Churches' Commitments to Children

Caring for children by addressing global warming

Cooler Earth
Higher Benefits

(Second Edition)

Actions by those who care about children, climate and finance

A Research Report funded by the Keeling Curve Prize

World Council of Churches

Cooler Earth
Higher Benefits

(Second Edition)

Actions by those who care about children, climate and finance

Churches' Commitments to Children

Caring for children by addressing global warming

A Research Report funded by the Keeling Curve Prize

World Council of Churches

Cooler Earth – Higher Benefits
Actions by those who care about children, climate and finance Second Edition

Research and Suggestions: Emmanuel de Martel, Independent Consultant – Senior Finance and Operations Executive
Supervision, Concept, and Coordination: Frederique Seidel, WCC Senior Advisor on Child Rights, Manager of WCC-UNICEF Partnership

WCC Publications is the book publishing programme of the World Council of Churches. Founded in 1948, the WCC promotes Christian unity in faith, witness, and service for a just and peaceful world. A global fellowship, the WCC brings together more than 350 Protestant, Orthodox, Anglican, and other churches representing more than 560 million Christians in 110 countries and works cooperatively with the Roman Catholic Church.

A comprehensive list of copyright acknowledgements can be found on **page 120**

This publication was made possible through funding from the Keeling Curve Prize

Cover design: Beth Oberholtzer Design
Book design and typesetting: Beth Oberholtzer Design
Cover Image: Marcelo Schneider

ISBN: 978-2-8254-1763-8

World Council of Churches
150 route de Ferney, P.O. Box 2100
1211 Geneva 2, Switzerland
http://www.oikoumene.org

Contents

Purpose

This document was developed as a result of the World Council of Churches (WCC)'s Churches' Commitments to Children initiative winning the **Keeling Curve Prize in 2019**. It was commissioned by the WCC's Child Rights programme in response to requests by children and youth who are marching in the streets, urging adults to find solutions in response to the climate crisis.

The research examines the impact of financial choices on global warming and reviews related solutions which can bend the CO2 emissions curve (also called the "Keeling Curve").

The purpose of this research is to share information, good practices, and suggestions on the efficiency of financial measures to address global warming. It aims to support discussions and discernment among working groups and decision makers. It does not reflect any institutional view.

The materials are shared for examination by all those who may want to consider influential strategies to address climate change.

While the decisions related to these financial measures have a decisive impact on children, the measures and opportunities presented in this document cannot be undertaken *by c*hildren. In light of the many initiatives driven and promoted by children and youth to protect the planet and the climate, these financial measures are critical for intergenerational justice and to counteract the discouragement and eco-anxiety faced by children and youth who are engaged for the planet.

Today, many leaders encourage children and youth to be responsible eco-citizens (see examples shared in the WCC Toolkit on climate justice for and with children/youth[1]). The initiatives and efforts by children and youth can only have an impact on global warming if, in parallel, the right choices are made in the domain of finance – the most decisive domain for climate solutions – over which young people have limited influence.

The research is intended to be used as a resources document for

- WCC working group consultations, to work toward a statement from governing bodies on the topic;
- the development of organizational policies;

1. WCC Toolkit on climate justice for and with children/youth, 30 July 2020, WCC website: **https://www.oikoumene.org/en/press-centre/news/new-wcc-toolkit-empowers-churches-to-work-with-children-and-youth-for-climate-justice**

- WCC member churches and partners who are willing to further adjust their investment strategies and relations with influential contractors to fight global warming; and
- joint efforts with the United Nations and other partners who collaborate to accelerate green finance and environmental sustainability measures.

The document can also be used for discussions related to discernment on returns and benefits of financial placements.

If, for example, an organization is exclusively or primarily looking at the financial returns of a pension fund, the following question could emerge: Will employees be able to enjoy their pension and time with grandchildren if, by the time they retire, temperatures continue to increase as a result of global warming?

The cost of not making responsible choices would be high, and the advantages of adapting investments will be beneficial for all. The title "Cooler Earth – Increased Benefits" was therefore given to this research document, taking into account the benefits of intergenerational justice and the returns of investment into a sustainable future.

Executive Summary

This paper highlights what has already been done by churches and Christian organizations, the United Nations (UN), and other organizations around the world to respond to the climate emergency through investment decisions and similar impactful measures for environmental sustainability – with a view to accelerating related efforts.

Chapter 1 provides insights into the **different types of financial strategies** which exist to address global warming. It offers insight into stakeholder engagement and divestment from fossil fuels with a focus on long-term benefits. This chapter also illustrates that the returns of green investments can be even higher than investments in traditional sectors.

Chapter 2 presents **good practices from some churches and Christian organizations** which are applying some of these strategies. It includes examples from churches which were ready to accept lower returns while focusing on ethical investments but experienced higher financial returns instead.

Chapter 3 presents **examples from the UN**, including investments but also sustainable development initiatives and selection criteria for contractors. The chapter identifies **areas for further influence and joint efforts with civil society partners**.

Chapter 4 shares **good practices from other organizations** which can be helpful for churches and partners as they make choices and decisions around asset management and selection of contractors.

Chapter 5 presents a number of **existing advocacy initiatives** which may inspire actions by churches and partners.

Chapter 6 offers a number of practical suggestions, summarizing **what you can do, as churches and partners**, for both individual or collective actions.

Finally, the comprehensive **Appendices** provide access to detailed resources. This section includes materials showing that financial support for the fossil fuel industry has increased every year since the Paris Agreement was adopted in December 2015, **underlining the importance for adults to carefully review how their assets are managed**. It also gives access to sources which rank banks based on their efforts around climate solutions.

The Appendices also give an overview of organizations that are committed to partial or total divestment from fossil fuels. It documents that, in terms of volume (number of institutions divesting), **faith organizations represented the greatest share (31 percent).**

How to Use This Document

This document can be of interest to a broad variety of readers:

- decision makers in churches, heads of finance, and synod members
- specialized ministries
- heads of child/youth ministries
- ecumenical sister agencies
- child-focused organizations
- UN agencies
- interfaith partners
- youth groups (a shorter and more youth-friendly version is planned for young audiences)

If you are a decision maker and do not have time to read the entire paper, you can go straight to **chapter 6** and delegate the review of technical details to your team.

Readers from UN agencies are encouraged to read the information and ideas presented in chapter 3 (opportunities for innovation; see **p. 49**).

Readers who are aware of further examples are encouraged to share these with the World Council of Churches by sending a message to churchesforchildren@wcc-coe.org for future updates to this document. We hope to include examples from interfaith partners and other geographical regions in the future.

Background

Context

On 12 December 2015, at the 21st session of the Conference of the Parties (COP 21) in Paris, parties to the United Nations Framework Convention on Climate Change (UNFCCC) reached a landmark agreement to combat climate change and to accelerate and intensify the actions and investments needed for a sustainable low-carbon future. The Paris Agreement's central aim was to strengthen the global response to the threat of climate change by keeping a global temperature rise in the 21st century well **below 2 °C above preindustrial levels** and to pursue efforts to limit the temperature increase even further to **1.5 °C**.[1]

The United Nations Environment Programme (UNEP) Emissions Gap Report 2019, published in November 2019, shows that even if countries meet commitments made under the 2015 Paris Agreement, the world is currently heading for a **3.2 °C global temperature rise** over preindustrial levels, leading to even wider-ranging and more destructive climate impacts. **Greenhouse gas emissions need to fall by 7.6 percent each year over the next decade** if the world is to get back on track toward the goal of limiting temperature rises to close to 1.5 °C.[2]

The impact on children

As noted in the Churches' Commitments to Children, "children are more exposed than adults to the impacts of climate change, and **its consequences will be even greater in the lives of future generations, representing a threat to their very survival." It is a moral imperative for adults to undertake decisive actions that will contribute to the reduction of Greenhouse Gas emissions."**[3]

1. What is the Paris Agreement? United Nations Climate Change – Process and meetings: https://unfccc.int/process-and-meetings/the-paris-agreement/what-is-the-paris-agreement

2. "UN missions report: World on course for more than 3 degree spike, even if climate commitments are met," UN News, 26 November 2019: https://news.un.org/en/story/2019/11/1052171

3. *Churches' Commitments to Children*, World Council of Churches and UNICEF, 2017: https://www.unicef.org/about/partnerships/files/wcc_commtmntchildren_UNICEF_ENG_PRODweb.pdf

Across the world, young people marching in the streets urge system changes and fear the future consequences of climate change. In September 2019, 16-year-old climate activist Greta Thunberg addressed the UN's Climate Action Summit in New York City, accusing world leaders of failing to act on climate change:

> You have stolen my dreams and my childhood with your empty words. And yet I am one of the lucky ones. People are suffering … We are in the beginning of a mass extinction, and **all you can talk about is money and fairy tales of eternal economic growth**. How dare you! … **If you really understood the situation and still kept on failing to act, then you would be evil**. And that I refuse to believe. …
>
> The eyes of all future generations are upon you. And if you choose to fail us, I say: We will never forgive you.[4]

Existing solutions which only adults and decision makers can act upon

Even though children can make changes in their daily life to reduce their carbon footprint, they don't have any direct influence on financial investments in fossil fuels, which represent one of the largest driving forces in the current capitalist system. A majority of stakeholders now widely see **divesting from companies that extract and burn fossil fuels** as **one of the key avenues** to address the climate crisis, along with complementary actions like **influencing these companies** through shareholders' resolutions (shareholder activism) and **investing in cleaner alternatives** (companies providing innovative solutions around sustainable energy, reforestation, zero-carbon transport, etc.).

This can be done by any investor, large or small, public or private, organizational or individual. Everyone can make a difference by selecting the financial partner they work with. The choice of financial institution must be guided by **careful analysis of its environmental impact** to avoid "greenwashing" – giving investors a false impression of an organization's environmental values and approach. Financial institutions have indeed fully understood by now, as part of their reputational risk, the importance of their messaging surrounding climate change to attract new customers and to hire and retain employees.

The **global value of assets under management can be estimated at $74 trillion US**, based on Boston Consulting Group's 17th annual report

4. "Transcript: Greta Thunberg's speech at the U.N. Climate Action Summit," NPR (National Public Radio), 23 September 2019: https://www.npr.org/2019/09/23/763452863/transcript-greta-thunbergs-speech-at-the-u-n-climate-action-summit?t=1579002891219

on the global asset management industry.[5] As of September 2020, the gofossilfree.org website estimated that almost **1,250 institutions managing a total of $14.4 trillion US had committed to some level of divestment** among their assets. This means that around **19 percent of the assets under management were subject to some form of divestment, either partial or total**.

Challenges and opportunities in the COVID-19 context

While the **coronavirus (COVID-19) pandemic** is an incomparable tragedy and affects an unprecedented number of individuals around the globe, the pandemic may also help accelerate the urgently needed system changes and reduce the number of victims affected by the climate emergency – now and for future generations. There are many unique **challenges and opportunities** associated with this outbreak:

- **Challenges to maintain focus on the environment** in a context where the priority might be to get the economy back up and running at all costs. The decreased activity caused by global lockdowns will lead to a drop in carbon dioxide emissions in 2020, mostly due to decreased electricity use, industrial production, and transport. However, past economic crises suggest that a rapid recovery of emissions might take place when the pandemic is over. For example, the 2008–09 financial crisis triggered a 1.2 percent decline in CO2 emission in 2009, but this was followed by a 5.1 percent rebound in 2010, well above the long-term average.[6]
- **Opportunities to revisit our economic model and implement structural changes**. The COVID-19 pandemic has brought attention to the fact that "business as usual" can be stopped, and that anything, it seems, is now possible. It is a unique opportunity to **imagine a whole new system that places the Earth's needs before those of industrial growth**. The quarantine on consumption triggered by the lockdown period may ultimately offer a blank page to a new beginning.

---

5. Global Asset Management 2019: Will these '20s roar? BCG (Boston Consulting Group), July 2019: https://image-src.bcg.com/Images/BCG-Global-Asset-Management-2019-Will-These-20s-Roar-July-2019-R_tcm9-227414.pdf

6. "How changes brought on by coronavirus could help tackle climate change," The Conversation, 16 March 2020: https://theconversation.com/how-changes-brought-on-by-coronavirus-could-help-tackle-climate-change-133509

- Governments around the world are announcing economic stimulus measures. There is a unique opportunity to **invest this stimulus money in structural changes that lead to reduced emissions**, such as further development of clean technologies.
- The coronavirus crisis has also forced many people to work and meet remotely, which may lead to a **sustainable reduction in long-haul business travel**. Companies might also conclude that localized production, which is more climate-friendly, is a sensible way to protect their supply chains from all kinds of risk, such as extreme weather events linked to climate change.

This coronavirus pandemic may ultimately lead to an **increased awareness of the ongoing environmental crisis**. Some leading scientists say the COVID-19 outbreak was a "clear warning shot," given that far more deadly diseases exist in wildlife and that it is almost always human behaviour that causes animal diseases to spread to humans. As Inger Andersen, executive director of the UN Environment Programme, warned on 25 March 2020,

> There are too many pressures at the same time on our natural systems and something has to give. We are intimately interconnected with nature, whether we like it or not. If we don't take care of nature, we can't take care of ourselves. And as we hurtle towards a population of 10 billion people on this planet, we need to go into this future armed with nature as our strongest ally.[7]

---

7. "Coronavirus: 'Nature is sending us a message', says UN environment chief," *The Guardian*, 25 March 2020: **https://www.theguardian.com/world/2020/mar/25/coronavirus-nature-is-sending-us-a-message-says-un-environment-chief**

1
Investment Strategies to Fight Global Warming

In the face of the climate challenge, the most straightforward investment strategy seems to be a full divestment from fossil fuel companies, which are among the main contributors to the majority of CO2 emissions causing global warming.

However, we must bear in mind that

> The fragmentation of knowledge proves helpful for concrete applications, and yet it often leads to a loss of appreciation for the whole, for the relationships between things, and for the broader horizon, which then becomes irrelevant. This very fact makes it hard to find adequate ways of solving the more complex problems of today's world, particularly those regarding the environment and the poor; these problems cannot be dealt with from a single perspective or from a single set of interests. (*Laudato Si'*, § 110)[1]

In regard to global warming, a strategy solely based on fossil fuel divestment may have a limited impact if the assets are not material; it could even be counterproductive if the divested assets are purchased by new investors that do not care at all about environmental issues.

It then appears paramount to **look at the full spectrum of possible actions** and consider strategies that complement divestment, such as shareholder activism and investments in cleaner alternatives.

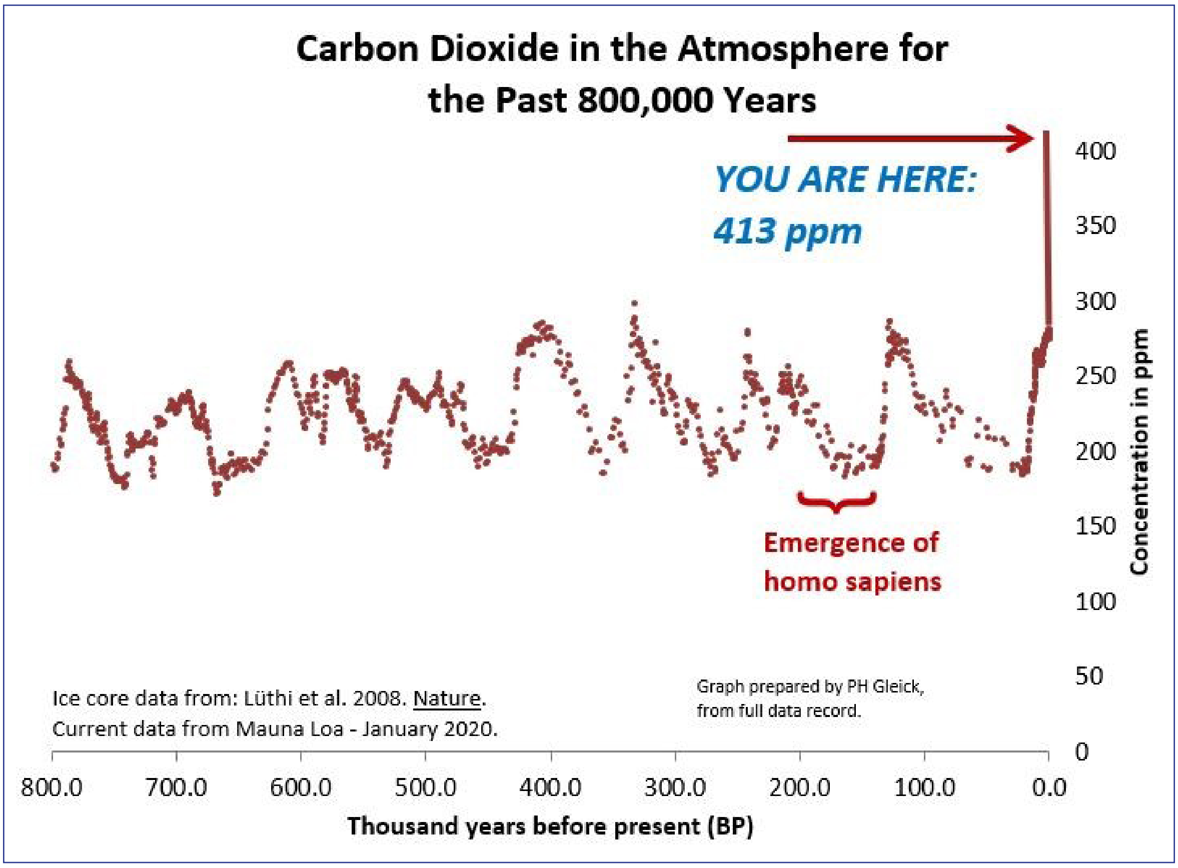
1.1 The role of fossil fuel companies in global warming

Greenhouse gas emissions

There is a strong scientific consensus that the Earth is warming and that this warming is mainly caused by human activities – primarily greenhouse gas emissions. This consensus is supported by various studies of scientists' findings and by position statements of scientific organizations, many of

1. Encyclical Letter *Laudato Si'* of the Holy Father Francis, On Care for Our Common Home, Libreria Editrice Vaticana, 24 May 2015: http://w2.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si.html

FIGURE 1



*Source: Prepared by Peter H. Gleick, Pacific Institute, 2020**

*"800,000 years of global atmospheric CO2," Peter Gleick on Twitter, 8 January 2020: **https://twitter.com/petergleick/status/1214964408851451905**

which explicitly agree with the United Nations (UN) Intergovernmental Panel on Climate Change synthesis reports.[2]

A greenhouse gas absorbs and emits radiant energy within the thermal infrared range. These gases create a warming "greenhouse effect" on the Earth. The atmosphere's primary greenhouse gases are water vapour (H2O), carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), and ozone (O3). Without greenhouse gases, the average temperature of Earth's surface would be about −18 °C (0 °F), rather than the present average of 15 °C (59 °F).

Since the beginning of the Industrial Revolution, human activities have increased the atmospheric concentration of carbon dioxide by 45 percent: from 280 parts per million (ppm) in 1750 to 413 ppm in 2019. The chart above shows how this increase compares to estimated historical levels over the last 800,000 years:

2. Wikipedia, "Scientific consensus on climate change": **https://en.wikipedia.org/wiki/Scientific_consensus_on_climate_change**

The role of fossil fuel companies

The vast majority of **anthropogenic (caused by human activity) CO_2 emissions come from the combustion of fossil fuels**, principally coal, oil, and natural gas, with additional contributions coming from deforestation, changes in land use, soil erosion, and agriculture (including livestock).

The leading source of **anthropogenic methane emissions is animal agriculture, followed by fugitive emissions from gas, oil, coal, and other industries**; solid waste; wastewater; and rice production.[3]

Fossil fuel companies are the main contributors to the majority of these CO_2 emissions causing global warming. According to an analysis by the Climate Accountability Institute in the US (the world's leading authority on Big Oil's role in the escalating climate emergency), **the top 20 fossil fuel companies have contributed 35 percent of all energy-related carbon dioxide and methane worldwide**, totalling 480 billion tons of carbon dioxide equivalent ($GtCO_2e$) since 1965.[4]

State-owned vs. private-owned fossil fuel companies

Looking at these top 20 fossil fuel companies (see Figure 2 on the next page),

- **Eight of them are investor-owned** and are collectively responsible for **15 percent of total emissions since 1965.**[5]

  These **international oil companies (IOCs)** are **headquartered in Western countries** and listed on public stock exchanges. ExxonMobil, Chevron, Royal Dutch Shell, and BP are the biggest private oil "supermajors." They are **owned by shareholders, who can exert some influence on their strategies.**

- **Twelve of them are national oil companies (NOCs)**, located mostly in **low- and middle-income countries**. They are state-owned (fully or mostly), and their extractions are responsible for **20 percent of total emissions since 1965**. These companies are primarily influenced by **local public** policies, even though they also need private sector financing and expertise to extract the fuels.

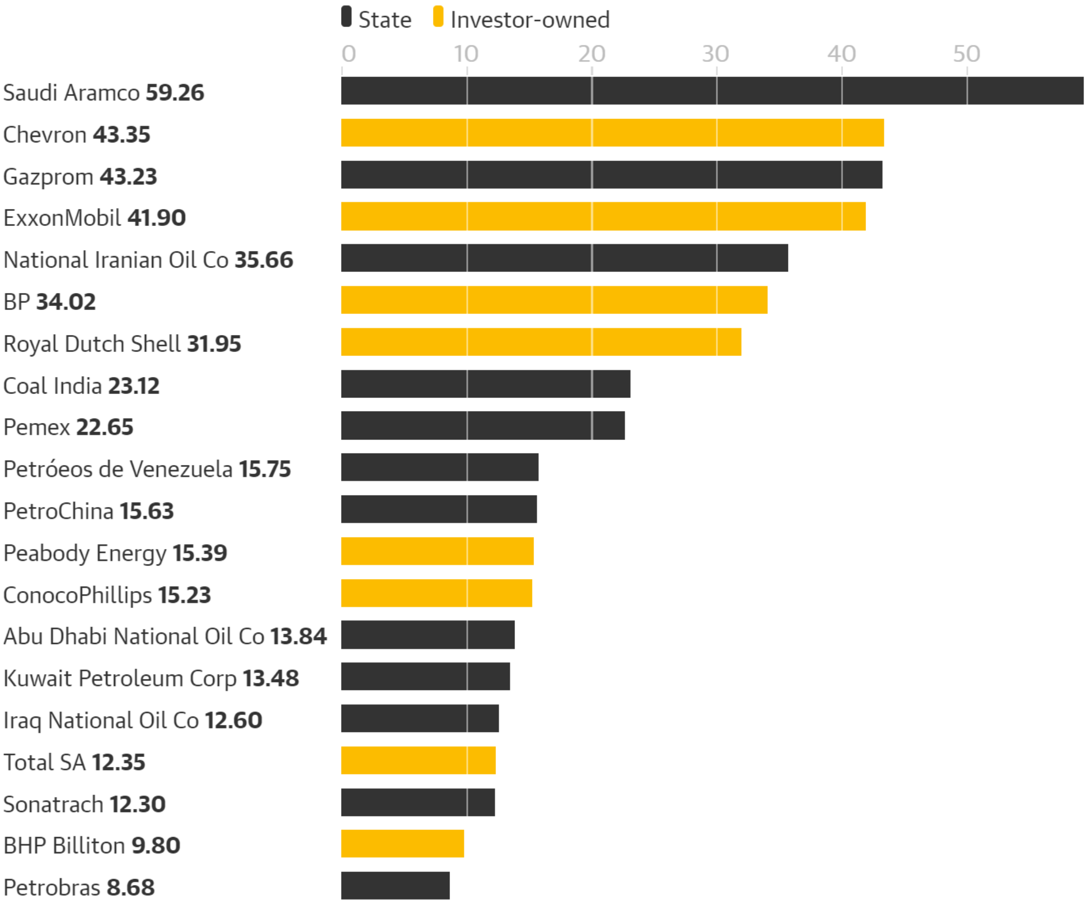
  Given that NOCs do not have the transparency requirement of publicly traded companies, that they are not directly exposed to pressure from shareholders, and that many of them have their headquarters in authoritarian countries, they are **less exposed to pressure**

3. Wikipedia, "Greenhouse gas": https://en.wikipedia.org/wiki/Greenhouse_gas
4. "Revealed: the 20 firms behind a third of all carbon emissions," *The Guardian*, 9 October 2019 https://www.theguardian.com/environment/2019/oct/09/revealed-20-firms-third-carbon-emissions
5. Ibid.

FIGURE 2

The top 20 companies have contributed to 480bn tonnes of carbon dioxide equivalent since 1965

Billion tonnes of carbon dioxide equivalent



Guardian graphic | Source: Richard Heede, Climate Accountability Institute. Note: table includes emissions for the period 1965 to 2017 only

from civil society. As a result, they are "dangerously under-scrutinized," according to the Natural Resource Governance Institute.[6]

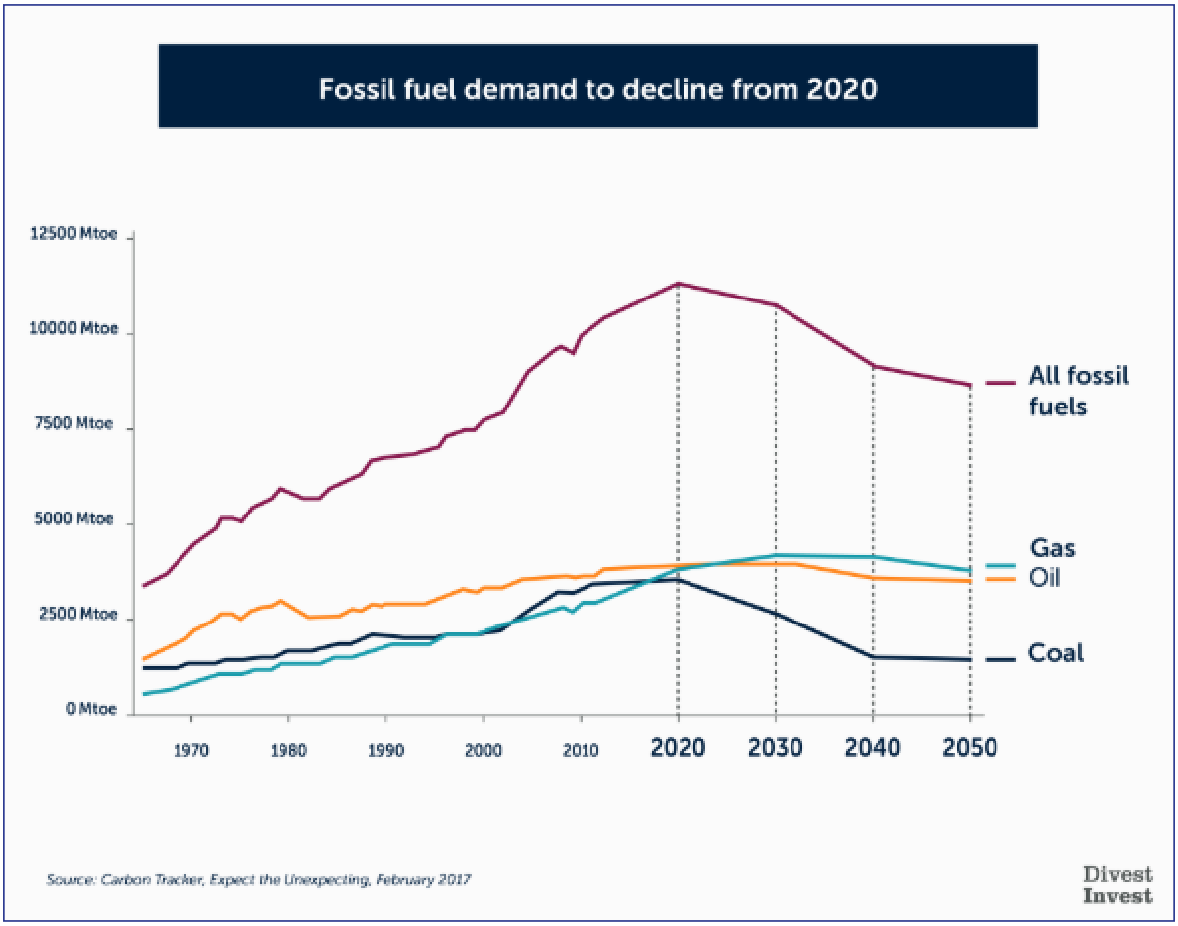
Projected oil and gas production increase until 2030

A growing number of analysts, including Carbon Tracker and Imperial College London, expect oil and coal demand to peak by 2020, while gas demand will continue to grow until 2030 (see Figure 3).[7]

6. "National oil companies, with $3.1 trillion in assets, are dangerously under-scrutinized," Natural Resource Governance Institute, 25 April 2019: https://resourcegovernance.org/news/national-oil-companies-31-trillion-assets-are-dangerously-under-scrutinized

7. "Why divest invest: Demand for fossil fuels is falling," DivestInvest: https://www.divestinvest.org/why-divestinvest/finance

FIGURE 3



Projections by Rystad Energy show that the world's 50 biggest oil companies expect to produce an additional 7 million barrels per day between 2018 and 2030. In that scenario, Shell and ExxonMobil will be among the leaders, with a **projected oil and gas production increase of more than 35 percent between 2018 and 2030** – a sharper rise than over the previous 12 years (see figure 4).[8]

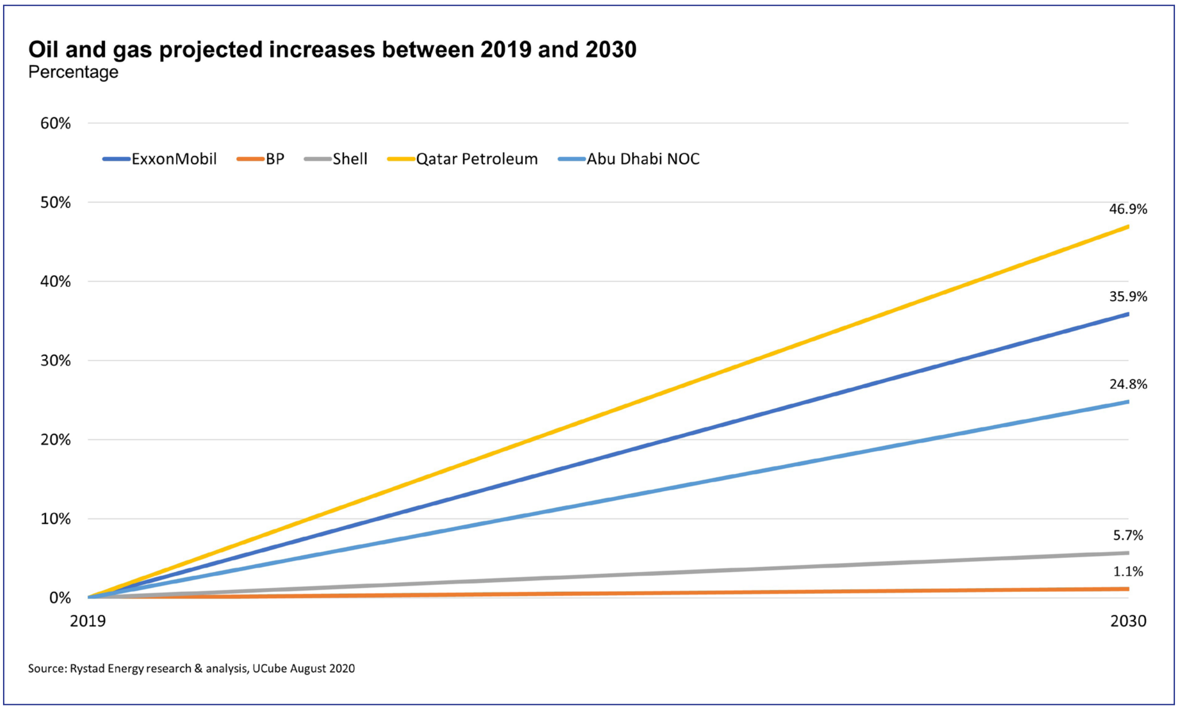
As long as global demand for natural gas and oil continues to rise and investments in clean technologies remain insufficient to meet future demand, there is a risk that divestment pressures will lead IOCs to give up market share to NOCs, which might be less willing than IOCs to reduce the carbon intensity of their products and support the transition to renewable energy.[9]

---

8. "Oil firms to pour extra 7m barrels per day into markets, data shows," *The Guardian*, 10 October 2019: https://www.theguardian.com/environment/2019/oct/10/oil-firms-barrels-markets

9. "Fossil fuel divestment will increase carbon emissions, not lower them – here's why" – The Conversation, 25 November 2019: https://theconversation.com/fossil-fuel-divestment-will-increase-carbon-emissions-not-lower-them-heres-why-126392

FIGURE 4



In that context, with NOCs being less exposed to pressure from civil society and shareholders, **local churches could play a key role** in **asking these companies for more transparency** and **advocating for them to contribute to the transition to a low-carbon economy, based on moral and religious considerations**.

1.2 Divestment as a tool to reduce financial risk

Historically, fossil fuel investments met numerous institutional investor imperatives, since they were able to offer overall scale, liquidity, value growth, and dividend yield – a more complete investment package than that provided by most other sectors.

Nowadays – based on the inherent risk of such companies to become worthless ("stranded assets") if fossil fuel reserves can no longer be exploited and due to the increasing costs of fossil fuel extraction and the increasing cost competitiveness of renewable energies – it may make sense for many investors to reduce or even totally walk away from fossil fuel companies.

Many consider that investors in fossil fuels might be sitting on a carbon bubble, which has already burst for the coal sector, leading to billions of dollars in losses. The coal industry indeed saw widespread bankruptcies when demand was just 2 percent off its all-time peak. The same factors that have enabled the transition from coal – the falling cost of other energy sources, policy changes, and social stigma – could now be at play in the oil and gas sector.

Regulation and litigation risk against fossil fuels can also be seen as a serious financial risk for investors. In its 2016 year-end financial report, Chevron became the first company to acknowledge that risk: "Increasing attention to climate change risks has resulted in an increased possibility of governmental investigations and, potentially, private litigation against the company."[10]

In December 2019, the Bank of England announced that it will use its 2021 biennial exploratory scenario to explore the financial risks posed by climate change. The exercise will test the resilience of the current business models of the largest banks, insurers, and the financial system to climate-related risks and therefore the scale of adjustment that will need to be undertaken in the coming decades for the UK financial system to remain resilient.[11]

All in all, many might now consider investment in oil and gas as highly speculative.

1.3 Divestment as a tool to increase financial performance

Historically, the fossil fuel industry (made up of private-owned companies) has been a source of strong returns for shareholders. Today, building portfolios that exclude fossil fuels may generate financial returns that are superior to those of conventional portfolios.

Over the past three and five years, respectively, global stock indexes without fossil fuel holdings have outperformed otherwise identical indexes that include fossil fuel companies. Here is one comparison:

- The **MSCI ACWI Index**, the parent index, includes large and mid-cap securities across 23 developed markets and 26 emerging markets countries.
- The **MSCI ACWI excluding Fossil Fuels Index**, its child index, excludes companies that own oil, gas, and coal reserves. It is a benchmark for investors who aim to eliminate fossil fuel reserves exposure from their investments due to concerns about the contribution of these reserves to climate change.

10. Chevron Corporation, form 10-K, annual report, 15 February 2017: https://www.sec.gov/Archives/edgar/data/93410/000009341017000013/cvx-123116x10kdoc.htm

11. "The 2021 biennial exploratory scenario on the financial risks from climate change," Bank of England, 18 December 2019: https://www.bankofengland.co.uk/paper/2019/biennial-exploratory-scenario-climate-change-discussion-paper?sf114484512=1

FIGURE 5

ANNUAL PERFORMANCE (%)

Year	MSCI ACWI excluding Fossil Fuels	MSCI ACWI
2019	27.50	26.60
2018	-9.40	-9.41
2017	24.80	23.97
2016	6.57	7.86
2015	-0.49	-2.36
2014	6.05	4.16
2013	24.36	22.80
2012	18.00	16.13
2011	-7.50	-7.35

We can see in Figure 5 that the MSCI ACWI excluding Fossil Fuels Index **performed better than its parent index seven years out of nine** since 2011:[12]

1.4 Divestment as a tool to apply pressure on fossil fuel companies

Another argument in favour of divestment is that squeezing the flow of investment into fossil fuel companies will either **bring about their demise or force them to drastically transform their business model, making divestment the crux to seriously address today's environmental issues**.

Another important point to mention is that divestment is **available to everyone who holds some kind of investment, direct or indirect, in fossil fuel companies**. It can be seen as a clear and powerful action that helps build the case for government action.

The impact of divestment, along with other actions against the fossil fuel industry, was recently acknowledged by OPEC [Organization of the Petroleum Exporting Countries] Secretary General Mohammad Barkindo, who said that "unscientific" attacks by climate activists were "perhaps **the greatest threat to our industry going forward.**"[13]

There have been a handful of successful divestment campaigns in recent history, including those targeting violence in Darfur and tobacco advertis-

12. MSCI ACWI ex Fossil Fuels Index (USD), 31 August 2020 : https://www.msci.com/documents/10199/b9fc9a1e-e1ac-4210-af4d-a0f58cbf4cb7

13. "OPEC Secretary-General calls climate change activists 'greatest threat to industry,'" Tech 2, 11 September 2020: https://www.firstpost.com/tech/science/opec-secretary-general-calls-climate-change-activists-greatest-threat-to-industry-6934011.html

ing, but the largest and most impactful one came to a head around the issue of South African Apartheid.

1.5 Redirecting investment toward cleaner alternatives (divest–invest)

If a decision has been made to divest from fossil fuel companies, one has to make a choice about what to do with the assets that have been divested.

To divest–invest is to **sell holdings of fossil fuel shares *and* invest instead in climate solutions**, such as centralized and distributed renewable energy, clean tech, sustainable water and food projects, climate justice programs that bolster community ownership in the new energy economy, resilient infrastructure, smart cities, and energy efficiency.[14]

Clean technologies groupings

Eight major groupings of clean technologies (clean tech), representing high-growth opportunities in a market estimated at more than $5 trillion US, have been identified by clean tech research firm Kachan & Co.[15]

FIGURE 6: Eight major groupings of clean technologies

14. "Divest-invest philanthropy: A primer," September2017, https://www.divestinvest.org/wp-content/uploads/2017/09/2017-DIP-Briefing-Case-Studies.pdf

15. "Cleantech redefined: Why the next wave of cleantech infrastructure, technology and services will thrive in the 21st century," Kachan & Co, As You Sow, the Responsible Endowments Coalition, 26 October 2013: https://www.asyousow.org/reports/cleantech-redefined

Under the "efficiency" category, we can find, for example, **green computing, or green IT**. This refers to companies manufacturing, using, and disposing of computers, servers, and other hardware in environmentally friendly ways. Practices are then focused on reducing energy consumption and disposing of equipment responsibly.

Most computers and hardware need to be handled and disposed of carefully, as they contain toxic substances that can contaminate soil and water if left in landfills or pollute the air if incinerated. Certain parts – such as aluminum, iron, copper, and plastics – can be removed from the computers and hardware for reuse.

Some **specific climate solutions** have been developed across three major asset classes – equities, mutual funds, and fixed income. These are a few of them:

- **fossil-free indexes** like the All Country World Index (ACWI) ex Fossil Fuels, measuring the stock performance of fossil-free companies (see section 1.3 above);
- fossil-free and low-carbon **mutual funds**;
- **climate bonds** used to finance (or refinance) projects needed to address climate: they range from wind farms and solar and hydropower plants to rail transport and the building of sea walls in cities threatened by rising sea levels[16];
- **green bonds, which allocate proceeds** to environmental projects. The term generally refers to bonds that have been marketed as "green." In theory, the proceeds could be used for a wide variety of environmental projects, or even parks development, but in practice they have mostly been the same as climate bonds, with proceeds going to climate change projects.[17]

Annual green bonds and loans issuance

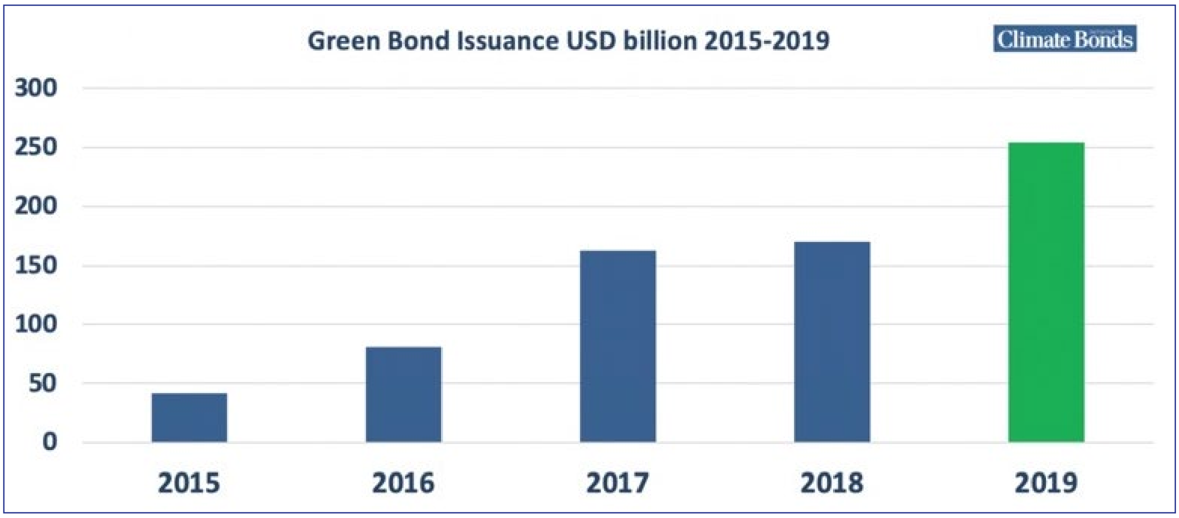
According to the Climate Bonds Initiative,[18] an investor-focused not-for-profit that was launched to increase investments contributing to the transition to a low-carbon and climate resilient economy,

16. Climate Bonds for Beginners, The Climate Bonds Initiative: https://www.climatebonds.net/resources/overview/climate-bonds-for-beginners

17. Ibid.

18. "Record 2019 GB issuance $255bn! EU largest market: US, China, France lead top 20 national rankings: Sovereign GBs & certified bonds gain momentum," The Climate Bonds Initiative, 16 January 2020: https://www.climatebonds.net/2020/01/record-2019-gb-issuance-255bn-eu-largest-market-us-china-france-lead-top-20-national

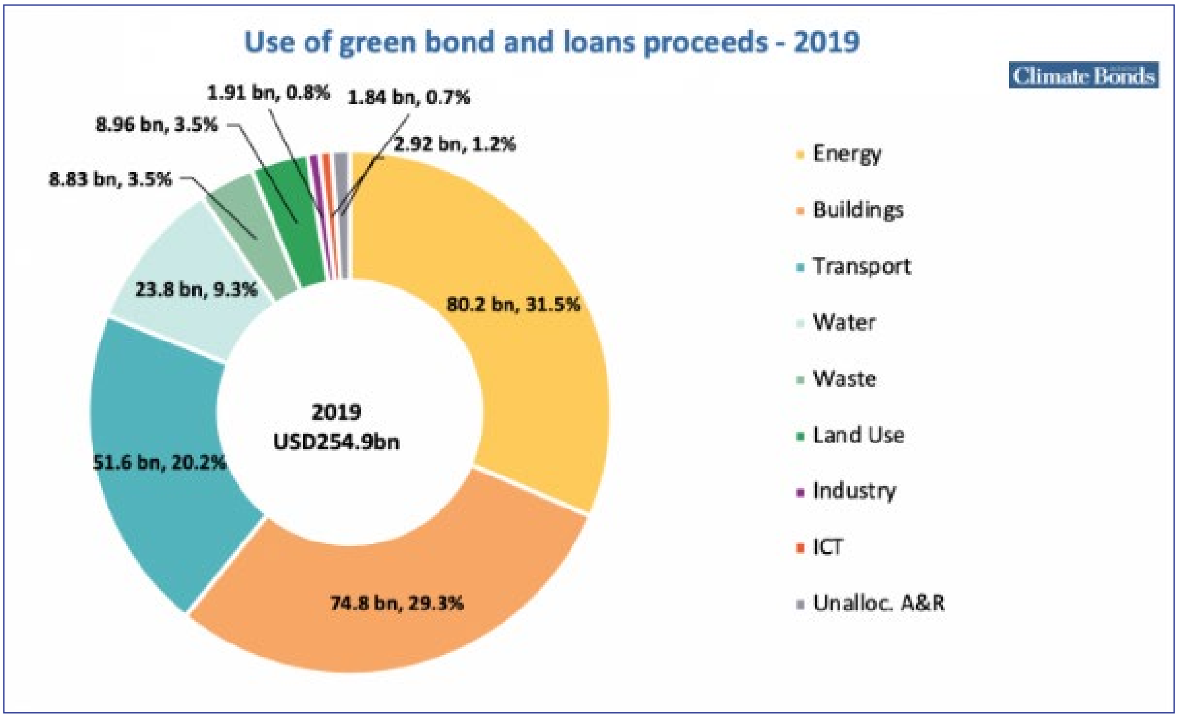
FIGURE 7



- annual green bonds and loans issuance added up to $254.9 billion US in 2019, out of which $6.8 billion (2.6 percent) were green loans;
- this total was up by 49 percent on the final 2018 figure of $171.1 billion US; and
- the forecast, as seen in Figure 7 above, for 2020 is $350 billion to $400 billion US in global annual green bond/loan issuance.

The overall use of proceeds can be seen in Figure 8:

FIGURE 8



1.6 Shareholder engagement / activism

One could argue that the risk of a strategy entirely geared toward divestment is that the divested assets could be purchased by new investors that were not at all interested in environmental issues and that would exercise even less environmental pressure on the boards of the companies that extract and burn fossil fuels.

Private companies that produce or consume fossil fuels can indeed also be influenced through **shareholder engagement or activism**, such as by bringing forward resolutions at annual corporate meetings requesting more proactive and transparent policies on climate change.

For example, in 2018, the US Presbyterian Church, Mercy Investment Services, and Dignity Health urged the Valero Energy Corporation to **develop a business plan describing how their efforts to address climate change would affect their business**. Since then, there have been multiple examples of major investors urging the companies they partially owned to bring the environmental aspect forward on their agenda.

There could be situations, however, where shareholder engagement may not be able to achieve tangible results. For example, in the early 2000s, members of the Rockefeller family tried to get ExxonMobil to transition its business model toward clean energy. The oil giant was the family's legacy, as the Standard Oil Company that John D. Rockefeller founded ultimately became Exxon. Using a variety of tactics – including personal letters, meetings, and shareholder resolutions – the Rockefeller descendants worked tirelessly to persuade Exxon to change course. "We were really begging the company to look harder at what they were doing. They were still into climate denial and funding deniers and really against any positive steps," said Neva Rockefeller Goodwin, the Rockefeller family member who helped lead the effort. "This was the family trying to get into a friendly conversation with ExxonMobil, feeling we have a strong historical connection with that company. We wanted to start talking with the company about their view of the future and how they could be a constructive player as well as part of the problem." Over the ensuing years, Goodwin and about a dozen other Rockefellers launched three separate shareholder resolutions pressing Exxon to recognize climate change and invest in renewable energy. All three resolutions were easily defeated.[19]

19. "Rockefeller family tried and failed to get ExxonMobil to accept climate change," *The Guardian*, 27 March 2015: **https://www.theguardian.com/environment/2015/mar/27/rockefeller-family-tried-and-failed-exxonmobil-accept-climate-change**

All in all, while divestment was once viewed as an **alternative** to shareholder engagement with the fossil fuel industry, people have begun to view **shareholder engagement and divestment as two parts of a joint strategy rather than as opposing options.**

1.7 The time dimension

Besides the articulation between shareholder engagement (aiming at transitioning the governance of a fossil fuel company toward a low carbon economy over **multiple years**) and divestment (creating **immediate** pressure on these companies), the time dimension remains a key element of any financial investment strategy. And in the fight against global warming, this time dimension is paramount.

Immediate unconditional divestment vs. future conditional divestment

Next to an immediate divestment is the possibility for an investor to remain a shareholder but warn a company that it will sell all its shares if some objectives linked to climate change are not met by a certain date.

This approach must be balanced with the sense of urgency to **act now** if we want to curb global warming, given the current trajectory. **The current children are the adults of tomorrow** and will live on a planet that will be the result of decisions being taken today.

Backward looking vs. forward looking

When deciding whether to divest, it is important to consider not only the sheer volume of a private company's carbon emissions (**backward looking**), but also their strategy to reduce their environmental impact in the future (**forward looking**). A good risk management approach should focus more on future risks than past risks.

A good example of such a change in strategic priorities is ENGIE (formerly GDF Suez). It historically focused on gas production and distribution, but in 2016 the company announced a new strategy aimed at "making **zero-carbon transition** possible for corporates and local authorities."[20]

20. "Making zero-carbon transition possible for corporates and local authorities," ENGIE: Our strategy: https://www.engie.com/en/group/our-vision/our-strategy

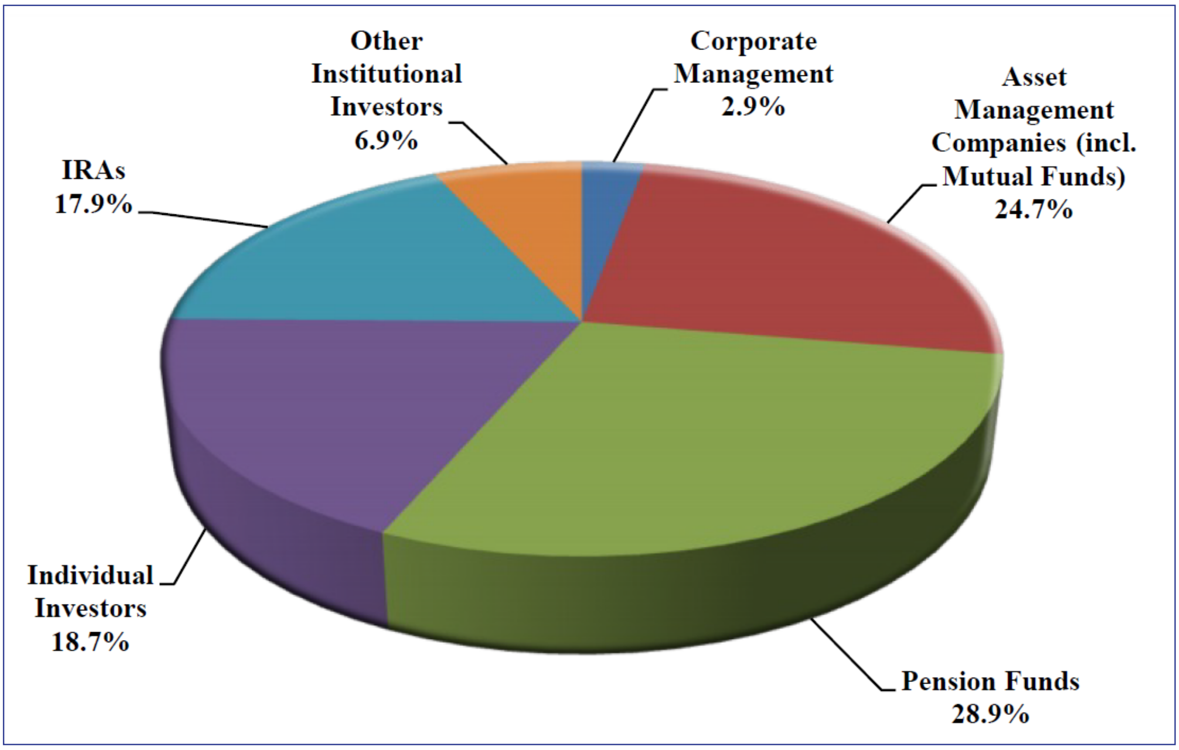
1.8 Stock ownership in fossil fuel companies – the role of asset management companies

An analysis of the ownership of US oil and natural gas companies was released in 2014 by the economic advisory firm Sonecon. Coauthored by Robert Shapiro, former undersecretary of commerce for economic affairs in the Bill Clinton administration, the analysis was based on data from the US Securities and Exchange Commission.

It shows that, besides pension funds, some of the largest shareholders of US oil and natural gas companies were asset management companies (AMCs) like BlackRock or Vanguard. The purpose of an AMC is to **actively manage the various funds of their clients in the financial market** (bonds, stocks, real estate, etc.) in exchange for asset management fees.

As of today, across all industries, almost **$31 trillion US of assets are managed by the top ten AMCs** (see appendix 4).

FIGURE 9: Stock ownership in fossil fuel companies 2014



*Source: Sonecon – Who Owns America's Oil and Natural Gas Companies: A 2014 Update – Robert J. Shapiro and Nam D. Pham**

* "Who owns America's oil and natural gas companies: A 2014 update," Robert J. Shapiro and Nam D. Pham, October 2014: **https://www.sonecon.com/docs/studies/Who_Owns_Americas_Oil_and_Natural_Gas_Companies-Shapiro-Pham-October2014.pdf**

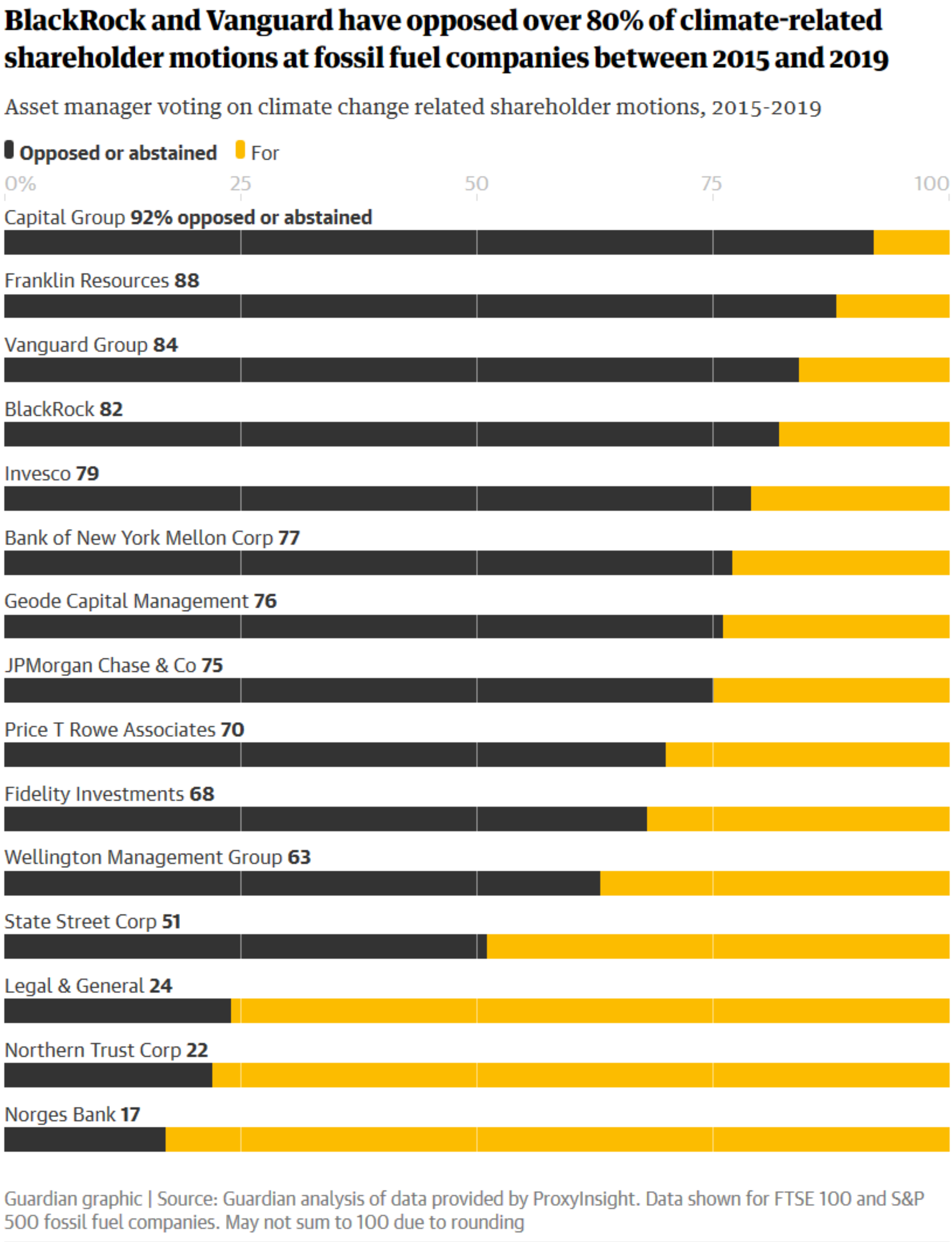
The Guardian has worked with the think tank InfluenceMap and business data specialists Proxy Insight to analyze the role played by asset managers in the financing and management of some of the world's biggest fossil fuel companies. A study released in October 2019 contained these findings:[21]

- The world's three largest money managers have built a **combined fossil fuel investment portfolio of around $300 billion US** through 1,712 funds using money from people's private savings and pension contributions or from various organizations.
- BlackRock, Vanguard, and State Street, the largest money managers in the $74 trillion US industry that together oversee assets worth more than China's entire gross domestic product, have **continued to grow billion-dollar stakes in some of the most carbon-intensive companies** since the Paris Agreement. Their effective thermal coal, oil, and gas reserve holdings through the companies they manage have surged 34.8 percent since 2016.
- However, one must bear in mind that, for example, around 90 percent of BlackRock's equity holdings are held through index funds and exchange-traded funds. These funds track the investment results of third-party indices selected by their clients to allocate their assets. An asset manager cannot substitute one company for another, or exclude any particular companies, from the indices selected by its clients. This underlines the importance of the selection of an index by the assets' owners and the selection of the companies by the index providers.
- The big three AMCs are among a number of asset managers that offer more and more **"climate-friendly" and "sustainable" investment funds** that have **substantial holdings in fossil fuel companies**.
- While asset managers cannot necessarily choose the companies they invest in, they often exercise shareholders' rights on behalf of clients to vote on board members and company policy issues. Between 2015 and 2019, the two largest asset managers, BlackRock and Vanguard, **routinely opposed motions at fossil fuel companies** that would have forced directors to take more action on climate change.

---

21. "World's top three asset managers oversee $300bn fossil fuel investments," *The Guardian*, 12 October 2019: **https://www.theguardian.com/environment/2019/oct/12/top-three-asset-managers-fossil-fuel-investments**

FIGURE 10



BlackRock's, Vanguard's, and State Street's answer to these findings was that they prioritized private engagements with company boards where the climate crisis was regularly discussed. They also said they had increased the size of their teams responsible for investment stewardship, opting to use their votes as a final resort.

BlackRock chief executive officer (CEO) Larry Fink's annual letter to CEOs,[22] published in mid-January 2020, seemed to show a clear shift in Black-

22. "A fundamental reshaping of finance," Larry Fink, BlackRock CEO: https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter

Rock's approach to sustainable investments. In particular, it acknowledges the **pressure from young generations to address environment challenges**:

> **We are on the edge of a fundamental reshaping of finance**. Investors are increasingly recognizing that **climate risk is investment risk**. **In the near future – and sooner than most anticipate – there will be a significant reallocation of capital**. We believe that **sustainable investing is the strongest foundation for client portfolios going forward**.
>
> **More and more clients are looking to reallocate their capital into sustainable strategies**. If ten percent of global investors do so – or even five percent – we will witness massive capital shifts. **And this dynamic will accelerate as the next generation takes the helm of government and business. Young people have been at the forefront of calling on institutions to address the new challenges associated with climate change. They are asking more of companies and of governments, in both transparency and in action**. And as trillions of dollars shift to millennials over the next few decades, as they become CEOs and CIOs, as they become the policymakers and heads of state, they will further reshape the world's approach to sustainability.

As a result of this new focus on sustainability, BlackRock committed to have its 5,600 active portfolios, representing around $1.9 trillion US in client assets, *fully ESG (environmental, social and governance) integrated by the end of 2020*.

Also, a report published in July 2020 by BlackRock Investment Stewardship mentioned the following:

> … we use the two key instruments of the stewardship toolkit: engagement and voting. In 2020, we identified 244 companies that are making insufficient progress integrating climate risk into their business models or disclosures. Of these companies, we took voting action against 53, or 22%. We have put the remaining 191 companies "on watch." Those that do not make significant progress risk voting action in 2021 if they do not make substantial progress.[23]

Along these lines, one should note that BlackRock has also committed to enhance transparency on the sustainable characteristics of its investment products. By the end of 2020, all its retail funds globally, both index and active, shall **display sustainable characteristics**: for example, an ESG score and carbon footprint. This will help raise the bar for transparency across the industry.[24]

---

23. "Our approach to sustainability," BlackRock Investment Stewardship: **https://www.blackrock.com/corporate/literature/publication/our-commitment-to-sustainability-full-report.pdf**

24. "How we are helping our clients achieve their sustainability objectives," BlackRock website, May 2020: **https://www.blackrock.com/corporate/about-us/sustainability-progress-update**

Many non-profit institutions don't manage their financial assets directly but delegate the full management of their assets (or at least a fraction of it) **to an AMC.**

By doing that, they also delegate the environmental aspect of their financial investment to the AMC, especially the activities around shareholder engagement. As a result, it could make sense for non-profit institutions that care about the environment to **include environment-related shareholder engagement and disclosure as one of the key selection criteria of the AMC** they will work with.

1.9 Investment principles

As part of any investment strategy, overarching principles should be established first. Some of the key principles used around sustainable banking and investments are described in **appendix 1**.

1.10 Environmental disclosure

To allow investors to make a proper assessment of the climate-related risk or the actions undertaken by a company toward a carbon-neutral economy, it is paramount that companies disclose how they are managing environment-related questions. There are around 400 environmental disclosure standards around the world. The main ones are described in **appendix 2**.

1.11 Status of the divestment movement

Assets under management: $74 trillion US

The **global value of assets under management can be estimated at around $74 trillion US**, based on Boston Consulting Group's 17th annual report on the global asset management industry, published in July 2019.[25]

Oil and gas companies market capitalization: $5 trillion US

Of this $74 trillion US, according to a report[26] published by Bloomberg New Energy Finance in 2014, the **1,469 oil and gas firms listed on stock**

25. Global Asset Management 2019: "Will these '20s roar?" BCG, July 2019: https://image-src.bcg.com/Images/BCG-Global-Asset-Management-2019-Will-These-20s-Roar-July-2019-R_tcm9-227414.pdf

26. "Fossil fuel divestment: A $5 trillion challenge," Bloomberg New Energy Finance, 25 August 2014: http://about.bnef.com/content/uploads/sites/4/2014/08/BNEF_DOC_2014-08-25-Fossil-Fuel-Divestment.pdf

exchanges around the world were worth almost **$5 trillion US** in total (based on 2014 stock market values).

As of January 2020, ExxonMobil alone, the largest oil and gas firm, had a market capitalization of $293 billion US. As of September 2020, this market capitalization was down by nearly half to $156 billion US.

Assets subject to partial or total fossil fuel divestment: $14 trillion US, or 19 percent

According to Go Fossil Free,[27] as of September 2020, around **1,250 institutions had committed to partial or total fossil fuel divestment**. These institutions had opted to either

- fully commit: make a binding commitment to divest (direct ownership, shares, commingled mutual funds containing shares, corporate bonds, or any asset classes) from all fossil fuel companies (coal, oil, natural gas); or
- partially commit: make a binding commitment to divest from fossil fuel companies, but only in specific asset classes (e.g. direct investments, domestic equity); or
- divest only from coal and/or tar sands.

The addition of all the **assets managed by these divesting institutions** represented more than **$14 trillion US**. This number refers to **total assets under the management of these institutions** (gathered at the time their divestment announcement was made and based on available public information) **across all industries** (not only fossil fuels), **whether these assets were subject to divestment or not.** It therefore does not represent the value of the fossil fuel holdings that will be divested. Still, it helps to give a sense of the total economic power of such institutions in the global economy. This is depicted in Figure 11.

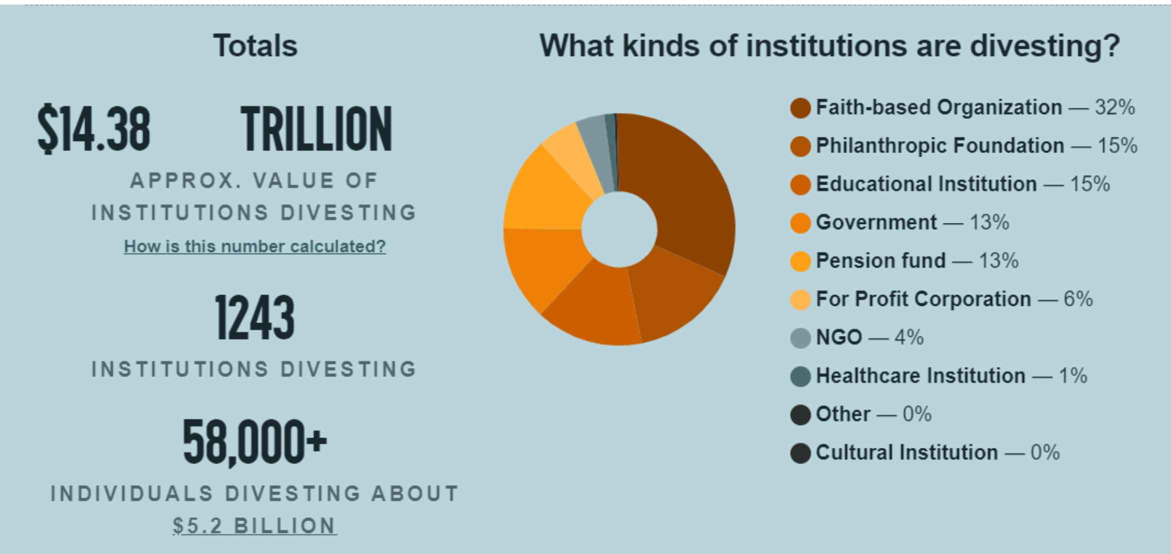
Compared to the $74 trillion US in global assets under management, the **$14.4 trillion US that is committed to some level of divestment** represents **only 19 percent of the total.**

A detailed snapshot of these divestment commitments (see details in appendix 7) shows that among these 1,200+ institutions represented,

- As of August 2019 (the latest date for which we have such details), in terms of **value** (total assets managed, whether they will be divested or not), the **insurance industry led the pack, with control over almost $5 trillion US in assets, out of a total of almost $10 trillion US**

27. “1000+ Divestment Commitments,” GoFossilFree website, May 2020: https://gofossilfree.org/divestment/commitments

FIGURE 11



Source: "1000+ Divestment Commitments", GoFossilFree website, September 2020: https://gofossilfree.org/divestment/commitments

controlled by divesting institutions. Pension funds were also major players, with $1.9 trillion US in assets managed.

- As of June 2020, in terms of **volume** (number of institutions divesting), **faith organizations represented the greatest share (31 percent) of divesting institutions**. The full list of these organizations is available in appendix 5.
- However, **total assets managed by faith-based organizations represented around $30 billion US, or only 0.3 percent of the total amounts managed by the entities that committed to some kind of divestment ($9.9 trillion US as of August 2019).**

This highlights the **role of faith organizations around the moral messaging and signals sent to their communities** rather than the pure economic impact of their own financial investment policies.

2

Good Practices from Churches and Christian Organizations

As mentioned in section 1.11, faith organizations currently represent the greatest share in volume (around 31 percent) of divesting institutions.

Among the 392 faith-based institutions that have decided to divest (as of June 2020; see appendix 5), below are some examples of how some Christian churches embarked on that journey, in keeping with the Churches' Commitments to Children,[1] Number 3,[2] to "**promote systems and behaviours that are eco-friendly and adaptive to the impacts of climate change within the church**," and in particular "promote behaviour change among members of the church community for **low emission, climate resilient choices** (e.g. eco-friendly buildings, **divestment from fossil fuels**, recycling, eco-friendly means of transport)."

2.1 Church of Sweden

In 2008, the archbishop of the Church of Sweden convened a conference on the threats posed by climate change.

In 2009, the church's investment managers were **among the first to get rid of coal and oil companies from the church's financial portfolio**.

In 2010, they started publishing an annual report on sustainable investments. Every year, this report provides granular details on asset allocation, including the list of the largest stock holdings. It also details the core values behind finance asset management – the stewardship concept and the human dignity principle. (See key tables and images in Appendix 6 – Church of Sweden 2019 Report on Sustainable Investments.)

In 2014, the Church of Sweden also decided to **end its few investments in natural gas companies**, as the environmental impacts of gas came under increasing scrutiny. This was done after the church analyzed how past investments would have fared without fossil fuels and found

1. "Churches' Commitments to Children," World Council of Churches and UNICEF: https://www.unicef.org/about/partnerships/files/wcc_commtmnt children_UNICEF_ENG_PRODweb.pdf

2. Commitment 3 of "Churches' Commitments to Children": https://seafile.ecucenter.org/f/adf2a0f75cd74a5eb33d

that eliminating such companies left both annual and long-term returns about the same.

The Church of Sweden reinvested some of that money in several **sustainability-oriented funds** managed by Generation Investment Management, a firm co-founded by former US vice president and environmentalist Al Gore. The church also found some niche opportunities, like a microfinance fund and a fund dedicated to sustainable agriculture that avoids deforestation.[3]

In 2018, the Church of Sweden made the decision to **invest in three start-up funds** focusing on small, sustainable companies and to **produce a green bond** in cooperation with the World Bank.[4]

2.2 Evangelical Lutheran Church in America

Shareholder advocacy

The Evangelical Lutheran Church in America (ELCA) is committed to helping the transition to an economy that is less dependent on fossil fuels, mostly through **shareholder advocacy**.

Portico, a ministry of ELCA that acts on behalf of more than 26,000 investors,[5] collaborates with other stakeholder groups to **influence decisions** made by companies in which ELCA is invested, through its 20 funds. By having dialogue with corporate leaders, proxy voting, and filing shareholder resolutions, Portico brings a voice to the table that encourages responsible business practices and good stewardship of resources.

From 2017 to 2020, Portico has filed 22 resolutions and additional dialogues were held with companies focused on the environment and climate change.[6]

Screening

Portico identifies companies with business practices that conflict with ELCA social teachings and policies (social and environmental criteria) and does not consider them for future investments. Using the ELCA's current

---

3. "Churches go green by shedding fossil fuel holdings," *The New York Times*, 15 October 2014: https://www.nytimes.com/2014/10/16/business/international/churches-go-green-by-shedding-holdings-of-carbon-emitters.html

4. "About our sustainable investments," Church of Sweden website: https://www.svenskakyrkan.se/responsibleinvestment

5. "Investing for social impact," Portico website: https://www.porticobenefits.org/Overview/ReponsibleInvesting/InvestingForSocialImpact

6. "Shareholder advocacy," Portico website: https://www.porticobenefits.org/PorticoBenefits/Overview/ReponsibleInvesting/ShareholderAdvocacy.aspx

social criteria screens as a guide, Portico reviews thousands of potential companies on an ongoing basis and typically eliminates about 10 percent of those it reviews. When a new screen is created and is approved by the ELCA, Portico considers it for approval; once it is approved by the Portico board of trustees, that screen is applied to investment decisions going forward.

By using all eight ELCA social criteria screens, Portico currently excludes about 740 companies from ELCA retirement plan investments, including about 200 companies screened for environmental reasons. Guided by ELCA's current Environment Screen, Portico targets the most egregious companies in terms of damage to the environment. These include

- companies with a history of significant toxic spills and releases, energy and climate change issues, poor water management practices, and other waste management issues;
- some of the largest fossil-fuel producing companies, including Exxon-Mobil, Royal Dutch Shell, Chevron, and BP; and
- about 155 companies owning thermal coal, oil shale, and tar sands reserves, the most carbon-intensive (dirtiest) fossil fuels – these companies account for about 82 percent of the emissions tracked by the Carbon Underground 200's top 100 coal companies and in total about two thirds of the Carbon Underground 200's top 100 coal and top 100 oil and gas companies.

Positive social investing

On behalf of ELCA social purpose fund investors, Portico strives to balance financial return and social impact, investing when possible in companies and organizations making a positive, measurable difference in the community and God's world. In particular, it seeks out opportunities to support companies whose activities and practices protect God's creation, such as through sustainable forestry, clean air, and renewable energy.

2.3 United Church of Christ – USA

At General Synod 29 in 2013, the United Church of Christ (UCC) became the first denomination in the US to pass a resolution endorsing both divestment from fossil fuel companies and other strategies, such as shareholder activism.[7]

7. "Divesting from fossil fuel companies and shareholder activism," United Church of Christ website: https://www.ucc.org/divesting_from_fossil_fuel_companies_and_shareholder_activism

The UCC has two investment organizations: United Church Funds, which handles church investments such as endowments; and UCC Pension Boards, which handles pension plans for clergy and some church staff. In July 2014, the United Church Funds announced the creation of the **Beyond Fossil Fuels Fund**, avoiding investments in exploration and production companies in the oil and gas industries and thermal coal companies.[8] Both United Church Funds and UCC Pension Boards are already involved in shareholder activism with the top fossil fuel companies.

2.4 United Methodist Church

In its Book of Resolutions on Investment Ethics,[9] the United Methodist Church articulates various sustainable and socially responsible investment strategies to fulfil its investment policy goals:

1. Avoidance ("screening" or "ethical exclusions")

   Companies whose products or services do not align with longstanding Church values and/or ethical considerations in accordance with §717 of the *Book of Discipline*.

2. Advocacy ("engagement" or "active ownership")

   Companies may meet the broad investing guidelines of the Church but still fall short of the goals outlined in the Social Principles and the *Book of Resolutions*. **United Methodist investors, therefore, are asked to endeavour to be active owners, engaging the companies in which they invest to manage environmental, social, and corporate governance (ESG) issues and exhibit high standards of corporate responsibility.** Engagement with companies may take many forms, such as written communications, dialogues (including face-to-face meetings), proxy voting, and the filing of shareholder resolutions.

3. Positive impact investments

   Some investments may be designed to achieve specific positive outcomes, such as the construction of affordable housing, the renewal of neighbourhoods, or the provision of clean energy. United Methodist investors are encouraged to pursue such opportunities around the world.

---

8. "Beyond Fossil Fuels Fund," United Church Funds website: http://unitedchurchfu.wpengine.com/funds/beyond-fossil-fuels-fund

9. "Book of Resolutions: Investment Ethics," The Book of Resolutions of The United Methodist Church, 2016: https://www.umc.org/en/content/book-of-resolutions-investment-ethics

4. Strategic partnerships

Working in collaboration with like-minded partners strengthens and magnifies sustainable and socially responsible investment voices. Strategic partners may include United Methodist boards, agencies, foundations and universities, other faith-based investors, domestic and global NGOs, and other global sustainable and socially responsible investors, such as signatories to the United Nations Principles for Responsible Investment.

5. Divestment

Divestment is a strategy available to investors, but it should be considered an investment strategy of last resort. Shareholder advocacy/engagement – though it takes time – generally is a more effective and constructive way to influence corporate decision making.

2.5 Anglican Church in Aotearoa, New Zealand, and Polynesia

In May 2014, the Anglican Church in Aotearoa, New Zealand, and Polynesia (an autonomous province of the Anglican Communion serving New Zealand, Fiji, Tonga, Samoa, and the Cook Islands) became the first province in the worldwide Anglican Communion to vote to divest from fossil fuels.[10]

2.6 Uniting Church in Australia

As described in its June 2016 Ethical and ESG Investment Policy,[11]

> The policy of the Uniting Church in Australia (Synod of NSW [New South Wales] and ACT [the Australian Capital Territory]) is to avoid making investments which encourage or profit from activities which create goods or services that have unacceptable harmful effects on people or the environment and which cannot be avoided by prudent, practical controls. …
>
> The Uniting Church was one of the earliest adopters of ethical investment principles which went beyond merely excluding a narrow list of 'sin stocks.' The Church has long sought to holistically integrate beliefs and investment decision making. …

10. "Success! 5 key factors in the Anglican Church of NZ & Polynesia's vote o divest," 350.org website: https://350.org/success-5-key-factors-in-the-anglican-church-of-nz-polynesias-vote-to-divest

11. "Ethical and ESG Investment Policy," Uniting Church, June 2016: https://nswact.uca.org.au/media/4316/uniting-church-ethical-and-esg-investment-policy_june-2016-final.pdf

The Church does not wish to encourage or profit from activities which create goods or services that have unacceptable harmful effects on people or the environment which cannot be avoided by prudent and practical controls, such as activities that …

11. Are dependent upon the **destruction or wastage of non-renewable resources**, for which viable alternatives exist and are generally accepted as feasible by the community.

12. Involve **substantial damage to the environment** – adverse change, which is not made good, nor proposed to be made good, at the conclusion of the activity.

The Church also wishes to encourage positive activities, when doing so is also sound from an investment perspective. Activities will be favorably regarded which accomplish outcomes such as the **amelioration of pollution or other environmental damage, the development of sustainable buildings and practices.**

In July 2014, the Uniting Church in Australia national Assembly resolved to **divest from investments in corporations engaged in the extraction of fossil fuels**. It followed similar decisions on divestment made by the Synod of NSW and ACT in April 2013 and the Synod of Victoria and Tasmania in February 2014.[12]

2.7 Church of England

In July 2018, The Church of England, which is part of the international Anglican communion that includes America's Episcopal Church, voted at its General Synod to **begin in 2020 to divest from companies "not taking seriously their responsibilities to assist with the transition to a low carbon economy" and by 2023 to divest its £12 billion ($15 billion US) investment fund from fossil fuel companies if they have not aligned their operations with the Paris Agreement.**[13]

The General Synod – the decision-making body for the entire Church – said it broadly supported the current investment strategy, which is based on engaging with companies rather than removing investment. However, an amendment put forward by Canon Giles Goddard of the Church's environmental working group asked that the investing bodies assess all companies' progress in five years. At this point, bodies such

12. "Assembly to divest from fossil fuels," Uniting Church in Australia Assembly, 29 August 2014: **https://assembly.uca.org.au/news/item/1585-assembly-to-divest-from-fossil-fuels**

13. "Church of England votes for fossil fuel divestment, but still some way to go," Bright Now towards fossil free Churches, 18 July 2018: **https://brightnow.org.uk/news/church-of-england-votes-for-fossil-fuel-divestment**

as the Church pensions board will disinvest from any that are still not complying.[14]

In November 2019, investment management company CCLA (which manages investments on behalf of many Church of England dioceses and local churches, as well as churches of other denominations) announced that its COIF Charities Ethical Investment Fund was going fossil free. Concretely, it will restrict investment in companies generating more than 10 percent of their revenues from fossil fuels as of December 2019.[15]

In July 2020, CCLA dropped its remaining investments in oil and gas companies (Shell and Total), worth an estimated £8.4 million, "on the basis of the financial risks posed by the short to medium term outlook for the oil and gas markets" rather than for ethical reasons. CCLA had previously sold its shares in BP and ExxonMobil for financial reasons as well.[16]

2.8 Methodist Church in Britain

In addition to divesting from coal and tar sands companies in 2015, the annual Methodist Conference of the Methodist Church in Britain voted in 2017 to **recommend divestment from oil and gas companies that** have not aligned their business investment plans with **the goals of the Paris Agreement by 2020**.[17] At that time, the Central Finance Board of the Methodist Church in Britain managed investments of £1.2 billion (around $1.6 billion US), which included £38.2 million (around $50 million US) invested in BP and Shell alone.

Epworth Investment Management, an investment firm wholly owned by the Central Finance Board of the Methodist Church, was planning to launch a new fund in early 2020 that will exclude investments in fossil fuel companies, following increased demand from clients.[18]

---

14. "Church of England votes to withdraw funds from companies that contribute to climate change," The Independent, 9 July 2018: **https://www.independent.co.uk/news/uk/home-news/church-of-england-climate-change-investment-withdraw-paris-agreement-fossil-fuels-a8437781.html**

15. "CCLA Investment Management launches fossil free fund," Bright Now towards fossil free Churches, 12 November 2019: **https://brightnow.org.uk/news/ccla-fossil-free-fund**

16. "Church of England fund managed by CCLA exits from fossil fuel investments," Bright Now towards fossil free Churches, 9 July 2020: **https://brightnow.org.uk/news/church-of-england-fund-ccla-exits-fossil-fuel-investments**

17. "Faith-based organizations among leaders on fossil fuel divestment," Charles Wallace, Impactivate, 11 December 2018: **https://www.impactinvestingexchange.com/faith-based-organizations-among-leaders-on-fossil-fuel-divestment**

18. "Epiphany Declaration: 20 Christian organizations divest from fossil fuels," Bright Now towards fossil free Churches, 6 January 2020: **https://brightnow.org.uk/news/epiphany-declaration-20-christian-organisations-divest**

In June 2020, the Central Finance Board of the Methodist Church divested from BP (a £15 million stake) and Total (a £2 million stake). However, it is still investing in four oil and gas companies (Shell, Repsol, ENI, and Equinor) while putting these companies on notice, since "even recent new commitments do not go far enough or reflect the urgency of the threat facing our planet."[19]

The Methodist Conference also debated fossil fuel divestment in June 2020 and referred the decision to the Methodist Council in October 2020.[20]

2.9 Church of Scotland

In May 2019, the General Assembly recognized that the world is in the grip of a climate and ecological emergency but rejected calls for divestment. Commissioners voted 303 to 263 to defeat a motion brought forward by Rev. Gordon Strang which urged the Investors Trust to divest from oil and gas companies by the end of 2020. The Church holds shares in BP, Shell, and Total.

Strang, a former oil industry worker, said Swedish activist Greta Thunberg was the face of a generation that his children belonged to who were "angry" with older people for contributing to the climate emergency. "We simply cannot wait and if we are to have any hope of reaching net zero greenhouse gas emissions (in Scotland) by 2045 we need to free ourselves of oil and gas and rapidly," he said. **"Young and old are telling us what we already know, and they rightly ask the Church 'where are our moral values?'"** Meanwhile, major oil and gas companies continue to grow their core business; reports suggest that the industry is to spend $4.9 trillion US over the next ten years exploring and extracting new oil and gas reserves. Despite engagement taking place, little is changing.

Catherine Alexander, chairman of the Church of Scotland Investors Trust, claimed that divesting was the "wrong way" to influence change. **"The trustees believe that working with likeminded Christian investors and trusting in the redemptive power of the Christian message, more progress can be made to engage with companies positively to make the changes needed to transition to a just market economy and tackle climate change."**

19. "Methodist Church divests from BP and Total, but continues investing in four oil companies," Bright Now towards fossil free Churches, 3 June 2020: https://brightnow.org.uk/news/methodist-church-divests-from-bp-total-continues-investing-4-oil-companies

20. "Methodist Conference supports motion on divestment and refers decision to Methodist Council," Bright Now towards fossil free Churches, 1 July 2020: https://brightnow.org.uk/news/methodist-conference-supports-amended-motion-divestment

William Sutherland, an elder at Mastrick Church in Aberdeen, urged caution and said he was unable to support Strang's countermotion. He said 85,000 people were paid off during the last downturn in the oil and gas industry, and many were forced to use food banks. Sutherland added, "A balance has to be achieved and many of our members contribute considerably to the church. We have to allow time for those companies to change."

The issue sparked a passionate debate. After much discussion, commissioners voted in favour of continuing to try and influence companies as shareholders.[21]

In December 2019, the Church of Scotland's Church and Society Council, which met for the last time before it is merged into a new agency provisionally named the Faith Impact Forum, called again for disinvestment from fossil fuel companies as soon as possible.[22]

2.10 World Methodist Council

The investment policy developed to outline the governance of the Wespath investment program includes specific guidelines on climate change and restrictions on fossil fuel companies. For example, it mentions that

> The Fund seeks to achieve its investment objective by investing a diversified mix of fixed income securities. The Fund may exclude additional companies from investment, including companies that derive a significant amount of revenue from the production of fossil fuels that Wespath has not identified through its Management of Excessive Sustainability – Climate Change guideline and [that] have been named in divestment petitions adopted by a minimum of seven annual conferences representing three or more jurisdictional conferences.[23]

2.11 Bright Now campaign toward fossil-free Churches

The Christian climate change charity Operation Noah began the Bright Now campaign in the UK in September 2013. This initiative calls on churches and individual members of the Christian community to agree

---

21. "General Assembly rejects divestment call," Church of Scotland website, 22 May 2019: https://www.churchofscotland.org.uk/news-and-events/news/2019/general-assembly-rejects-disinvestment-call

22. "Renewed call for Kirk to sell its shares in oil and gas," Alistair Grant, *The Herald*, 26 December 2019: https://www.heraldscotland.com/news/18122752.renewed-call-kirk-sell-shares-oil-gas

23. Wespath Institutional Investments website: https://www.wespath.com

to fossil fuel divestment, debate the ethics of investing in fossil fuel firms, and use their resources to support the development of clean alternatives to fossil fuels, such as solar and wind power.[24]

The latest Bright Now report, *Church Investments in Major Oil Companies: Paris Compliant or Paris Defiant?*, was published in early May 2020.[25]

In the wake of this Bright Now report, 42 faith institutions from 14 countries announced their divestment from fossil fuels on 18 May 2020. Organized by Operation Noah, the Global Catholic Climate Movement, Green Anglicans, the World Council of Churches, and GreenFaith, this was the largest-ever joint announcement of divestment from fossil fuels from faith institutions. Represented were Catholic, Anglican, Methodist, United Reformed, Baptist, Quaker, and Buddhist institutions, among others, with over £1.1 billion in assets under management.[26]

2.12 Bread for the World, Germany – FairWorldFonds

Bread for the World is the development and relief agency of the Protestant Churches in Germany. In more than 90 countries across the globe, it strives to empower the poor and marginalized to improve their living conditions.[27]

Bread for the World has partnered with three banks (GLS Bank, Bank für Kirche und Diakonie – KD-Bank, and Union Investment) to launch the **fund FairWorldFonds**. Beyond the driving principles of justice, peace, and the integrity of creation, this fund is **managed based on a set of criteria** that have been developed by Bread for the World / Brot für die Welt and SÜDWIND-Institut für Ökonomie und Ökumene to determine what would be **fair trade and fair investments**.[28]

For example, these are the exclusion/inclusion criteria for investments in publicly traded companies:

---

24. "Faith-based organizations among leaders on fossil fuel divestment," Charles Wallace, Impactivate, 11 December 2018: **https://www.impactinvestingexchange.com/faith-based-organizations-among-leaders-on-fossil-fuel-divestment**

25. "Church investments in major oil companies: Paris compliant or Paris defiant?" Bright Now towards fossil free Churches, 6 May 2020: **https://brightnow.org.uk/resource/church-investments-in-oil-paris-compliant-or-paris-defiant**

26. "Global coalition of 42 faith institutions divest from fossil fuels," Bright Now towards fossil free Churches, 18 May 2020: **https://brightnow.org.uk/news/42-faith-institutions-in-global-divestment-announcement**

27. "Justice for the poor," Brot für die Welt website: **https://www.brot-fuer-die-welt.de/en/bread-for-the-world/about-us**

28. "Exemplary criteria," Fair World Fonds website: **http://www.fairworldfonds.de/fair-investment.php#criteria**

Exclusion criteria

The exclusion criteria for companies prohibit the purchase of securities from corporations that systematically violate the ILO core labour standards or minimum wage laws or have key suppliers that violate these norms.

Arms manufacturers and companies that support repressive regimes and civil wars are also excluded. The fund does not invest in nuclear power producers or producers of the 21 most dangerous chemicals. The use of GM technology in agriculture is ruled out, as is the use of animal experiments that are not required by law.

Care is also taken to ensure that no company is included in the portfolio that harms sensitive nature reserves or that has a monopolistic (market-dominating) position in developing or newly industrialized countries.

Inclusion criteria

FairWorldFonds invests only in companies that perform well in the areas of "development support" or "developmentally sound products" or in at least two of the following seven criteria sets.

- Human rights
- Sustainable company management
- Development criteria
- Socially responsible and developmentally sound products
- Ecologically sound products
- Environmental management
- Commitment to the environment in developing and newly industrialized countries

2.13 World Council of Churches

The World Council of Churches (WCC) is a fellowship of churches with 380 member churches in 120 countries representing some 560 million Christians worldwide.

In 2015, it ruled out any investments in fossil fuels by stating in a policy document, "The committee discussed the ethical investment criteria and considered that the list of sectors in which the WCC does not invest should be extended to include fossil fuels."[29]

29. "The top 5 pledges to divest from fossil fuels," Climate Action, 18 January 2018: http://www.climateaction.org/news/the-top-5-pledges-to-divest-from-fossil-fuels

The WCC Investment Policy stipulates that

> WCC invests in funds selecting companies which are engaged in sustainable economic activity, defined as activity which meets the needs of the present without compromising the ability of the future generations to meet their own needs. WCC requires that its investments reflect WCC's concerns for the environment, for justice and fair dealing in social policies, and good corporate governance.

Funds selected will apply impact rating tools, measuring the sustainability of the companies through indices and criteria such as carbon footprint, labour conditions, human rights, and governance standards.

In its 25 November 2019 statement, the executive committee of the World Council of Churches did the following:

> Joined other faith leaders, communities, and civil society organizations in declaring a climate emergency, which demands an urgent and unprecedented response by everyone everywhere – locally, nationally, and internationally.
>
> Invited UN system partners, consistent with the critical research and policy advice emanating from UN sources, to examine and divest from fossil fuel investments in their own banking systems and pension funds.[30]

2.14 Catholic Church

At the Vatican's first impact investing conference in June 2014,[31] Pope Francis described impact investors as "those who are conscious of the existence of serious unjust situations, instances of profound social inequality, and unacceptable conditions of poverty affecting communities and entire peoples," adding that impact investors use finance to serve the common good. Investments should be made with the intention to generate measurable social and environmental impact alongside financial return. With these remarks, Pope Francis initiated a dialogue between the Catholic Church and impact investors and called for collaboration between spiritual and financial leaders.

In 2014, the Catholic Impact Investing Collaborative (CIIC) was established as an informal "neutral space" for people to come together, share a meal and stories, and build relationships based on their spiritual as well as financial commitment to impact investing. CIIC started in the US and is

---

30. "Statement on the Climate Change Emergency," 25 November 2019, World Council of Churches executive committee, Bossey, Switzerland, Doc. No. 04.3 rev: https://www.oikoumene.org/en/resources/documents/executive-committee/bossey-november-2019/statement-on-the-climate-change-emergency/view

31. Vatican Impact Investing Conference 2014, Conference Archive: https://www.viiconference.org/2014archive

now expanding globally. In 2019, the CIIC launched the Catholic Impact Investing Pledge, an effort to galvanize the Catholic investment community to commit to take meaningful and accountable steps to incorporate impact investment into their portfolio in alignment with Catholic social teachings. The CIIC community of 26+ pledge partners include a global group of pioneering Catholic institutions that have led the way on impact investing, representing four countries and over $40 billion US in assets. This group has not only committed to maintain its focus on internal impact investment programs but is also helping to grow the broader ecosystem of Catholic impact investing.[32]

In 2015, Pope Francis published the encyclical *Laudato Si'*, which called on Catholics to live more sustainably.

In October 2017, a group of 40 Catholic organizations announced a divestment plan, the largest joint announcement to date. The group included the Episcopal Conference of Belgium, the Archdiocese of Cape Town, the diocese of Assisi-Nocera Umbra-Gualdo Tadino, the €4.5 billion German Church bank, and the Catholic relief organization Caritas.

In July 2018, the dialogue between the Catholic Church and impact investors continued at the Third Vatican Conference on Impact Investing. The conference called attention to some of the most pressing issues facing the poor and the environment and featured several successful projects that put Catholic values into action.

In June 2020, the Vatican recommended that Catholic institutions divest from fossil fuel companies. A document entitled "Journeying Towards Care for Our Common Home: Five Years After *Laudato Si'*" summarized five years of action on *Laudato Si'* and established a vision for coordinated, ambitious action in the years ahead. The comprehensive guidelines ranged from participation in the annual Season of Creation all the way to the endorsement of the fossil fuel divestment campaign to boycott fossil fuel companies.[33]

A three-day event, the Economy of Francesco,[34] organized in Assisi for **young economists, entrepreneurs, and change makers is to take place in November 2020 (eight months after the initial date, due to the COVID-19 pandemic)**. The goal is to make a commitment in the spirit of St Francis to make the economy of today and tomorrow fair, sustainable, and inclusive, with no one left behind. This echoes *Laudato Si'*, which "emphasized that, today more than ever, everything is deeply connected and that the

---

32. Our story, Catholic Impact website: **http://www.catholicimpact.org/our-story**

33. "Vatican issues sweeping new environmental guidelines," Global Catholic Climate Movement, 22 June 2020: **https://catholicclimatemovement.global/vatican-issues-sweeping-new-environmental-guidelines**

34. Economy of Francesco website: **https://francescoeconomy.org**

safeguarding of the environment cannot be divorced from ensuring justice for the poor and finding answers to the structural problems of the global economy."[35]

In September 2019, the bishops' conference of France announced the creation of an equity fund that encourages financial investments that are consistent with the principles of the social doctrine of the Catholic Church.[36]

Beyond these few examples, there are many other divestment or green finance initiatives across churches, all geared toward low-emission and climate resilient choices which will, in the end, provide the children of today with a more sustainable planet for tomorrow.

35. "Letter of His Holiness Pope Francis to young economists and entrepreneurs worldwide," 1 May 2019: http://www.vatican.va/content/francesco/en/letters/2019/documents/papa-francesco_20190501_giovani-imprenditori.html

36. "The Dioceses of France gamble on ethical financing," 8 October 2019: https://fsspx.news/en/news-events/news/dioceses-france-gamble-ethical-financing-51399

3
Examples from the United Nations

3.1 United Nations Joint Staff Pension Fund (Ca 63 billion USD)

The United Nations Joint Staff Pension Fund (UNJSPF) is a defined benefit fund established by the General Assembly of the United Nations in 1948. The fund is entrusted to provide retirement, death, disability, and other benefits and related services to its participants, retirees and beneficiaries comprising the staff of the United Nations and 23 other organizations (This represents over 205,000 active and retired staff.)

The Office of Investment Management (OIM) is responsible for managing investments for the UNJSPF. The OIM strives to ensure that the assets of the fund are managed prudently and optimally and achieve long-term investment return objectives to ensure the financial sustainability of the fund. It has a long-term investment return target of 3.5 percent real – net of inflation – annualized, in US dollars.

Investments are spread over more than 100 countries, and **82.5 percent of assets are managed internally**.[1] Investments must, at the time of initial review, meet the criteria of safety, profitability, liquidity, and convertibility.

As of December 2019, the fund managed $**72 billion US**.

As of 31 March 2020, the fund managed $**63.4 billion US**,[2] invested primarily in global equities (stocks, mutual funds, and exchange traded funds). (See Figure 12.)

As of 31 December 2018, of $34.4 billion US invested in equities, the split by the industrial sector based on General Industry Classification Standards was as follows. (See details in Figure 13.)

- The top sectors were the financial industry, IT, healthcare, and the consumer industry.

1. UNJSPF, OIM website: https://oim.unjspf.org/investments-at-glance/internally-managed-assets
2. UNJSPF, OIM website: https://oim.unjspf.org/investments-at-glance/historical-fund-performance/market-value-of-assets

- 34.4 billion equities x 5.57 percent = **$1.9 billion US (or 3.2 percent of $60.8 billion total fund investment) were invested in the energy sector.**
- 34.4 billion equities x 2.90 percent = **$1 billion US (or 1.6 percent of $60.8 billion total fund investment) were invested in the utilities sector.**

FIGURE 12: Fund Investments by Asset Class

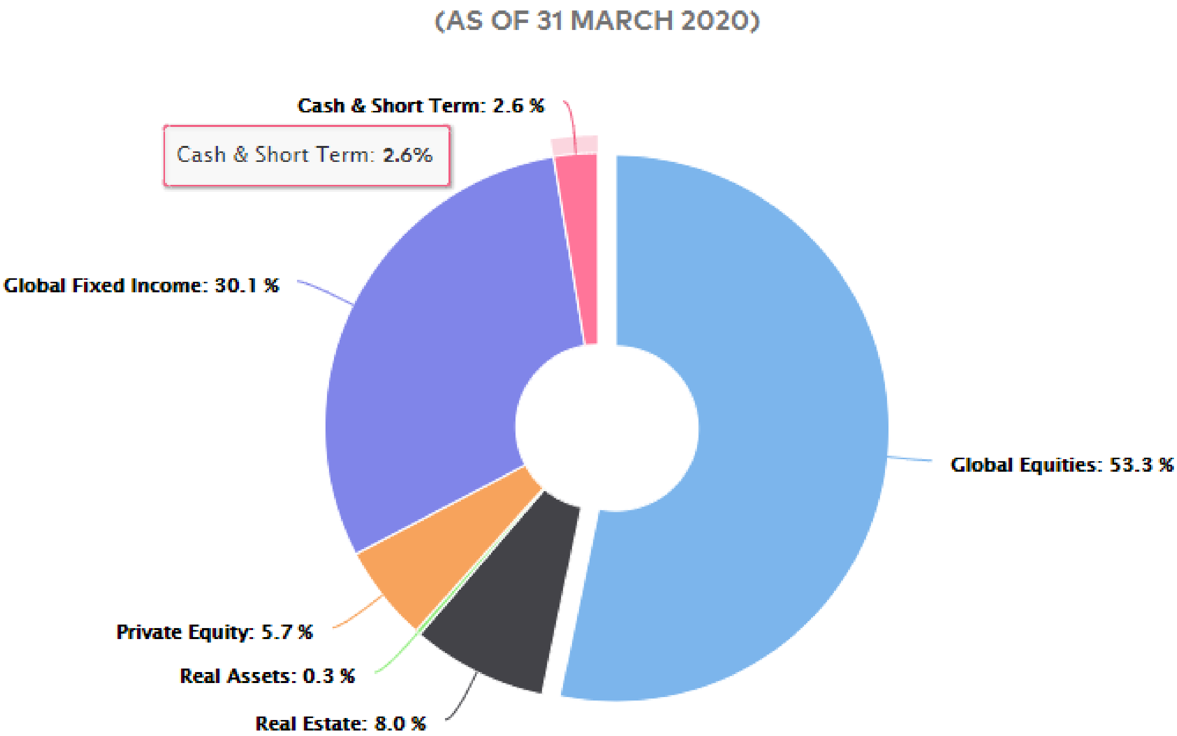


FIGURE 13

	31-Dec-18	
General Industry Classification Standards	**Fund's equity portfolio**	**Benchmark ***
Financials	16.12%	17.77%
Information technology	15.02%	15.29%
Communication Services	8.01%	9.26%
Consumer Discretionary	10.93%	10.68%
Consumer Staples	7.24%	7.77%
Energy	5.57%	6.37%
Health Care	12.86%	12.49%
Industrials	8.16%	8.51%
Materials	4.58%	5.12%
Utilities	2.90%	3.46%
Real Estate	3.02%	3.28%
Others	5.59%	Not applicable
Total	**100.00%**	**100.00%**

* Benchmark source: MSCI All country world Index

The **benchmark** used was the **MSCI All Country World Index** (MSCI ACWI), an international equity index which tracks stocks from 23 developed and 26 emerging markets countries. This global index consists of the MSCI World (global index for developed countries) and the MSCI Emerging Markets (global index for emerging markets countries). However, emerging markets stocks are weighted with 13.14 percent, whereas stocks from developed markets account for 86.86 percent. With 2,852 constituents (as of 30 September 2019), the index covers around 85 percent of the free float-adjusted global market capitalization.

In 2018, OIM implemented a new custom global equity index, the **MSCI ACWI ESG Screened Index**, which can serve as a benchmark for other global equity investors. This index considers investment restrictions on companies which exceed a defined threshold of revenue generated from tobacco or weapons (tobacco, chemical and biological weapons, cluster munitions, depleted uranium, landmines, nuclear weapons, conventional weapons, and weapons).

3.2 UNJSPF's journey toward sustainable investments

Sustainable investing

As a founding signatory to the United Nations' Principles of Responsible Investment (PRI) since 2006, the OIM incorporates environmental, social, and governance considerations throughout the investment decision-making process for all asset classes. (This journey is visible in Figure 14.)

> In recent years, OIM has been embarking on a process of **integrating ESG (Environmental, Social and Governance) considerations across all asset classes**. OIM is leveraging its partnerships with key data providers to construct an **internal proprietary ESG database**, which will help distill material ESG data by separating the noise from the signal and provide the investment teams with more robust screening capabilities.
>
> OIM believes that portfolios which integrate material ESG metrics into their investment decision-making process, supported by active engagement, have the potential to **provide returns that are superior** to those of conventional portfolios while exhibiting lower risk over the long term. This view is supported by several published academic studies and our own research. We see evidence that ESG considerations are beginning to enter the mainstream investment world. Rating agencies are implementing ESG factors that could impact the credit rating of corporate issuers. Fitch stated recently that ESG Relevance Scores reveal that ESG factors influence 22 percent of its current non-financial corporate issuers. ISS reports an increasing number of ESG-related items on the proxy voting agendas of corporates.
>
> **Measuring Impact on Sustainable Development Goals**
>
> OIM is conducting research with leading ESG academics in order to develop quantifiable UN Sustainable Development Goal (SDG) scores.

FIGURE 14

Source: UNJSPF Sustainable Investing Report 2019: https://oim.unjspf.org/wp-content/uploads/2020/09/UNJSPF-2019-Report-on-Sustainable-Investing.pdf

Artificial intelligence (AI) will leverage big data and systematically measure a firm's impact on the 2030 SDGs. This research aims to provide evidence to address the perception that there must be a trade-off between financial returns and incorporating ESG or SDG considerations when making investment decisions. Following this research, OIM will publish a white paper on this topic which will serve as a catalyst for a broader discussion among long-term institutional investors.

ESG Database and Dashboard Integration

The abundance of non-financial qualitative and quantitative data in corporate disclosure has steadily increased in the last two decades. In the last eight years alone, the amount of S&P 500 companies producing sustainability reporting has skyrocketed. This has been ignited by the launch of the Global Reporting Initiative (GRI), the International Integrated Reporting Initiative (IIRC), the Task Force on Climate-related Financial Disclosures (TCFD) and the US-based Sustainability Accounting Standard Board (SASB).

To efficiently analyze the abundance of data in the market, OIM has utilized several data providers and rating agencies. The data and ratings will be consolidated using an ESG dashboard that OIM is working to create for all investment managers. This dashboard will serve as a starting point to help equity portfolio managers analyze ESG signals from both "fast-moving" predictive data and "slow-moving" historical data.

The last pillar of OIM Sustainable Investing approach is **engagement**. An active sustainable voting policy combined with engagement can result in more effective and durable change consistent with the UN's values. OIM believes in a collaborative and constructive dialogue with company management to achieve mutually beneficial outcomes. The Fund is a signatory of the Climate Action 100+ initiative and is in the process of building up its engagement activities in collaboration with other long-term institutional investors.

In July 2019, the UNJSPF published its first report on sustainable investing.[3] According to this report, in 2018 OIM began developing a **five-stage process for internally managed equity and fixed income portfolios**. The process is tailored to PRI's recommended integration for investment analysis and valuation. Along with this, the framework includes unique features that are customized for their particular ESG requirements (reflected in Figure 15).

Sustainability Accounting Standards Board

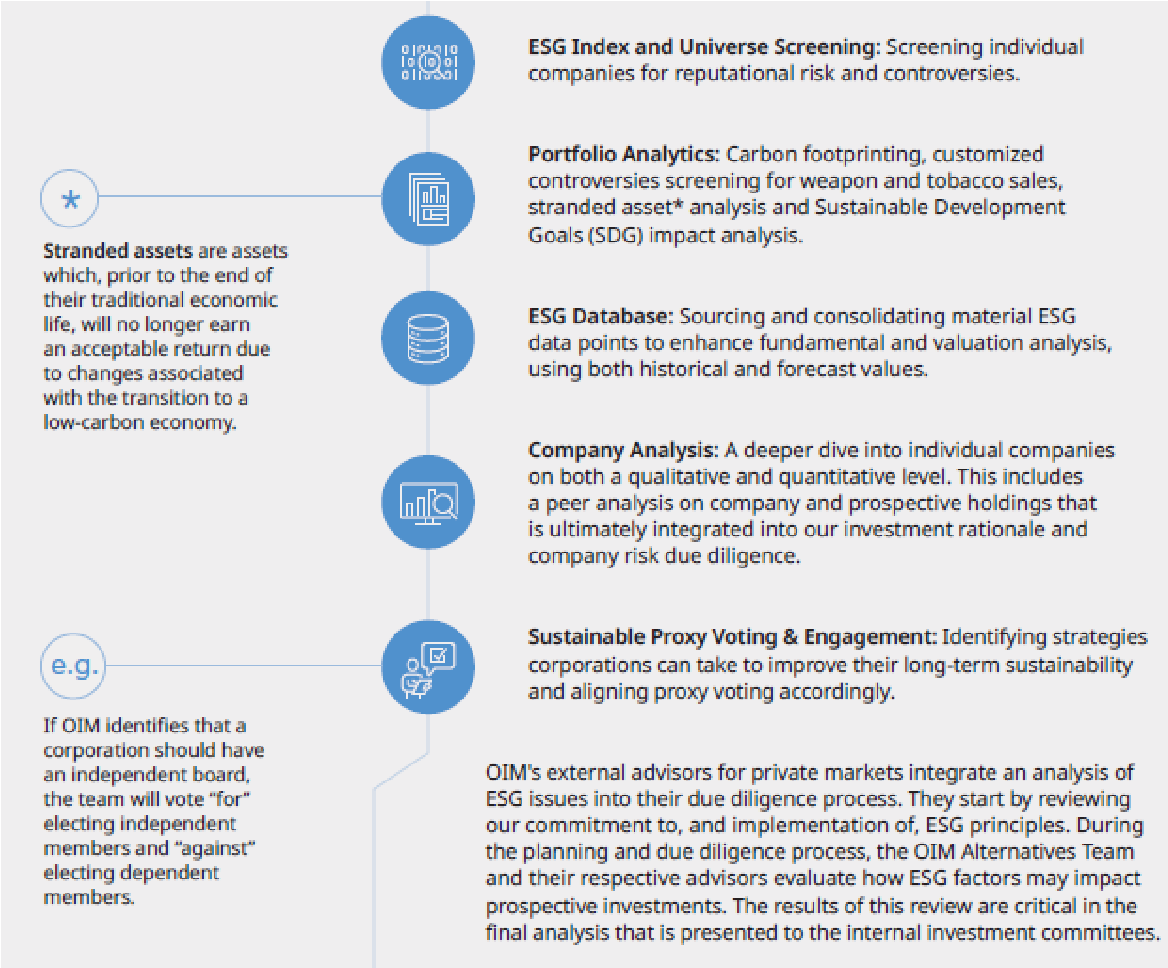
OIM announced its partnership with the SASB at the beginning of 2019. This will supplement OIM's internal company analysis capabilities.

Low-carbon exchange traded funds

In 2014, the OIM was a catalyst investor in **Low Carbon exchange traded funds** (ETF). An ETF is a collection of securities that often tracks an underlying index. In many ways, ETFs are similar to mutual funds, but they are listed on exchanges and ETF shares trade throughout the day just like ordinary stocks.

3. UNJSPF Sustainable Investing Report 2018, 24 July 2019: **https://oim.unjspf.org/report/unjspf-sustainable-investing-report-2018**

FIGURE 15: OIM's five-stage process



Green bonds

OIM invested in the first **green bonds** in 2008 (issued by the World Bank). These fixed income securities are earmarked to be used for **climate and environmental projects** such as energy efficiency; pollution prevention; sustainable agriculture, fishery, and forestry; protection of aquatic and terrestrial ecosystems; clean transportation; sustainable water management; and the cultivation of environmentally friendly technologies. They are also referred to as "climate bonds.

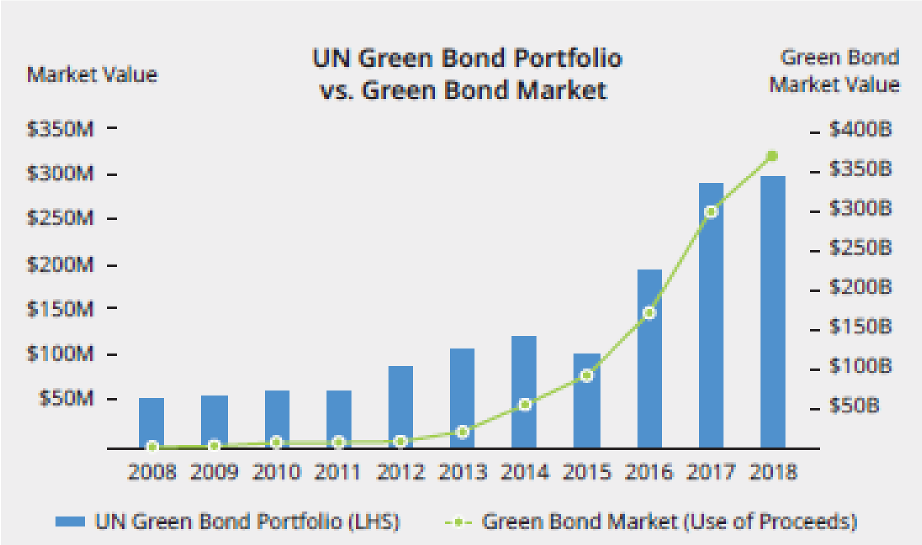
UNJSF has been increasing its portfolio of green bonds and owned less than 0.1 percent of this market segment.

At the end of 2018, green bonds owned by UNJSPF represented around $300 million US, or **1.9 percent of the global fixed income portfolio** ($16.1 billion US) and **0.5 percent of the total fund value** ($60.8 billion US). (As reflected in Figure 16.)

For private markets, OIM integrates a comprehensive analysis of ESG issues into the due diligence process.

OIM is exploring GRESB as an ESG benchmark for core real estate.

FIGURE 16



Carbon footprint vs. Climate transition

"Buying low-carbon stocks is not so much making the low-carbon transition. It's more important to look at companies that are making that transition." In 2019, UNJSPF OIM shifted from a pure Carbon footprint approach (backward looking) to a more forward-looking approach, incentivizing climate transition.

(Key aspects of these approaches are compared in Figure 17.)

A highly sophisticated climate and energy simulation model has been developed to assess companies' ability to adapt to various carbon emission

FIGURE 17

	Climate Transition Approach	Carbon Foot Print Analysis
Computation Strategy	Top- Down approach: extract signals from global climate model and energy transformation using price movements at company level	Bottom-Up approach: Aggregate data at plant level, supply chain level for Scope 1, Scope 2 and Scope 3 emissions and then aggregates it at company level
Nature of Data	Predictive and forward looking	Backward looking
Scenario Analysis	Global energy model forecasts outputs for multiple socio-economic, policy and climate scenarios that can be translated at asset level.	Less possibility for scenario analysis
Output	Transition Risk (Climate Risk Exposure)	Emission Score (Environmental Score)
Model	Data driven	Self reported CDP data and its aggregation
Nature	Looks more into energy transitions. Even big polluters can have a favorable scores if they are transitioning towards low carbon sources	Looks into absolute carbon foot print at a period in time. This approach is favorable to some industries and sectors.
View	Macro-economic indicators	Micro Level Realizations

scenarios. This "E" score will be used as an input factor in developing a proprietary ESG investment-decision supporting technology, risk management, and reporting.

Divestiture from coal energy

On 23 September 2019, OIM announced[4] that it will **divest from investments in publicly traded companies in the coal energy sector by 31 December 2020**. Also, OIM will not make any new investments in the coal energy sector across all asset classes.

In an interview, Herman Bril, director of OIM Sustainable Investment Strategy, mentioned that before investors such as the UNJSPF can comprehensively report on climate, investee companies must improve their reporting.

> Institutional investors are allocators of capital. The underlying companies are actually generating the impact. The reporting burden is also on companies. If they don't start reporting on it, how can we measure it? We're a bit in the backseat in that respect. Sometimes it feels like the pressure is all on the investors: [we're asked] 'what are you doing about [the energy transition], how are you measuring that'? That's all great, but first let's sort out the reporting part.[5]

The UNJSPF does not set itself explicit climate-related targets, such as reducing the carbon intensity of its investment portfolio. "We are incorporating ESG holistically, [so] it does not make sense to apply targets," says Bril; "If you apply targets, you create pressure to reach those targets,"[6] which could run counter to the firm's long-term investment strategy.

As of May 2020, **the UNJSPF has not joined** the **N**et-**Z**ero **A**sset **O**wner **A**lliance, convened by UN Environment Programme (UNEP)'s Finance Initiative and the PRI.

3.3 United Nations Credit Union (ca 5.4 billion USD)

The United Nations Federal Credit Union (UNFCU) was founded in 1947 by 13 UN staff members. It has a membership of more than 133,000 members worldwide.

With assets of more than $5.4 billion US as of 31 December 2018, UNFCU is one of the 30 largest credit unions in the US, with branches in

4. UNJSPF press release, 23 September 2019: https://oim.unjspf.org/report/unjspf-press-release-united-nations-joint-staff-pension-fund-announces-divestment-from-coal-energy-sector

5. "Facing climate change with a united front," *Environmental Finance*, 23 January 2019: https://www.environmental-finance.com/content/analysis/facing-climate-change-with-a-united-front.html

6. Ibid.

New York and Washington, DC, and representative offices in Austria, Italy, Kenya, Switzerland, and Uganda.

As of December 2018, UNFCU held $0.1 billion in cash and $2 billion in investments (mostly bonds or mortgage-backed securities associated with home loans).

In 2015, the UNFCU Global Sustainability Program team and an advisory committee developed a five-year Sustainability Action Plan. "We obtained guidance from an experienced sustainability consultant, who leads a Certified B Corp. We publish a comprehensive biennial report in even numbered years. In interim reporting years, we share an update on our progress."[7]

In 2018, UNFCU launched an Impact Share Certificate, funding investments and loans that support environmental and social initiatives.[8]

The UN Secretary-General has limited influence on the investment policy of the pension fund, since the Board consists of the following members:

- one third are chosen by the General Assembly and the corresponding governing bodies of the other member organizations;
- one third are chosen by the executive heads of those organizations; and
- one third are chosen by participants in the UNJSPF.

3.4 UN funds for operations and programme implementation (ca. 50 billion USD)

United Nations (UN) agencies' headquarters' and country offices manage large funds for operations and programme implementation. The estimated budget volume is $50 billion US.

As a global banking partner to manage these funds, **the UN has selected JPMorgan Chase, despite its low support for the environmental cause**, as evidenced by these facts:

- According to the Banking on Climate Change 2020 annual report[9] (see **appendix 2, section 2.8**), JPMorgan Chase is the number 1 fossil fuel bank in the world. The $269 billion US it has financed for the fossil fuel industry from 2016 to 2019 represents nearly 10 percent of the total fossil fuel financing from all 35 banks studied in the report.

---

7. Global Sustainability Program, United Nations Federal Credit Union (UNFCU) website: **https://www.unfcu.org/GSP/2018-sustainability-report**

8. "UNFCU launches a new share certificate focused on positive social and economic impact," United Nations Federal Credit Union (UNFCU) website, 25 October 2018: **https://www.unfcu.org/news-announcements/impact-share-certificates**

9. *Banking on Climate Change: Fossil Fuel Finance Report 2020*: **https://www.ran.org/publications/banking-on-climate-change-fossil-fuel-finance-report-2020**

- Furthermore, JPMorgan Chase is the most aggressive funder in some of the most dangerous and harmful categories over the last four years – leading in fossil fuel expansion, Arctic oil and gas, offshore oil and gas, and fracking.
- JPMorgan is also one of the very few global banks that have not signed the Principles for Responsible Banking (PRB),[10] launched by 132 banks from 49 countries in September 2019 during the annual United Nations General Assembly.

In the future, **it could be interesting to explore good practices that can be learned from how these funds are managed**. These could include

- short- and long-term opportunities to ensure that these budgets do not contribute to the climate emergency, such as
  - –UN reform to introduce related policies for UN country coordinators, heads of country offices, operations directors, etc.;
  - –asking new UN staff to open their personal accounts in banks which demonstrate policies and concrete measures to divest from fossil fuels;
  - –including related aspects in the annual staff performance evaluations for UN Finance;
  - –including related recommendations/knowhow in guidelines for UNICEF and UNEP partners; and
- introducing a condition for implementing partnerships, similar to having child safeguarding policies, to demonstrate efforts around divestment/green finance as a child protection measure.

3.5 Environment Management Group

- The UN Environment Management Group (EMG) is a system-wide coordination body on environment and human settlements. It was created in 2001 pursuant to the General Assembly resolution 53/242 in July 1999.
- EMG membership consists of the 51 specialized agencies, programmes, and organs of the UN, including the secretariats of the Multilateral Environmental Agreements.
- The group is chaired by the executive director of UNEP and supported by a secretariat provided by UNEP. The secretariat is located in Geneva, Switzerland.

---

10. PRB Founding Signatories, UNEP-FI website: **https://www.unepfi.org/banking/bankingprinciples/signatories**

- The EMG identifies issues on the international environmental agenda that warrant cooperation and finds ways of engaging its collective capacity in coherent management responses to those issues.

3.6 Moving toward a Sustainable United Nations

The executive heads of the UN's agencies, funds, and programmes have been moving the UN system toward climate neutrality and environmental sustainability since 2007. Recently, under the leadership of Secretary-General Antonio Guterres, the executive heads endorsed the UN Strategy for Environmental Sustainability (2020–2030), which demands that the UN "walk the talk" on sustainability across all its activities and operations. Work to achieve this goal is coordinated by the UN Environment Management Group, with technical support provided by UN Environment via the Sustainable United Nations (SUN) facility.

As outlined on its website,[11] the SUN facility assists UN entities in the following tasks:

- **Measuring and reporting greenhouse gas emissions**

  A process for measuring and reporting the UN's greenhouse gas emissions is now in place.

- **Measuring and reporting waste**

  The number of UN entities reporting data on waste has been growing since 2017.

- **Reducing UN organizations' impacts**

  In addition to the work that's going on within individual UN organizations, there is a considerable amount of activity at the UN system level to reduce the UN's environmental impacts.

- **Offsetting**

  While the UN continues to do all it can to reduce its emissions, some are unavoidable. Where emissions are unavoidable, organizations are exploring the feasibility of purchasing carbon offsets.

Phase 1 of the UN sustainability strategy focused on **corporate services** (human resources, procurement, facilities, events and travel, information and communications technologies) in order to ensure that UN operations in this area are sustainable.

---

11. "Our approach," Greening the Blue website: **http://greeningtheblue.org/our-approach**

Details of the various actions are available on the Greening the Blue website.[12]

UN agencies were encouraged to implement the **ISO 14001 standard** (last updated in 2015), which specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance. ISO 14001:2015 is intended for use by an organization seeking to manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability.

An annual report is available.[13] It shows the environmental performance of all UN entities around greenhouse gases, waste, and water, along with actions to reduce and offset the environmental impact. It has proved very effective in keeping the spotlight on the environmental agenda. For example, UNICEF, the number 1 supplier of preservatives in the world, has been working with the main manufacturers to reduce the environmental impact (such as packaging).

Phase 2 of the UN sustainability strategy will focus on policies and programmes. The goal will be to ensure that all environmental and social considerations are fully integrated in the design of any new policy or programme. 11 UN agencies (including UNEP and UNICEF) have sustainable procurement policies and include sustainability criteria in their tendering process.

Finance in general, or the selection of banking partners, was not yet included in the scope of the project.

The annual turnover of UN programmes hovers around $50 billion US. The annual amount of UN 2018 procurement (39 organizations) added up to $19 billion US, according to the Annual Statistical Report on United Nations Procurement.[14]

Addressing the choice of banks in the SUN could thus be of great interest in the response to global warming.

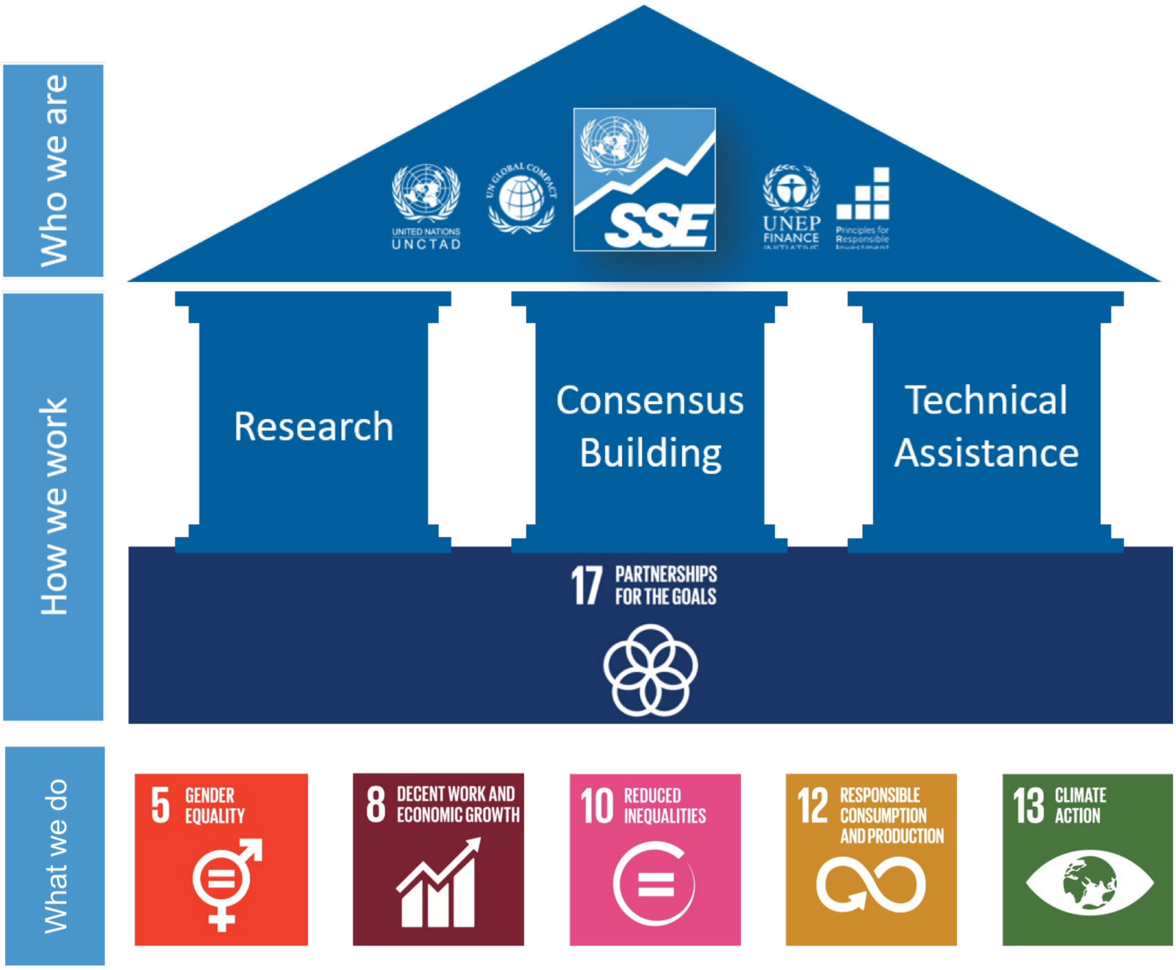
3.7 Sustainable Stock Exchanges

The Sustainable Stock Exchanges (SSE) initiative, launched in 2009 by the UN Secretary-General, is a UN Partnership Programme of the UN Conference on Trade and Development, the UN Global Compact, the UN Environment Program Finance Initiative, and the PRI.

Its mission is to build the capacity of stock exchanges and securities market regulators to **promote responsible investment in sustainable devel-**

12. Greening the Blue website: https://www.greeningtheblue.org/resources
13. Greening the Blue: https://www.greeningthebluereport2019.org/environmental-performance-indicators
14. Annual Statistical Report on United Nations Procurement: https://www.ungm.org/Shared/KnowledgeCenter/Pages/ASR

FIGURE 18: UN General Assembly 17 Sustainable Development Goals (SDGs)



opment and advance corporate performance on environmental, social, and governance issues. The SSE convenes partner exchanges from around the world that join the SSE by signing a voluntary public commitment.

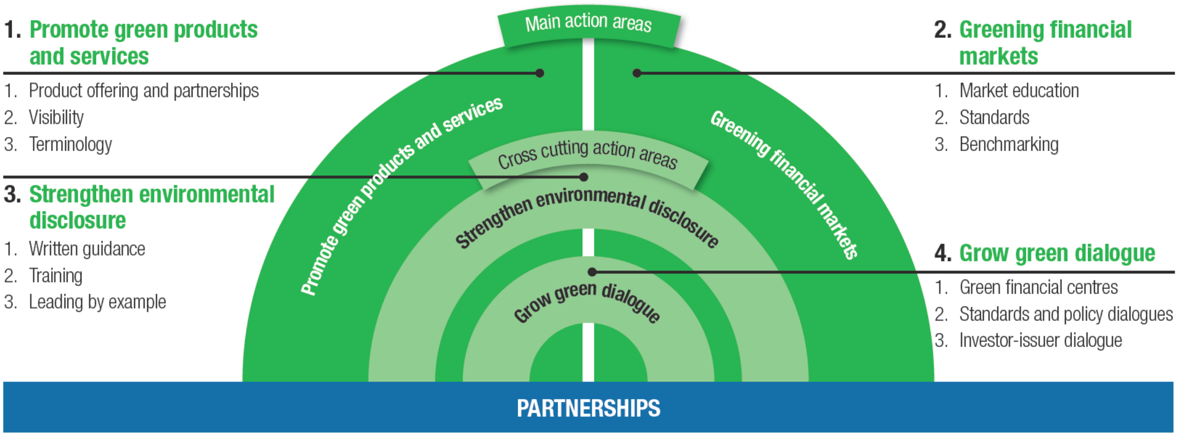
Like many United Nations initiatives, the SSE looks to the 17 Sustainable Development Goals (SDGs), as agreed upon by the General Assembly within the 2030 Agenda for Sustainable Development.

To create the new forms of green and blended finance as set out in the Paris Agreement and the SDGs, the SSE initiative wants to help stock exchanges promote green products and support the greening of mainstream financial markets more broadly.

The belief is that **green and sustainable finance offers benefits and opportunities for stock exchanges**. Green finance products have been introduced in several markets and have seen tremendous growth, with green bond and green equity indices outperforming their non-green benchmarks.

Green finance is nevertheless still in its early stages: **as of 2017, green equities were only about 5 percent of overall listed value; only around 0.2 percent of total bond issuance worldwide was made up of labelled green bonds. This presents significant growth opportunities for stock**

FIGURE 19



exchanges and other market actors, such as non-profit organizations or churches, with potential associated revenue growth opportunities.

A green finance action plan (illustrated in Figure 19) was developed by the SSE initiative[15] to guide stock exchanges in implementing green finance strategies. This voluntary action plan provides exchanges with a checklist of 12 action points within four action areas:

The SSE green finance action plan identifies two main action areas that stock exchanges should work on in parallel:

- promoting green labelled products and services, which helps direct funding toward green projects and environmentally aligned issuers (action area 1); and
- making more systematic and holistic changes to support a green transition and ensure market resilience to the economic impacts of climate change (action area 2).

In addition to these two main action areas, the guidance identifies two crosscutting action areas that will facilitate green finance efforts in the first two action areas:

- strengthening the quality and availability of climate-related and other environmental disclosure among issuers and investors (action area 3); and
- contributing to the growth of dialogue and consensus building on green finance with other capital market participants (action area 4).

Throughout all four of these action areas, partnerships are key.

15. Sustainable Stock Exchanges Initiative website: https://sseinitiative.org/wp-content/uploads/2019/12/SSE-Green-Finance-Guidance-.pdf

FIGURE 20: The four action plan areas

Action plan area		Action point
Promote green products and services	**1.1**	**Product offerings and partnerships:** Has your exchange developed and offered green products or services for your market or partnered with another financial services institution to do so?
	1.2	**Visibility:** Does your stock exchange make green products easy to find through dedicated platforms or listing labels?
	1.3	**Green Terminology:** Does your exchange provide guidance to its market on green terminology?
Greening financial markets	**2.1**	**Market education:** Does your exchange educate issuers and investors on the importance of incorporating environmental issues into investment practices?
	2.2	**Standards:** Has your exchange incorporated environmental disclosure standards into its listing rules?
	2.3	**Benchmarking:** Does your exchange make benchmarks available for your market in the form of green indices or environmental rating systems?
Strengthen environmental disclosure	**3.1**	**Written guidance:** Does your exchange provide written guidance on environmental disclosure?
	3.2	**Training:** Is your exchange providing training for capital market participants on environmental disclosure and/or integration?
	3.3	**Leading by example:** Does your exchange produce a report on its own environmental policies, practices and impacts?
Grow green dialogue	**4.1**	**Green financial centres:** Does your exchange have an action plan or roadmap to grow green finance in your market?
	4.2	**Standards and policy dialogues:** Does your exchange stimulate policy dialogue on green standards?
	4.3	**Investor-issuer dialogue:** Does your exchange facilitate a dialogue between issuers and investors on green finance?

3.8 Net-Zero Asset Owner Alliance

The Net-Zero Asset Owner Alliance[16] was initiated in 2019 by six asset owners: Allianz, Caisse des Dépôts, CDPQ, Folksam Group, PensionDanmark, and SwissRe. It is now supported by **16 asset owners**, representing nearly $**4 trillion US in assets under management**.

The members of the Alliance commit to

- **transition their investment portfolios to net-zero greenhouse gas emissions by 2050, consistent with a maximum temperature rise of 1.5 °C above preindustrial temperatures**;
- consider the best available scientific knowledge, including the findings of the Intergovernmental Panel on Climate Change; and
- regularly report on progress, including establishing intermediate targets every five years in line with Paris Agreement Article 4.9.

Members seek to reach this commitment especially through advocating for and engaging in **corporate and industry action** as well as **public policies** for a low-carbon transition of economic sectors in line with science and under consideration of associated social impacts.

16. "UN-convened Net-Zero Asset Owner Alliance," UNEP-FI website: **https://www.unepfi.org/net-zero-alliance**

Convened by UNEP's Finance Initiative and the PRI, the Alliance is **supported by the World Wildlife Fund** and is part of the Mission 2020 campaign. It therefore is a good example of great **collaboration between the UN and an environmental NGO**.

This alliance is open to any asset owner who wants to play a key role in helping the world deliver on a 1.5 °C target.[17]

17. "Join the UN-convened Net-Zero Asset Owner Alliance," UNEP-FI website: https://www.unepfi.org/net-zero-alliance/join-the-alliance

4

Good Practices from Other Organizations

In addition to faith-based organizations and the United Nations (UN), other organizations have implemented good practices that could be used by others, with the common objective of reducing greenhouse gas emissions and protecting the planet that will host young generations in the future. Here are some examples.

4.1 New York Pension Fund

Both the Governor of New York State and the Mayor of New York City have announced significant plans to divest the local government's holdings in fossil fuel assets. In December 2017, Governor Andrew Cuomo said he wanted to cease all new investments in fossil fuel activities and create a roadmap to divest these assets from the **state's 200 billion US dollars pension fund**. The Common Fund looks after the retirement assets of over one million people but has holdings in over 50 oil and gas companies. These amounted to "billions of public employee dollars," according to the Governor. Mr. Cuomo stated the move would "lead to a more secure retirement fund for countless New Yorkers while also helping to achieve the state's clean energy goals."

The Mayor of New York, Bill de Blasio, closely followed suit in January by announcing the city's five pension funds would also seek to remove an estimated 5 billion US dollars in over 190 fossil fuel companies.[1]

4.2 The Rockefeller Brothers Fund

The Rockefeller Brothers Fund was founded in 1940 by the descendants of John D. Rockefeller, known for being one of the most successful oil businessmen in history. Rockefeller built a huge empire around the Standard Oil company, which later became ExxonMobil, Chevron, and other major oil companies still in existence.

1. "The top 5 pledges to divest from fossil fuels," Climate Action, 18 January 2018: **http://www.climateaction.org/news/the-top-5-pledges-to-divest-from-fossil-fuels**

The foundation's strong connections to the petroleum industry, and resulting 870 million US dollars fortune, made its 2014 decision to divest from fossil fuels all the more historic.

This foundation also highlighted its moral responsibility, which is traditionally associated with faith-based organizations. In an interview with The Guardian, Valerie Rockefeller Wayne, who chairs the fund, said: "We all have a moral obligation…our family in particular – the money that is for our grant-making, and what we are doing now that helps fund our lifestyles came from dirty fuel sources"[2].

Its immediate focus was eliminating its exposure to coal and tar sands, which now represent a mere 0.1 percent of the fund. As of 2017, total fossil fuel exposure had been reduced to 1.7 percent.[3]

4.3 Rockefeller Foundation

Recognizing the need to develop an evidence base of what does and does not work in PRIs (Principles for Responsible Investments), and as part of the Foundation's commitment to learning and accountability, the Foundation's Evaluation Office in collaboration with the Foundation's PRI Team asked Arabella Advisors to **evaluate the relevance, effectiveness and impact of the Foundation's PRI Portfolio**. This independent evaluation's results draw on extensive research, field visits to investees in Asia, Africa and the US, and in-depth interviews with experts and peer investors that have provided valuable insights, observations and recommendations aimed at strengthening the Foundation's use of PRIs to achieve social impact. The usage of external advisors with expertise in fossil-free investing is something that could be considered by any investors striving to optimize the impact of its investments and assess its alignment against its environmental objectives.[4]

4.4 California Public Employees' Retirement System

With $394 billion US of assets under management, the California Public Employees' Retirement System (CalPERS) is the largest public pension fund in the United States. It manages retirement benefits for roughly 2

2. "Rockefeller Brothers Fund: it is our moral duty to divest from fossil fuels," Suzanne Goldenberg, *The Guardian*, 27 March 2015: **https://www.theguardian.com/environment/2015/mar/27/rockefeller-fund-chairman-moral-duty-divest-fossil-fuels**

3. Ibid.

4. *The Rockefeller Foundation's Program-Related Investments Portfolio*, Arabella Advisors, July 2013: **https://www.arabellaadvisors.com/wp-content/uploads/2016/11/Arabella-Advisors-Evaluation-of-Rockefeller-Foundation-PRI-Portfolio.pdf**

million state government employees. The **first climate risk assessment** of CalPERS pension fund was submitted to the CalPERS board in November 2019. It found that one fifth of the fund's public market investments were in sectors that have high exposure to climate change. Those include energy, materials and buildings, transportation, agriculture, food, and forestry.

Beyond identifying the 20 percent of investments in climate-exposed sectors, the CalPERS draft report did not go into great detail about the sources of climate risk to its portfolio, partly because **the data were "thin and frail," with less than half of the 10,000+ companies in their portfolio voluntarily disclosing information about their carbon emissions**.

Outside experts praised the report as a **good step toward making climate risk a central piece of CalPERS' investment strategy, rather than a footnote**.

CalPERS has pledged to make its portfolio carbon-neutral by 2050.[5]

4.5 Norwegian Sovereign Wealth Fund[6]

Norway has the world's largest sovereign wealth fund, holding $1.1 trillion US of assets, which represent 1.3 percent of all global stocks and shares. It was established to invest the surplus from Norway's thriving state-owned petroleum industry and acts as a pension pot for citizens, representing almost $200,000 US per person in the country.

The fund has $38 billion US in oil and gas companies.

In 2004, a council was created to ensure the fund's money was being spent along ethical guidelines. To date, it has directly excluded investing in companies which, for example, breach human rights or build nuclear weapons.

In 2014, this exclusion was extended to **coal energy**; the fund has since divested from 77 companies in the industry.

In late 2017, the fund's managers, Norge Bank, recommended that the government remove all of its holdings in oil and gas. In October 2018, the finance ministry announced that Norway's $1.1 trillion US sovereign fund will **divest companies solely dedicated to oil and gas exploration and production** in a bid to shield itself from a long-term fall in oil prices. The decision to divest affects the fund's holdings in close to 95 companies, with the value of its stakes amounting to around 54 billion Norwegian crowns ($5.92 billion US) as of mid-September 2019.

---

5. "Climate change threatens billions in CalPERS pension fund," Los Angeles Times, 12 December 2019: https://www.latimes.com/environment/story/2019-12-19/climate-change-threatens-billions-in-calpers-pension-fund

6. "The top 5 pledges to divest from fossil fuels," Climate Action, 18 January 2018: http://www.climateaction.org/news/the-top-5-pledges-to-divest-from-fossil-fuels

The fund will continue to maintain stakes in refiners and other downstream firms. An earlier decision to maintain investments in so-called integrated oil firms, including majors Royal Dutch Shell Plc and ExxonMobil Corp, also remains in force.[7]

This example shows that divestment can be selective, based on a certain type of activities and fossil fuels at stake.

4.7 European Investment Bank

In November 2019, the European Investment Bank (EIB) announced it would stop funding fossil fuel projects at the end of 2021, a landmark decision that could deal a blow to billions of dollars of gas projects in the pipeline.

The bank's new energy lending policy, which it said was approved with "overwhelming" support, will bar most fossil fuel projects, including traditional use of natural gas. "This is an important first step – this is not the last step," EIB vice president Andrew McDowell told reporters in a call.

Under the new policy, energy projects applying for EIB funding will need to show they can produce 1 kilowatt hour of energy while emitting less than 250 grams of carbon dioxide, a move which bans traditional gas-burning power plants.[8]

---

7. "Norway sovereign wealth fund to divest oil explorers, keep refiners," Terje Solsvik, Reuters, 1 October 2019: https://www.reuters.com/article/us-norway-swf-oil/norway-sovereign-wealth-fund-to-divest-oil-explorers-keep-refiners-idUSKBN1WG4R9

8. "European Investment Bank to cease funding fossil fuel projects by end-2021," Jonas Ekblom, Reuters, 14 November 2019: https://www.reuters.com/article/us-climate-europe-eib/european-investment-bank-to-cease-funding-fossil-fuel-projects-by-end-2021-idUSKBN1XO2OS

5

Advocacy Initiatives that Inspire Change

Besides collective actions from churches, the United Nations (UN), or large organizations, many local initiatives targeting individuals have been launched to promote green and sustainable finance and "mainstream" climate change considerations.

5.1 DivestInvest

DivestInvest is a diverse global network of individuals and organizations united in the belief that by using our collective influence as investors to divest from fossil fuels and invest in climate solutions, we can accelerate the transition to a zero-carbon economy.[1]

5.2 User guide for individuals on fossil fuel divestment

Non-profit organizations like Ethical in the UK have developed user guides on fossil fuel divestment that explain in lay terms to non-finance people what fossil fuel divestment is, the various arguments for doing so, how UK banks fund fossil fuels, and the different steps to divest.[2]

5.3 350.org and Fossil Free

350.org was founded in 2008 by a group of university friends in the United States along with author Bill McKibben. McKibben wrote one of the first books on global warming for the general public, with the goal of building a global climate movement. 350 was named after 350 parts per million – the safe concentration of carbon dioxide in the atmosphere.[3]

---

1. DivestInvest website: https://www.divestinvest.org/about
2. "Fossil fuel divestment 101: A complete guide to divesting your money (UK)," Sarah Young, 10 July 2019: https://ethical.net/climate-crisis/fossil-fuel-divestment-101-a-complete-guide-to-divesting-your-money-uk
3. 350.org website: https://350.org/about

In 2012, 350.org started Fossil Free as a campaign to push institutions to divest from fossil fuels, building on the work of student-led university divestment campaigns. The campaign quickly spread to many parts of the world, and by 2015 thousands of divestment campaigns were underway. The campaigns helped to shift public opinion in favour of keeping fossil fuels in the ground and highlighting the moral urgency of climate action. With achingly slow progress at the national and international levels, Fossil Free entered a new phase of the campaign in early 2018, expanding beyond divestment to embrace new demands, tactics and tools, and the goal of stopping all new fossil fuel projects by 2020.[4]

5.4 Advocacy by young people for greener finance

As outlined in the Churches' Commitments to Children,[5] Number 3,[6] (Climate Justice Initiatives with Children),

> Children themselves can also be the source of excellent solutions on how to adapt to our changing climate.
>
> By promoting such ideas, we have the capacity to influence human behavior and encourage greener options for transportation, heating, and energy consumption. We can also influence decisions taken by local and national authorities with a view to developing alternative sources of energy with a low carbon footprint.[7]

Among many initiatives initiated by children, here are three that could be replicated or could inspire similar actions:

Call on Roger Federer to stop his sponsorship deal with Credit Suisse

In November 2018, young activists – many of them students – dressed in tennis whites started playing matches inside Credit Suisse branches in Geneva and Lausanne. They wanted Swiss tennis star Roger Federer to drop his sponsorship deal with Credit Suisse because of its fossil fuels investments.

They were later fined 21,600 Swiss francs ($22,254 US), which they refused to pay during their appearance in court in January 2020.

4. Go Fossil Free website: https://gofossilfree.org/about

5. "Churches' Commitments to Children," World Council of Churches and UNICEF: https://www.unicef.org/about/partnerships/files/wcc_commtmnt children_UNICEF_ENG_PRODweb.pdf

6. Commitment 3 of "Churches' Commitments to Children": https://seafile.ecucenter.org/f/adf2a0f75cd74a5eb33d

7. "WCC's engagement for children," World Council of Churches website: https://www.oikoumene.org/en/what-we-do/wcc-child-rights-engagement

Credit Suisse said it will stop financing the development of new coal-fired power plants. The activists at the court said this was not enough.

The Swiss bank is also seeking to align its loan portfolios with objectives laid out in the Paris Agreement on climate change.[8]

Swedish teenage activist Greta Thunberg added her voice to those of the Swiss protesters with retweets of support for their cause.[9]

Young people's "Not My Dirty Money pledge"

In July 2020, *Teen Vogue* published an opinion piece by two young women encouraging young people not to open accounts with banks that are reckless with the planet. Kayah George and Emma Harrison represent a growing movement to follow the money to the very top and speak truth to power. George, a 19-year-old from Tsleil-Waututh Nation in Vancouver, British Columbia, was raised near the inlet that could become a major industrial site for the Kinder Morgan pipeline. Harrison is a student and climate justice organizer at Macalester College in Saint Paul, Minnesota. Listening to Indigenous leaders strengthened her commitment to divestment and pipeline resistance. In the face of the COVID-19 pandemic, these activists have adapted their efforts online and developed the Not My Dirty Money pledge.[10]

Call on leaders attending the 2020 World Economic Forum to abandon the fossil fuel economy

In early January 2020, Greta Thunberg and fellow youth climate campaigners demanded that global leaders immediately end the "madness" of huge ongoing investments in fossil fuel exploration and enormous subsidies for the use of coal, oil, and gas. The 21 activists also called on the political and business leaders attending the World Economic Forum in Davos in late January 2020 to ensure that investment funds dump their holdings in fossil fuel companies.

"Anything less would be a betrayal against life itself," said Thunberg and her colleagues. "Today's business as usual is turning into a crime

---

8. "Climate activists on trial over Credit Suisse tennis stunt," Swissinfo.ch, 8 January 2020: https://www.swissinfo.ch/eng/fossil-fuel-investments-_climate-activists-on-trial-over-credit-suisse-tennis-stunt--/45479224

9. "Greta Thunberg adds weight to Federer Credit Suisse criticism," as.com, 12 January 2020: https://en.as.com/en/2020/01/09/other_sports/1578577589_675828.html

10. https://www.notmydirtymoney.com

against humanity. We demand that you play your part in putting an end to this madness."[11]

"Young people are being let down by older generations and those in power," the climate strikers said. "To some it may seem like we are asking for a lot. But this is just the very minimum effort needed to start the rapid sustainable transition."

"The fact that [ending investment and subsidies] hasn't been done already is, quite frankly, a disgrace," they added.

"It ought to be in every company and stakeholder's interest to make sure that the planet they live on will thrive," said the climate strikers, who come from nations across the world, including the US, Australia, Brazil, Russia, India, and Nigeria. "But history has not shown the corporate world's willingness to hold themselves accountable. So it falls on us, the children, to do that."[12]

5.5 Writing letters to banks

Some organizations made available draft messages that individuals can copy and paste and send directly to their banks to apply pressure on their investment strategy. Letter writers can explain that they plan to close their bank account (or can threaten to do so) based on the bank's financing of the fossil fuel industry or coal expansion. Such letters are available in English[13] and French.[14]

5.6 Solar Impulse Foundation

Following the success of the first solar flight around the world, Bertrand Piccard and the Solar Impulse Foundation have launched phase 2 of their action: selecting 1,000 solutions that can protect the environment in a profitable way and bring them to decision makers to help them adopt more ambitious environmental targets and energy policies.[15]

---

11. "At Davos we will tell world leaders to abandon the fossil fuel economy," *The Guardian*, 10 January 2020: **https://www.theguardian.com/comment isfree/2020/jan/10/greta-thunberg-davos-tycoons-fossil-fuels-dismantle-climate -crisis**

12. "Greta Thunberg tells world leaders to end fossil fuel 'madness,'" *The Guardian*, 10 January 2020: **https://www.theguardian.com/environment/2020/ jan/10/greta-thunberg-tells-world-leaders-to-end-fossil-fuel-madness**

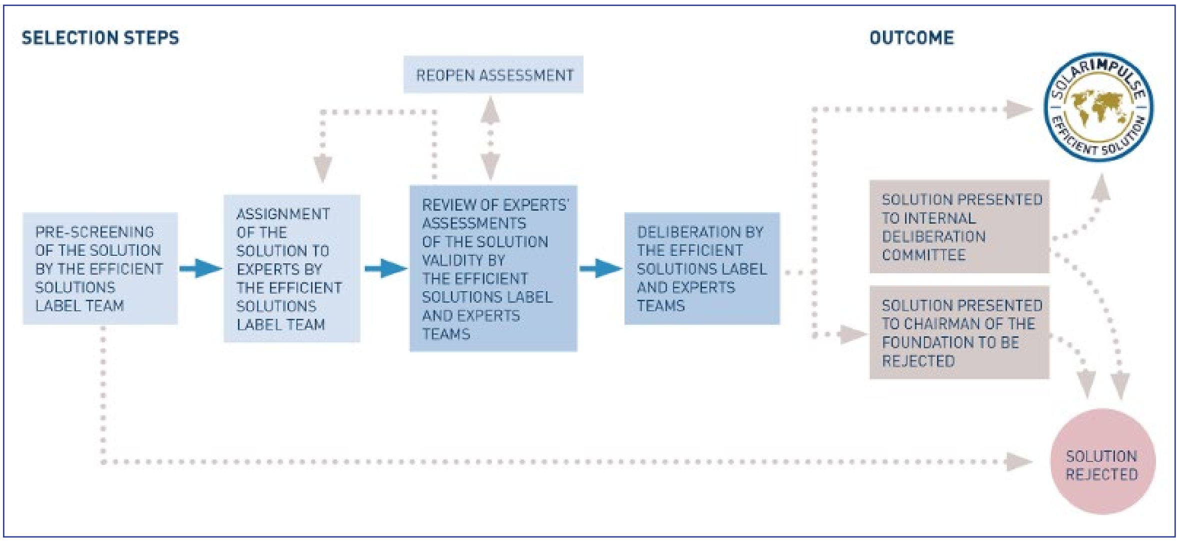
13. 350pdx website: **https://350pdx.org/letter-to-a-bank-or-bank-manager** or **http://350-austin.org/divest/break-up-with-the-big-banks/bank-breakup -sample-letter**

14. « Je change de banque » website: **http://jechangedebanque.eu**

15. "About the foundation," Solar Impulse Foundation website: **https:// solarimpulse.com/foundation**

The Solar Impulse Efficient Solution label is designed to shed light on existing solutions that are both clean and profitable and have a positive impact on quality of life. One of the first labels for positive impact businesses bringing together protection of nature and financial viability through a strict assessment process made by a pool of independent experts. In collaboration with renowned institutions, solutions applying to the label must go through a neutral and certified methodology.[16]

FIGURE 21: The Solar Impulse Efficient Solution label



16. "Efficient solution label," Solar Impulse Foundation website: https://solarimpulse.com/label

6

What You Can Do: Suggestions for WCC Member Churches and Partners

Here are some ways that any asset owner can contribute to the transition to a low-carbon economy – from simple to more complex.

6.1 Individual actions by a member church or partner

Align all stakeholders around a **full-fledged and specific investment policy** and the associated **benchmark**:

- Decide whether the investment strategy should be based on
  –fossil fuel divestment;
  –company screening linked to environmental criteria;
  –positive investing (such as investment in clean technologies);
  –shareholder engagement; or
  –a combination of several of these approaches.
- Precisely define the areas in which investments should be forbidden. In terms of fossil fuels, should that be coal, oil, shale gas? Should it be only for exploration, or production, or also trading?
- Define the areas in which you want to have a positive impact through selective investments: for example, by identifying some of the 17 Sustainable Development Goals.
- Define a benchmark to measure the portfolio performance that includes environmental aspects, like the MSCI ACWI excluding Fossil Fuels Index, which excludes companies that own oil, gas, and coal reserves.

For investors working with asset management companies (AMCs): consider selecting AMC partners based on their environmental efforts, including how they vote on resolutions related to climate change; see section 1.8 Stock ownership in fossil fuel companies – the role of asset management companies.

When you choose a banking partner, consider working only with partners that have signed the Principles for Responsible Banking and joined the Task Force on Climate-related Financial Disclosures (TCFD) initiative or the Climate Action in Financial Institutions Initiative.

- Use the *Banking on Climate Chaos 2021 report* (https://www.ran.org/wp-content/uploads/2021/03/Banking-on-Climate-Chaos-2021.pdf) to assess your bank's contribution to fossil fuel financing.
- Encourage members and partners to close their bank accounts (or to announce that they will do so) if their current bank heavily finances fossil fuel or coal expansion and does not align with the Paris Accords. Move to an environment-friendly bank if there is no fast progress within their bank's investments.
- Share existing draft messages that people can send directly to their bank to explain their decision and apply collective pressure on the bank's strategy.

Develop the use of **green bonds** and other **environment-friendly financial instruments.**

Based on the size of the assets managed, consider the following actions:

- Run a **climate risk assessment** like the consolidated impact statement developed by the Impact Management Project (see section 3.6) to measure the impacts that are relevant to your investment goals.
- Publish an **annual report on sustainable investments** based on the TCFD guidelines (see section 2.2).
- Use **external advisors** with expertise in fossil-free investing to evaluate the relevance, effectiveness, and impact of the investment portfolio.

If the decision is made to proceed with **fossil fuel divestment**, use existing resources like Bright Now (towards fossil free Churches)[1] or DivestInvest.[2]

If the decision is made to proceed with **shareholder engagement**, try whenever possible to discuss the environment agenda with the management of the fossil fuel company, push for full environmental disclosure, vote in favour of environment-driven resolutions, and give strong signals that you will divest if agreed-upon objectives (such as preset carbon emissions targets) are not met by a certain date.

6.2 Collective actions

Consider joining the **Net-Zero Asset Owner Alliance** (see section 3.8) and commit to transitioning investment portfolios to net-zero greenhouse gas emissions by 2050. Convened by the UN Environment Programme's

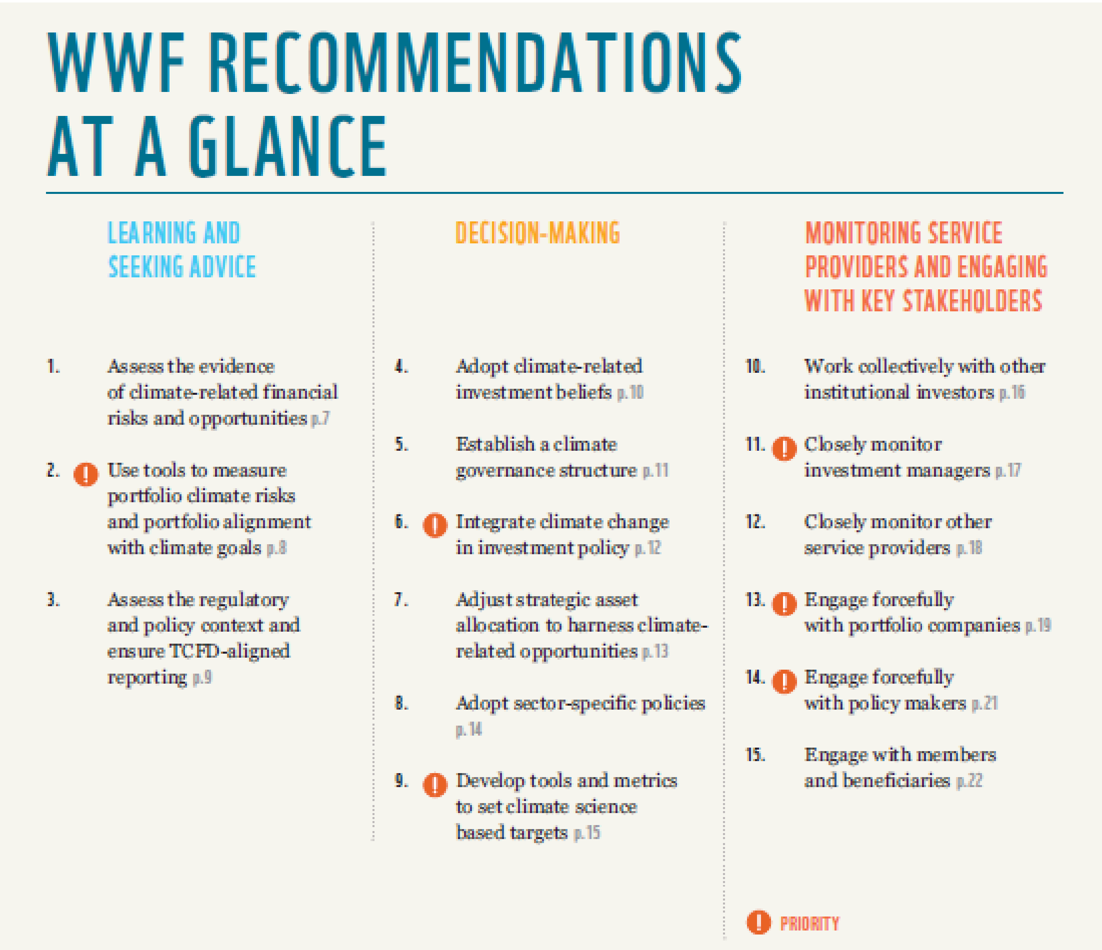
1. Bright Now website: https://brightnow.org.uk/resources
2. DivestInvest website: divestinvest.org

Finance Initiative and the Principles for Responsible Investment, this Alliance is supported by the World Wildlife Fund (WWF) and is part of its Mission 2020 campaign.[3]

Organize **events across faith organizations** (like the Finance for Tomorrow / Climate Finance Day[4] in France or the FaithInvest days[5]) that are dedicated to the impact of investment strategies on the transition to a low-carbon economy and allow for the sharing of best practices.

More generally, the WWF guide (summarized in Figure 22) for asset owners can be used as a framework to align investments with the objectives of the Paris Agreement.[6]

FIGURE 22



3. "UN-convened Net-Zero Asset Owner Alliance," UNEP-FI website: https://www.unepfi.org/net-zero-alliance

4. Climate Finance Day website: https://www.climatefinanceday.com

5. "FaithInvest days: Impactful cooperation": https://gafoundation.world/en/conference/conference-2020/2020-conference-material

6. "Asset owners: Aligning investment portfolios with the Paris Agreement," World Wildlife Fund, 5 December 2017: https://www.wwf.org.uk/updates/climate-guide-asset-owners-aligning-investment-portfolios-paris-agreement

Appendices

APPENDIX 1

Key Principles to Guide Investment Decisions

Many common principles have been established by various institutions to guide investment decisions.

1.1 United Nations Environment Programme Finance Initiative

The United Nations Environment Programme Finance Initiative (UNEP FI) is a partnership between UNEP and the global financial sector to mobilize private sector finance for sustainable development. UNEP FI works with more than 300 members – banks, insurers, and investors – and over 100 supporting institutions to help create a financial sector that serves people and the planet while delivering positive impacts. The aim is to inspire, inform, and enable financial institutions to improve people's quality of life without compromising that of future generations and to accelerate sustainable finance.

UNEP FI supports global finance sector principles to prompt the integration of sustainability into financial market practices. There are two main frameworks related to banking and investing that UNEP FI has established or co-created:

- **Principles for Responsible Investment (PRI)** was established in 2006 by UNEP FI and the UN Global Compact. It is now applied by half the world's institutional investors ($90+ trillion US).
- **Principles for Responsible Banking (PRB)** launched in September 2019 with more than 130 banks collectively holding $47 trillion US in assets, or one third of the global banking sector.

These frameworks establish the norms for sustainable finance, providing the basis for setting standards and helping to ensure that private finance fulfils its potential role in contributing to achieving the 2030 Agenda for Sustainable Development[1] and the Paris Agreement

1. "Transforming our world: The 2030 Agenda for Sustainable Development," UN Sustainable Development Goals website: https://sustainabledevelopment.un.org/post2015/transformingourworld

on Climate Change[2] that governments around the world agreed to in 2015.

1.2 Principles for Responsible Investment

In early 2005, the then United Nations Secretary-General Kofi Annan invited a group of the world's largest institutional investors to join a process to develop the Principles for Responsible Investment (PRI), addressing such environmental, social, and governance (ESG) issues as the following:

Environmental	Social	Governance
• Climate change	• Working conditions (including slavery and child labour)	• Executive pay
• Greenhouse gas emissions	• Local communities (including Indigenous communities)	• Bribery and corruption
• Resource depletion (including water)	• Health and safety	• Board diversity and structure
• Waste and pollution	• Employee relations and diversity	• Tax strategy

The six principles were launched in April 2006 at the New York Stock Exchange. They encompass some key elements to consider when incorporating environmental issues into investment practice:

> Principle 1: We will incorporate ESG issues into investment **analysis and decision-making** processes.
>
> Principle 2: We will be active owners and incorporate ESG issues into our **ownership policies and practices**.
>
> Principle 3: We will seek appropriate **disclosure** on ESG issues by the entities in which we invest.
>
> Principle 4: We will promote **acceptance and implementation of the Principles within the investment industry**.
>
> Principle 5: We will work together to enhance our **effectiveness** in implementing the Principles.
>
> Principle 6: We will each **report** on our activities and progress toward implementing the Principles.[3]

Since 2006, the number of PRI signatories has grown from 100 to over 2,300 and more than $90 trillion US assets under management. Among

2. "The Paris Agreement," United Nations Climate Change: https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement

3. Principles for Responsible Investment: https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment

them, **591 investors signatories with $49 trillion US in assets** voluntarily reported to the PRI on the **climate risk–related indicators**.

Such principles can be adopted and further developed (based on its own philosophy and constraints) by any organization in charge of financial investments, in particular faith organizations.

1.3 Principles for Responsible Banking

The Principles for Responsible Banking (described in Figure 23) were launched by 132 banks from 49 countries,[4] representing more than $47 trillion US in assets, on 22-23 September 2019 in New York during the annual United Nations General Assembly.

Among the signatories were many large commercial banks, such as Citigroup Inc., Barclays, and Mitsubishi UFJ Financial Group, but not JPMorgan or Wells Fargo.

1.4 Zug Guidelines

The Zug Guidelines were published at the Faith in Finance meeting organized by the Alliance of Religions and Conservation and held in Zug, Switzerland, in October 2017.

These guidelines outline the investment priorities for dozens of traditions from eight of the world's major faiths – Buddhism, Christianity, Dao-

FIGURE 23

4. PRB Founding Signatories, UNEP-FI website: https://www.unepfi.org/banking/bankingprinciples/signatories

ism, Hinduism, Islam, Judaism, Sikhism, and Shintoism – alongside the ethical rationale behind their investment decisions.

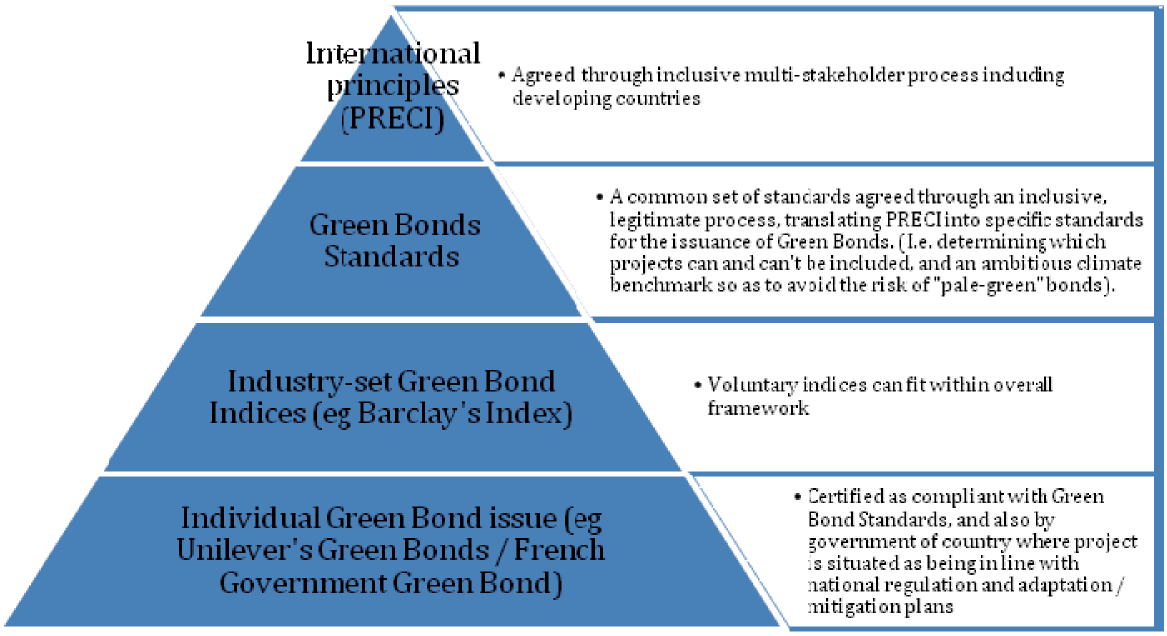
The Zug Guidelines focus on how faiths can use their investments to support environmental and sustainable development for a better world.

1.5 Oxfam Principles for Responsible Energy and Climate Investments

In a 2015 note,[5] Oxfam International suggested that funds mobilized to invest in low-carbon development should be subject to standards; these should be agreed in a participatory way (in a tripartite process that should involve civil society, the private sector, and governments) and be subject to independent verification. These funds should be deployed in the interest not only of low-carbon but also climate-resilient development.

As an example, Figure 24 suggests how these Principles for Responsible Energy and Climate Investments (PRECI) could be applied to **green bonds** through a system of cascading principles and standard setting, which also allows for developing government ownership. The first step would be to translate PRECI into a set of common standards for the content and governance of green bonds. These standards would be a step forward from the current voluntary industry framework – the so-called Green Bond Prin-

FIGURE 24: Green Bond Principles



5. Principles for responsible energy and climate investments (PRECI), Oxfam International website: https://www.oxfam.org/en/research/principles-responsible-energy-and-climate-investments-preci

ciples. Individual issuers of green bonds – companies, governments, etc. – could then get their bonds certified as complying with these standards. “Sell-side” intermediaries like banks could then easily identify these certified bonds and package them into products like green bond indexes ready for big investors on the “buy-side.”

APPENDIX 2

Environmental Disclosure Standards

One of the key principles highlighted in Appendix 1 was the need for transparency. There are close to **400 environmental disclosure standards** around the world. This section lists the main ones.

2.1 Global Reporting Initiative

The Global Reporting Initiative (GRI) is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impact on issues such as climate change, human rights, and corruption.

Under increasing pressure from different stakeholder groups – such as governments, consumers, and investors – to be more transparent about their environmental, economic, and social impacts, many companies publish a sustainability report, also known as a corporate social responsibility or environmental, social, and governance (ESG) report. GRI's framework for sustainability reporting helps companies identify, gather, and report this information in a clear and comparable manner. First launched in 2000, GRI's sustainability reporting framework is now widely used by multinational organizations, governments, small and medium enterprises, NGOs and industry groups in more than 90 countries. In 2017, 63 percent of the largest 100 companies and 75 percent of the Global Fortune 250 reported applying the GRI reporting framework.

The most recent of GRI's reporting frameworks are the GRI Standards, launched in October 2016. Developed by the Global Sustainability Standards Board, the GRI Standards are the first global standards for sustainability reporting and are a free public good. In contrast to the earlier reporting frameworks, the GRI Standards have a modular structure, making them easier to update and adapt.[1]

2.2 Task Force on Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) was established in December 2015 as an **industry-led initiative to develop**

1. Global Reporting Initiative, Wikipedia: https://www.globalreporting.org

recommendations for voluntary climate-related financial disclosures that are consistent, comparable, reliable, clear, and efficient, and provide decision-useful information to lenders, insurers, and investors, therefore bringing climate-related financial reporting to a mainstream audience.

The TCFD's 31 members were chosen by the FSB to include both users and preparers of disclosures from across the G20's constituency, covering a broad range of economic sectors and financial markets.

The organization was formed by the Financial Stability Board (FSB, an international body that monitors and makes recommendations about the global financial system) as a means of coordinating disclosures among companies impacted by climate change. The Task Force is charged with considering "the physical, liability and transition risks associated with climate change and what constitutes effective financial disclosures across industries," per the organization's mission statement[2].

Better access to data will enhance how climate-related risks are assessed, priced, and managed. Companies can more effectively measure and evaluate their own risks and those of their suppliers and competitors. Investors will make better informed decisions on where and how they want to allocate their capital. Lenders, insurers, and underwriters will be better able to evaluate their risks and exposures over the short, medium, and long-term.

The TCFD engages extensively with key stakeholders to ensure that it builds on existing work and produces recommendations that can be used by the private sector globally.

It includes four key elements:[3]

- Governance: Disclose the organization's governance around climate-related risks and opportunities.
- Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.
- Risk management: Disclose how the organization identifies, assesses, and manages climate-related risks.
- Metrics and targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

2. TCFD website: https://www.fsb-tcfd.org/about/#
3. TCFD Knowledge Hub, TCFD website: https://www.tcfdhub.org

2.3 International Organization of Securities Commissions

A 2018 report from the World Wildlife Fund UK reveals that investors with a global portfolio suffer due to "regulatory divergence" between countries in terms of climate risk disclosure and corporate governance practice. In particular, if implementation of the recommendations from the TCFD is too slow in some jurisdictions and markets, investors will struggle to accurately assess risks and allocate capital accordingly. The report suggests that the International Organization of Securities Commissions (IOSCO), the body that brings together securities regulators, is well placed to address these concerns. The report offers suggestions for how IOSCO can exert its influence to help improve the management of climate risk by global capital markets. This is a key step to harmonizing climate risk disclosure and widespread implementation of the TCFD recommendations. Full disclosure will not only help companies prepare for climate change impacts but will allow investors to manage risks better and allocate capital accordingly.[4]

2.4 Sustainability Accounting Standards Board

The Sustainability Accounting Standards Board (SASB) is a non-profit organization that sets industry-specific sustainability accounting standards covering financially material issues.

SASB was founded in July 2011 by Jean Rogers, who originated the concept and served as the organization's first chief executive officer. The primary aim was to develop standards for use in corporate filings to the Securities and Exchange Commission, which reflects the concept first presented in the 2010 academic paper "From Transparency to Performance: Industry-Based Sustainability Reporting on Key Issues."[5] The intention was to provide investors with more information about the stocks they or their investment funds were investing in and to **allow investors and financial analysts to compare performance on critical social and environmental issues within an industry.**

The structure of the organization and the name SASB were selected to complement the work of the Financial Accounting Standards Board.

The general principle is, in management consultant Peter Drucker's phrase, "what gets measured gets managed."

---

4. "Climate credible investment," WWF website: https://www.wwf.org.uk/updates/climate-credible-investment

5. "From transparency to performance: Industry-based sustainability reporting on key issues," Jean Rogers, Steve Lydenberg, and David Wood: https://iri.hks.harvard.edu/links/transparency-performance-industry-based-sustainability-reporting-key-issues

Over the last few years, the SASB has shifted its strategy to focus increasingly on corporate adoption by means of the private sector. **As of mid-2019, 113 unique corporations have reported with SASB standards since late 2017, of which over one third are based outside the United States.**[6]

Covering 11 sectors and 77 industries, the standards were approved on 16 October 2018 by a vote of the Standards Board after six years of research and extensive market consultation, including engagement with many of the world's most prominent investors and businesses from all sectors. Industry leaders – including GM, Wells Fargo, Merck, Nike, Kellogg's, JetBlue, CBRE, Diageo, Groupe PSA, Schneider Electric, Host Hotels, and NRG Energy – have begun using the SASB standards.

SASB standards support robust, investor-grade reporting in a range of communications channels, including financial filings, sustainability reports, annual reports, and corporate websites. As corporate users have demonstrated, SASB standards can be used alongside other sustainability frameworks. For example, the standards are well-aligned with the recommendations of the Task Force on Climate-related Financial Disclosures and complement the Global Reporting Initiative.[7]

2.5 Partnership Carbon Accounting Financials initiative

The Partnership Carbon Accounting Financials (PCAF) methodology is **an initiative of Dutch financial institutions** to measure the carbon footprints of their investments. The open-access, free-of-charge PCAF initiative allows banks and investors all across the world to assess the greenhouse gas emissions of their portfolios on the path to aligning their business strategies with the Paris Agreement.

In 2015, 14 Dutch financial institutions created PCAF under the leadership of ASN Bank. The initiative was launched via a Dutch Carbon Pledge that called on the negotiators at the 2015 Paris Climate Summit to take ambitious steps while the committed financial institutions do their part in delivering an essential shift to a low-carbon economy, starting with measuring and disclosing the greenhouse gas emissions of their loans and investments.

In October 2019, it was announced that more than **50 financial institutions worldwide, representing $2.9 trillion US in assets, have commit-**

6. Sustainability Accounting Standards Board, Wikipedia: https://en.wikipedia.org/wiki/Sustainability_Accounting_Standards_Board

7. "SASB codifies first-ever industry-specific sustainability accounting standards," Intrado Globe News Wire, 7 November 2018: https://www.globenewswire.com/news-release/2018/11/07/1646736/0/en/SASB-Codifies-First-Ever-Industry-Specific-Sustainability-Accounting-Standards.html

ted themselves to assess and disclose the greenhouse gas emissions of their loans and investments.[8] In less than five years, institutions became involved in the Netherlands in 2015, in North America in 2018, and globally in 2019.

The 57 current members[9] include

- commercial banks from around the world, including some US credit unions (e.g., Clearwater Credit Union, Self-Help Credit Union and Ventures Fund, Verity Credit Union, VSECU) and some major Dutch banks (e.g., ABN AMRO, Rabobank);
- asset managers;
- insurance companies; and
- pension funds (APG or Robeco in the Netherlands).

If an entity owns shares of various companies, the attributable emissions of this shareholding position can be calculated using three data points:

- **invested value**: is identified through Thomson Reuters EIKON (an online platform that provides access to real-time market data, news, fundamental data, analytics, and trading and messaging tools);
- **enterprise value**: can generally be obtained from financial data service providers such as Thomson Reuters EIKON and Bloomberg;
- **company emissions**: are derived from three categories (scopes):
  - –Scope 1: direct emissions: greenhouse gas emissions that are generated directly by sources owned or controlled by the company or institution;
  - –Scope 2: indirect emissions from electricity: greenhouse gas emissions generated from the electricity, steam, heating, and cooling purchased and consumed by the company or institution; and
  - –Scope 3: other indirect emissions: all indirect emissions that are not included in Scope 2 which occur in the value chain of the company or institution, including both upstream and downstream emissions.

According to the PCAF methodology, attributable emissions for shareholding positions are then calculated as follows: $\Sigma(\textit{Invested value} / \textit{Enterprise value}) \times \textit{Emissions}$

8. "Global Launch of Partnership for Carbon Accounting Financials (PCAF)," PCAF website, 23 September 2019: https://carbonaccountingfinancials.com/newsitem/global-launch-of-partnership-for-carbon-accounting-financials-pcaf#newsitemtext

9. Financial institutions taking action, PCAF website: https://carbonaccountingfinancials.com/financial-institutions-taking-action

The methodology allows many data sources to be used, including Carbon Disclosure Project (CDP), Trucost, and Bloomberg.

Companies provide data to CDP voluntarily through the use of CDP's reporting template. CDP hosts this data on its website. The data can then be purchased. CDP also has data partnerships with Bloomberg and MSCI, among others.

Both Bloomberg and Thomson Reuters EIKON gather emissions data from company publications. Also, each vendor uses its own methodology to estimate emissions per company when reported values are not available.

Thomson Reuters EIKON states that it uses three models, in order of preference, to estimate emissions values where these are not reported:

- The **CO2 model** uses emissions data for the company for the previous year(s), adjusting for changes in revenue and number of employees to estimate the emissions for the current year.
- When it is not possible to apply the CO2 model, the **Energy model** is used. The Energy model uses energy consumed (or energy produced for electric utility companies), adjusted for number of employees and revenue, compared with sector peers on the basis of 8-, 6-, 4-, or 2-digit Thomson Reuters Business Classification (TRBC) codes. Selection of TRBC level depends on the number of available energy consumption ratios per relevant level.
- When it is not possible to apply the Energy model, the **Median model** is used. Like the Energy model, the Median model uses as its basis its estimations on sector peers. Information on this model is available[10].

Bloomberg uses its own proprietary approach to estimate emissions per company where reported CO2 emissions are not available.

In late November 2019, Oxfam France and Les Amis de la Terre disclosed the carbon footprint of four major French banks as of December 2018, using the PCAF methodology.[11]

2.6 Transition Pathway Initiative benchmark

The Transition Pathway Initiative (TPI) enables investors to **assess companies' preparedness for the transition to a low-carbon economy.** It is a key **corporate climate action benchmark**.

10. Refinitiv (2019, January), Thomson Reuters ESG Carbon Data and Estimate Models, p. 2-3

11. « Les banques françaises émettent 4,5 fois plus que la France entière », Oxfam, 28 November 2019: https://www.oxfamfrance.org/actualite/les-banques-francaises-emettent-45-fois-plus-que-la-france-entiere

Aimed at investors, the TPI assesses companies' preparedness for the transition to a low-carbon economy with a focus on high-impact sectors and supports efforts to address climate change. Open access and academically robust, the TPI enables investors to make more informed decisions and can shape their engagement activities and approach to proxy voting.

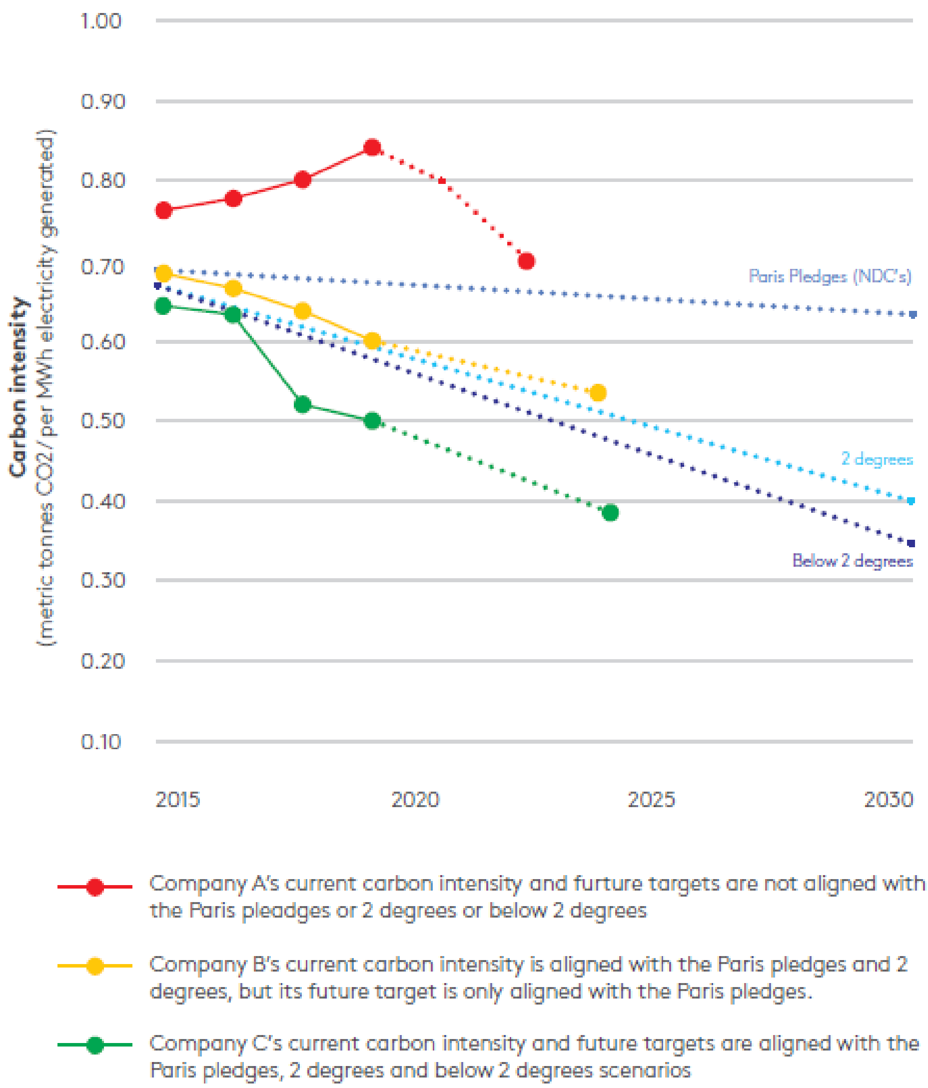
The TPI was initiated by the **Church of England National Investing Bodies** (Church of England Pensions Board, the Church Commissioners, and CBF Funds) and the **Environment Agency Pension Fund**, working with asset owners from Europe and the US. It was launched in 2017 at the London Stock Exchange.

These organizations collaborated with the Grantham Research Institute on Climate Change and the Environment at the London School of Economics and Political Science and with data provider FTSE Russell to create a tool which

- evaluates the quality of companies' **management of the greenhouse gas emissions associated with their business** ("Management Quality," Figure 25), allowing for peer-to-peer comparisons;
- evaluates how companies' planned or expected **future carbon performance compares to international targets and national pledges** made as part of the Paris Agreement ("Carbon Performance," Figure 26), as well as to the goals of the Paris Agreement and more ambitious targets;

FIGURE 25: Management Quality

FIGURE 26



- publicly reports this information through a free online tool hosted by the Grantham Research Institute at the LSE.[12]

The TPI complements existing initiatives and frameworks by **aligning with prevailing disclosure initiatives, including the requirements of the Task Force on Climate-related Financial Disclosures.**

2.7 United Nations Global Sustainability Index Institute

Only 30 to 60 percent of a company's value is reflected in the financial performance numbers disclosed in annual reports, according to Professor Robert Eccles of Harvard Business School and Price Waterhouse Coo-

12. "The TPI tool," Transition Pathway Initiative: http://www.lse.ac.uk/GranthamInstitute/tpi/the-toolkit

pers. To make matters worse, there is no consistent framework or analytical standard that allows global investors to understand and compare non-financial performance. Over time, this has led to poor investment decisions that have repeatedly resulted in financial crises because 40 to 70 percent of information vital to making sound decisions is missing. The 2008 financial crisis resulted in a major trust meltdown of the financial system as a whole, due in large part to poor governance and a lack of comprehensive standards.

As an international foundation, the United Nations Global Sustainability Index Institute (UNGSII) aims to provide an **evaluation and comparison of companies' and countries' sustainability performance** in a transparent manner, in support of the implementation of the 17 Sustainable Development Goals (SDGs) and the UN. It springs from the belief that a **transparent, academically driven index** is needed to rank companies and countries on their **sustainability practices**. Fragmentation and inconsistent regulation and legislation regarding sustainability reporting requirements is an obstacle to recognizing and rewarding those who are striving to create value through sustainable means, effectively hindering growth in financial markets for sustainable investments.

The **UNGSII SCR500** (Sustainable Development Goals Commitment Report 500) is a curated analysis of the **world's top 500 companies** that analyzes and ranks their commitments to the SDGs. Companies receive a Green (best), Yellow (on the right track), or Red (need improvement) ranking based on their annual reports, analysts' quotations, etc.

By providing transparency on corporate environmental, social, and governance performance, investors can make better-informed decisions about the financial and social impact of their investments.

Churches can use and help raise awareness about this ranking, promoting ethical consumer choices among all generations and including related information in education systems.

2.8 Banking on Climate Change – annual report

Every year, the Indigenous Environmental Network releases its ***Banking on Climate Change Report*** in partnership with Rainforest Action Network, BankTrack, Sierra Club, Oil Change International, and Honor the Earth. It is endorsed by over 300 organizations from 50 countries around the world.[13]

13. *Banking on Climate Chaos: Fossil Fuel Finance Report Card 2021*, BankTrack website: **https://www.banktrack.org/download/banking_on_climate_chaos_2021**

This 12th edition (*Banking on Climate Chaos: Fossil Fuel Finance Report 2021*), released in March 2021, reveals that the world's 60 largest commercial and investment banks have together funnelled $3.8 trillion US into fossil fuels in the five years since the Paris Agreement was adopted (2016–2020).

The report finds that financial support for the fossil fuel industry had increased every year since the Paris Agreement was adopted in December 2015, except in 2020, when it dropped 9% due to the COVID-19 pandemic. And yet 2020 levels remained higher than in 2016.

This report also tracks funding for 100 top fossil fuel expansion companies and finds JPMorgan, Chase, Citi, and Bank of America to be their biggest bankers over the last half-decade, all with significant increases in funding last year despite voicing their support for the Paris Agreement.

In addition, the report grades banks' **overall future-facing policies** regarding fossil fuels, assessing them on restrictions on financing for fossil fuel expansion and commitments to phase-out of fossil fuel financing on a 1.5 °C-aligned trajectory.

This report also maps out case studies where bank financing for fossil fuels has real harmful impact on communities.

According to *Banking on Climate Chaos 2021* (reflected in Figures 27–29):

- The biggest fossil bank over the 2016–2019 period was JPMorgan Chase, followed by its US peers: Citi, Wells Fargo, and Bank of America.
- Together, these four banks account for 26 percent of all fossil fuel financing from the 60 major global banks since the Paris Agreement was adopted.
- JPMorgan Chase has provided $317 billion US – almost a third of a trillion dollars – in fossil fuel financing since the Paris Agreement. That figure not only places JPMorgan Chase as the number 1 fossil fuel bank in the world, even though its funding did drop significantly in 2020, but also shows that Chase exceeds second-place Citi by a 33 percent margin. JPMorgan Chase's $317 billion US also represents more than 8 percent of the total fossil fuel financing from all 60 banks studied in the report. Furthermore, JPMorgan Chase is the most aggressive funder in some of the most dangerous and harmful categories over the last four years, leading in fossil fuel expansion, Arctic oil and gas, offshore oil and gas, and fracking.
- Over those five years, RBC was the biggest fossil bank in Canada, MUFG in Japan, Barclays in Europe, and Bank of China in China.
- **UniCredit has the strongest policy overall,** though it only earned about half of the available points –underscoring that the banking sector remains far from committing to a complete exit from fossil fuel financing.

FIGURE 27

LEAGUE TABLE - *Banking on Fossil Fuels*

Bank financing for 2,300 companies active across the fossil fuel life cycle

B = BILLIONS **M** = MILLIONS

RANK	BANK	2016	2017	2018	2019	2020	TOTAL 2016-2020	TREND
1	JPMORGAN CHASE	$63.729 B	$70.271 B	$67.396 B	$64.039 B	$51.300 B	$316.735 B	
2	CITI	$42.637 B	$47.102 B	$46.853 B	$52.496 B	$48.389 B	$237.477 B	
3	WELLS FARGO	$34.631 B	$54.812 B	$61.821 B	$45.684 B	$26.400 B	$223.349 B	
4	BANK OF AMERICA	$37.670 B	$36.744 B	$33.808 B	$48.081 B	$42.149 B	$198.452 B	
5	RBC	$29.322 B	$38.440 B	$37.656 B	$35.717 B	$18.994 B	$160.129 B	
6	MUFG	$25.304 B	$26.177 B	$35.404 B	$31.782 B	$29.070 B	$147.737 B	
7	BARCLAYS	$30.202 B	$30.730 B	$25.911 B	$30.353 B	$27.702 B	$144.897 B	
8	MIZUHO	$21.268 B	$19.200 B	$28.730 B	$31.484 B	$22.791 B	$123.472 B	
9	TD	$20.705 B	$29.605 B	$25.941 B	$27.944 B	$16.868 B	$121.063 B	
10	BNP PARIBAS	$16.892 B	$17.716 B	$16.567 B	$28.900 B	$40.751 B	$120.825 B	
11	SCOTIABANK	$18.765 B	$24.509 B	$28.033 B	$26.087 B	$16.452 B	$113.846 B	
12	MORGAN STANLEY	$24.141 B	$24.617 B	$19.484 B	$22.072 B	$20.465 B	$110.778 B	
13	HSBC	$17.914 B	$22.172 B	$20.489 B	$26.627 B	$23.542 B	$110.745 B	
14	BANK OF CHINA	$25.944 B	$13.832 B	$22.302 B	$20.268 B	$18.850 B	$101.195 B	
15	GOLDMAN SACHS	$22.894 B	$19.924 B	$17.167 B	$21.580 B	$18.941 B	$100.506 B	
16	BANK OF MONTREAL	$17.369 B	$21.216 B	$21.559 B	$21.869 B	$15.194 B	$97.207 B	
17	ICBC	$18.788 B	$13.285 B	$14.794 B	$19.617 B	$29.521 B	$96.005 B	
18	SMBC GROUP	$10.505 B	$12.117 B	$15.845 B	$19.595 B	$28.199 B	$86.261 B	
19	CREDIT SUISSE	$19.293 B	$21.932 B	$17.108 B	$14.384 B	$9.484 B	$82.201 B	
20	DEUTSCHE BANK	$19.637 B	$19.424 B	$15.257 B	$11.180 B	$9.126 B	$74.624 B	
21	SOCIÉTÉ GÉNÉRALE	$13.671 B	$10.193 B	$15.453 B	$14.674 B	$19.034 B	$73.026 B	
22	CIBC	$12.272 B	$14.048 B	$11.610 B	$19.068 B	$9.742 B	$66.739 B	
23	CRÉDIT AGRICOLE	$8.886 B	$11.220 B	$13.069 B	$11.819 B	$19.594 B	$64.587 B	
24	CHINA CONSTRUCTION BANK	$15.828 B	$9.925 B	$9.013 B	$13.727 B	$12.043 B	$60.536 B	
25	INDUSTRIAL BANK	$8.216 B	$8.806 B	$12.529 B	$11.467 B	$14.043 B	$55.061 B	
26	AGRICULTURAL BANK OF CHINA	$11.839 B	$5.678 B	$7.445 B	$11.021 B	$13.769 B	$49.752 B	
27	CHINA CITIC BANK	$8.050 B	$6.043 B	$9.262 B	$10.731 B	$10.398 B	$44.484 B	
28	ING	$9.266 B	$8.276 B	$11.338 B	$8.841 B	$6.488 B	$44.209 B	
29	SHANGHAI PUDONG DEVELOPMENT BANK	$6.007 B	$4.955 B	$6.989 B	$7.759 B	$12.165 B	$37.875 B	
30	BPCE/NATIXIS	$5.130 B	$5.730 B	$12.028 B	$7.739 B	$6.350 B	$36.978 B	

FIGURE 27 (cont'd)

LEAGUE TABLE - *Banking on Fossil Fuels* (cont'd)

RANK	BANK	2016	2017	2018	2019	2020	TOTAL 2016-2020	TREND
31	UBS	$7.671 B	$9.171 B	$11.034 B	$6.170 B	$2.083 B	$36.128 B	
32	SANTANDER	$6.256 B	$5.004 B	$4.813 B	$8.285 B	$9.678 B	$34.036 B	
33	CHINA MERCHANTS BANK	$8.839 B	$3.620 B	$7.269 B	$5.580 B	$7.084 B	$32.392 B	
34	STANDARD CHARTERED	$2.561 B	$4.920 B	$8.813 B	$8.030 B	$7.098 B	$31.422 B	
35	UNICREDIT	$6.052 B	$6.639 B	$4.684 B	$5.401 B	$8.641 B	$31.418 B	
36	PING AN	$3.489 B	$4.834 B	$7.839 B	$5.307 B	$8.231 B	$29.700 B	
37	TRUIST	$4.317 B	$6.710 B	$5.470 B	$7.552 B	$5.409 B	$29.459 B	
38	CHINA EVERBRIGHT BANK	$5.020 B	$4.149 B	$4.091 B	$4.330 B	$10.701 B	$28.291 B	
39	U.S. BANK	$3.683 B	$5.786 B	$5.602 B	$4.331 B	$7.156 B	$26.558 B	
40	CHINA MINSHENG BANK	$1.672 B	$723 M	$2.637 B	$10.215 B	$10.873 B	$26.120 B	
41	BANK OF COMMUNICATIONS	$4.278 B	$3.270 B	$4.763 B	$4.878 B	$6.561 B	$23.750 B	
42	BBVA	$4.676 B	$3.426 B	$4.559 B	$4.818 B	$4.871 B	$22.351 B	
43	STATE BANK OF INDIA	$6.287 B	$6.348 B	$704 M	$6.210 B	$1.929 B	$21.478 B	
44	ANZ	$2.621 B	$2.662 B	$3.913 B	$3.091 B	$2.940 B	$15.227 B	
45	INTESA SANPAOLO	$4.158 B	$1.981 B	$4.224 B	$1.528 B	$1.818 B	$13.708 B	
46	NATWEST	$3.677 B	$2.804 B	$3.365 B	$1.462 B	$2.086 B	$13.393 B	
47	SBERBANK	$4.040 B	$6.094 B	$841 M	$670 M	$1.148 B	$12.793 B	
48	LLOYDS	$2.955 B	$2.669 B	$2.526 B	$1.457 B	$2.372 B	$11.979 B	
49	COMMERZBANK	$1.005 B	$2.729 B	$2.363 B	$3.368 B	$2.392 B	$11.856 B	
50	NORDEA	$2.802 B	$1.910 B	$1.184 B	$2.013 B	$1.574 B	$9.484 B	
51	RABOBANK	$1.960 B	$1.424 B	$1.911 B	$1.929 B	$983 M	$8.207 B	
52	POSTAL SAVINGS BANK OF CHINA	$168 M	$1.034 B	$1.478 B	$3.063 B	$2.186 B	$7.929 B	
53	WESTPAC	$611 M	$1.241 B	$974 M	$2.969 B	$720 M	$6.514 B	
54	COMMONWEALTH BANK	$1.145 B	$648 M	$1.889 B	$886 M	$1.675 B	$6.243 B	
55	DANSKE BANK	$1.099 B	$799 M	$1.324 B	$1.675 B	$915 M	$5.813 B	
56	NAB	$833 M	$502 M	$1.158 B	$1.298 B	$641 M	$4.432 B	
57	DZ BANK	$243 M	$298 M	$416 M	$248 M	$356 M	$1.561 B	
58	SHINHAN	$155 M	$276 M	$93 M	$199 M	$373 M	$1.096 B	
59	SUMI TRUST	$169 M	-	-	-	$426 M	$596 M	
60	CRÉDIT MUTUEL	$19 M	$35 M	$123 M	$108 M	-	$284 M	
	GRAND TOTAL	$709.234 B	$740.403 B	$780.919 B	$823.676 B	$750.735 B	$3.805 T	

2.9 Mandatory CO2 reporting

In the UK, the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013[14] made it mandatory for the annual directors' report of any quoted company to state the annual quantity of emissions in **tons of carbon dioxide equivalent** from activities for which that company is responsible. This includes the combustion of fuel and the operation of any facility (CO2 resulting from the purchase of electricity, heat, steam, or cooling by the company for its own use).

2.10 Fossil Free Funds

Fossil Free Funds[15] was created in 2015. It helps pinpoint funds and exchange traded funds focused on companies with smaller carbon footprints.[16]

2.11 Environmental-Finance.com

Environmental-Finance.com is an online news and analysis service established in 1999 to report on sustainable investment, green finance, and the people and companies active in environmental markets.[17]

---

14. The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, legislation.gov.uk website: **https://www.legislation.gov.uk/uksi/2013/1970/regulation/7/made**

15. Fossil Free Funds website: **https://fossilfreefunds.org**

16. "Funds that can put your investments on a low-carbon diet," Tim Gray, *The New York Times*, 13 October 2017: **https://www.nytimes.com/2017/10/13/business/mutfund/mutual-funds-low-carbon.html**

17. "About us," Environmental Finance website: **https://www.environmental-finance.com/company/about-us.html**

FIGURE 28: Financing in US dollars 2016–2019

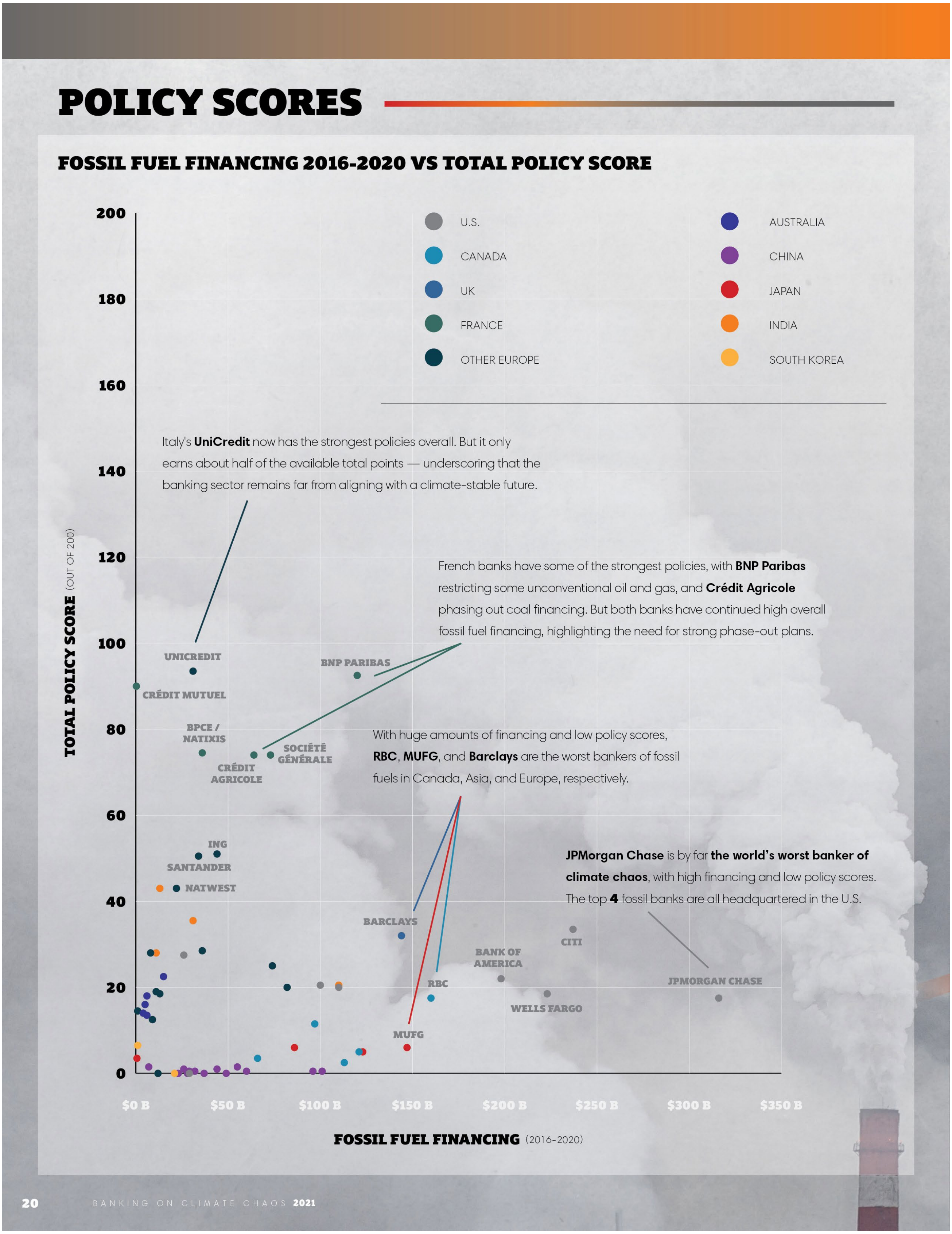
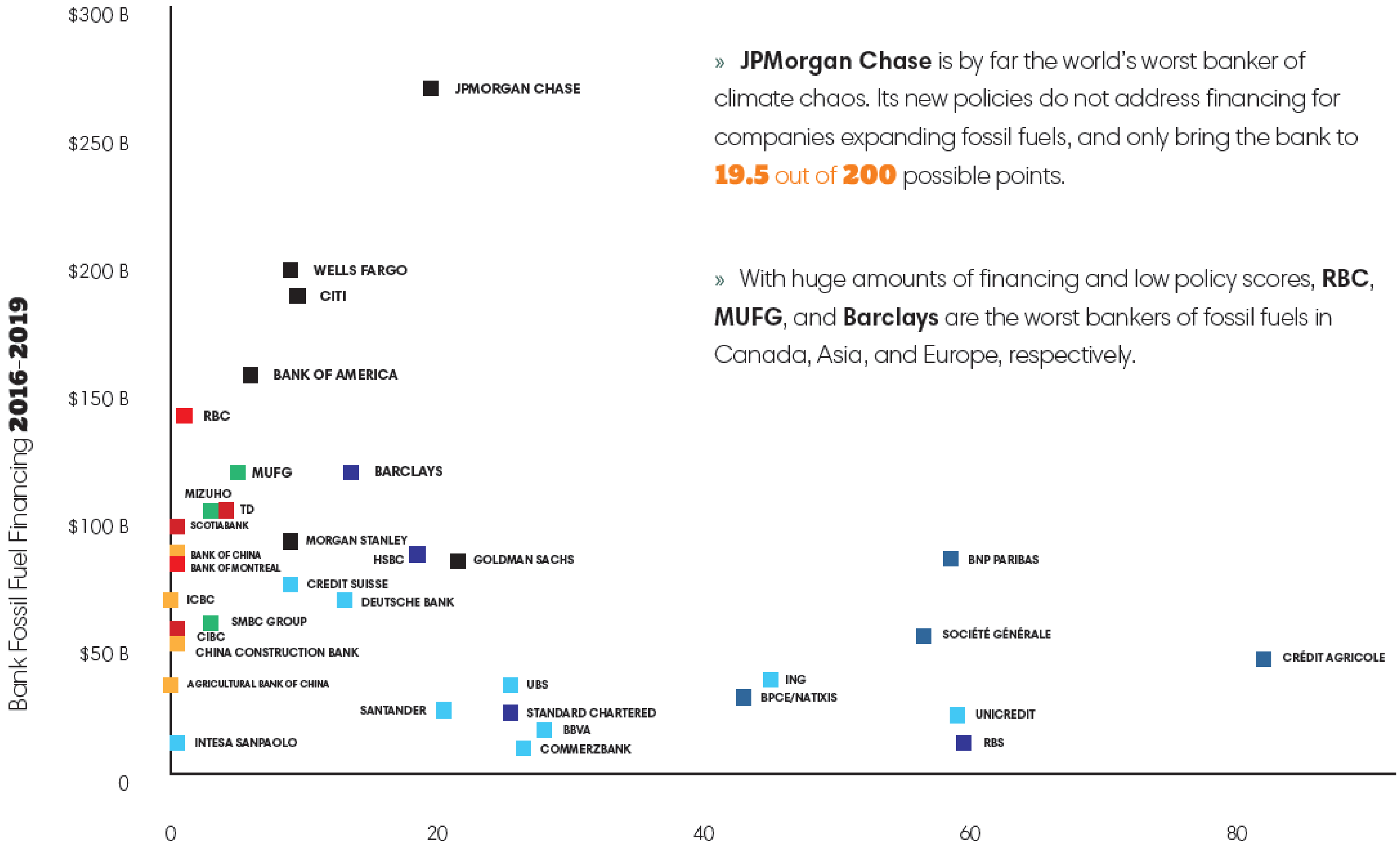


FIGURE 29


HALL OF SHAME
#1 Still the Worst!
JPMORGAN CHASE
WORLD'S WORST FUNDER OF FOSSIL FUELS
- 5 YEARS IN A ROW -
$317 BILLION TOTAL
CITI
FUNDING THE EXPANDERS
Citi's funding of 100 key companies with the worst fossil fuel expansion plans (like ExxonMobil and Enbridge) is on the rise.
WELLS FARGO
WORLD'S TOP FRACKING FUNDER
Wells Fargo has continued funding fracking companies like Pioneer Natural Resources and Diamondback Energy, making it the top fracking bank four years in a row.
BANK OF AMERICA
ENABLING MORE FRACKING THROUGH LNG
Bank of America had the highest LNG financing in 2020, continuing its support of fracked gas shippers like Sempra and Cheniere.
22
BANKING ON CLIMATE CHAOS 2021

FIGURE 30

BANK FOSSIL FUEL FINANCING 2016-2019 V. TOTAL POLICY SCORE (OUT OF 200)



» **JPMorgan Chase** is by far the world's worst banker of climate chaos. Its new policies do not address financing for companies expanding fossil fuels, and only bring the bank to **19.5** out of **200** possible points.

» With huge amounts of financing and low policy scores, **RBC**, **MUFG**, and **Barclays** are the worst bankers of fossil fuels in Canada, Asia, and Europe, respectively.

APPENDIX 3

Collective Events, Initiatives, and Tools

Around the globe, many institutions have been partnering to organize common events, launch common initiatives, develop new tools, and share their best practices on how finance can contribute to fight against climate change.

3.1 Finance for Tomorrow / Climate Finance Day

Gathering more than 60 members and international observers, Finance for Tomorrow was launched in June 2017 with Paris EUROPLACE to make green and sustainable finance a key driving force in the development of the Paris financial centre, in order to position it as the international point of reference on these issues.

Climate Finance Day is the annual flagship event of Finance for Tomorrow. It aims to mobilize the international financial sector in the fight against climate change and to showcase innovative solutions provided by both public and private market players.[1]

3.2 Building Bridges Week

The first Building Bridges Week[2] took place on 7-11 October 2019 in Geneva, Switzerland. The week featured 31 events organized and supported by 52 partners, with an estimated 1000+ people in attendance from the finance industry, governments, business, the United Nations, international organizations, academia, and civil society. The week fostered new conversations and collaborations aimed at accelerating the finance industry's contribution to achieving the UN's 17 Sustainable Development Goals.

The Week showcased the unique power of the ecosystem in Geneva and Switzerland and the special role it can play in accelerating the implementation of the 2030 Agenda through finance.

---

1. Climate Finance Day website: https://www.climatefinanceday.com
2. Building Bridges Week website: https://www.buildingbridgesweek.ch/en/home

3.3 FaithInvest

Events gathering people from multiple horizons (such as the finance industry, governments, business, the United Nations, international organizations, academia, and civil society) can be organized across faith organizations to increase visibility of the divestment topic and share best practices. An existing example is the international conference for Christian Development Agencies and Investors, FaithInvest days: Impactful Cooperation,[3] which was organized in January 2020 in Geneva by the Agape Foundation with the World Council of Churches and FaithInvest.

3.4 Climate Action in Financial Institutions Initiative[4]

"Mainstreaming" climate change considerations throughout financial institutions' operations and in their investing and lending activities will enable these institutions to deliver better, more sustainable short-term and long-term results – both developmentally and financially.

By definition, "mainstreaming" implies a shift from financing climate activities in incremental ways to making climate change –in terms of both opportunities and risk – a core consideration and a lens through which institutions deploy capital. Sharing this ambition, more than 20 institutions launched the Climate Action in Financial Institutions Initiative on 7 December 2015 on the sidelines of the 2015 UN Climate Change Conference.

As of March 2019, 44 institutions around the globe (such as development banks or large commercial banks like BNP Paribas, CA, HSBC, or Santander) have joined the Initiative and endorsed the 5 Principles for Mainstreaming Climate Action.[5] These voluntary principles are

- Commit to climate strategies
- Manage climate risks
- Promote climate smart objectives
- Improve climate performance
- Account for your climate action

3. "FaithInvest days: Impactful Cooperation": https://gafoundation.world/en/conference/conference-2020/2020-conference-material

4. Climate Action in Financial Institutions Initiative website: https://www.mainstreamingclimate.org/initiative

5. "5 principles," Climate Action in Financial Institutions website: https://www.mainstreamingclimate.org/5-principes

3.5 Paris Agreement Capital Transition Assessment

Building from a vast climate-related financial database, PACTA is free software that analyzes the alignment of equity, bond, or lending portfolios with various climate scenarios. Launched in September 2018 with support from UN Principles for Responsible Investment, this tool produces a customized, confidential output report that enables users to study the alignment of their portfolios with climate benchmarks and provides a comparison with their peers. The tool also features a stress-testing module that can be used by supervisors and their regulated entities.

PACTA helps investors implement the recommendations of the Task Force on Climate-Related Financial Disclosures and comply with related regulations (Article 173 of France's Law on Energy Transition for Green Growth, upcoming European Union disclosure requirements, and more).[6]

As of April 2020, nearly 2,000 individuals from more than 1,000 institutions have used the tool to conduct over 6,700 tests. The total assets under management of financial institutions using the tools amounts to more than $61 trillion US.[7]

3.6 Impact Management Project

The Impact Management Project is a forum for building global consensus on how to measure, compare, and report ESG risks and positive impacts. It convenes a practitioner community of over 2,000 organizations to debate and find consensus (norms) on technical topics as well as share best practices. Among its advisors are UK Aid Direct and the MacArthur Foundation.[8]

In regard to assets management, managing the impact means considering the positive and negative impacts of the underlying enterprises/assets as well as the investor's own contribution.

Investors have a range of values and motivations, and therefore various impact intentions. Investors' intentions range from broad commitments, such as "to mitigate risk," "to achieve sustainable long-term financial performance," or "to leave a positive mark on the world," to more detailed objectives, such as "to support a specific group of people, place, outcome" or "to address a specific social or environmental challenge." Each of these intentions relates to one of three types of impact: A, B, or C.

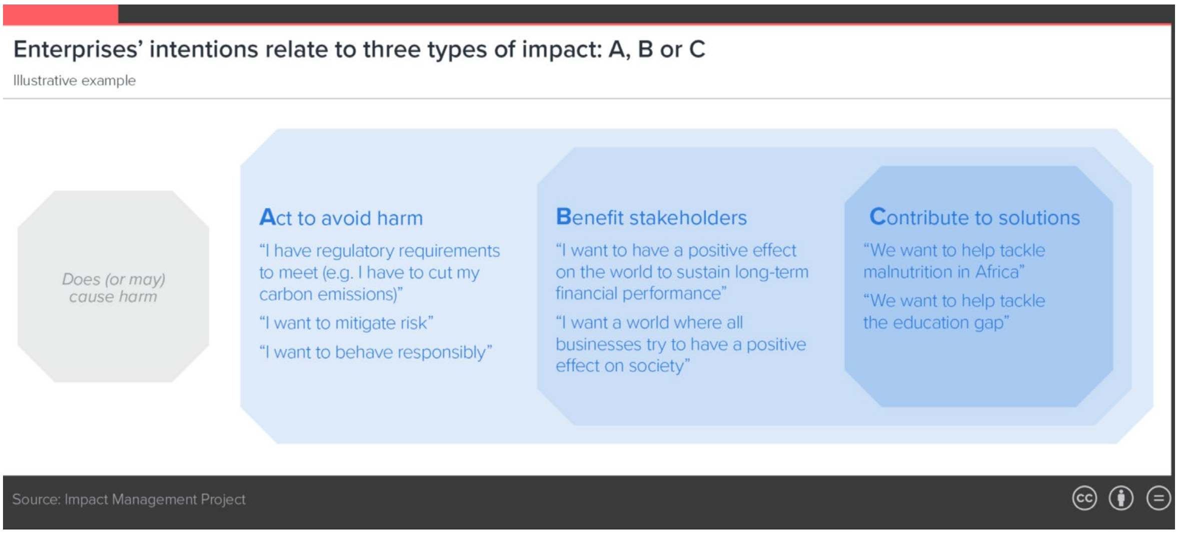
---

6. "Paris Agreement Capital Transition Assessment (PACTA)," 21 Investing Initiative website: https://2degrees-investing.org/resource/pacta

7. "PACTA: Taking the Temperature of Financial Assets," 21 Investing Initiative website: https://2degrees-investing.org/resource/pacta-taking-the-temperature-of-financial-assets

8. Impact Management Project website: https://impactmanagementproject.com

FIGURE 31



Investors set goals about the impacts they do or don't want underlying enterprises/assets to have on people and the planet, as well as the contribution they want to make to enable that to happen:

1. What outcomes people and the planet experience, and how important those outcomes are to those experiencing them.
2. Who experiences the outcomes, and how underserved they were previously?
3. How much of the outcomes occur, in terms of how many stakeholders experience the outcome, what degree of change they experience, and how long they experience the outcome for.
4. The contribution that enterprises and investors make to the outcomes, relative to what would likely occur otherwise.
5. The risk that impact will be different than expected.

By being clear about their impact goals, investors can review their portfolio to assess whether the enterprises/assets they are invested in are – or are not – achieving those goals.

For a portfolio of enterprises, a **complete impact report or impact statement** includes data about an enterprise's total impacts on people and the planet, with data about each effect of each enterprise arranged across the 15 impact categories. Since this may often result in too much data for an investor to review (especially in cases where investment products have hundreds of underlying assets), **the intermediary managing the portfolio of enterprises may choose to create a consolidated impact statement that highlights the impacts that are relevant to the investor's goals,** while still providing an appendix of all other positive and negative impacts of the portfolio.

The overall impact of a portfolio can be classified by considering the type of impact that the underlying enterprises/assets are having on people and the planet (the A, B, or C), together with the strategies an investor uses to contribute to this impact.[9]

FIGURE 32

The Impact Classes Matrix: Mapping an investment by its impact on people and planet

Illustrative products

Investor's contribution	Impact of underlying assets / enterprises: **A**ct to avoid harm	**B**enefit stakeholders	**C**ontribute to solutions
1 **Signal that impact matters** + Engage actively + Grow new/undersupplied capital markets + Provide flexibility on risk-adjusted return	E.g. Ethical bond fund	E.g. Positively-screened / best-in-class ESG fund	E.g. Sovereign-backed bonds (secondary market) funding vaccine delivery to underserved people or renewable energy projects
2 **Signal that impact matters** **+ Engage actively** + Grow new/undersupplied capital markets + Provide flexibility on risk-adjusted return	E.g. Shareholder activist fund	E.g. Positively-screened / best-in-class ESG fund using deep shareholder engagement to improve performance	E.g. Public or private equity fund selecting and engaging with businesses that have a significant effect on education and health for underserved people
3 **Signal that impact matters** + Engage actively **+ Grow new/undersupplied capital markets** + Provide flexibility on risk-adjusted return	E.g. Anchor investment in a negatively-screened real estate fund in a frontier market	E.g. Positively-screened infrastructure fund in a frontier market	E.g. Bond fund anchoring primary issuances by businesses that have a significant effect on environmental sustainability, access to clean water and sanitation
4 **Signal that impact matters** **+ Engage actively** **+ Grow new/undersupplied capital markets** + Provide flexibility on risk-adjusted return	*Investment archetype not widely observed*	E.g. Positively-screened private equity fund making anchor investments in frontier markets	E.g. Private equity fund making anchor investments in businesses that have a significant effect on income and employment for underserved people
5 **Signal that impact matters** + Engage actively **+ Grow new/undersupplied capital markets** **+ Provide flexibility on risk-adjusted return**	*Investment archetype not widely observed*	*Investment archetype not widely observed*	E.g. Below-market charity bonds, or an unsecured debt fund focused on businesses that have a significant effect on employment for underserved people
6 **Signal that impact matters** **+ Engage actively** **+ Grow new/undersupplied capital markets** **+ Provide flexibility on risk-adjusted return**	*Investment archetype not widely observed*	*Investment archetype not widely observed*	E.g. Patient VC fund providing anchor investment and active engagement to businesses that have a significant effect on energy access for underserved people

Source: Impact Management Project

9. "How investors manage impact," Impact Management Project website: https://impactmanagementproject.com/impact-management/how-investors-manage-impact

APPENDIX 4

Main Asset Management Companies

The **top ten asset management companies managed around $31 trillion US as of March 2019. The top five, based on the value of assets under management, were mostly American firms**:

1. BlackRock (US): $6.5 trillion US
2. Vanguard group (US): $5.6 trillion US
3. UBS (Switzerland): $3.2 trillion US
4. State Street Global Advisors (US): $2.8 trillion US
5. Fidelity investments (US): $2.7 trillion US

APPENDIX 5

Organizations Committed to Partial or Total Divestment from Fossil Fuels

This is a complete list of organizations that have said they have divested/invested or will do so (partially or in totality).[1]

As of August 2019 (in volume and value):

FIGURE 33

	Sum of Asset Value	Value in %	Count of Organisation	Volume in %
Insurance Company	$ 4,967,425,138,914	50.0%	24	2.1%
Pension fund	$ 1,936,202,296,091	19.5%	136	12.1%
Bank	$ 1,025,019,452,248	10.3%	9	0.8%
Government Pension Fund	$ 1,021,144,339,953	10.3%	26	2.3%
Investment Manager	$ 638,176,649,439	6.4%	24	2.1%
Educational Institution	$ 190,412,501,757	1.9%	164	14.6%
Government Organization	$ 97,626,084,547	1.0%	162	14.4%
Faith-based organization	$ 29,858,378,223	0.3%	302	26.9%
Charitable Trust or Foundation	$ 15,733,876,139	0.2%	182	16.2%
Non-Government organization	$ 3,008,667,043	0.0%	53	4.7%
Cultural Organization	$ 1,508,047,970	0.0%	4	0.4%
Healthcare institution	$ 888,872,296	0.0%	17	1.5%
Family Office	$ 258,000,000	0.0%	5	0.4%
Collective society	$ 90,844,784	0.0%	1	0.1%
Private Company	$ 6,699,274	0.0%	14	1.2%
Other	$ 30,000	0.0%	1	0.1%
Total	**$ 9,927,359,878,677**	**100%**	**1,124**	**100%**

1. Courtesy of divestinvest.org

As of June 2020 (numbers available in volume only):

FIGURE 34

Organization Type	Number of Organizations	in %
Faith-based organization	392	31%
Charitable Trust or Foundation	183	15%
Educational Institution	181	15%
Government Organization	162	13%
Pension fund	138	11%
Non-Government organization	52	4%
Government Pension Fund	27	2%
Investment Manager	25	2%
Insurance Company	24	2%
Healthcare institution	19	2%
Private Company	14	1%
Bank	9	1%
Family Office	5	0%
For Profit Corporation	4	0%
Cultural Organization	4	0%
Government	2	0%
Collective society	1	0%
Philanthropic Foundation	1	0%
Other	1	0%
NGO	1	0%
Total général	**1,245**	**100%**

392 Faith-Based Organizations That Have Committed to Partial or Total Divestment (as of September 2020)

Country	Organization	Disinvestment Type
Argentina	Asociación Civil Eco Raíces	Full
Argentina	Capítulo Argentina – Movimiento Católico Mundial por el Clima	Full
Argentina	RAAD Red Argentina de Ambiente y Desarrollo	Full
Australia	Anglican Diocese of Canberra and Goulburn	Full
Australia	Anglican Diocese of Melbourne	Full
Australia	Anglican Diocese of Perth	Full
Australia	Australian Jesuit Province	Full
Australia	Australian Religious Response to Climate Change (ARRCC)	Full
Australia	Caritas Australia	Full
Australia	Christian Life Community	Full
Australia	Council of Progressive Rabbis of Australia Asia and New Zealand	Full
Australia	Earthsong	Full
Australia	Marist Sisters Australia	Full
Australia	Melbourne Unitarian Church	Full
Australia	Presentation Sisters Queensland	Full
Australia	Presentation Sisters Wagga Wagga	Full
Australia	Presentation Society of Australia and Papua New Guinea	Full
Australia	Quakers Religious Society of Friends Australia	Full
Australia	Society of Friends Canberra Regional Meeting	Full

Country	Organization	Disinvestment Type
Australia	Sydney Buddhist Centre	Full
Australia	Synod of Victoria and Tasmania	Qualified
Australia	Unitarian Church of South Australia	Full
Australia	Uniting Church New South Wales & ACT Australia	Full
Australia	Uniting Church of Australia Assembly	Full
Austria	Bankhaus Schelhammer & Schattera	Full
Austria	Episcopal Conference of Austria	Full
Bangladesh	Episcopal Commission for Justice and Peace	Full
Bangladesh	Franciscan Friars TOR Society	Full
Belgium	Abdij OLV van Nazareth	Full
Belgium	Africa Europe Faith and Justice Network	Full
Belgium	Jesuit European Social Centre	Full
Belgium	Netwerk Rechtvaardigheid en Vrede – Ecokerk	Full
Belgium	Oikocredit Belgium	Full
Belgium	Pax Christi Vlaanderen	Full
Belgium	Salvatorianen of Belgium	Full
Belgium	Sisters Clarissen of Ostend	Full
Belgium	Sisters of Charity of Jesus and Mary	Full
Belgium	Vicariaat Vlaams-Brabant en Mechelen	Full
Belgium	Welzijnszorg	Full
Belgium	Zusters van de Bermhertigheid	Full
Belgium	Zusters van Maria	Full
Belgium	Dochters der Liefde – Filles de la Charité	Full
Belgium	Episcopal Conference of Belgium	Full
Brazil	Diocese de São José dos Campos	Full
Brazil	Diocese of the Holy Spirit of Umuarama	Full
Canada	Anglican Diocese of Montreal	Full
Canada	Anglican Diocese of Nova Scotia and PEI	Full
Canada	Anglican Diocese of Quebec	Full
Canada	Anglican Diocese of Ottawa	Full
Canada	Artist caring environmentally/Artist Against Fracking	Full
Canada	Bathurst Street United Church	Full
Canada	Canadian Unitarian Council	Full
Canada	Eastminster United Church	Full
Canada	First Unitarian Church of Victoria	Full
Canada	First Unitarian Church Ottawa ON	Full
Canada	First Unitarian Congregation of Ottawa	Full
Canada	First Unitarian Toronto ON	Full
Canada	Institut Notre-Dame du Bon-Conseil de Montréal	Full
Canada	Montreal Quakers	Full
Canada	Scarboro Missions ON	Full
Canada	The Jesuits in English Canada	Full
Canada	The Unitarian Church of Vancouver	Full
Canada	Trinity St. Paul's United Church Toronto	Full

Country	Organization	Disinvestment Type
Canada	Unitarian Church of Calgary	Full
Canada	Unitarian Church of Montreal	Full
Canada	Unitarian congregation of Niagara	Full
Canada	Unitarian Fellowship of Northwest Toronto	Full
Canada	Unitarian Fellowship of Peterborough	Full
Canada	United Church of Canada	Full
Canada	Ursulines of the Chatman Union	Full
Canada	UUEstrie	Full
Canada	Westwood Unitarian Congregation	Full
Colombia	Confederación Interamericana de Educación Católica – CIEC	Full
Ecuador	Secretariado Latinoamericano MIEC-JEC	Full
Fiji	Archdiocese of Suva	Full
France	Communauté Mission de France	Full
France	Oekologia	Full
France	Secours Catholique – Caritas France	Qualified
Germany	DKM Darlehnskasse Münster eG	Coal (or coal and tar sands)
Germany	Evangelische Kirchengemeinde Berlin-Brandenburg-Schlesische-Oberlausitz (EKBO)	Full
Germany	Pax Christi Düren	Full
Germany	Protestant Church Hessen-Nassau	Full
Global	Mission Congregation of the Servants of the Holy Spirit	Full
Greece	The Catholic Church in Greece	Full
India	Caritas India	Full
India	Indian Catholic Matters	Full
India	quick festivalonline	Qualified
Indonesia	Archdiocese of Semarang	Full
Ireland	Christian Brothers European Province	Full
Ireland	Church of Ireland	Full
Ireland	Creedon Educational Trust	Full
Ireland	Diocese of Ossory	Full
Ireland	Irish Catholic Bishops Conference	Full
Ireland	Little Company of Mary, Irish Province	Full
Ireland	Marino Institute of Education Trust Fund	Full
Ireland	Mercy International Association	Qualified
Ireland	Missionary Sisters of St Columban	Full
Ireland	The Order of St Augustine – Irish Province	Full
Ireland	Union of Sisters of the Presentation of the Blessed Virgin Mary Generalate	Full
Italy	Archdiocese of Palermo	Full
Italy	Archdiocese of Salerno – Campagna – Acerno	Full
Italy	Archdiocese of Vercelli	Full
Italy	Caritas Italy	Full
Italy	Diocese of Assisi	Full
Italy	Diocese of Caserta	Full

Country	Organization	Disinvestment Type
Italy	Diocese of Gubbio	Full
Italy	Diocese of Padua	Full
Italy	Federation of Christian Organisations for the International Voluntary Service (FOCSIV)	Full
Italy	Fondazione MAGIS	Full
Italy	Il Dialogo	Full
Italy	Lega Consumatori	Full
Italy	Missionary Franciscan Sisters of the Immaculate Conception	Full
Italy	Movimento Cristiano Lavoratori	Full
Italy	Nomadelfia	Full
Italy	Pro Civitate Christiana	Full
Italy	Red Argentina de Laicos (RELAI)	Full
Italy	Rete Interdiocesana Nuovi Stili di Vita	Full
Italy	Sacred Convent of Assisi	Full
Italy	School Sisters of Notre Dame	Full
Italy	Siloe Monastic Community	Full
Italy	Tertiary Sisters of Saint Francis	Full
Italy	The Diocese of Civitavecchia-Tarquinia	Full
Italy	The Diocese of Naples	Full
Italy	The Diocese of Pescara	Full
Italy	The Diocese of Savona-Noli	Full
Italy	The Diocese of Siracusa	Full
Italy	The Italian Jesuits	Full
Kenya	AMECEA – Association of Member Episcopal Conferences in Eastern Africa	Full
Kenya	Catholic University of Eastern Africa	Full
Kenya	Jesuit Conference of Africa – Justice and Ecology Office	Full
Malawi	Go Green Save Environments	Full
Malta	Archdiocese of Malta	Full
Myanmar	Karuna Mission Social Solidarity (KMSS) – Caritas Myanmar	Full
Netherlands	Broederlijk Delen	Full
Netherlands	Gasthuiszusters Augustinessen van Leuven	Full
Netherlands	Konferentie Nederlandse Religieuzen	Full
Netherlands	Missionarissen van Scheut	Full
New Zealand	Anglican Church of Aotearoa	Full
New Zealand	Anglican Diocese of Auckland	Full
New Zealand	Anglican Diocese of Dunedin	Full
New Zealand	Anglican Diocese of Waiapu	Full
New Zealand	Anglican Diocese of Waikato and Taranaki	Full
New Zealand	Anglican Diocese of Wellington	Full
New Zealand	Presbyterian Church of New Zealand	Full
Nigeria	Catholic Laity Council of the Archdiocese of Jos	Full
Norway	Caritas Norway	Full
Pakistan	Justice and Peace National Commission	Full

Country	Organization	Disinvestment Type
Pakistan	World Apostolate of Fatima	Full
Panama	The Archdiocese of Panama	Full
Philippines	Catholic Bishops' Conference of the Philippines	Full
Portugal	Gulbenkian Foundation	Full
Sierra Leone	Sierra Leone Young Christian Student movement	Full
Singapore	Caritas Singapore	Full
South Africa	Anglican Church of Southern Africa	Full
South Africa	Archdiocese of Cape Town	Full
South Africa	Catholic Welfare and Development	Full
South Africa	Provincial Synod of the Anglican Church of Southern Africa (ACSA)	Full
Spain	Asociación ATTA	Full
Spain	Hermanitas de la Asunción	Full
Spain	Mercedarian Missionaries of Berriz	Full
Sweden	Church of Sweden	Full
Switzerland	Diocese of Lausanne	Full
Switzerland	Lutheran World Federation	Full
Switzerland	World Council of Churches	Full
The Philippines	Caritas Philippines	Full
United Kingdom	All Hallows Church, Leeds (Church of England)	Full
United Kingdom	Banner Cross Methodist Church	Full
United Kingdom	Baptist Union of Great Britain	Coal (or coal and tar sands)
United Kingdom	Beulah United Reformed Church, Cardiff	Full
United Kingdom	Brighthelm Church and Community Centre	Full
United Kingdom	Bristol Quaker Area Meeting	Full
United Kingdom	Bush Hill Park United Reformed Church, Enfield	Full
United Kingdom	Chilterns Quaker Area Meeting	Full
United Kingdom	Church in Wales	Coal (or coal and tar sands)
United Kingdom	Church of England	Qualified
United Kingdom	Church of Scotland	Coal (or coal and tar sands)
United Kingdom	Congregation of Jesus (English Province)	Full
United Kingdom	Devonport Baptist Church, Plymouth	Full
United Kingdom	Diocese of Arundel & Brighton	Full
United Kingdom	Diocese of Lancaster	Full
United Kingdom	Dronfield Baptist Church	Full
United Kingdom	Dunscore Parish Church	Full
United Kingdom	Dunscore Parish Church (Church of Scotland)	Full
United Kingdom	Franciscan Sisters Minoress	Full
United Kingdom	Friends World Committee for Consultation	Full
United Kingdom	Hereford Quaker Local Meeting	Full
United Kingdom	High Street Baptist Church Tring	Full
United Kingdom	Holy Paraclete, Kirkhaugh (C of E)	Full

Country	Organization	Disinvestment Type
United Kingdom	Huddersfield Quakers	Full
United Kingdom	Ipswich and Diss Chilterns Area Meeting	Full
United Kingdom	Ivybridge Methodist Church, Devon	Full
United Kingdom	Jesuits in Britain	Full
United Kingdom	Kendal and Sedbergh Quaker Area Meeting	Full
United Kingdom	Lancashire Central and North Quaker Area Meeting	Full
United Kingdom	Lancaster Methodist Church	Full
United Kingdom	Lavington URC, Bideford	Full
United Kingdom	Lay Dominicans	Full
United Kingdom	Leeds Quaker Area Meeting	Full
United Kingdom	Leicester Quaker Area Meeting	Full
United Kingdom	Mersey Synod	Full
United Kingdom	Methodist Church of Britain	Qualified
United Kingdom	Mid Thames Quaker Area Meeting	Full
United Kingdom	Norfolk and Waveney Quaker Area Meeting	Full
United Kingdom	North East Thames Quaker Trust	Full
United Kingdom	Northern College (URC and Congregational)	Full
United Kingdom	Northern Synod	Full
United Kingdom	Oasis Churches and Global Charity	Full
United Kingdom	Oxford Diocesan Board of Finance (ODBF)	Full
United Kingdom	Presentation Sisters (English Province)	Full
United Kingdom	Pudsey Parish Church (C of E)	Full
United Kingdom	Quakers in Britain	Full
United Kingdom	Redland Park URC, Bristol	Full
United Kingdom	Religious Sisters of Charity (English/Scottish Province)	Full
United Kingdom	Religious Sisters of Charity, English/Scottish Province	Full
United Kingdom	Scottish Catholic International Aid Fund (SCIAF)	Full
United Kingdom	Scottish Episcopal Church	Coal (or coal and tar sands)
United Kingdom	Scottish United Reformed & Congregational College	Full
United Kingdom	Selkirk Parish Church (Church of Scotland)	Full
United Kingdom	Sisters of St Josephs of Peace (UK Province)	Full
United Kingdom	Society of the Sacred Heart	Full
United Kingdom	St Augustine of Canterbury, Alston (C of E)	Full
United Kingdom	St Chad's Sutton Coldfield (Church of England)	Full
United Kingdom	St Hilda's Church, Ashford (Church of England)	Full
United Kingdom	St John the Evangelist, Garrigill (C of E)	Full
United Kingdom	St John the Evangelist, Nenthead (C of E)	Full
United Kingdom	St John the Evangelist, Upper St Leonards (Church of England)	Full
United Kingdom	St John's, Hartley Wintney (Church of England)	Full
United Kingdom	St Joseph's Province of the Congregation of the Passion	Full
United Kingdom	St Jude, Knaresdale (C of E)	Full
United Kingdom	St Luke's Holloway, London (C of E)	Full

Country	Organization	Disinvestment Type
United Kingdom	St Mary & St Patrick, Lambley (C of E)	Full
United Kingdom	St Mary of the Angels J&P Group	Qualified
United Kingdom	St Mary's Episcopal Cathedral, Edinburgh	Full
United Kingdom	St Mary's, Hornsey Rise (Church of England)	Full
United Kingdom	St Patrick's Missionary Society	Full
United Kingdom	St Peter and St Pauls, Chaldon	Full
United Kingdom	St Peter's Church, Maney, Sutton Coldfield (Church of England)	Full
United Kingdom	St Stephen with St Julian, St Albans (Church of England)	Full
United Kingdom	Stirling Methodist Church	Full
United Kingdom	Stroud Methodist Church	Full
United Kingdom	Student Christian Movement	Full
United Kingdom	Sussex East Quaker Area Meeting	Full
United Kingdom	Tavistock United Reformed Church	Full
United Kingdom	The Dioceses of Middlesbrough	Full
United Kingdom	The Sisters Of St. Joseph Of Peace (UK)	Full
United Kingdom	The United Reformed Church Synod of Yorkshire	Full
United Kingdom	The Vines United Reformed Church, Rochester	Full
United Kingdom	Trinity United Church, Ringwood	Full
United Kingdom	Triratna Buddhist Community Highlands	Full
United Kingdom	United Reformed Church of Scotland	Full
United Kingdom	United Reformed Church South Western Synod	Full
United Kingdom	United Reformed Church Synod of Wales	Full
United Kingdom	United Reformed Church Synod of Wessex	Full
United Kingdom	United Reformed Church West Midlands Synod	Full
United Kingdom	United Reformed Church, UK	Full
United Kingdom	Vine United Reformed Church, Ilford	Full
United Kingdom	Wellspring Wirksworth	Full
United Kingdom	West Midlands Synod	Full
United Kingdom	Westminster College, Cambridge	Full
United Kingdom	Wimbledon Congregational Church	Full
United Kingdom	York Quaker Area Meeting	Full
United States	Franciscan Action Network	Full
USA	All Souls Unitarian Universalist Church	Full
USA	American Ethical Union	Full
USA	Barnegat Monthly Meeting	Full
USA	Bethel United Church of Christ, Waterford, Michagan	Full
USA	Catholic Charities Diocese of Stockton	Full
USA	Catholic Parish cluster St Pius St. Mary St. Anthony	Full
USA	Central Philadelphia Monthly Meeting of the Religious Society of Friends	Full
USA	Chester Quarterly Meeting of the Religious Society of Friends	Qualified
USA	Church of St. Paul and St. Andrew	Full
USA	Church of the Covenant Presbytery of Boston MA	Full

Country	Organization	Disinvestment Type
USA	Church of the Redeemer Diocese of Newark NJ	Full
USA	Church Women United in New York State	Full
USA	Colorado Ratnashri Sangha	Full
USA	Community Friends Quaker Meeting in Cincinnati OH	Full
USA	Dover Friends Meeting	Full
USA	Ecumenical Ministries of Oregon	Full
USA	Episcopal Church USA	Qualified
USA	Episcopal City Mission Boston Massachusetts	Full
USA	Episcopal Diocese of California	Full
USA	Episcopal Diocese of Los Angeles CA	Full
USA	Episcopal Diocese of Massachusetts	Full
USA	Episcopal Diocese of Nebraska	Full
USA	Episcopal Diocese of Olympia	Full
USA	Episcopal Diocese of Western Massachusetts	Full
USA	Evangelical Lutheran Church in America	Full
USA	Evangelical Lutheran Church of Oregon	Full
USA	First Congregational Church in Amherst MA	Full
USA	First Parish Church UU MA	Full
USA	First Parish in Concord UU MA	Full
USA	First Parish in Hingham Unitarian Universalist – Old Ship Church MA	Full
USA	First Parish Unitarian Universalist Church in Cambridge	Full
USA	First Presbyterian Church Tallahassee FL	Full
USA	First Presbyterian Palo Alto CA	Full
USA	First Religious Society of Newburyport MA	Full
USA	First Unitarian Church of Des Moines	Full
USA	First Unitarian Church of Pittsfield	Full
USA	First Unitarian Church of Portland OR	Full
USA	First Unitarian Church of Rochester NY	Full
USA	First Unitarian Church of Salt Lake City UT	Full
USA	First Unitarian Society of Milwaukee WI	Full
USA	Follen Community Church UU MA	Full
USA	Franciscan Sisters of Mary	Full
USA	Friends Fiduciary Corporation	Full
USA	Hancock United Church of Christ Lexington Massachusetts	Qualified
USA	Haverford Friends Meeting	Full
USA	Islamic Society of North America	Full
USA	Jamaica Plain Unitarian Universalist NY	Full
USA	Lake Country Unitarian Universalist Church	Full
USA	Lansdowne Monthly Meeting	Full
USA	Lehigh Valley Monthly Meeting	Full
USA	Madison Monthly Meeting of the Religious Society of Friends (Qua	Full
USA	Madison Monthly Meeting of the Religious Society of Friends (Quakers)	Full

Country	Organization	Disinvestment Type
USA	Maine Council of Churches ME	Full
USA	Massachusetts United Church of Christ	Full
USA	Medford Friends Meeting	Full
USA	Metropolitan New York Synod Evangelical Lutheran Church in America	Full
USA	MGR Foundation	Full
USA	Miami Monthly Friends (Quaker) Meeting Waynesville	Full
USA	Miami Quarterly Friends (Quaker) Meeting of Ohio Valley OH	Full
USA	Missionary Society of St. Columban	Full
USA	Mount Holly New Jersey	Full
USA	Mountain Vista Unitarian Universalist Congregation	Full
USA	New York Conference of The United Methodist Church	Full
USA	New York Quarterly Meeting	Full
USA	Newtown Monthly Quaker Meeting PA	Full
USA	Northern Yearly Meeting Quakers in the Upper Midwest	Full
USA	Norway Unitarian Universalist Church Maine	Full
USA	Ohio Valley Yearly Meeting Society of Friends (Quakers) OH	Full
USA	Old Haverford Monthly Meeting	Full
USA	Pacific Northwest Conference of The United Methodist Church	Full
USA	Pacific School of Religion	Full
USA	Passionists of Holy Hope Province	Full
USA	Philadelphia Yearly Meeting	Coal (or coal and tar sands)
USA	Pilgrim Lutheran Church St. Paul	Full
USA	Portsmouth South Church Unitarian Universalist NH	Full
USA	Presbyterian Peace Fellowship NY	Full
USA	Reform Pension Fund	Coal (or coal and tar sands)
USA	Riverside Church	Full
USA	Rudolph Steiner Foundation	Full
USA	Saint Paul Area Synod Evangelical Lutheran Church of America	Full
USA	Shalom Center	Full
USA	Sisters of Charity of the Blessed Virgin Mary	Qualified
USA	Sisters of Loretto	Full
USA	Sisters of Mercy Northern Province	Full
USA	Sisters of St. Dominic of Blauvelt	Full
USA	Sisters of St. Joseph of Chambery	Full
USA	Social Action Committee of St. Mary's Catholic Church	Full
USA	Society for Community Work First Unitarian Universalist Society	Full
USA	Sojourners	Full
USA	SSM Health	Coal (or coal and tar sands)
USA	St. James Episcopal Church	Full

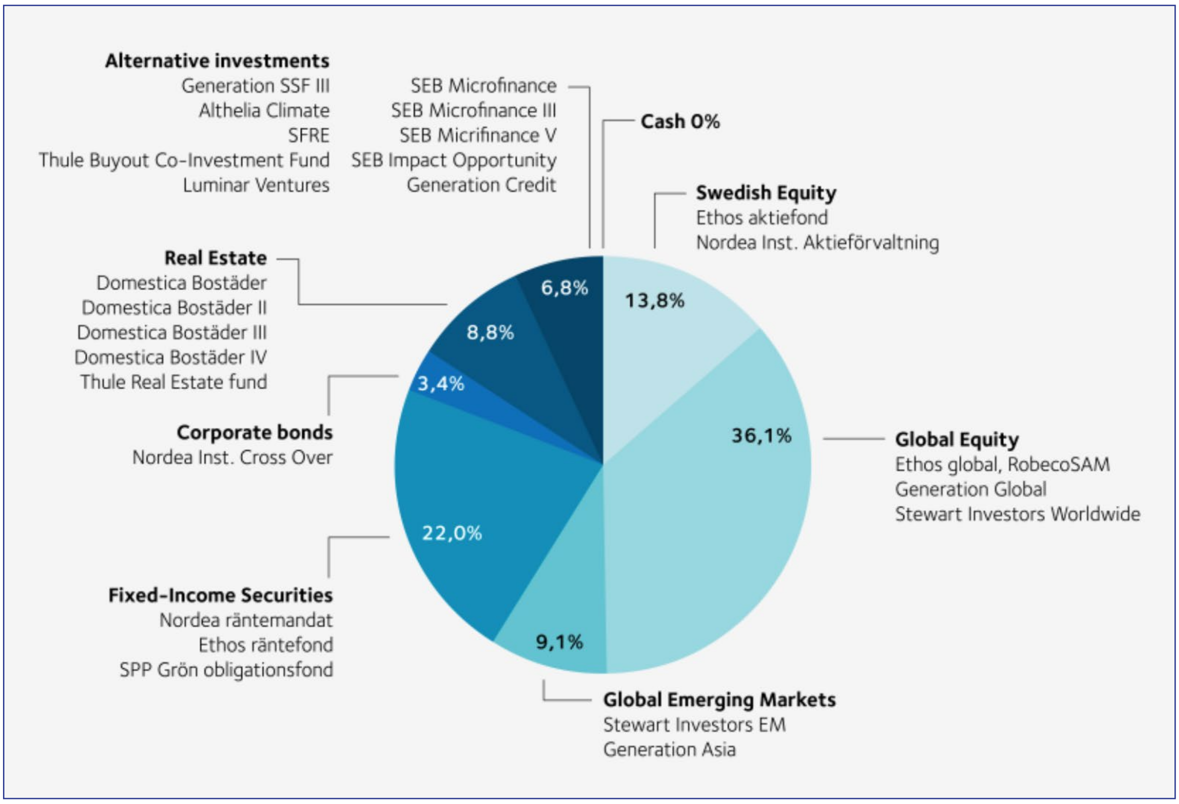
Country	Organization	Disinvestment Type
USA	Swarthmore Monthly Meeting	Full
USA	Synod of the Northeast Presbyterian Church	Full
USA	The Mission Congregation of the Servants of the Holy Spirit	Full
USA	The Wheaton Franciscan Sisters Daughters of the Sacred Hearts of Jesus and Mary	Full
USA	Thomas Jefferson Memorial Church VA	Full
USA	Trenton Meeting	Full
USA	Trinitarian Congregational United Church of Christ Warwick Massachusetts	Full
USA	Union Theological Seminary New York City	Full
USA	Unitarian Church of Los Alamos	Full
USA	Unitarian Society of Northampton & Florence MA	Full
USA	Unitarian Universalist Association	Full
USA	Unitarian Universalist Church First Parish Sherborn Massachusetts	Full
USA	Unitarian Universalist Church of Palo Alto	Full
USA	Unitarian Universalist Congregation of Castine Maine	Full
USA	Unitarian Universalist Congregation of South County RI	Full
USA	Unitarian Universalist Fellowship of Ames	Full
USA	Unitarian Universalist Fellowship of Corvallis	Full
USA	Unitarian Universalist Society of Amherst MA	Full
USA	Unitarian Universalist Society of Bangor Maine	Full
USA	United Church of Christ	Full
USA	United Church of Christ Minnesota Conference	Full
USA	Unity Temple Unitarian Universalist Congregation IL	Full
USA	UU Church of Boulder CO	Full
USA	UU Congregation of Binghamton NY	Full
USA	Westtown Monthly Meeting	Full
Vatican City	Caritas Internationalis	Full
Vatican City	Seraphic Institute	Full
	Catholic Action for Animals	Full
	Catholic Network	Full
	Center for Action and Contemplation	Full
	Climate Stewards	Full
	Focolare Movement	Full
	Greenaccord onlus	Full
	MASCI	Full
	Park Slope synagogue	Full
	Presentation Sisters North East Province	Full
	Presentation Sisters South West Unit	Full
	Provincial of The Passionists ï¿½ Holy Spirit Province Australia N	Full
	Salesian Sisters of Don Bosco or Daughters of Mary Help of Christians	Full

APPENDIX 6

Church of Sweden 2019 Report on Sustainable Investments[1]

The following figures highlight key information from this report. Download the complete report for more information.

FIGURE 35: Division between asset classes 31 December 2019



1. "Sustainable investments 2019," Church of Sweden website: https://www.svenskakyrkan.se/sustainableinvestments

FIGURE 36: Our largest holdings in equities 2019

		Return 2019		Return 2018		Average annual return 2015 - 2019		
Asset class	**Result 2019 mnkr**	**Portfolio**	**Index**	**Portfolio**	**Index**	**Portfolio**	**Index**	**Benchmark**
Swedish Equities	338,3	34,1%	35,0%	-6,7%	-4,4%	10,0%	11,3%	SIX RX
Global Equities*	934,3	32,4%	34,4%	6,1%	-0,9%	16,5%	12,8%	MSCI World
Emerging Markets	135,1	18,3%	24,7%	-0,8%	-7,3%	9,2%	9,5%	MSCI EM
Fixed income securities	32,3	1,6%	1,1%	0,9%	1,0%	1,2%	1,1%	OMRX Bond
Corporate bonds	28,3	9,4%	6,6%	-2,5%	-1,2%	3,4%	2,3%	Merrill Lynch EMU
Real estate	78,8	10,8%	4,8%	6,3%	5,0%	10,1%	4,5%	KPI + 3 %
Alternative investments	34,9	5,3%	4,8%	5,2%	5,0%	3,0%	4,5%	KPI + 3 %
Total	**1582,0**	**19,1%**	**17,9%**	**1,8%**	**-0,6%**	**9,0%**	**7,2%**	

* I tillgångsslaget, som i sin helhet mäts mot MSCI World (DJSI fram till 2018-01-01), ingår DNB Miljöinvest (avkastning 21,8 %, benchmark Wilderhill New Energy index 20,0 % t.o.m. mars 2019).

FIGURE 37: Church of Sweden core values

Our core values in finance asset management – the stewardship concept and the human dignity principle

All the activities of the Church of Sweden are imbued with long-termism and sustainable development for people and the environment. It is therefore obvious that our investments should also be compatible with these values. How this is to be done is expressed in the Church of Sweden's finance policy, which the Central Board of the Church of Sweden decides on. Guiding ideas are the stewardship concept and the human dignity principle.

THE CHURCH OF SWEDEN'S FINANCE POLICY

The policy is clear in stating that:

- Our assets shall be managed responsibly and sustainably for both people and nature, and generate a good financial return.
- We shall be responsible asset owners and influence the finance sector to follow suit. We do not want to make money from some activities, such as the extraction of fossil energy, weapons or tobacco.
- We would, however, like to get a good return on investments in the green adjustment and in good working conditions. We are convinced that well-managed companies are also a good investment. In the short term, long-term factors such as quality and sustainability generally are less crucial, because they are not visible in the turbulence of the market, but in the somewhat longer term, those who work systematically with sustainability become evident. Research also shows that they are often more profitable and are rewarded by lenders with lower borrowing costs.

APPENDIX 7

List of Acronyms Used in the Report

AMC	asset management company
CalPERS	California Public Employees' Retirement System
CDP	Carbon Disclosure Project
CIIC	Catholic Impact Investing Collaborative
COP21	Conference of Parties 21
EIB	European Investment Bank
ELCA	Evangelical Lutheran Church in America
EMG	Environment Management Group
ESG	environmental, social and governance
ETF	exchange traded funds
GRI	Global Reporting Initiative
IIRC	International Integrated Reporting Initiative
IMP	Impact Management Project
IOC	international oil company
IOSCO	International Organization of Securities Commissions
IPCC	Intergovernmental Panel on Climate Change
MSCI	Morgan Stanley Capital International
NOC	national oil company
OIM	Office of Investment Management
OPEC	Organization of the Petroleum Exporting Countries
PCAF	Partnership Carbon Accounting Financials
PRB	Principles for Responsible Banking
PRI	Principles of Responsible Investment
SASB	Sustainability Accounting Standard Board
SDG	Sustainable Development Goals
SSE	Sustainable Stock Exchanges
SUN	Sustainable United Nations
TCFD	Task Force on Climate-related Financial Disclosure
TPI	Transition Pathway Initiative
TRBC	Thomson Reuters Business Classification
UCC	United Church of Christ
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
UNEP FI	United Nations Environment Programme Finance Initiative
UNFCC	United Nations Framework Convention on Climate Change
UNFCU	United Nations Federal Credit Union
UNGSII	United Nations Global Sustainability Index Institute
UNJSPF	United Nations Joint Staff Pension Fund
WCC	World Council of Churches
WWF	World Wildlife Fund

Copyright Acknowledgement

The researchers gratefully acknowledge the permission granted to reproduce the copyright material in this report.

Every effort has been made to trace copyright holders and to obtain their permission for the use of copyright material. The publisher apologizes for any errors or omissions in the list and would be grateful if notified of any corrections that should be incorporated in future reprints or editions of this report.

Figure 1 prepared by Peter Gleick.

Figure 2 reproduced by permission from Guardian graphic (source: Richard Heede, Climate Accountability Institute).

Figure 3 reproduced by permission from Divest Invest.

Figure 4 reproduced by permission from Guardian graphic (source: Rystad Energy, IPCC).

Figure 5 reproduced by permission from MSCI.

Figure 7–8 reproduced by permission from Climate Bonds.

Figure 10 reproduced by permission from Guardian graphic (source: Guardian analysis of data provided by ProxyInsight).

Figure 11 reproduced by permission from 350.org.

Figure 18–20 reproduced by permission from SSEI.

Figure 21, 32–33 reproduced by permission from Impact Management project.

Figure 22 reproduced by permission from WWF.

Figure 23 reproduced by permission from United Nations Organization.

Figure 24 reproduced by permission from OXFAM.

Figure 25 reproduced by permission from TCFD.

Figure 26 reproduced by permission from PCAF.

Figure 27–30 reproduced by permission from Rainforest Action Network.

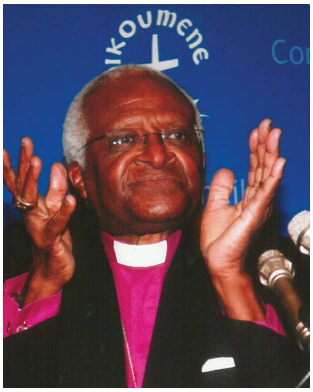
Figure 34 reproduced by permission from Guardian Design (source: Influence Map).

Figure 35–37 reproduced by permission from Church of Sweden.

Authors

Frederique Seidel is the WCC Programme Executive for Child Rights, Manager of WCC-UNICEF Partnership. She previously worked in various countries for UNICEF, as a Deputy Representative, Child Rights Education Programme Manager, Communication Specialist and Head of Field Office. Earlier she served as a spokesperson for the UN and the OSCE in post-war Balkans and as a journalist for Deutsche Welle TV in Germany. Her current research focuses on solutions to the impact of climate change on child rights, and the engagement of churches to end violence against children. She holds a master's degree of Sociology of the Sorbonne and Freie Universität Berlin and specialized in Educational Science and International Relations at the Institut d'Etudes Politiques in Paris.

Emmanuel de Martel has more than 25 years of Finance & Operations experience, mostly with US multinationals. After graduating from ESCP (Ecole Supérieure de Commerce de Paris) in 1989, he worked for a French bank for 3 years then spent the next 13 years with one of the IT preeminent global players, in a variety of finance roles and locations (France, US and Switzerland). He then spent the next 10 years in the medical device industry, holding finance and operations senior management roles. Since April 2020, he is looking after the finance and operations of a start-up company in Lausanne that specializes in the field of human genomics. In parallel, he also works as an independent finance consultant, in particular for NGOs or international organizations like WCC. Besides healthcare and IT, Emmanuel has a vested interest in solutions to global warming and sustainability.



Today, we say nobody should profit from the rising temperatures, seas and human suffering caused by the burning of fossil fuels. We can no longer continue feeding our addiction to fossil fuels as if there is no tomorrow, for there will be no tomorrow.

Archbishop Emeritus Desmond Tutu
2020 Desmond Tutu International Peace Lecture

World Council of Churches

Religion / Climate

Postal address:
P.O. Box 2100
CH-1211 Geneva 2
Switzerland

Visiting address:
150 Route de Ferney
Grand-Saconnex (Geneva)
Switzerland

Tel: (+41 22) 791 6111
Fax: (+41 22) 791 0361

www.oikoumene.org

9 782825 417638

worldcouncilofchurches @oikoumene @worldcouncilofchurches wccworld