

Church investments in major oil companies

Paris compliant or Paris defiant?



Executive Summary

In recent years, Churches and wider society have begun to recognise that we are now facing a climate emergency.

Several UK Churches, including Quakers in Britain, the Church of Ireland and the United Reformed Church, have already completed divestment from fossil fuels. The Church of England General Synod has set a 2030 net zero target and Catholic parishes in 20 out of 22 dioceses in England and Wales have switched to renewable electricity.

Climate science and the increasing urgency of action

The Intergovernmental Panel on Climate Change (IPCC) report in October 2018 demonstrated the need for rapid emissions cuts to limit global average temperature rises to 1.5°C. In order to achieve this, global carbon emissions must fall by 55% between 2018 and 2030, according to the UN's 2019 Emissions Gap report.

Without rapid action to cut emissions, there are growing risks of triggering feedback loops, such as melting permafrost, which would lead to further, potentially unstoppable warming – with unthinkable consequences for humanity and the natural world on which we depend.

Major oil companies are not Paris compliant

The Transition Pathway Initiative (TPI), a project launched by the Church of England and supported by several Churches, found in its 2020 *State of Transition Report* that none of the major oil companies are aligned with the Paris Agreement targets. Carbon Tracker's 2019 *Breaking the Habit* report found that all of the major oil companies continue to sanction projects that are not Paris compliant.

Between now and 2030, major oil companies, including Shell and BP, plan to spend huge sums (\$149bn and \$71bn respectively) on exploration and extraction of new reserves. While the UN has called for an 'orderly wind-down of fossil fuel production', Shell and BP intend to increase production by 38% and 20% respectively over the next decade. In addition, BP and Shell have the highest expenditure of all major oil companies on lobbying to block, control and delay climate action.

Some oil companies, including BP and Shell, have recently announced non-binding 'ambitions' to reach net zero emissions by 2050. However, none of these companies are planning to end oil and gas production, instead seeking to rely on technologies that are unproven for large-scale deployment and may not be economically viable. This is not compatible with limiting global average temperature rises to well below 2°C, let alone 1.5°C.

2020: A year to choose the future

The year 2020 has taken on a new significance as a year of stark choice: the climate emergency is still happening, and the decisions we make now will shape our ability to safeguard a liveable planet and affect the future of humanity for thousands of years. What future will UK Churches choose? Will they continue investing in companies that are fuelling climate breakdown, or will they invest in a clean energy future where all life can flourish?

Several UK Churches have already divested from fossil fuels, including Quakers in Britain, the Church of Ireland and the United Reformed Church. In others, such as the Church of Scotland, the Church in

Wales and the Scottish Episcopal Church, Church bodies have made divestment recommendations which should be acted on as a matter of urgency.

The 2017 Methodist Conference called for the Central Finance Board to divest from oil and gas companies whose business investment plans were not aligned with the Paris Agreement target of global average temperature rises well below 2°C by 2020. It is time for them to act on this recommendation and fully divest from all fossil fuel companies.

The Church of England General Synod in July 2018 voted to begin divestment in 2020 from oil and gas companies that are 'not taking seriously their responsibilities' in the transition to a low-carbon economy, and complete divestment from those not on track to align with the Paris Agreement by 2023. This process must begin now.

Divestment from fossil fuels and investment in the future

The global divestment movement has grown rapidly in recent years. By April 2020, nearly 1,200 institutions with a total of \$14 trillion of assets had made commitments to divest from fossil fuels. Even the oil companies are acknowledging the impact of divestment!

Nonetheless, while positive steps are being made and cuts to investment in oil and gas companies are beginning to take place, the process is not moving fast enough. The first few months of 2020 have shown that fossil fuels are an increasingly risky investment.

As well as divestment from fossil fuels, increased investment in clean technologies is vital to accelerate the transition to a zero-carbon economy. Churches must seize the opportunity to demonstrate prophetic leadership at this key moment in history and ensure a brighter, cleaner future for all.

