitment to making the whole portfolio as low carbon as possible is absolutely right. My own view, however, is that engagement with fossil fuel companies would have considerably more power if the Church were not at the same time benefitting from investments in oil extraction. I believe the Church is well placed to set a clearer direction away from burning any fossil fuels and towards investing in low- or zero-carbon assets, and promoting clean energy. A phased divestment from oil would send a strong signal to that effect.

5. Lack of clarity about ‘stranded assets’

The paper rightly notes that from an investment point of view the debate about stranded assets is of particular importance. They acknowledge that if we are to keep global temperatures below a 2-degree rise, most of the fossil fuel reserves cannot be burned *without some process for mitigating the climate change impacts of the associated greenhouse gas emissions* (4.4.3, my italics). What does the section I have italicised mean? It could be a reference to carbon capture and storage (which is about preventing emissions rather than mitigating their impacts – and the Church should invest in such developments), or it could mean that the EIAG is suggesting that they believe we are unlikely to keep to 2 degrees, so we need to invest in adaptation? There are political forces urging an abolition of the UK Climate Change Act and our national commitment to the 2-degree target. I believe the Church needs to stand strongly against such forces.

6. Future agenda

I am grateful to the EIAG for the work done thus far, and for the significant decisions of the National Investing Bodies. I believe there is still a way to go.

The Environment Working Group set up by General Synod is charged with monitoring progress in ‘all parts of the Church of England’. The General Synod in July 2015 will debate a motion about church investments from the Diocese of Oxford. I hope the agenda for both these processes will include:

- (i) a review of the StF emissions targets in the light of contemporary knowledge;
- (ii) a commitment to investment in clean, low- or zero- carbon assets, coupled with a clear timetable set for divestment from oil;
- (iii) the provision of clear and measurable criteria against which the effectiveness of any continuing engagement can be measured?
- (iv) a renewed commitment to engagement with all companies in the investment portfolio to encourage the transition to a low-carbon economy; and
- (v) a recognition that the climate crisis is at root a spiritual crisis, which affects not only personal discipleship and corporate church policy, but worship, prayer, liturgy and – in the widest sense – mission, founded in the gospel of Jesus Christ.

David Atkinson (Assistant Bishop, Diocese of Southwark).