

Press release: Church of England national investing bodies and the transition to a low carbon economy

For immediate release

London, Thursday 30th April 2015: The Church Commissioners and The Church of England Pensions Board have today announced the £12million divestment from thermal coal and tar sands.

From today neither body, nor the £1.9 billion CBF Church of England funds, will make any direct investments in any company where more than 10% of its revenues are derived from the extraction of thermal coal or the production of oil from tar sands.

This announcement coincides with the adoption of a new climate change policy recommended by the Church's Ethical Investment Advisory Group (EIAG) that sets out how the three national investing bodies (NIBs) will support the transition to a low carbon economy.

The Rev Canon Professor Richard Burrige, Deputy Chair of the EIAG and lead on the EIAG's theological process, said: "Climate change is already a reality. From an ethical perspective the focus of the investing bodies must be on assisting the transition to a low carbon economy. The Church has a moral responsibility to speak and act on both environmental stewardship and justice for the world's poor who are most vulnerable to climate change. This responsibility encompasses not only the Church's own work to reduce our own carbon footprint, but also how the Church's money is invested and how we engage with companies."

Bishop Nick Holtam, the lead Bishop on the environment at the Church of England, said: "I very much welcome the policy of the national investing bodies and the Ethical Investment Advisory Group of the Church of England in response to the motion that came to General Synod from Southwark Diocese in February 2014. It is thoughtful and has been carefully considered, producing a range of ways to engage with issues of the Church's finance in relation to Climate Change. It marks the start of a process of divestment as well as engagement with fossil fuel companies and better aligns the Church's investment practice with its belief, theology and practice.

Climate change is the most pressing moral issue in our world. Change is happening rapidly, I therefore particularly welcome the commitment to regularly review the policy recommendations in the light of our knowledge and experience."

The primary focus of the new policy is on more intensive engagement with companies in which the NIBs hold shares. This will include engagement with companies that make a significant contribution to global greenhouse gas emissions (such as fossil fuel producers, electricity generation utilities, large energy users and producers of energy-intensive products). Recent shareholder resolutions at BP and Shell driven by the 'Aiming for A coalition' of which the NIBs are key members have set a new benchmark for how companies interact with and make disclosures to investors on climate issues.

Tom Joy, Director of Investments at the Church Commissioners, said: "We want to be at the forefront of institutional investors seeking to address the challenge of energy transition. This will predominantly be achieved through strategic engagement, as seen by recent shareholder resolutions at Shell and BP. But this new policy rightly goes beyond to incorporate investment exclusions for companies focused on the highest carbon fossil fuels where we do not think engagement would be productive."

The new policy commits the NIBs to intensify engagement not only with companies but also with policy makers. Pierre Jameson, Chief Investment Officer of the Church of England Pensions Board said: "We want a global policy framework that incentivises a reduction in carbon emissions and the transition to a low carbon economy. We need governments meeting in Paris at the end of this year to agree long term global emissions targets with a clear pathway to a low carbon future."

The three NIBs have committed to increase their low carbon investments subject to such investments meeting their risk and return criteria over the long term. They already have significant low carbon investments. Nearly 4% of the Commissioners' portfolio is invested in sustainable forestry, and the Commissioners are the largest private owner of UK forestry.

The policy also highlights the importance of integrating the risks associated with climate change into investment decision making, in line with the NIBs' commitments under the UN-backed Principles for Responsible Investment.

James Bevan, Chief Investment Officer at CCLA, which is majority owned by the CBF Church of England Investment Fund, said: "We have been carefully analysing the investment risks associated with climate change. Our flagship multi-asset funds are underweight fossil fuels, and we currently have similar sized allocations to low carbon investments like energy efficiency and green infrastructure."

Edward Mason, Head of Responsible Investment for the Church Commissioners, said: "This is one of the most comprehensive policy frameworks on climate change adopted by any institutional investor. This is not about divestment v engagement. This policy talks to how institutional investors committed to ethical and responsible investment can integrate climate change considerations into their thinking and investment strategy. This is an evolving

space. We want to continue to collaborate with others to play our part in the transition towards a low carbon economy and low carbon investing.”

Notes to editors:

The three NIBs have provided additional funding to the Institutional Investors Group on Climate Change (IIGCC), a forum for collaboration between European institutional investors on issues related to climate change, to enable it to recruit a new head of EU policy.

The three NIBs are contributing to the current Mercer project assessing the investment implications of climate change. Mercer's analytical work builds on their first report “Climate Change Scenarios: The implications for Strategic Asset Allocation”. The next report will be launched on 4th June.

CCLA is majority owned by the CBF Church of England Fund, has not invested in thermal coal or oil sands companies on purely investment grounds for some time.

The climate change policy is available in full at [link to pdf](#).

For further information please contact:

Claire Barraclough

[0207898 1445](tel:02078981445)

Claire.barraclough@churchofengland.org

Background on NIBs and EIAG.