

**ITEM B.104
FOR ACTION**

<i>FOR PRESBYTERIAN MISSION AGENCY EXECUTIVE DIRECTOR'S OFFICE USE ONLY</i>			
	A. Finance		E. Corporate Property, Legal, Finance
X	B. Justice		F. PC(USA), A Corporation
	C. Leadership		G. Audit
	D. Worshiping Communities		H. Executive Committee
			J. Board Nominating & Governance Subcommittee
			P. Plenary

Subject: Mission Responsibility Through Investment Report and Recommendations to the 222nd General Assembly (2016): On Divestment from Fossil Fuel Companies.

Recommendation

That the Presbyterian Mission Agency Board, upon recommendation from the Committee of Mission Responsibility Through Investment, recommends that the 222nd General Assembly (2016) do the following:

1. Receive the report of the Committee on Mission Responsibility Through Investment (MRTI) on its extensive engagement of corporations in response to the referral from the 221st General Assembly (2014).
2. Commend all corporations, especially those in the oil, gas and coal sectors, that have addressed climate change by adopting policies and practices that have reduced greenhouse gas emissions in their operations and/or in the use of their products.
3. Call upon all corporations to increase their efforts to address climate change through vigorous action in line with the following expectations:
 - a. **Governance:** Clearly define board and management governance processes that acknowledge the scientific evidence of climate change, ensure adequate oversight of climate change risk and the strategic implications of a transition to low carbon energy systems.
 - b. **Strategy:** Integrate the management of climate change risks and opportunities into business strategy with a commitment to manage operations in a manner consistent with the internationally agreed upon goal of limiting warming to 2 degrees Celsius, above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels.
 - c. **Implementation:** Incorporate scenario analysis and measurement, including risk assessment, within key business processes and investment decisions, to include: incorporating carbon pricing decisions regarding long term projects and products; setting robust goals for reducing greenhouse gas emissions that include increased use of renewable energy sources, energy efficiency investments, and putting a price on carbon; and more rapid integration of new technologies designed to reduce the company's overall carbon footprint.
 - d. **Transparency and Disclosure:** Issue annual reports on the company's view of and response to its material climate change risks and opportunities including the comprehensive outlook on energy reflected in the company's strategy, how the company's strategy can adjust for significant changes (upwards and downwards) in

demand for oil, gas and coal, and the carbon intensity of proven and probable reserves (including breakeven oil price) categorized by nature of projects' environment (ultra-deep waters, oil sands etc.).

- e. **Public Policy:** Engage constructively with public policy makers and other stakeholders in support of cost-effective policy measures to mitigate climate change risks and support low carbon investments; ensure there is broad oversight and transparency about the company's lobbying activity and political spending, including activity by trade associations to which the company belongs, on this topic and related energy and regulatory issues; and disclose company positions on policy issues such as carbon pricing, renewable energy targets and international negotiations on climate change.
4. Commend the Presbyterian Church (U.S.A.) Foundation, Inc. for providing, through its New Covenant Trust Company subsidiary, the option of fossil free managed portfolios to congregations, institutions, and individual clients desiring such a customized approach; the Board of Pensions for exploring a fossil free option for plan members participating in its voluntary retirement savings plan options; Presbyterian Investment and Loan Program for creating the "restoring creation loans" for congregations seeking to pursue reducing their carbon footprint.
5. Encourage continued respectful discussion in the church and civil society on the critical issue of climate change, and how it should be addressed not only through the responsible use of investments, but also as individuals, churches, and the Presbyterian Church (U.S.A.) working together to reduce our carbon footprint.
6. Direct MRTI to pursue its focused engagement process on climate change issues with all corporations, particularly with those in the oil, gas and coal sectors, and report back to the 223rd General Assembly (2018) with recommendations, including possible divestment if significant changes in governance, strategy, implementation, transparency and disclosure, and public policy are not instituted by the corporations during the engagements of MRTI and ecumenical partners.

Rationale

2014 Referral: Item 15-01. On Divestment from Fossil Fuel Companies. Refer the Subject Matter to the Committee on Mission Responsibility Through Investment (MRTI) for Action and discernment in Accordance with Its Long-Standing and Detailed Procedures to Engage with Individual Corporations to Advance Their Actions in Support of Important Social Policy Issues—From the Presbytery of Boston (Minutes, 2014, Part I, pp. 56, 1013–21; p. 319 of the print copy).

Background

Biblical, Theological, Ethical and Policy Background

MRTI understands that its role as a committee is guided by the Holy Spirit, which calls us into being and sustains us in relationship with one another. As Presbyterians, we understand that we operate within a polity structure that seeks mutual responsibility and accountability. We sought to be guided in our work by biblical and Reformed theological principals. As such, we understand the following:

Faithful concern for the environment is rooted in the Word of God, spoken into creation. As the creator and sustainer of all life, Reformed Christians have always affirmed God's sovereignty over the whole of

creation. Even before creating humans, God created the earth, and the universe of which it is a part, and called it “very good” (Gen.1:31). Like other living creatures, humans are formed of the earth and intimately intertwined with all of God’s creation (Gen. 2:7. 9, 19). Creation is God’s handiwork, the earth and all that is in it, belongs to God (Psalm 24:1 and Psalm 104). As Christians who have covenanted in relationship with God, we are called by God to care and maintain the fragile order that God has entrusted us with (Gen. 2:15).

Creation cries out in this time of ecological crisis (Romans 8:18-22). The sustainability of creation, human life and well-being depend upon “the flourishing of other life and the integrity of the life-supporting processes that God has ordained” (Restoring Creation for Ecology and Justice). When creation is violated, so too are human communities, particularly the most vulnerable in our midst. Jesus said, “Truly I tell you, just as you did it to one of the least of these who are members of my family, you did it to me” (Matthew 25:40). As members of the human family, Jesus exhorts us to show great care in the way that we treat the least, the lost, and the lonely of our world. As the church, we are called to respond to Jesus prodding through prophetic witness and action.

Thus, our vocation becomes making the vision of eco-justice—the well-being of all humankind on a thriving earth—a reality as justice and peace among human beings are inseparable from right relationships with and within the natural order.

The first two chapters of Genesis illumine the right relationship of human beings to their Creator and the Non-human creation. God put man and woman, created in God's own image, in the garden "to till it and to keep it.”

"Tilling" symbolizes everything we humans do to draw sustenance from nature. "Keeping" the creation means tilling with care—maintaining the capacity of the creation to provide the sustenance for which the tilling is done. But humans have failed to till with care. The eco-justice crisis is the consequence of tilling without keeping, together with the unfair distribution of the fruits of tilling. The Creator's gifts for sustenance have not been taken carefully and shared equitably.

From this vision of earth-keeping emerge ethical norms to guide our faithful response to God’s new doing. Justice is the overarching requirement and leads to four sub-norms. Sustainability—the ongoing capacity of natural and social systems to thrive together— requires human beings to practice wise, humble, responsible stewardship, after the model of servanthood that we have in Jesus. Sufficiency, a standard upholding the claim of all to have enough— is to be met through equitable sharing and organized efforts to achieve that end. Participation requires the inclusion of all members of the human family in obtaining and enjoying the Creator’s gifts for sustenance. Community in our time requires the nurture of solidarity, leading to steadfastness in standing with companions, victims, and allies, and to the realization of the church’s potential as a community of support for adventurous faithfulness.

Referral Assignment from the 221st General Assembly (2014)

The General Assembly’s action read as follows: “Request the 221st General Assembly (2014) to refer the subject matter of this overture to the Committee on Mission Responsibility Through Investment (MRTI) for action and discernment in accordance with its long-standing and detailed procedures to engage with individual corporations to advance their actions in support of important social policy issues. MRTI is asked to make a report to 222nd General Assembly (2016). The Assembly Committee on Immigration and Environmental Issues (15) is deeply concerned about both the need for action and the need to remain in dialogue with companies that are in the fossil fuel industry.”

The original overture referred to MRTI called for the General Assembly to:

1. Express its profound concern about the destructive effects of climate change on all God's creation. Climate change has had a disproportionate impact on those living in poverty and in the least developed countries, the elderly and children, and those least responsible for the emissions of greenhouse gases. The 221st General Assembly (2014) thus recognizes the moral mandate for humanity to shift to a sustainable energy plan in a way that is both just and compassionate. This mandate propels us to action as a denomination: to divest from the fossil fuel industry even as we reduce our use of fossil fuels and shrink our carbon footprint.
2. Call upon the Board of Pensions and the Presbyterian Church (U.S.A.) Foundation to
 - a. immediately stop any new investment in fossil fuel companies and instruct asset managers in their work for the denomination to do the same;
 - b. ensure that within five years none of its directly held or commingled assets includes holdings of either equities or corporate bonds in fossil fuel companies as determined by the Carbon Tracker list; and
 - c. incorporate, into already existing financial reports, regular updates detailing progress made towards full divestment. These reports will be made available to the public.
3. Call upon the Stated Clerk of the PC(USA) to inform those fossil fuel companies of the passage and implementation of this resolution.

The Carbon Tracker list identified the top 200 fossil fuel companies (oil, gas and coal).

Summary of Climate Change Science and Implications for Carbon Use

Soon after the 2014 General Assembly, the Intergovernmental Panel on Climate Change (IPCC) finalized its Fifth Assessment Synthesis Report (AR5) providing an integrated view of climate change. The report confirms that "Human influence on the climate system is clear, and recent anthropogenic emissions of greenhouse gases are the highest in history." It states that "It is *extremely likely* that more than half of the observed increase in global average temperature from 1950 to 2010 was caused by the anthropogenic increase in GHG concentrations and other anthropogenic forcings together." The report describes the impacts from different scenarios of emissions levels including the scenario needed to meet the goal of limiting the increase of global average surface temperature to 2 degrees Celsius. Increases beyond 2 degrees Celsius carry high to very high risk of "severe, widespread and irreversible impacts" from climate change globally by 2100. These disruptions include sea level rise, drought, heat waves, changes in rain patterns and storm intensity, increased vector borne diseases, among others. All this disproportionately affects the vulnerable populations who have contributed little to the problem, but will suffer the most, and the natural world for which we are responsible. However, in order to keep warming below 2 degrees Celsius, over the 21st century relative to pre-industrial levels, will require "40 to 70% global anthropogenic GHG emissions reductions by 2050 compared to 2010, and emissions levels near zero or below in 2100."

The challenge is that GHG emissions continue to rise. This presents serious difficulty in meeting the 2 degree Celsius goal. In its *World Energy Outlook 2012*, the International Energy Agency (IEA) noted that "almost four-fifths of the CO2 emissions allowable by 2035 are locked in by existing power plants,

factories, buildings, etc. If action to reduce CO2 emissions is not taken before 2017, all the allowable CO2 emissions would be locked in by energy infrastructure existing at that time.”

In fact, the IEA found that “No more than one-third of the proven reserves of fossil fuels can be consumed prior to 2050 if the world is to achieve the 2 degree C goal unless carbon capture and storage (CCS) technology is widely deployed.” Unfortunately, the pace of CCS deployment remains “highly uncertain.” This is the source of the carbon budget concept that undergirds the need to reduce emissions.

Given the probable inability of the climate system to absorb safely the carbon emissions from more than one-third of the proven reserves, Carbon Tracker Initiative (CTI) analyzed the impact upon fossil fuel companies if production restraints occur. CTI’s contention is that fossil fuel companies run serious risk of having some current assets “stranded,” particularly if they continue to explore for and develop additional reserves. Some in the industry dispute the concept of stranded assets.

The initial look into the 200 largest coal, oil and gas companies that consolidated the research about the magnitude of their proven reserves led to the call for divestment. It aggregated the proven reserves to address the macro-issue of bringing overall emissions down to the safe limit, but did not address all the questions posed by those seeking comprehensive strategies to effect the necessary changes. All reserves were treated equally while science shows that some result in releasing more carbon into the atmosphere than others. Examples would be coal and tar sands as compared with natural gas. The research showed that a very high percentage of the proven reserves are controlled by state-owned companies over which investors have very little influence. However, the fossil fuel divestment movement can be credited with building public awareness of the magnitude of the challenge in transitioning to lower-carbon fuels and eventually to renewable energy sources.

Presbyterian Church (U.S.A.) History of Climate Change Work

MRTI’s work on climate change has been integrated into the broader work of the church. The Presbyterian Church (U.S.A.) has been an integral part of the World Council of Churches involvement in the climate change process since the Earth Summit in 1992 where the United Nations Framework Convention on Climate Change (UNFCCC) was adopted, and includes participation in all but one of the annual negotiations on implementation of the Framework Convention (known as the Conference of the Parties or COP for short). Particular attention has been paid to engaging business coalitions active at the COP’s.

In addition, the church has been involved in domestic public policy advocacy in support of ratification of the Kyoto Protocol as called for by four different General Assemblies, encouraging investment in renewable energy and energy efficiency standards, funding for research and funding for adaptation measures by developing countries. This advocacy included educational conferences in several states, national training meetings, organized visits to Congressional offices, and petition drives.

Theological and Biblical study materials were developed for congregations along with guidebooks on how to make congregations more energy efficient or powered by renewable energy. Carbon offsets were purchased for meetings of the General Assembly.

History of Corporate Engagement on Climate Change by PCUSA and Partners

From 1990 to 2014, MRTI and other faith-based investors engaged numerous companies on environmental issues. In the beginning, most companies did not have a policy on environmental

responsibility, and did not publish information on their environmental performance. Consequently, engagement focused on comprehensive policy development and reporting.

In 1989 in response to the Exxon Valdez oil spill, several socially responsible investors formed Ceres, a coalition dedicated to promoting a comprehensive set of environmental principles for corporations. The principles sought a commitment to continuous improvement on environmental performance, and consistent, comprehensive reporting. MRTI was involved since the early days seeking corporate adoption of the principles.

Meetings were held with numerous companies. MRTI held dialogues and filed shareholder resolutions with a number of these companies including Phillips Petroleum, Tosco and Burlington Resources (all now part of ConocoPhillips), Occidental Petroleum, Union Pacific, Cinergy (now part of Duke Energy), First Energy, Southern Company, Intel Corporation, Advanced Micro Devices, Dow Chemical, Texaco (now part of Chevron), Nucor, Norfolk Southern, CSX, Southern Company, and Chevron. In the case of Chevron and Tosco, MRTI supported community organizations concerned about air emissions from refineries in the San Francisco Bay Area.

As the Ceres program progressed, MRTI participated in stakeholder teams meeting with companies seeking advice on improving their environmental performance. These companies included American Electric Power, Sun Microsystems, Brown-Forman, Duke Energy, Timberland, and Con Edison.

Notable achievements included Advanced Micro Devices issuing its first environmental report (Advanced Micro Devices is now a member of the Ceres company coalition), air emissions reports issued by First Energy and Cinergy (Cinergy also devoted its 2003 Annual Report to a significant discussion of climate change), and significantly reduced emissions by Sun Microsystems, Intel and Timberland.

2013 to Present

In September 2013, an international group of 75 institutional investors, including the Presbyterian Church (U.S.A.), with \$3.5 trillion in assets wrote to the world's 45 largest companies in the oil and gas, coal and electric power sectors, raising these issues, and asking them to assess their exposure to carbon asset risk. The investors asked that they assess both the risks to their undeveloped fossil fuel reserves due to lower fossil fuel demand as the world transitions to a low-carbon energy system—as well as risks to their operations from climate change impacts.

Supported by Ceres and Carbon Tracker Initiative, this coordinated investor engagement with oil and gas, coal and electric power companies, called the *Carbon Asset Risk Initiative*, included participants from the Investor Network on Climate Risk (INCR) in North America, the UK-Europe Institutional Investor Group on Climate Change (IIGCC) and the Australia-New Zealand Investor Group on Climate Change (IGCC). Since then, the Asia Investor Group on Climate Change (AIGCC) has been formed to join in collaborative endeavors.

The letters produced several substantive disclosures including: BHP Billiton, an extractives firm, said it accepts the IPCC's science assessment, and that warming must be limited to the lower end of IPCC's scenarios; Eni, an energy firm, said its portfolio had an average breakeven oil price of \$45 to \$55 that would be resilient even under a 2 degree warming scenario; FirstEnergy, an U.S. utility, indicated that it intends to achieve emissions reductions consistent with the U.S. government's goals; Royal Dutch Shell uses an oil price range of \$70 to \$110 and a carbon price of \$40 per ton for planning; Statoil, an energy firm, has admitted to its investors that its oil sands assets are economically marginal; and Vale, and

extractives firm, discussed its prioritization of investments in metallurgical coal and divestment of its thermal coal assets.

In 2014 and 2015, the number of engagements with companies on climate change issues increased sharply with 68 shareholder resolutions filed in 2015 addressing greenhouse gas reduction goals, carbon asset risk, hydraulic fracturing (fracking), and sustainability reporting. MRTI participated in dialogues, filed and co-filed shareholder resolutions. Companies included ExxonMobil, Chevron, Marathon Oil, Marathon Petroleum, Noble Energy, ConocoPhillips, Phillips 66, Ultra Petroleum and Hess Corporation.

These engagements have taken place within a context of evidence that an energy transition towards lower carbon energy sources is occurring. This shift is characterized by major macroeconomic and technological trends, is partly driven by the policy implications of the goal to keep the global temperature below 2 degrees Celsius, and presents material risks and opportunities for all companies, and particularly for the fossil fuel energy sector.

Other Strategic Initiatives on Climate Change by PCUSA and Partners

In addition to continued engagement and possible divestment of some or all fossil fuel companies, MRTI has informed itself about a range of strategic responses, which include, but not limited to the following:

- A. Increased engagement with non-fossil fuel companies lacking a policy on energy efficiency and/or use of renewables with time-bound targets to reduce demand for energy from fossil fuel companies. Ceres research in 2014, that has guided the work of MRTI and its ecumenical partners, indicates significant potential for this effort as 212 of the 613 largest companies fall into this category. 3M and Home Depot made major commitments in 2014. Apple, PepsiCo, Coca-Cola, Best Buy, Ikea, and Hershey's among others added significant commitments in 2015.
- B. Addressing carbon risk from fossil fuel investments.
 - a) Assess carbon footprint of the portfolio for current and embedded emissions (Montreal Pledge). After substantial engagement by MRTI and its partners, ConocoPhillips announced a goal for reducing its greenhouse gas emissions in 2014.
 - b) Assess stranded asset and high carbon emissions risks.
 - c) Selective divestment of highest carbon, highest risk companies (e.g., thermal coal and tar sands) as done by Stanford University, Church of England and United Methodist General Board of Pensions and Health Benefits.
- C. Reducing portfolio carbon footprint through investment.
 - a) Create or utilize passive strategies alternatives for fossil fuel free or low carbon investments as done by United Church Funds and the Presbyterian Church U.S.A. Foundation.
 - b) Utilize active portfolio strategies by using best in class Environment, Sustainability and Governance (ESG) criteria or policies on climate change and carbon reduction for stock selection and/or weighting.
 - c) Explore joining the "Portfolio Decarbonization Coalition."
- D. Investing in solutions to climate change. The Presbyterian Foundation has allocated at least 1% of the Presbyterian Endowment Fund for investments that target climate change solutions.
 - a) Clean energy/clean tech equities funds or indexes.
 - b) Fixed income investments in "Green" bonds.
 - c) "Green" real estate investments such as done by Prudential Financial.
 - d) Renewable energy funds.
 - e) Clean tech venture capital or private equity funds.

- f) Sustainable forestry and agriculture.
- E. Engaging with service providers on climate change.
 - a) Ask investment managers and consultants for advice on carbon risk, low carbon investment opportunities.
 - b) Include climate and Environment, Sustainability and Governance (ESG) criteria in asset manager procurement and review process. Both the Board of Pensions and the Presbyterian Church (U.S.A.) Foundation communicate regularly with their investment managers on ESG issues.
 - c) Consider longer term mandates with climate and clean energy criteria.
- F. Engaging in policy advocacy.
 - a) Participate in investor sign on letters on climate and clean energy with Investor Network on Climate Risk (INCR) and the Interfaith Center on Corporate Responsibility (ICCR). MRTI has joined with other investors in public appeals on international policies, increased investment in renewable energy sources, and seeking proxy vote support for shareholder resolutions.
 - b) Engage in direct communications with members of Congress, state legislatures, state public utility commissions, etc. For example, MRTI has joined in letters to government officials urging the Securities and Exchange Commission to require annual corporate disclosure on climate change risk, supporting energy policy legislation, and fuel economy standards. MRTI has also participated in INCR Lobby Days in Congress on energy policy including seeking equitable treatment of renewable energy projects.
 - c) Urge portfolio companies to stop anti-climate lobbying, and to support responsible climate and clean energy policy. MRTI has joined other investors to engage companies belonging to the Western States Petroleum Association, including organizing a dialogue with Phillips 66, on California's clean energy policies.
 - d) Organize and team with other faith-based investors on climate policy. The Presbyterian Church (U.S.A.), including MRTI staff, participated in the United Nations Climate Change Negotiations (COP21) in December 2015 where faith-based investors and public pension plans were prominent in advocating for a strong agreement.
- G. Disclosure and communication on climate strategies.
 - a) Disclose carbon footprint of portfolio, low carbon investments (Registry of Low Carbon Investments).
 - b) Respond to Asset Owner Disclosure Project survey
 - c) Publicly communicate to peers and market the Presbyterian Church (U.S.A.)'s climate and clean energy investment strategies.

Review of General Assembly Criteria for Use of Divestment as an Ethical Strategy

The 1984 General Assembly adopted a policy entitled "The Use of Divestment as an Ethical Strategy" *Minutes*, the 196th General Assembly (1984), The United Presbyterian Church, pp. 193-207]. It included seven criteria suggested as a guide for making recommendations concerning divestment, and to serve as an aid to trustees of related institutions and organizations throughout the church. MRTI's work on the referral has been guided by this policy, and a review of the criteria below is appropriate.

1. The issue on which divestment is proposed should be one reflecting central aspects of the faith.

MRTI believes faithful caring for God's creation is an essential element of our Christian vocation, and the current and future threat of climate change to God's creation is well established.

2. The issue on which divestment is proposed should be one that the church has addressed by a variety of educational and action efforts, such as: correspondence with companies, discussion with company managers and directors, statements, questions, and shareholder resolutions at stockholder meetings, and legal action against companies.

As summarized in the report, MRTI and its ecumenical partners for decades have engaged many corporations regarding environmental responsibility, particularly involving climate change. This engagement has produced positive changes in corporate policies and practices, and current engagements are moving forward in numerous instances. Obviously, the faith-based investor community acknowledges that much more remains to be done.

3. The analysis supporting the proposed action: a. should be clearly grounded in the church's confession and unambiguously present in the social policy of the General Assembly; b. should clearly define the behavior and stance of the corporate entities whose policies or practices are at issue; and c. should state the ends sought through divestment.

MRTI's work since the 2014 General Assembly has been focused on several key components of a robust response to climate change: governance, strategy, implementation, transparency and disclosure, and public policy. Additional detail is set out in the recommendations, and would provide benchmarks for how and whether or not a corporation is contributing to positive solutions to the climate change challenge. MRTI believes its work will be strengthened by the General Assembly's affirmation of these criteria.

4. The decision should be taken after consultation with the ecumenical community, whenever possible. The implementation of a divestment action should ordinarily be in solidarity with other Christian bodies.

MRTI works with many partners both within and outside of the faith community. Engagements are frequently carried out in partnership. Some partners have adopted positions on divestment of fossil fuel companies, and some of them have actually sold stock in some companies. Other partners have not. All are committed, however, to working on the issue.

5. Efforts should be made to examine the probable effects and consequences of the action with affected communities, particularly Presbyterians.

Recognizing the differing views expressed at the General Assembly and in subsequent communications, MRTI held its fall 2014 meeting in Boston in order to meet with Presbyterians and members of other churches who support divestment from fossil fuel companies. The Presbytery of Boston was the first to adopt the original overture. In addition, MRTI members and staff attended a symposium sponsored by the Synod of the Sun held in Houston entitled "Addressing Climate Change: Faithful Alternatives to Fossil Fuel Divestment." MRTI has also been in communication with other Presbyterians regarding this issue.

Clearly, while the issue of global climate change and fossil fuel divestment finds church members and others holding differing views, well-meaning and faithful Christians share a calling to be good stewards of God's Creation, one of our core of beliefs. The fossil fuel debate is being had because we all take the call to stewardship seriously. The divestment from energy companies discussion is being had by brothers and sisters in Christ who sincerely care about our world. We all agree that we must do something. The disagreement comes around this question: What is the most effective way to witness and accomplish change to the threat posed by climate change and our dependence on fossil fuels?

It is also apparent that church members and others recognize the magnitude of the challenge ahead, and how pervasive fossil fuels are in our society. We all use them. They power our cars, provide electricity, heat and air condition our homes, are used to make medicine, cosmetics, plastic water bottles, televisions, tires, and even the toothpaste you use to clean our teeth. Yet, most acknowledge that action is required, even as we disagree on what the most appropriate action is.

So while people are discussing divestment and engagement as strategies, it has to be noted that solutions cannot be focused solely on those involving investments. Transitions to a low carbon economy will require changes throughout society. These changes will include reductions in demand as well as supply, development of reasonable alternatives, disincentives for fossil fuel use including putting a price on carbon, deforestation issues, and the technology of carbon capture and storage. We cannot discuss investment options without simultaneously calling for broader changes and admitting our own responsibilities.

6. The proposed action should be sufficiently precise that the effect of its application can be evaluated.

This is why MRTI has proposed focused criteria for General Assembly affirmation.

7. Any proposed divestment action should include provision for: a. informing appropriate church constituencies; b. giving appropriate public visibility to the action; c. engaging other governing bodies and members in advocacy for the ends that prompt the divestment; d. giving pastoral care to those directly affected.

Since there is no divestment recommendation being brought to this General Assembly, no such provision has been made.

In sum, since the last General Assembly, MRTI has worked diligently on the referral through increased corporate engagements reflected in the committee's work plan, meeting with Presbyterians who hold a variety of views on the issues, and increased allocation of committee and staff time to the subject. MRTI is committed to continue this focus through the next General Assembly.

Note: The Biblical, Theological, Ethical and Policy Background section draws upon General Assembly policies such as "Restoring Creation for Ecology and Justice" [*Minutes*, 202nd General Assembly (1990), Presbyterian Church (U.S.A.), Part I, pp. 646-690.] and "The Power to Change: U.S. Energy Policy and Global Warming" [*Minutes*, 218th General Assembly (2008), Presbyterian Church (U.S.A.), Part I, pp. 934-958.] and interpretative materials such as *Keeping and Healing the Creation* by Rev. William Gibson

PRESBYTERIAN MISSION AGENCY BOARD

February 3-5, 2016

Compassion, Peace and Justice Ministry Area

B.104

for the Eco-Justice Task Force, Committee on Social Witness Policy, Presbyterian Church (U.S.A.), 1989; and *And the Leaves of the Tree Are for the Healing of the Nations: Biblical and Theological Foundations for Eco-Justice* by Rev. Dr. Carol Johnston published by the Presbyterian Church (U.S.A.), 1997.



Financial Implication Cover Sheet Report to the General Assembly

2016

A Financial Implication Cover Sheet should accompany each Report to the General Assembly (RGA).

Report Name - **Mission Responsibility Through Investment Report and Recommendations to the 222nd General Assembly (2016): On Divestment from Fossil Fuel Companies.**

Agency - PMA – CPJ - MRTI Date - January 26, 2016

Contact - Bill Somplatsky-Jarman

1) Does the report include a recommendation(s) that has a financial impact? **NO**

a) Please identify each recommendation and the component(s) of its cost. *

*Meetings should detail the number of attendees, number of days and the year in which it will occur. Printed resources should detail the estimated page length and the intended distribution audience.

2) Has a General Assembly entity been asked to perform a task? If so,

a) Please identify the staff member that was consulted.

3) Will the General Assembly entity absorb the costs associated with this RGA? If so,

a) What Program(s) will be discontinued?

b) What additional sources of funding have been identified?

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