**Motion # 19**

**Fossil Fuel Divestments – Next Steps**

**Mover:** Mr R Oram **Seconder:**

**That this General Synod / te Hīnota Whānui 2018:**

Accepting the responsibilities and duties of the Anglican Church in Aotearoa, New Zealand and Polynesia as an ethical investor,

Noting that the huge global reserves held by coal, oil and gas extraction companies far exceed what can be burned in order to hold global warming below the internationally agreed level of 2 degrees Celsius above pre-industrial levels.

Recognising with appreciation the progress on fossil fuel divestment by some Trusts and other entities investing on behalf of the Anglican Church in Aotearoa, New Zealand and Polynesia since GSTHW 2014 passed Motion 22 on Fossil Fuel Divestment,

Noting with concern that there are still fossil fuel investments in a number of such Church investment entities,

(i) Requires all Trusts and other entities investing on behalf of the Anglican Church in Aotearoa, New Zealand and Polynesia with more than $1m of financial investment assets to assess whether they have any fossil fuel investments in the portfolios; and if they do, develop plans to divest them by GSTHW 2020.

(ii) Requires those entities to report to General Synod Standing Committee on their fossil fuel investments and divestment plans for them by March 1, 2019 and again by
March 1, 2020.

**Explanatory note:**

Motion 22 passed by GSTHW 2014:

(i) Considers ongoing investment in the fossil fuel industry to be contrary to the Church’s missional goals of the care of creation and social justice, and to be contrary to its responsibilities and existing commitments as an ethical investor.

(ii) Resolves that the Anglican Church in Aotearoa, New Zealand and Polynesia should no longer invest in corporations whose main business is the extraction and/or production of fossil fuels (coal, oil and gas).

(iii) Requests that the Standing Committee require Trusts and other entities investing on behalf of the Anglican Church in Aotearoa, New Zealand and Polynesia to take all reasonable steps to ensure that the Church’s funds are not invested in such corporations specified in (ii) and to ensure that existing holdings in such corporations are divested within 2 years.

Following GSTHW 2014, the Standing Committee appointed a Small Working Group to progress this work. One of the group’s first actions was to survey as many Church funds as it could identify. The results showed that a large proportion of investments were held in a few funds on behalf, for example, of the St John’s College Trust Board. Many of these were managed by Trust Investments Management Ltd (TIML). The other large investment pool was The New Zealand Anglican Church Pension Board.

Thus, the SWG focused its work on these two entities because they managed a large proportion of the Church’s investments. Both entities responded to Motion 22 with changes to their investment strategies and processes, which resulted in progress on divestment. The SWG reported that progress to GSTHW 2016.

The two investment managers’ strategies are:

* TIML has taken a comprehensive strategy towards full divestment by, for example, applying a fossil fuel screen for its Australasian Equity portfolios it manages on behalf of its clients. This has enabled many large Church Trusts to make substantial progress on divestment. It has also applied Environment, Social and Governance screens to help assess companies.
* The Pension Board researched its response over some 18 months, working with other investment organisations facing similar challenges. As a result, it has removed coal and tar sands investments from its portfolios, applied ESG screens, and uses Oekom, a German investment research house to rank energy stocks on ESG measures (including climate change policy and size of oil reserves).

Using those ESG measures, it underweights low scoring companies in its portfolio and overweights high scoring companies. It has retained oil and gas investments in broadly the same proportion as they are represented in global stock markets. It believes full divestment at this time would run the risk of its portfolios under-performing against their investment benchmarks by more than the limits it sets itself.

Mark Wilcox, Chief Executive of the Pension Board says: “While our aim would be to be fully divested by 2020, our fiduciary responsibility is to the beneficiaries of the funds . We endeavour to honour the Church's views while recognising that our members can (do), have different perspectives.”

Since GSTHW 2014, the divestment field has progressed substantially here and overseas:

Global mean surface temperatures continue to rise with the last three years (2015, 2016 and 2017) being the warmest on the instrument record over the past 130+ years, with temperatures in 2016 being close to 1C above the base period 1951-80 (using NASA data).

* Global CO2 emissions have been relatively stable now for several years, but concentrations in the atmosphere continue to rise at a fast pace.
* The cost and effectiveness of non-fossil fuel sources of energy and transport continue to improve at an accelerating rate; as do investment opportunities in them.
* Awareness of the financial risk of fossil fuel investments has increased significantly. To that end, for example, the Financial Stability Board of the G20 group of the largest economies in the world has developed comprehensive disclosure requirements for investors.
* The number of investors divesting from fossil fuels has escalated rapidly. The sums involved are now approaching US$10 trillion worldwide.
* It is much easier to divest now than it was in 2014. Investment managers are offering a rapidly expanding range of fossil free investment products and services. This will enable even small Church funds to divest more easily.

In light of these developments, this motion offers the Church its next steps in its pursuit of the commitment it made in 2014 to divest completely from fossil fuel investments. Although the original target for that was 2016, a target of 2020 for close-to-full divestment is now realistic.