

Cooler Earth Higher Benefits

(Third Edition)

Frederique Seidel
Emmanuel de Martel
Eric Begaghel



**Actions by those who care about
children, climate and finance**

A Research Report funded by the Keeling Curve Prize



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Actions by those who care about children, climate, and finance

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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 initiated 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. This is the third, updated edition.

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 material is shared for use by all those who want to consider influential strategies to address the climate crisis.

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 children. Considering 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 in action for the planet.

Today, many leaders encourage children and youth to be responsible eco-citizens (see examples shared in the WCC toolkit *Climate Justice with and for Children and Youth in Churches: Get Informed, Get Inspired, Take Action*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, *Climate Justice with and for Children and Youth in Churches: Get Informed, Get Inspired, Take Action* (Geneva; WCC, 2021) <https://www.oikoumene.org/en/resources/publications/climate-justice-with-children-and-youth>.

- 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 investments.

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

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

Executive Summary

This paper highlights initiatives that have already been successfully tested 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 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 churches and faith-based 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 secular 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 practical suggestions, summarizing **what you can do**, for both individual and 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 almost 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 that rank banks based on their efforts around climate solutions.

The Appendices 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 represent the greatest share (35 per cent)**.

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 summary for young audiences is available at www.oikoumene.org/children)

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 to inspire the world; see **p. 58**).

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 updates to this document. We hope to include examples from interfaith partners and other geographical regions in the future.

Background

Context

As time is running short to make the energy transition a success, global commitments and actions are growing, but they still fall short of what is needed to avert the worst effects of climate change.

On November 13, 2021, nearly 200 countries meeting in Glasgow, Scotland, for the 2021 UN Climate Change Conference (COP 26), adopted an outcome document that, according to the UN Secretary-General, “reflects the interests, the contradictions, and the state of political will in the world today.”

The pact states that limiting global warming requires “rapid, deep, and sustained reductions in global greenhouse gas emissions” this decade. It was the first climate deal to explicitly commit to reducing the use of coal. It included wording that encouraged more urgent greenhouse gas emissions cuts and promised more climate finance for developing countries to adapt to climate impact.

However, observers gave mixed reactions to the accord. Most pointed to the **lack of firm commitments behind the headlines**, and demanded more action, more accountability, and a greater sense of urgency.

The World Council of Churches for its part issued a statement¹ expressing “disappointment and dismay,” and urging “**all member churches, ecumenical partners and Christian communities to be leader—not followers—in making the change.**” Furthermore, the WCC invited “all churches, faith-based organizations, families, and individuals to ensure that they are not indirectly implicated—especially through their banks, pension fund investments and other financial service arrangements—in the continuation of the fossil fuel industries that are major drivers of the climate crisis but are actively promoting the transition to sustainable energy economies.

A few months before COP 26, the IPCC (Intergovernmental Panel on Climate Change) had released its sixth report², built on more than 14,000 scientific papers. This report established “unequivocally” that human influence has warmed the atmosphere, ocean, and land, and that “widespread and rapid changes “have already occurred in every inhabited region of the globe.” The report provides new

1. WCC, *Statement on the Outcome of COP26 by the WCC Executive Committee, November 2021*, <https://www.oikoumene.org/resources/documents/statement-on-the-outcome-of-cop26>.

2. The Intergovernmental Panel on Climate Change, IPCC Sixth Assessment Report, Climate Change 2021: The Physical Science Basis. Contribution of Working Group I, 2021, <https://www.ipcc.ch/report/ar6/wg1/>.

estimates of the chances of crossing the global warming level of 1.5°C in the next decades, and finds that **unless there are immediate, rapid, and large-scale reductions in greenhouse gas emissions, limiting warming to close to 1.5°C or even 2°C will be beyond reach.**

This confirmed the United Nations Environment Programme (UNEP) Emissions Gap Report 2021³, published in October 2021, which shows that even if all 2030 pledges made by countries under the 2015 Paris Agreement are fully implemented, **the world is heading for a 2.6 °C global temperature rise over preindustrial levels**, leading to even wider-ranging and more destructive climate impacts. Taking all the pledges into account, 2030 emissions would be reduced by 7.5% only, whereas 30% is needed for 2°C and 55% is needed for 1.5 °C.

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."⁴ It is a moral imperative for adults to undertake decisive actions that will contribute to the reduction of Greenhouse Gas emissions.⁵

In its report issued in August 2021, UNICEF introduced a Children Climate Risk Index (CCRI) which aims to capture the exposure of children to climate and environmental shocks globally. According to the index, approximately 1 billion children (nearly half of the world's children) live in extremely high-risk countries⁵.

This has implications for the health and futures of children. A comprehensive article in the medical journal *The Lancet*⁶ in December 2021 reported on a large-scale study of **climate anxiety in children** globally and its relationship with the government response. The result is that most children (59%) are very or extremely worried about climate change, that they rate government responses negatively, and that this correlates with high levels of anxiety. There clearly is a perception that government response to climate change is inadequate and this correlates with feelings of betrayal.

3. UN Environment Programme, *UN Emissions Gap Report: A World of Climate Promises Not Yet Delivered* (UNEP, UNEP Copenhagen Climate Centre (UNEP-CCC), 2021) <https://www.unep.org/resources/emissions-gap-report-2021>.

4. World Council of Churches and UNICEF, *Churches' Commitments to Children*, 2017, <https://www.oikoumene.org/resources/documents/churches-commitments-to-children>.

5. UNICEF, *The Climate Crisis is a Child Rights Crisis: Introducing the Children's Climate Risk Index* (New York: United Nations Children's Fund, 2021), <https://www.unicef.org.uk/climaterisk/>.

6. Caroline Hickman, Elizabeth Marks, Panu Pihkala, et al., "Climate Anxiety in Children and Young People and Their Beliefs about Government Responses to Climate Change: a Global Survey," *The Lancet*, 5:12, December 2021, E863-E873, [https://www.thelancet.com/journals/lanplh/article/PIIS2542-5196\(21\)00278-3/fulltext](https://www.thelancet.com/journals/lanplh/article/PIIS2542-5196(21)00278-3/fulltext).

The article comes on the back of ample evidence on the **link between climate change and violence against children**. Such evidence was collected in an evocative research overview which points to stirring analysis and reports from all continents⁷.

Furthermore, in its 6th assessment report⁸ released on 28 February 2022, the IPCC (Intergovernmental Panel on Climate Change) looked not only at the impact of climate change on nature but also at the impact on people. It found that vulnerability to climate change is a “multi-dimensional phenomenon,” and that societies with high levels of inequity are less resilient to climate change. Indeed, according to the report, **mental health challenges increase with warming temperatures, trauma associated with extreme weather, and loss of livelihoods and culture**. According to Robert McLeman, an environmental studies professor at Wilfrid Laurier University in Waterloo Canada and a lead author on the report’s chapter on health and well-being, “there’s growing evidence that younger people feel (climate change) as a source of anxiety, as a source of stress, as they look to the future and they start to worry about their own place within it... even if the world can limit global warming to 1.5C mental health challenges will likely grow and countries will have to adapt.”⁹

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.¹⁰

7. Frederique Seidel, Facts and Findings. Climate Solutions as a Vital Child Protection Measure: Documentation on Violence against Children fuelled by the Climate Emergency. (Geneva: 2022) <https://docs.google.com/document/d/14PGIgdvFO3nQdYnri6as1gkdiB3JK82AitTFoIqvIQE/edit>.

8. The Intergovernmental Panel on Climate Change, *IPCC Sixth Assessment Report, Climate Change 2022: Impacts, Adaptation and Vulnerability*. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, 2021, <https://www.ipcc.ch/report/ar6/wg2/>.

9. “UN Report Delves into How Climate change is Affecting Mental Health,” Head Topics Canada, 5 March 2022, <https://headtopics.com/ca/un-report-delves-into-how-climate-change-is-affecting-mental-health-cbc-news-24497455>

10. “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>.

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 influence on financial investments in fossil fuels, which accelerate the climate crisis.

Adults can make a difference by selecting the financial partner they work with. The choice of a 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 \$103 trillion US, based on Boston Consulting Group's 18th annual report on the global asset management industry.¹¹ As of March 2022, the gofossilfree.org website estimated that almost 1,500 institutions managing a total of \$39 trillion US had committed to some level of divestment among their assets. This means that only around **38 per cent of the assets under management were subject to some form of divestment**, either partial or total.

COVID-19 crisis: a mostly missed opportunity

While the coronavirus (COVID-19) pandemic has been an incomparable tragedy and has affected an unprecedented number of individuals around the globe, it was also an **opportunity to accelerate the energy transition**.

The COVID-19 pandemic has brought attention to the fact that **“business as usual” can be stopped**, and that anything is now possible. It was 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 lock-down period could have offered a blank page to revisit our economic model and implement structural changes.

Governments around the world have announced economic stimulus measures. There was 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 led to a substantial reduction in long-haul business travel. Companies could

11. Lubasha Heredia, Simon Bartletta, Joe Carrubba, et.al., Global Asset Management 2021: The \$100 Trillion Machine (Boston Consulting Group, July 2021), <https://web-assets.bcg.com/79/bf/d1d361854084a9624a0cbce3bf07/bcg-global-asset-management-2021-jul-2021.pdf>.

also have concluded that localized production, which is more climate-friendly, is a sensible way to protect their supply chains from all kinds of risks, such as extreme weather events linked to climate change.

All in all, the coronavirus pandemic could have been 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.¹²

But the opportunity was mostly missed. The economic recovery following the pandemic-induced slowdown is accompanied by high levels of greenhouse gas emissions; according to the International Energy Agency (IEA), global energy-related carbon dioxide emissions have surged by approximately 1.5 billion tonnes or +4.8% in 2021—the second-largest increase in history—reversing most of the decline caused by the Covid-19 pandemic.¹³ Far from declining, coal use rose to record levels. In Europe, electricity generated by coal power rose 18% in 2021, its first increase in almost 10 years. China was still constructing new coal plants while at the same time it has pledged to cap its coal consumption this decade, and, according to the IEA's net-zero pathway, coal use needs to fall by half this decade to reach “net 0” by 2050.

Hopes regarding stimulus money were also disappointed. While climate action was promised by most governments, only a small proportion of fiscal stimulus spending was dedicated to climate change. A recent research paper in the journal *Nature* found that G20 countries spent 14 trillion USD on economic stimulus measures during 2020 and 2021, but only 6% of this was allocated to areas that would cut emissions.¹⁴

12. “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>.

13. IEA, “Global CO₂ Emissions Rebound by Nearly 5% in 2021, approaching the 2018-2019 Peak,” *Global Energy Review 2021* (Paris: IEA, 2021) <https://www.iea.org/reports/global-energy-review-2021/co2-emissions>.

14. “G20's US\$14-Trillion Economic Stimulus Reneges on Emissions Pledges,” *Nature*, 02 March 2022, <https://www.nature.com/articles/d41586-022-00540-6>.

Tensions over Ukraine crisis: a catalyst to rethink energy strategy

The invasion of Ukraine by the Russian army in February 2022 has precipitated a global energy crisis which has forced countries, especially in Europe, to find alternatives to Russian oil and gas, and accelerate timelines of commitments to cut the use of fossil fuels in a way that was deemed impossible a few weeks before: on March 8, 2022, the US banned Russian energy imports. Three days later, the EU's 27 heads of state gave themselves 2 months to come up with a plan to replace two-thirds of Russian gas imports by the end of 2022, and phase out their dependence on Russian gas, oil, and coal completely by 2027. Achieving this would be quite remarkable, given that the EU depends on Russia for about 40% of its natural gas, 27% of its oil imports, and 46% of its coal imports. Frans Timmermans, EU climate policy chief, said, "It's hard, bloody hard, but it's possible if we're willing to go faster and further than we've done before."

The German economy minister announced a plan to get 100% of energy from renewable sources by 2035.

As early as March 18th, the International Energy Agency (IEA) released a **10-point plan to cut oil use¹⁵ aimed at reducing the risk of energy shortages**. The IEA stated that, in their analysis, "practical actions by governments and citizens in advanced economies and beyond can achieve significant reductions in oil demand in a matter of months." Most measures would involve a large number of citizens. As an example, the first point is to reduce speed limits on highways by at least 10 km/h. The IEA estimates that if fully carried out in advanced economies, the measures would lower oil demand by 2.7 million barrels a day within 4 months – equivalent to the oil demand of all the cars in China.

This renewed sense of urgency is conducive to compelling more people to get involved and ensure that the energy transition is as smooth and rapid as possible. One of the forms this involvement can take is to make sure that financial resources are invested in accordance with one's values and priorities.

This is what Rev. Prof. Dr Ioan Sauca, acting general secretary of World Council of Churches (WCC) expressed in his message at the inaugural Global Forum for Children and Youth, in December 2021:

"Let us come together and influence how money is invested. Family money, a company's money, a nation's money. We need everyone to take this step for children."¹⁶

15. IEA Press Release, Emergency Measures Can Quickly Cut Global Oil Demand by 2.7 Million Barrels a Day, Reducing the Risk of a Damaging Supply Crunch, 18 March 2022, <https://www.iea.org/news/emergency-measures-can-quickly-cut-global-oil-demand-by-2-7-million-barrels-a-day-reducing-the-risk-of-a-damaging-supply-crunch>.

16. Rev. Prof. Dr Sauca speaking ahead of the inaugural forum for children and youth. <https://www.oikoumene.org/news/inaugural-global-forum-for-children-and-youth-a-call-to-action-to-care-about-children>

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 most 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

Regarding 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, therefore, 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.

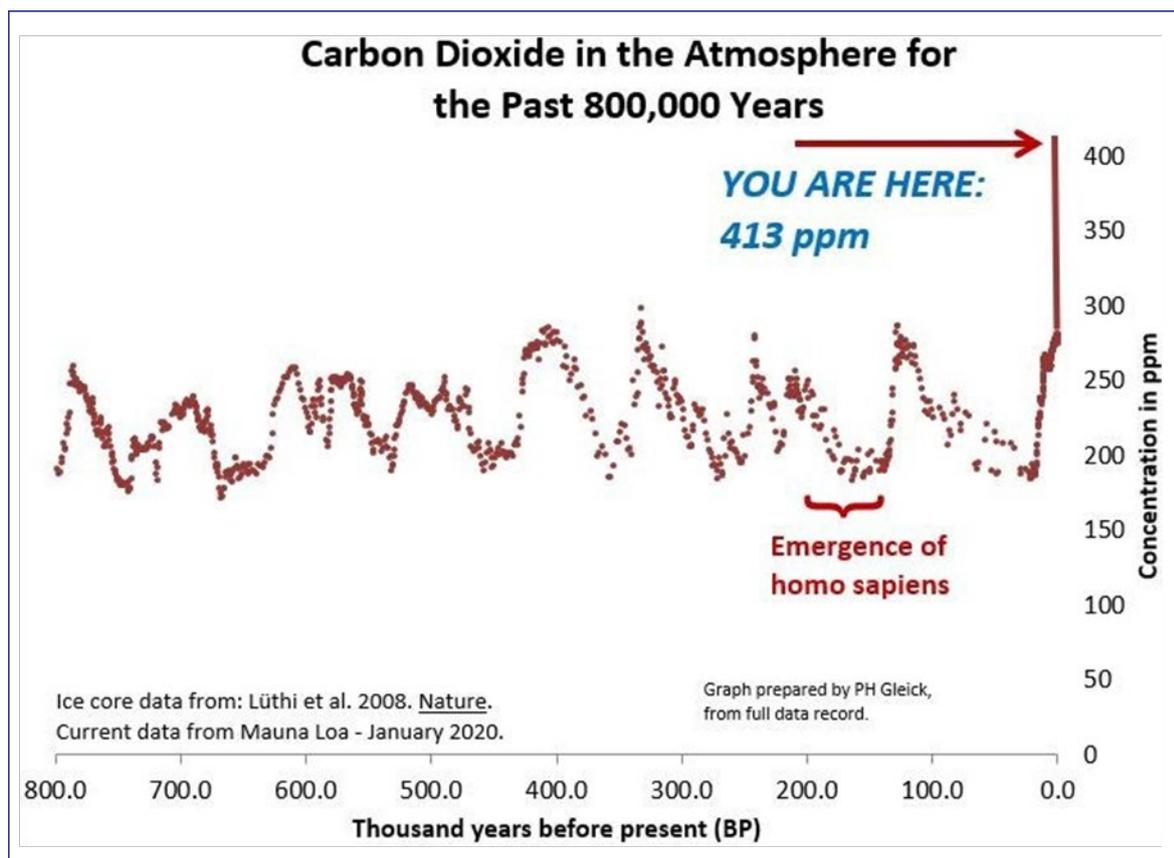
1.1 The role of fossil fuel companies in global warming

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

1. Encyclical Letter *Laudato Si'* of the Holy Father Francis, On Care for Our Common Home, Libreria Editrice Vaticana, 24 May 2015, https://www.vatican.va/content/dam/francesco/pdf/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si_en.pdf.

FIGURE 1: 800,000 years of global atmospheric CO2



*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>

statements of scientific organizations, many of 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 per cent—from 280 parts per million (ppm) in 1750 to 413 ppm in 2019. Figure 1 shows how this increase compares to estimated historical levels over the last 800,000 years.

2. "Scientific Consensus on Climate Change," Wikipedia, https://en.wikipedia.org/wiki/Scientific_consensus_on_climate_change.

The role of fossil fuel companies

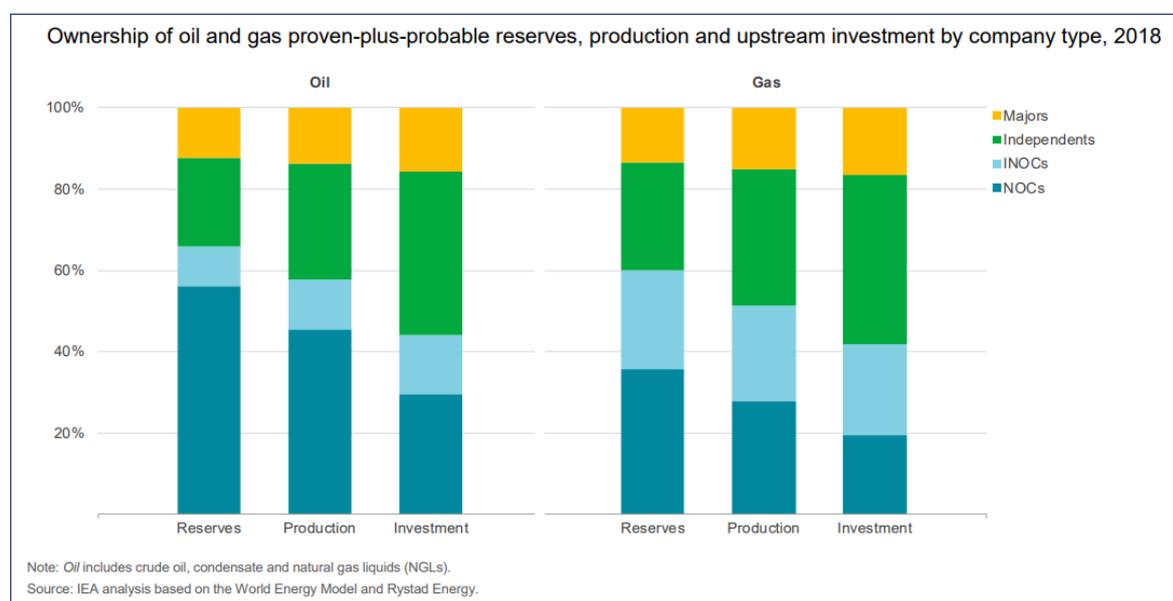
The vast majority of **anthropogenic** (caused by human activity) **CO₂ emissions** come from the **combustion of fossil fuels**, principally coal, oil, and natural gas, with additional contributions coming from deforestation, changes in land use, soil erosion, and agriculture (including livestock). 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 fuels are the main contributors to most of these CO₂ 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 per cent of all energy-related carbon dioxide and methane worldwide, totalling 480 billion tons of carbon dioxide equivalent (GtCO₂e) since 1965.⁴

State-owned vs. private-owned fossil fuel companies

Oil and gas producers can be split into four categories: National Oil Companies (NOCs), International Oil Companies (IOCs), Smaller International Oil Companies (INOC), and independent producers. In 2018, the largest group was

FIGURE 2: Who owns oil and gas reserves



Source: IEA – January 2020, *The oil and gas industry in energy transitions*, All rights reserved

3. "Greenhouse gas," Wikipedia, 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>.

NOCs, which produced 45.6% of global output. IOCs (“Oil Majors”) produced 13.9% of world production, while other international oil companies produced 12.2% and independents produced 28.4% according to the International Energy Agency (see Figure 2).

The easiest producers to identify are IOCs and NOCs. Figure 3 highlights the top 20 **oil producers globally**:

- Eight of them are investor-owned and are collectively responsible for 15 per cent of total emissions since 1965.⁵

These international oil companies (IOCs) are headquartered in Western countries and listed on public stock exchanges. Exxon-Mobil, 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 per cent 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 from civil society. As a result, they are “dangerously under-scrutinized,” according to the Natural Resource Governance Institute.⁶

In its latest report⁷ dated February 2021, the Institute notes that if NOCs follow their current course, they will invest more than \$400 billion over the next decade in costly oil and gas projects that will only break even if humanity fails to meet its climate commitments.

This highlights a **conflict of interest for governments managing NOCs**: their projects are more likely to succeed if current international initiatives for a smooth energy transition fail.

5. “Revealed: the 20 Firms.”

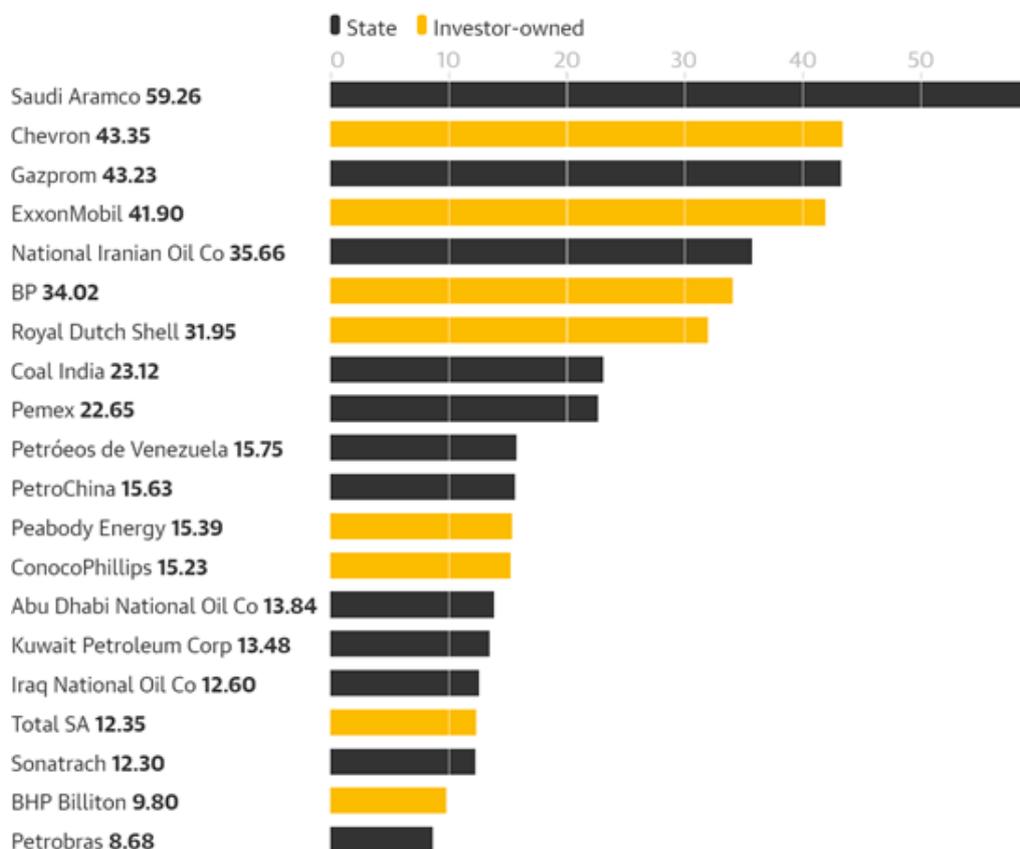
6. “National Oil Companies, with \$3.1 Trillion in Assets, Are Dangerously Under-Scrutinized,” Natural Resource Governance Institute, 25 April 2019, <https://resourcegovernance.org/news/national-oil-companies-31-trillion-assets-are-dangerously-under-scrutinized>.

7. David Manley and Patrick R.P. Heller, “Risky Bet: National Oil Companies in the Oil Transition,” Natural Resource Governance Institute, February 2021, <https://resourcegovernance.org/sites/default/files/documents/risky-bet-national-oil-companies-in-the-energy-transition.pdf>.

FIGURE 3: The world's largest contributors

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

Projected oil and gas production increase until 2030

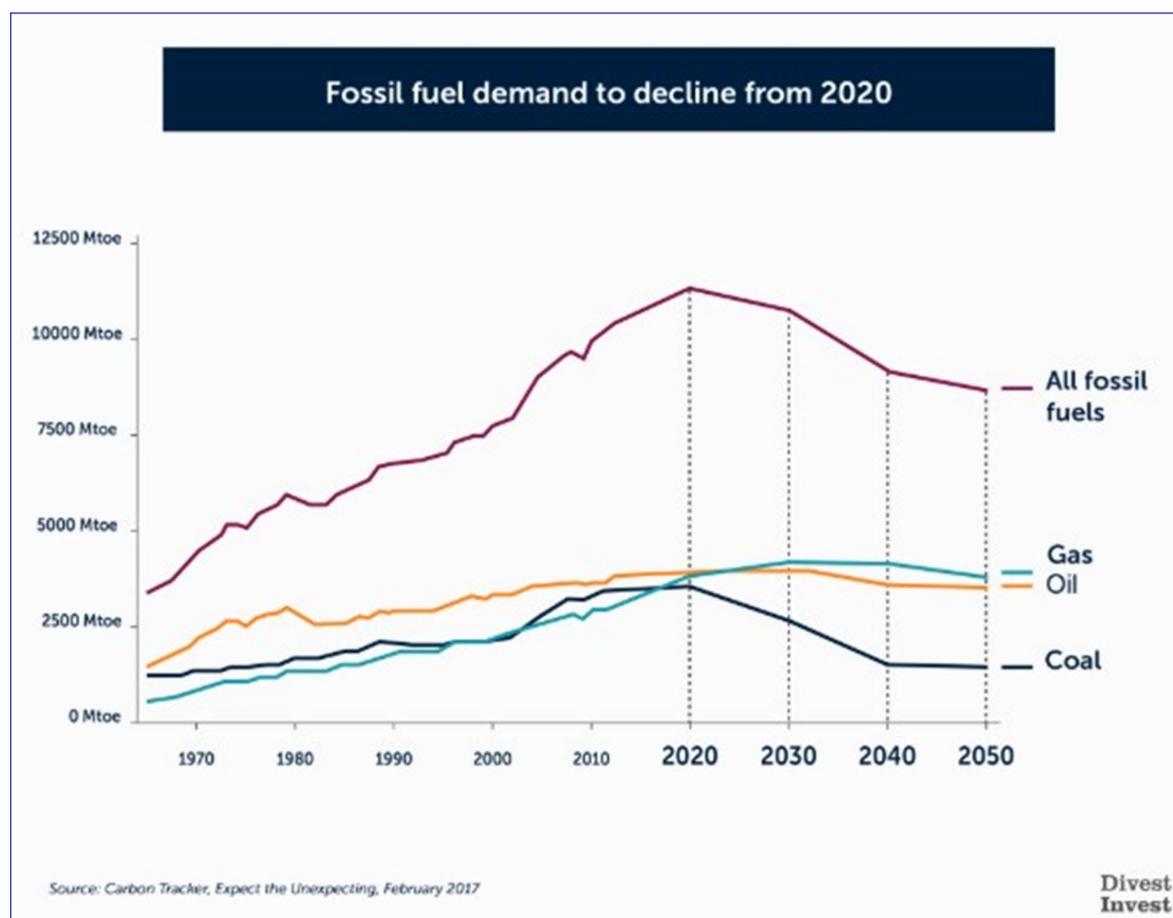
A growing number of analysts, including Carbon Tracker and Imperial College London, expect oil and coal demand to peak by 2020, while gas demand will continue to grow until 2030 (see Figure 4).⁸

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 per cent between 2018 and 2030** – a sharper rise than over the previous 12 years (see figure 5).⁹

8. “Why DivestInvest: Demand for Fossil Fuels is Falling,” DivestInvest, <https://www.divestinvest.org/why-divestinvest/finance/>.

9. “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>.

FIGURE 4: Fossil fuel projections



If 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.¹⁰ (See Figure 5)

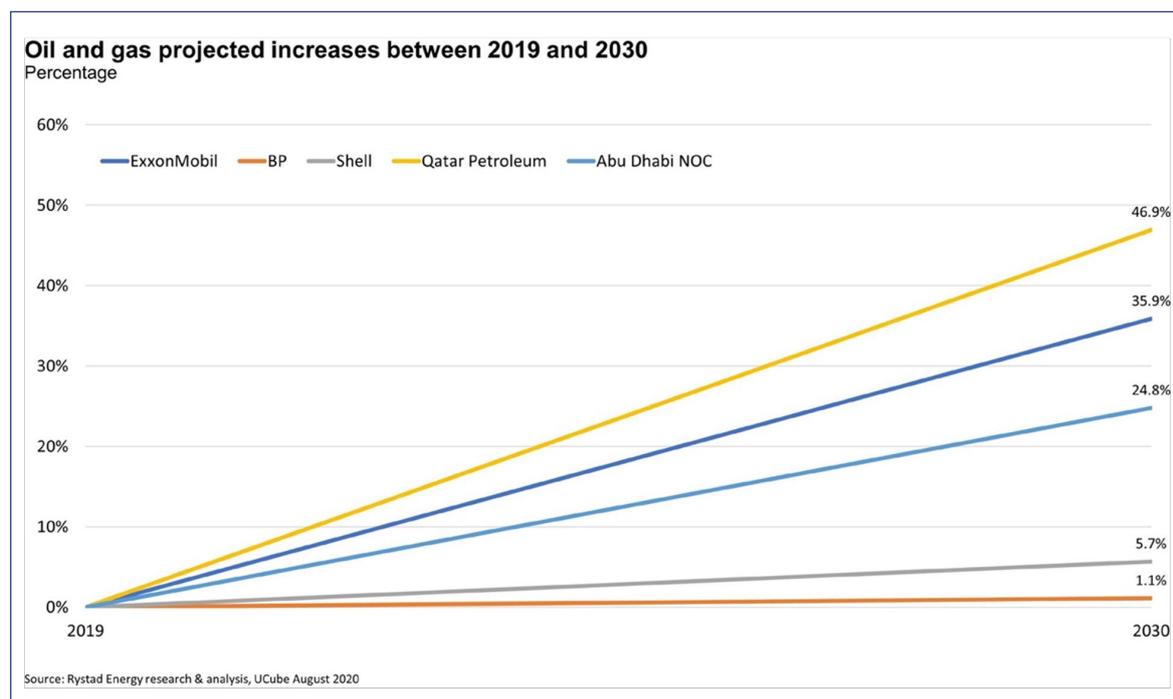
In the case of NOCs less exposed to pressure from civil society and shareholders, local churches and people have a key role in asking these companies for more transparency and advocating for them to contribute to the transition to a low-carbon economy, based on moral and religious considerations.

Such engagement in these countries is expanding:

- In Brazil where the state owns directly and indirectly 64% of the national oil company Petrobras, churches are increasingly vociferous about climate change. In November 2021, the Bishops of the Brazilian Amazon released an

10. "Fossil Fuel Divestment Will Increase Carbon Emissions, not Lower Them – Here's Why," *The Conversation*, 25 November 2019, <https://www.theguardian.com/environment/2019/oct/10/oil-firms-barrels-markets>.

FIGURE 5: Companies with the largest projected increase



appeal¹¹ to world leaders for urgent and courageous commitments to combat climate change and protect the Amazonian biome.

This was topical during the international youth day organized by WCC in August 2021, where a “hackathon” on climate emergency offered an open space for people of faith worldwide to brainstorm and connect. A young Lutheran Brazilian attending the hackathon highlighted the sentence: “when the Church speaks, the world listens.”¹²

- In Iran, where the government has been engineering a hydrocarbons-led expansion for many years, a string of large protests has erupted in November 2021 to contest the state’s deficient management of water resources, which many attributes to decades of oil exploitation. According to a water resource official, the 2021 drought was the worst drought in fifty years.¹³

11. “The Bishops of the Amazon Ask for ‘Urgent and Courageous Commitments from COP 26 to Combat Climate Change,’” Agenzia Fides, 08 November 2021, http://www.fides.org/en/news/71095-AMERICA_BRAZIL_The_Bishops_of_the_%0bAmazon_ask_for_urgent_and_courageous_commitments_from_COP26_to_combat_%0bclimate_change.

12. “Climate Justice: When the Church Speaks, the World Listens,” Lutheran World Federation, 18 August 2021, <https://www.lutheranworld.org/blog/climate-justice-when-church-speaks-people-listen>.

13. “Iran’s capital Tehran Faces Worst Drought in 50 Years: Official,” Daily Sabah, 26 October 2021, <https://www.dailysabah.com/life/environment/irans-capital-tehran-faces-worst-drought-in-50-years-official>.

The role of private equity and independent producers

Independent producers, often owned by Private Equity investment firms, are another source of financing to the oil and gas industry with little oversight or pressure to divest as they are not subject to most public disclosure rules. IOCs, responding to the pressure implied by greater climate risk disclosure, are increasingly selling their fossil fuel assets, only to have them purchased by private equity firms—thereby shifting polluting assets to owners who are less accountable. According to Pitchbook data,¹⁴ since 2010 the private equity industry has invested at least \$1.1 trillion into the energy sector—double the combined market value of three of the world’s largest energy companies, Exxon, Chevron, and Royal Dutch Shell. 88% of those investments were in fossil fuels. Many of the dirtiest assets shed by oil companies have ended up in the hands of private equity-backed firms. Hilcorp, a private company, bought oil major ConocoPhillips’ San Juan Basin assets in Colorado and New Mexico for \$3 billion in 2017, and all of BP’s Alaska operations and interest for \$5.6 billion in 2020. Hilcorp is now the largest known emitter of methane in the US, reporting almost 50 per cent more emissions from its operations than the nation’s largest fossil fuel producer, Exxon Mobil, despite only producing about a third of Exxon’s oil and gas volume according to a report by Clean Air Task Force.¹⁵

There are some signs of change. Since 2010, Pitchbook data shows that Private Equity investments in renewables grew three times the rate of investments in fossil fuels.

Two constituencies can influence investment priorities at private equity firms away from fossil energy towards cleaner energy solutions: investors, including churches, who are increasingly involved in private equity, can make their voices heard to find profit in environmentally responsible investments, and regulators, such as the Securities Exchange Commission (SEC). Some groups of investors, such as the Private Equity Stakeholder Project, have called on the SEC to compel private equity firms to fully disclose details of their fossil fuel holdings.

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.

14. Pitchbook, 2021 Annual US PE Breakdown 2021, <https://pitchbook.com/news/reports/2021-annual-us-pe-breakdown>.

15. “Benchmarking Methane and Other GHG Emissions of Oil and Natural Gas Emissions in the United States,” Clean Air Task Force, 01 June 2021, <https://www.catf.us/resource/benchmarking-methane-emissions/>.

Nowadays—based on the inherent risk of such companies becoming 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 per cent 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 risks 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.”¹⁶

In 2021, the Bank of England introduced comprehensive “stress” test to assess the ability of the British financial system to cope with climate change. The test is based on exploratory scenarios that span 30 years: early action by governments globally to cut carbon emissions, action that is late, and taking no additional action. The goal was to 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.¹⁷

All in all, many 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 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 few years, global stock indexes without fossil fuel holdings have outperformed otherwise identical indexes that include fossil fuel companies. Here is one comparison:

MSCI (Morgan Stanley Corporation International) is a company that provides indices used to give an indication of the evolution of an economy, or of sectors of

16. Chevron Corporation Form 10-K Annual Report, United States Securities and Exchange Commission, 15 February 2017, <https://www.sec.gov/Archives/edgar/data/93410/000009341017000013/cvx-123116x10kdoc.htm>.

17. “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>.

FIGURE 6: Fossil fuel companies have impacted investment performance negatively

YEAR	MSCI excluding fossil fuels	MSCI
2021	21.38%	21.82%
2020	18.16%	15.90%
2019	28.71%	27.67%
2018	-8.49%	-8.71%
2017	23.19%	22.40%
2016	6.28%	7.51%
2015	1.19%	-0.87%
2014	6.73%	4.94%
2013	28.23%	26.68%
2012	17.73%	15.83%
2011	-5.74%	-5.54%

Source: MSCI ACWI ex Fossil Fuels Index, April 2022: <https://www.msci.com/documents/10199/d6f6d375-cadc-472f-9066-131321681404>

an economy. The MSCI World Index for example measures the evolution of the valuation of large companies globally. When an index slumps, it means that the companies within the index are – on average—slumping. Indices are widely used to track the valuation of broad groups of companies.

By comparing the evolution of the MSCI World Index with that of the MSCI World Index ex Fossil Fuels, one can see whether investing in fossil fuels would have been more or less profitable than investing in other sectors: if the performance of the MSCI World Index excluding fossil fuels is higher than that of the standard MSCI World Index, this means that an investor restraining from investing in fossil fuel companies would have had a better return than an investor investing without restriction.

The table in Figure 6 is a summary of the performance of both stock indices over the past 11 years.

We can see that the MSCI World ex Fossil Fuels Index performed better than the general index in 8 out of 11 years since 2011.

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 addressing today’s environmental issues. Another important

point to mention is that divestment is available to everyone who holds an 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 the Organization of the Petroleum Exporting Countries (OPEC) Secretary General Mohammad Barkindo, who said that “unscientific” attacks by climate activists were “perhaps the greatest threat to our industry going forward.”¹⁸

There have been a handful of successful divestment campaigns in recent history, including those targeting violence in Darfur and tobacco advertising, 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.¹⁹

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.²⁰ (See Figure 7)

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.

18. “OPEC Secretary-General Calls Climate Change Activists ‘Greatest Threat to Industry,’” FirstPost Tech 2, 11 September 2020, <https://www.firstpost.com/tech/science/opec-secretary-general-calls-climate-change-activists-greatest-threat-to-industry-6934011.html>.

19. DivestInvest, *Divest-Invest Philanthropy*, September 2017, <https://www.divestinvest.org/wp-content/uploads/2017/09/2017-DIP-Briefing-Case-Studies.pdf>.

20. “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>.

FIGURE 7: Eight major groupings of clean technologies



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 aluminium, iron, copper, and plastics – can be removed from the computers and hardware for re-use.

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. These are currently very successful. In a statement relayed by the Financial Times in November 2021, UBS, the Swiss bank, announced that all the net new investments collected by its exchange-traded funds in 2021 were into sustainable products, while other such products have seen aggregate net divestment.²¹
- climate bonds used to finance (or refinance) projects needed to address climate. They range from wind farms and solar and hydro-power plants to rail transport and the building of sea walls in cities threatened by rising sea levels.²²
- green bonds, which allocate proceeds to environmental projects. The term generally refers to bonds that have been marketed as “green.” In theory, the

21. Net inflows at UBS this year have been only at socially responsible funds, Financial Times, 17 November 2021, <https://www.ft.com/content/c9f8e362-edb7-4693-92da-a57e77652850>.

22. About Us, The Climate Bonds Initiative, website, <https://www.climatebonds.net/about>.

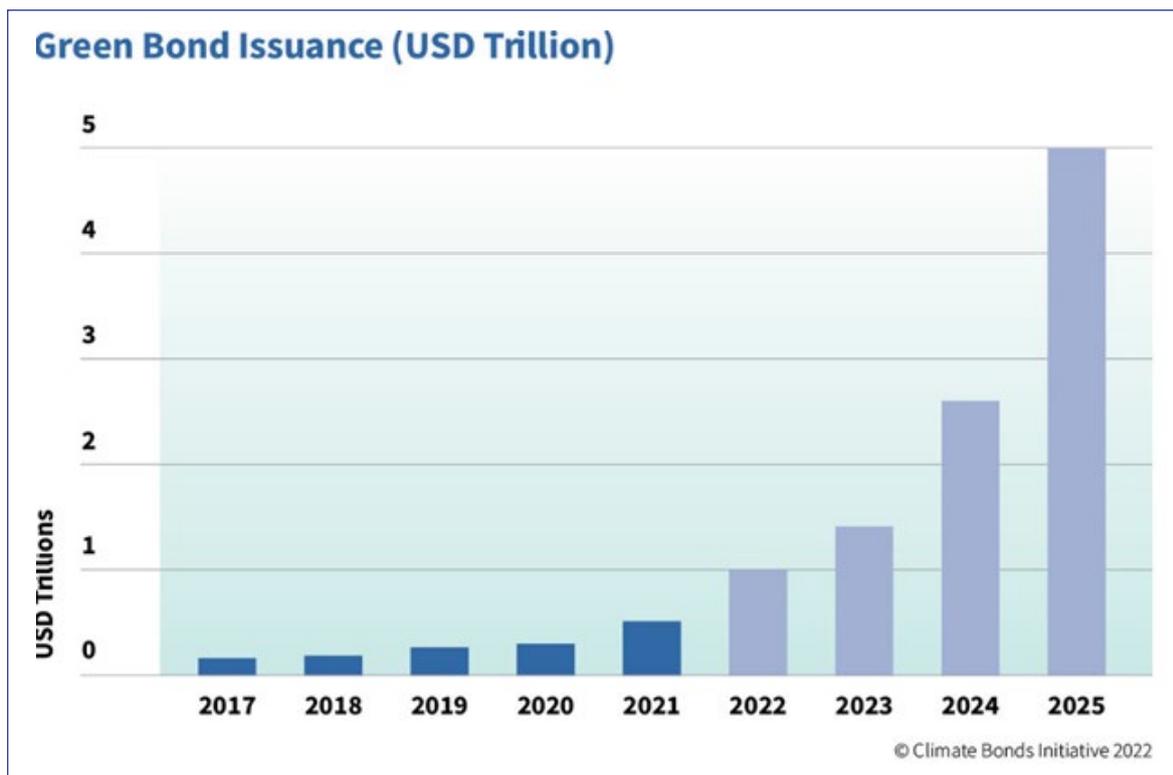
proceeds could be used for a wide variety of environmental projects, or even parks development, but in practice, they have mostly been the same as climate bonds, with proceeds going to climate change projects.²³

Annual green bonds and loans issuance

According to the Climate Bonds Initiative,²⁴ annual green bonds and loans issuance added up to:

- 452 billion US in 2021, out of which \$43.1 billion (9.5 per cent) were certified climate bonds
- this total was up by 53 per cent on the final 2020 figure of \$297 billion US and
- the forecast for 2025, as seen in Figure 8 below is \$ 5 Trillion US in global annual green bond/loan issuance

FIGURE 8: Green bond issuance to reach \$ 5 Trillion US in 2025



Source: Climate Bonds Initiative, \$500bn Green Issuance 2021: social and sustainable acceleration: Annual green \$1tn in sight: Market expansion forecasts for 2022 and 2025

23. Climate Bonds for Beginners.

24. “2021 already a record for green finance with over \$350 Bn issued!” The Climate Bonds Initiative, 2 November 2021 <https://www.climatebonds.net/2021/11/2021-already-record-year-green-finance-over-350bn-issued>.

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.²⁵ But times are changing. In June 2021, a small activist investor backed by other, larger investors such as the Church of England, shocked the oil and gas industry by getting three of its representatives elected directors to Exxon's 12-member Board. Al Gore, the former US vice-president, said the fact that Exxon is now reviewing its investments in hydrocarbons is a direct result of the activist's success, which

25. “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>.

he described as “thrilling.” Indeed, this type of initiative by an activist shareholder may now happen at many other companies that are not seen as nimble enough in the face of 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 would 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 they 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 (backwards-looking) but also its strategy to reduce its 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.”²⁶

26. “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

It is estimated that in 2017 41% of listed (i.e., publicly held) companies in advanced economies were held by “institutional investors” (mutual funds, pension funds and insurance companies).²⁷ The proportion is likely similar for oil and gas companies.

One should bear in mind that a large proportion of these investors (36% to 43% according to various estimates in 2017) track the investment results of third-party indices selected by their clients to allocate their assets. In these situations, asset managers cannot substitute one company for another, or exclude a particular company, 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.

Whether institutional investors invest in companies by choice or to follow client instructions, they nominally “own” shares of the company, and as a result, oversee some of company owners’ key functions: exercise vigilance, scrutinize companies’ performance, financially, as well as non-financially, and define strategy. They 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. (See Figure 9)

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. This is evolving quickly: BlackRock chief executive officer (CEO) Larry Fink’s annual letter to CEOs published in mid-January 2020, seemed to show a clear shift in BlackRock’s approach to sustainable investments:²⁸

“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 per cent of global investors do so – or even five per cent – 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**

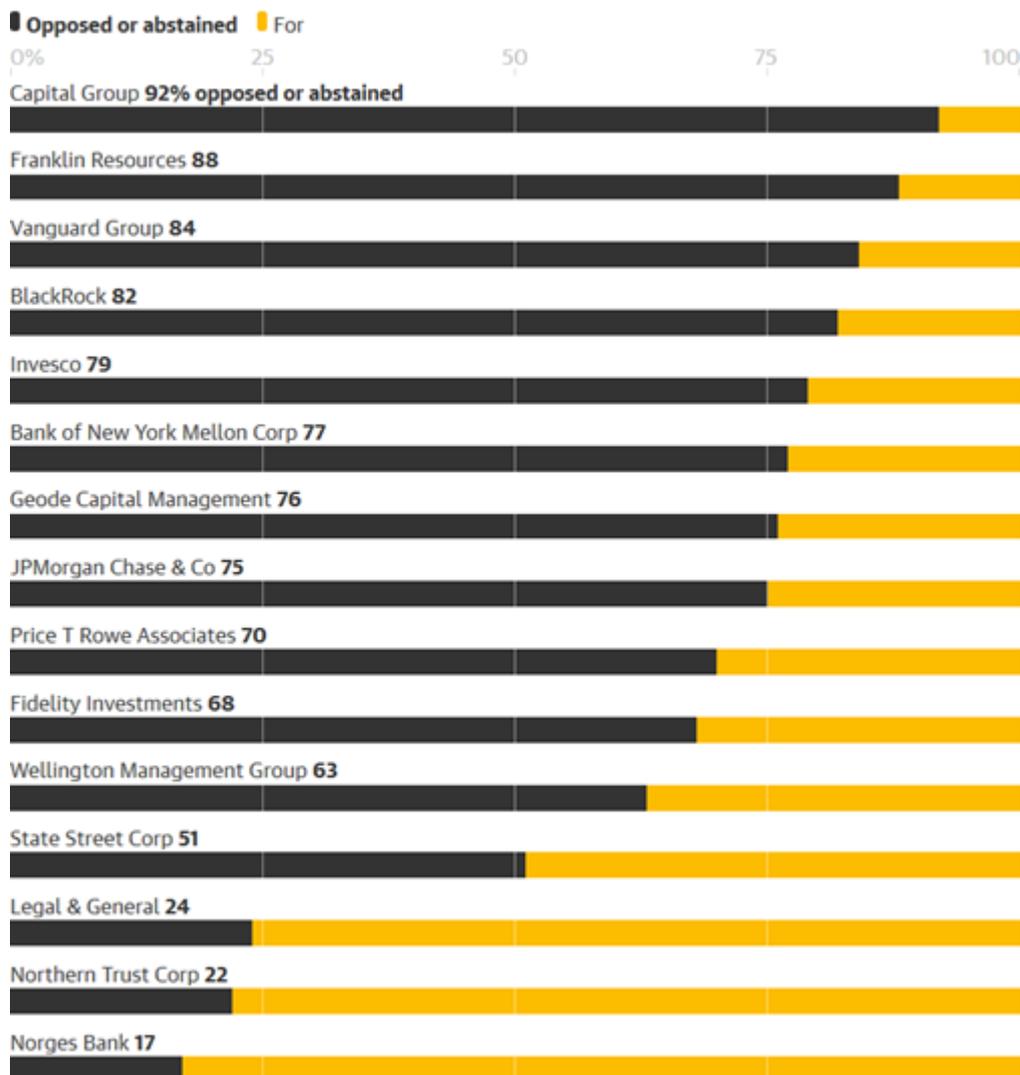
27. Owners of the World’s Listed Companies, OECD, 17 October 2019, www.oecd.org/corporate/Owners-of-the-Worlds-Listed-Companies.htm.

28. “A fundamental reshaping of finance,” Larry Fink, BlackRock CEO, <https://www.blackrock.com/corporate/investor-relations/2020-larry-fink-ceo-letter>.

FIGURE 9: Asset manager vote on climate change

BlackRock and Vanguard have opposed over 80% of climate-related shareholder motions at fossil fuel companies between 2015 and 2019

Asset manager voting on climate change related shareholder motions, 2015-2019



Guardian graphic | Source: Guardian analysis of data provided by ProxyInsight. Data shown for FTSE 100 and S&P 500 fossil fuel companies. May not sum to 100 due to rounding

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 inaction.”

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 Asset Management Company (AMC).

By doing this, 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 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 1.

1.10 Status of the divestment movement

Assets under management: \$103 trillion US

The global value of assets under management can be estimated at around **\$103 trillion US**, based on Boston Consulting Group's 19th annual report on the global asset management industry, published in July 2021.²⁹

Oil and gas companies' market capitalization: \$6.6 trillion US

In comparison, the oil and gas sector had a market capitalization of **\$6.6 trillion US as of May 2022**³⁰ according to the website CompaniesMarketCap.

ExxonMobil alone, the largest private oil and gas firm, had a market capitalization of \$387 billion US.

In August 2021, ExxonMobil was excluded from the world-famous Dow Jones index after 98 years. This exit by the longest-serving component of the index was dubbed "**a sign of the times**" by asset manager Raymond James as the sector faltered, a weakness made even more apparent by the strength in technology names.

On 4 November 2021, Bill Gates, former chairman of Microsoft and philanthropist, speaking at a briefing in Glasgow at the COP26 conference, **said that some big oil companies will be worth "very little" in 30 years.**³¹

29. Global Asset Management 2021: The \$ 100 Trillion machine, BCG, July 2021, <https://www.bcg.com/publications/2021/global-asset-management-industry-report>.

30. Largest oil and gas companies by market cap, <https://companiesmarketcap.com/oil-gas/largest-oil-and-gas-companies-by-market-cap/>.

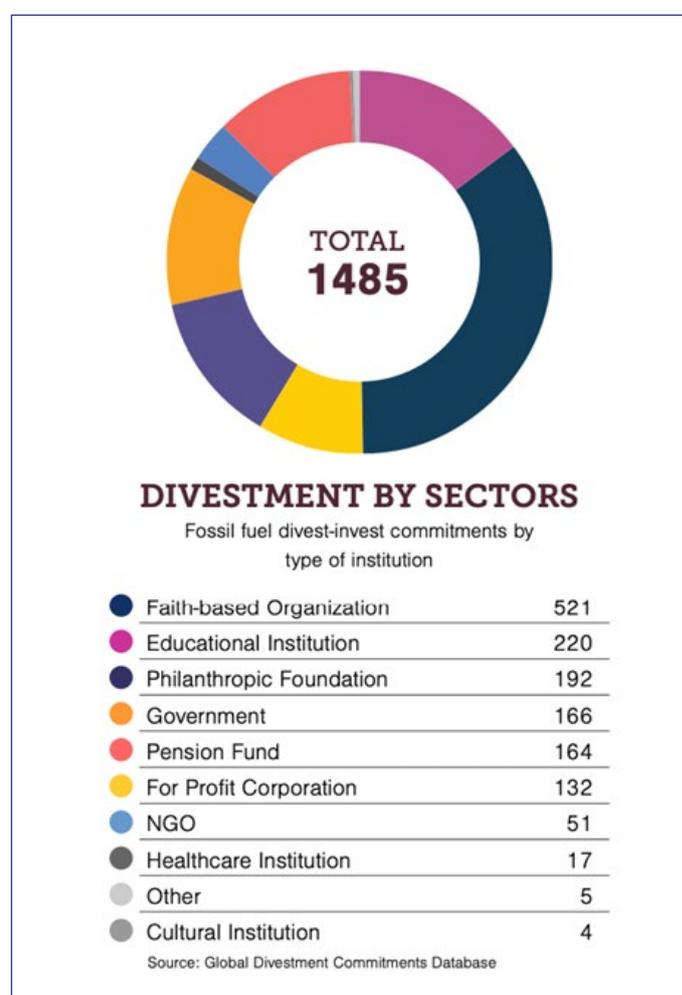
31. Bill Gates: Some giants won't make it, Axios, 4 November 2021, <https://www.axios.com/bill-gates-oil-giants-clean-energy-cop26-4e6c71e7-150b-463d-ab3b-8c3f19d65573.html>.

**Assets subject to partial or total fossil fuel divestment:
\$39 trillion US, or 38 per cent**

According to Go Fossil Free,³² as of March 2022, around 1,500 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.

FIGURE 10: Divestment commitments by type of institution



Source: <https://divestmentdatabase.org/> as of April 9, 2022

32. Invest-Divest Report 2021: A Decade of Progress Towards a Just Climate Future. <https://divestmentdatabase.org/report-invest-divest-2021>.

The addition of all the assets managed by these divesting institutions represented more than \$39 trillion US (up from \$14 trillion US one year before). 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 provide a sense of the total economic power of such institutions in the global economy.

Compared to the \$103 trillion US in global assets under management, the **\$39 trillion US that is committed to some level of divestment represents only 38 per cent of the total**. (see Figure 10 on page 35)

A detailed snapshot of these divestment commitments shows that among the 1,500+ institutions listed as of April 2022:

- in terms of **volume** (number of institutions divesting), **faith organizations represented the greatest share (35 per cent)** of divesting institutions.
- However, in terms of **value**, total assets managed by faith-based organizations represented around \$60 billion US, or only **0.2 per cent of the total amounts** managed by the entities that committed to divestment.

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 and Initiatives from Churches and Christian Organizations

Faith organisations remain at the vanguard of climate action. In October 2021, almost 40 faith leaders, including representatives from across the Christian denominations and all large religions, signed a joint appeal calling for the world to achieve net zero carbon emissions as soon as possible. “Together, we must address the threats facing our common home.”¹

As mentioned in section 1.10, faith organizations currently represent the greatest part (521, or around 35 per cent) of divesting institutions. Among those 521 faith-based institutions, below are some examples of how some Christian churches embarked on that journey, in keeping with the Churches’ Commitments to Children,² and 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.

1. “Global religious leaders, scientists, join to release ‘Faith and Science: An appeal for COP 26,’” WCC, 4 October 2021, <https://www.oikoumene.org/news/global-religious-leaders-scientists-join-to-release-faith-and-science-an-appeal-for-cop26>.

2. “Churches’ Commitments to Children,” World Council of Churches and UNICEF, <https://www.oikoumene.org/resources/documents/churches-commitments-to-children>.

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 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 micro-finance 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

In 2020 the team worked to help develop a larger offering of financial products for larger investors such as pension managers and insurance companies. One action they took, among others, was to send a letter to the Swedish Parliament's Finance Committee regarding the Government's bill on Agenda 2030 on global, sustainable development and how they want to invest in it.⁵

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, collaborates with other stakeholder groups to **influence the decisions** made by companies in which ELCA is invested, through its 20 funds. By having dialogues 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

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. Sustainable Investments Report, Church of Sweden, 2020, <https://www.svenskakyrkan.se/reports-on-responsible-asset-management>.

6. "Social Purpose Investing," Portico website, <https://porticobenefits.org/elca-together/social-purpose-investing/>.

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 social criteria screens as a guide, Portico reviews thousands of potential companies on an ongoing basis and typically eliminates about 10 per cent 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 per cent 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.

In 2021, ELCA reported positive environmental impact for 2020 on a Social Impact First (SIF) investment it had made in 2016. SIF investments accept a somewhat lower projected return and/or somewhat higher projected risk in order to invest in companies and organisations that support initiatives like affordable housing, reduced greenhouse emissions, and renewable energy; details on the impact below.⁷ (See Figure 11 on page 40)

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. It seeks out opportunities to support companies whose activities

7. Impax reports positive environmental impact for 2020, Portico, 19 October 2021, <https://porticobenefits.org/news/impax-reports-positive-environmental-impact-for-2020/>.

FIGURE 11: Evaluating the impact of one's investment



Source: *Impax reports positive environmental impact for 2020*, <https://porticobenefits.org/news/impax-reports-positive-environmental-impact-for-2020/>

and practices protect God's creation, such as through sustainable forestry, clean air, and renewable energy.

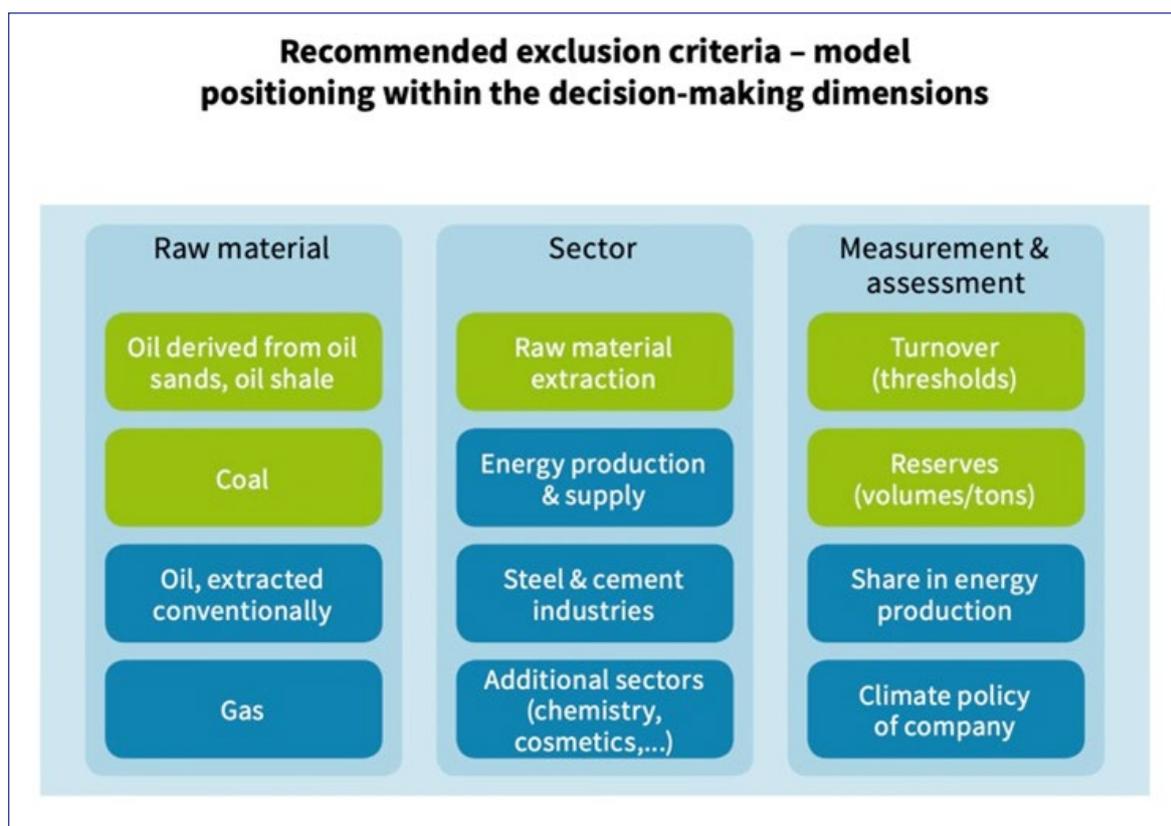
2.3 Evangelische Kirche Deutschland

In 2008, financial managers in churches, diaconal organizations, church banks and church pensions **joined forces to coordinate shareholder engagement and ensure that investment is performed in a responsible way**, to form Arbeitskreis Christliche Investoren (AKI). The investments are initially selected according to ethical and sustainable criteria. But even when decisions for individual investments have been made, the following still applies; **ownership obligates**. AKI members see themselves as responsible before God and the people who entrust their money to churches, and for what happens to that money in the companies whose stocks and bonds they buy. Investing responsibly involves **exercising voting rights at general meetings, as well as engaging and maintaining an open dialogue with companies**.

The AKI provides guidelines for Ethically-sustainable Investment in the German Protestant Church. In its fourth edition dated June 2019, the following exclusion criteria were proposed:

- exclusion of all companies extracting coal or oil derived from oil sands or oil shale with a turnover share of 10% and more
- exclusion of companies providing significant reserves of these resources
- exclusion of companies with a share of more than 1 % in the global coal extraction

FIGURE 12: Exclusion criteria – an example



- exclusion of companies with a turnover share of 30 % and more from coal, oil, or gas
- exclusion of energy suppliers making more than 10 % of their turnover from coal-fired power plants, while simultaneously showing little activity in expanding renewable energies
- exclusion of 10 % of the worst-performing companies regarding their carbon intensity in each sector

It was recommended that at least the first two criteria should be part of an ethically sustainable climate strategy.⁸

The 2015 synod asked executive bodies and congregations of its member churches to call on policymakers and the public at large to recognize the moral imperative for action on the climate.

Furthermore, it mandated the EKD to approach the German government and urge it to work towards a binding goal to restrict global warming to 1.5°C and ensure that the Federal Republic of Germany meets its commitments in the framework of international climate protection financing. **It also urged EKD churches**

8. Guideline for ethically-sustainable investment in the German Protestant Church, https://www.aki-ekd.de/fileadmin/Publikationen/EKD-Texte_113_EN_web.pdf

to be consistent in continuing to reduce their CO2 emissions and to aim for a total reduction of 40% by 2020 compared to 2005.

The 12th synod, in 2018, advocated a rapid withdrawal from electrical power production by coal (lignite and anthracite).

In order to contribute to transforming the financial system towards an economy directed towards ecological and social sustainability, EKD has released a discussion paper⁹ highlighting the connections between accountability in the financial economy and the real economy and arguing for more sustainability in the financial system. The report is entitled “An Evangelical perspective to guide reform steps towards a social and ecological transformation of the financial economy.” It aims at reinforcing the “social learning towards a qualitative understanding of growth” and calls on all stakeholders to take their responsibility to transform society.

2.4 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.¹⁰

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.¹¹ Both United Church Funds and UCC Pension Boards are already involved in shareholder activism with the top fossil fuel companies.

2.5 United Methodist Church

In its Book of Resolutions on Investment Ethics,¹² the United Methodist Church articulates various sustainable and socially responsible investment strategies to fulfil its investment policy goals:

9. “Towards a sustainable and just financial system,” EKD, 2022, <https://www.ekd.de/en/towards-a-sustainable-and-just-financial-system-1527.htm>.

10. “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.

11. “Beyond Fossil Fuels Fund,” United Church Funds website, <http://unitedchurchfu.wpengine.com/funds/beyond-fossil-fuels-fund>.

12. “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>.

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.

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.

Bill Mc Kibben, founder of 350.org and one of the most respected persons working for climate solutions worldwide, is a member of the United Methodist Church. In 2020 he gave the keynote address for the online conference of the Festival of Homiletics, an event for preachers¹³ See section 5.4 about 350.org and Fossil Free.

13. “Well done, Bill Mc Kibben,” United Methodist Insight, 14 July 2020, <https://um-insight.net/in-the-world/disasters-and-climate-change/well-done-bill-mckibben/>.

2.6 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.¹⁴

2.7 Uniting Church in Australia

As described in its June 2016 Ethical and ESG Investment Policy,¹⁵

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. . . .

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 . . .

- **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.
- 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 favourably regarded which accomplish outcomes such as the **amelioration of pollution or other environmental damage, and the development of sustainable buildings and practices.**

In July 2014, the Uniting Church in Australia national assembly resolved to **divest from corporations engaged in the extraction of fossil fuels.** It fol-

14. “Success! 5 key factors in the Anglican Church of NZ & Polynesia’s vote to divest,” 350.org, 19 May 2014, <https://350.org/success-5-key-factors-in-the-anglican-church-of-nz-polynesias-vote-to-divest>.

15. “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

lowed similar decisions on divestment made by the Synod of NSW and ACT in April 2013 and the Synod of Victoria and Tasmania in February 2014.¹⁶

In 2019 the Synod initiated a Climate Action Strategy, by which the church committed to:

- Advocate to all levels of government to reduce greenhouse gas emissions
- Reduce all emissions across all parts of the Church
- Stand with young people in their advocacy on global warming

2.8 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.**¹⁷

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 as the Church pensions board will disinvest from any that are still not complying.¹⁸

Following extensive engagement efforts by the National Investment Bodies (NIB), in December 2020, 12 companies made changes to meet the NIBs' 2020 climate change hurdles. However, the NIBs have restricted investment in nine companies because they don't meet the standards of the climate change hurdles.

Simultaneously the NIB identified low carbon investment opportunities as part of efforts to achieve Net Zero emissions from portfolios by 2050. At year-end 2020, the Commissioners held approximately £630m (c. 7% of assets

16. “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>

17. “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/>.

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

under management) of climate solutions investments, including wind farms, timber land, and electric vehicle charging infrastructure.

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 per cent of their revenues from fossil fuels as of December 2019.¹⁹

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.²⁰

In 2021, the Church of England took part in one of the most watched proxy battles in years: together with other large activist investors, it **backed a proposal opposed by management to elect three directors to the Board of ExxonMobil, with a goal to reposition the company towards a more climate friendly strategy.** Following the vote, Bess Joffe, Head of Responsible Investment at the Church Commissioners for England said, “**We will be engaging urgently with the company** to understand the pace and scale of change that we can expect in the face of the significant expression of investor dissatisfaction this campaign represents.”²¹

In March 2022, the Church of England was among the first organisations to urge TotalEnergies, a French energy company involved mostly in oil and gas, to cut ties with Russia²². A few days later, the company announced that it would stop all purchases of Russian oil products by the end of 2022.²³

19. “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>.

20. “Church of England fund managed by CCLA exits from fossil fuel investments,” Bright Now towards fossil free Churches, 9 July 2020, brightnow.org.uk/news/church-of-england-fund-ccla-exits-fossil-fuel-investments.

21. Church Commissioners’ statement on EXXonMobil’s General assembly, Church of England, 02 June 2021, <https://www.churchofengland.org/media-and-news/news-releases/church-commissioners-statement-exxonmobils-agm>.

22. Church of England to reconsider shares in TotalEnergies over Ukraine inaction, The Guardian, 16 March 2022, <https://www.theguardian.com/business/2022/mar/16/church-of-england-to-reconsider-shares-in-totalenergies-over-ukraine-inaction>.

23. TotalEnergies to stop purchasing oil and Petroleum products from Russia, Total Energies, 22 March 2022, <https://totalenergies.com/media/news/press-releases/russia-totalenergies-shares-its-principles-conduct>.

2.9 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**.²⁴ At that time, the Central Finance Board of the Methodist Church in Britain (CFB) 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.²⁵ 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.”²⁶

The Methodist Conference also debated fossil fuel divestment in June 2020 and referred the decision to the Methodist Council in October 2020.²⁷

In May 2021, the CFB sold all its remaining stakes in oil and gas companies, declaring: “the committee has determined that the slow pace of corporate change means that the oil and gas sector is failing to meet the targets set by the Paris Accord. Shell, along with its peers, is currently failing to play a substantial enough role in addressing climate emergency.” As a result of the CFB’s decision, Epworth Investment Management, a wholly owned subsidiary of the CFB which invests on behalf of charities and churches has also divested all its oil and gas holdings.

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. “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/>.

26. “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>.

27. “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>.

2.10 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 like-minded 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.”**

William Sutherland, an elder at Mastrick Church in Aberdeen, urged caution and said he was unable to support Strang’s counter-motion. 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.²⁸

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.²⁹

28. “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>.

29. “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>.

Finally, in May 2021, after years of passionate debate, the general assembly announced that the Investors Trust of the Church of Scotland has disposed of all its oil and gas shares, completing a switch over two years into sectors with better investment prospects.

Young people were recognised for their role in campaigning around divestment, and congregations have been encouraged to ensure their concerns are listened to.

2.11 Anglican Church of Southern Africa

In September 2021, the Synod, recognizing the increasing impact of climate change across the continent of Africa, caused by the burning of fossil fuels, committed to standing in solidarity with the rest of Africa to call for a halt to gas and oil exploration in Africa. Together with the three bishops of Mozambique and the bishop of Namibia, they issued a call for climate justice, an end to bribery and corruption, a shift by governments to embrace a transition to a “renewable energy future,” and the recognition of ecocide as a crime.

In December of the same year, a court instructed Shell, the oil company, to stop seismic exploration tests along the Wild Coast after concerns were raised about wildlife and lack of consultation.

While there is no direct link between the two events and the court decision is independent, and the suspension of tests is a result of legal and on-the-ground action by residents of the Wild Coast, declarations such as that of the Synod raise the awareness of calls for less carbon-intensive solutions.

2.12 World Council of Churches

The World Council of Churches (WCC) is a fellowship of churches with 352 member churches which represents more than half a billion Christians around the world.

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.”³⁰

The WCC Investment Policy stipulates that

WCC invests in funds by 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.

30. 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>.

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:

- Join 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.
- Invite 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.³¹

On 9 May 2022, WCC launched the initiative “Climate-Responsible Finance—A Moral Imperative towards Children,” through an inter-religious high-level statement that urges financial service providers to align with the Paris Agreement. The initiative was developed in collaboration with the UN Climate Action Team, UNEP Faith4Earth and UNEP-FI.³² All WCC members and partners are invited to join the initiative by endorsing the statement and raising awareness about related resources available.

Furthermore, as part of its engagement for children, WCC released a collection of curated resources to support churches, church-run schools, Sunday schools and summer camps in their ongoing efforts to promote care for children and youth through intergenerational climate and environmental justice.³³ The toolkit supports the Churches’ Commitments to Children, in which climate initiatives for and with children is an important pillar. WCC also released a poster³⁴ presenting a pathway with three different steps that can help identify climate-safe banks. It aims to engage adolescents and adults who are not familiar with the impact of financial choices on our climate. Educational institutions are invited to consider incorporating these tools into their curricula.

31. “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/resources/documents/statement-on-the-climate-change-emergency>.

32. “Climate-Responsible Finance: A Moral Imperative Towards Children” WCC press release, 9 May 2022, <https://www.oikoumene.org/events/wcc-webinar-climate-responsible-finance-a-moral-imperative-towards-children>.

33. WCC, *Climate Justice with and for Children and Youth in Churches: Get Informed, Get Inspired, Take Action* (Geneva: WCC, 2019), <https://www.oikoumene.org/news/new-wcc-toolkit-empowers-churches-to-work-with-children-and-youth-for-climate-justice>.

34. “Think planet when you bank” *Cooler Earth Higher Benefits Poster*, (Geneva: WCC, 2020) <https://www.oikoumene.org/resources/publications/cooler-earth-higher-benefits-poster>.

2.13 World Methodist Council

The investment policy developed to outline the governance of the Wespath investment program, which is “informed by the values of the United Methodist Church, 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.”³⁵

2.14 Catholic Church

At the Vatican’s first impact investing conference in June 2014,³⁶ 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 a 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 now expanding globally. In 2019, the CIIC launched the Catholic Impact Investing Pledge, an effort to galvanize the Catholic investment community to commit to taking 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.³⁷

35. Wespath Institutional Investments website, <https://www.wespath.com>.

36. Vatican Impact Investing Conference 2014, Conference Archive, <https://www.viiconference.org/2014archive>.

37. Our story, Catholic Impact website, <http://www.catholicimpact.org/our-story>.

In 2015, Pope Francis published the encyclical *Laudato Si'*, which called on Catholics to live more sustainably. In Paragraph 165, he wrote, “We know that technology based on the use of highly polluting fossil fuels—especially coal, but also oil and, to a lesser degree, gas—needs to be progressively replaced without delay.”³⁸

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.

A three-day event, the Economy of Francesco,³⁹ organized in Assisi (but finally taking place online) for young economists, entrepreneurs, and change-makers took place in November 2021 (twenty months after the initial date, due to the COVID-19 pandemic). The goal was 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 safeguarding of the environment cannot be divorced from ensuring justice for the poor and finding answers to the structural problems of the global economy.”⁴⁰

Every year, the bishops’ conference of France publishes a review of funds which invest in a way that is consistent with the social doctrine of the Catholic Church, including a fund it fostered itself in 2019.⁴¹

38. “Vatican issues sweeping new environmental guidelines,” Global Catholic Climate Movement, 22 June 2020, <https://catholicclimatemovement.global/vatican-issues-sweeping-new-environmental-guidelines>.

39. Economy of Francesco website, <https://francescoeconomy.org>.

40. “Letter of His Holiness Pope Francis to young economists and entrepreneurs worldwide,” 1 May 2019, <https://press.vatican.va/content/salastampa/en/bollettino/pubblico/2019/05/11/190511a.html>.

41. Observatoire des fonds d’éthique chrétienne, 2021-2022: <https://eglise.catholique.fr/wp-content/uploads/sites/2/2022/03/2021-5eme-Observatoire-dethique-chretienne.pdf>.

Cardinal Jean-Claude Hollerich, president of the Commission of the Bishops Conferences of the European Union, which along with his Luxembourg Archdiocese have both divested, said the urgency of climate change requires the church and all people to take action to stem global warming now. Asked how Catholics might approach their dioceses to ask them to reconsider fossil fuel investments, Hollerich said that bishops often are busy and attending to many issues at the same time. He likened his fellow prelates to grandfathers who are likely to listen to their grandchildren and suggested that young Catholics write to them with their concerns about climate change, “So please, the young people, tell your bishop about disinvestment.”⁴²

Some Catholic Parishes post related educational material on their website. A good example can be found on the website of Catholic charities of Southwest Texas in the US. The page entitled “Catholic social teaching101: Climate change”⁴³ includes a summary on the climate situation, a video featuring interviews with a priest and the President of the Pontifical Council of Justice in the Vatican and details of a letter which was issued to the Trump administration and Congress.

The second half of the page brings out a list of ways for individuals to make a difference right now.

2.15 Operation Noah

Operation Noah is a Christian charity working with the Church to inspire action on the climate crisis. It was set up in 2004 to work with all Christian denominations and support interfaith work on climate change. Their actions are “faith-motivated, science-informed and hope-inspired.”

In 2012, Operation Noah put together a theology think-tank to look at the biblical basis for a Christian view on climate change. The resulting document, “Climate change and the purposes of God: a call to the Church,” was signed by church leaders from all the major UK denominations.

Through research and analysis, Operation Noah equip Britain’s churches with an understanding of the climate crisis, scientific evidence, and its consequences in economic and political choice on an ongoing basis.

Bright Now campaign towards fossil-free Churches

Bright Now Campaign is Operation Noah’s divestment campaign which started in the UK in September 2013. **This initiative calls on churches and individual members of the Christian community to agree to fossil fuel divestment, debate**

42. Vatican official, “Church divestment from fossil fuels is “moral imperative,”” National Catholic Reporter, 20 May 2021, <https://www.ncronline.org/news/earthbeat/vatican-official-church-divestment-fossil-fuels-moral-imperative>.

43. Catholic teaching on climate change, <https://catholiccharitiesswks.org/about-us/46-home/news/social-justice/819-catholic-social-teaching-101-climate-change>.

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.⁴⁴

The latest Bright Now report, Church Investments in Major Oil Companies: Paris Compliant or Paris Defiant? was published in early May 2020.⁴⁵

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.⁴⁶

In October 2021, ahead of the COP26 conference in Glasgow, faith institutions around the world united for the largest-ever joint divestment announcement. In total, 72 faith institutions from six continents with more than \$4.2 billion of combined assets under management announced their commitment to divest from fossil fuels. The announcement comes from faith institutions in Australia, Ireland, Italy, Kenya, Nepal, Peru, Ukraine, the United Kingdom, the United States, and Zambia.⁴⁷

2.16 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.⁴⁸

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

44. “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>.

45. “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>.

46. “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>.

47. Faith institutions announce largest-ever divestment ahead of COP26, Bright Now towards fossil free Churches, 26 October 2021, <https://brightnow.org.uk/news/global-faith-divestment-announcement-cop26/>.

48. “Justice for the poor,” Brot für die Welt website, <https://www.brot-fuer-die-welt.de/en/bread-for-the-world/about-us/>

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**.⁴⁹

2.17 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, Daoism, 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.

2.18 The Faith Impact Project (FIIND)

The Faith Impact Project envision a world in which institutional and private capital are a force for good.

FIIND have started by exploring five of the world's major religions in consultation with leading faith-based organizations (FBOs) to identify the overarching values of Buddhism, Catholicism, Islam, Judaism and Protestantism.

Having identified those values, they help investors who are looking to align their investments with their values on a step-by-step « journey » to impact investing. Below is a short description of the “journey.” (See Figure 13 on next page)

2.19 GreenFaith

GreenFaith aims to build a worldwide, multi-faith climate and environmental movement. By creating communities—the Greenfaith Circles—**it aims to accelerate the growth and influence of the religious-environmental movement by raising awareness on climate emergencies**, amplifying the work of grassroots people of faith and faith-based institutions globally and building relationships among people of faith including youth faith groups.

In October 2021 it organized a global multi-religious action day, “Faiths 4 climate justice.” On that day, religious activists from 43 countries organized more than 500 actions calling for an end to new fossil fuel projects and deforestation, a massive commitment to green jobs, and payments from wealthy countries to those most impacted by climate change.

49. “Exemplary criteria,” Fair World Fonds website, <http://www.fairworldfonds.de/fair-investment.php#criteria>.

FIGURE 13: Outline of a step by step “journey” to impact investing



Source: *The Faith Impact Project website, January 2022:*
<https://www.faimproject.org/journey>
More information can be found on this website.

In February 2022, Greenfaith launched a multi-faith climate finance campaign,⁵⁰ co-sponsored by WCC and with the collaboration of the Churches’ Commitments to Children programme. This campaign aims to hold asset managers and banks accountable and ensure their alignment with the Paris Agreement.

2.20 FaithInvest

FaithInvest is an organisation for religious groups and faith-based institutional investors, which aims at growing the scale and impact of faith-consistent and values-driven investing worldwide. **It provides four pillars to help faith groups overcome the challenges they face in values-based investing. The four pillars are Network, Education, Platform, Voice.**

With its “Voice” pillar, for instance, it relays information on social and web-based media and more traditional publications as well as investment events and

50. Call on finance leaders to end support to fossil fuel and instead finance a just and sustainable future : for institutions: <https://bit.ly/3JF4RC9>, for individuals: <https://bit.ly/3QootgF>.

seminars. The **faith-based investment conference “Scaling up opportunities and partnerships”**⁵¹ was co-organized in January 2022 with the World Council of Churches and the Agape Foundation in Geneva, bringing together people from multiple horizons, such as the finance industry, governments, business, the United Nations, international organizations, academia, and civil society.

FaithInvest launched a member portal with three working groups (Faith-consistent investing, Sustainable banking, and Impact investing), and 23 webinars⁵²

2.21 Ecumenical Council for Corporate Responsibility (ECCR)

ECCR is a registered charity whose vision is to see money used in a way that creates a fairer and more sustainable world. They help faith communities and people to make financial choices which reflect these values and passions.

Their actions are driven by the conviction that **“The choices we make concerning our money have the power to change the world for the better.”** To deliver this message they offer resources for churches and churchgoers to think about how their financial decisions can bring about the world they’d like to see, whether through banking, saving, or spending decisions. One of those resources is Your Faith Your money, a website-based guide to money, faith, and ethics.⁵³

Beyond these few examples, there are many other divestments or green finance initiatives across churches and faith organisations, all geared toward low-emission and climate resilient choices which are vital to providing the children of today with a more sustainable planet tomorrow.

51. 2022 conference: Scaling up opportunities and partnerships, <https://gafoundation.world/en/news>.

52. Faithinvest newsletter, 2022, <https://mailchi.mp/faithinvest/2021-highlights-and-why-now-is-the-auspicious-time>

53. A guide to money, faith and ethics, <http://www.yourfaithyourfinance.org/about-us/>.

3

Examples from the United Nations

Since its creation in 1945 the United Nations is a centre for harmonizing the actions of nations with the aim of preventing future wars and “achieving international cooperation in solving international problems of an economic, social, cultural or humanitarian character.”¹ **In 2000 all member states adopted the Millenium Development Goals**, a commitment to achieve international development in areas such as poverty reduction, gender equality, and public health. Progress towards these goals, which were to be met by 2015, was uneven. **In 2015, 17 Sustainable Development Goals (SDGs) were adopted, as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.**

The realization of several of these goals necessitates an improvement of practices from financial institutions (asset managers, banks, insurance companies, . . .), and the orientation of financial flows towards renewable energies.

To achieve this, the UN has sponsored several initiatives:

3.1 Net-Zero Asset Owner Alliance

The Net-Zero Asset Owner Alliance² was initiated in 2019 by six asset owners: Allianz, Caisse des Dépôts, CDPQ, Folksam Group, PensionDanmark, and SwissRe un under the auspices of UN. It is now supported by **71 asset owners, representing \$10.4 trillion US in assets under management.**

In his opening and closing speeches at the COP 26 in Glasgow, UN Secretary-General Antonio Guterres described the Alliance as a “gold standard” of emerging net-zero commitments, backed by credible actions.

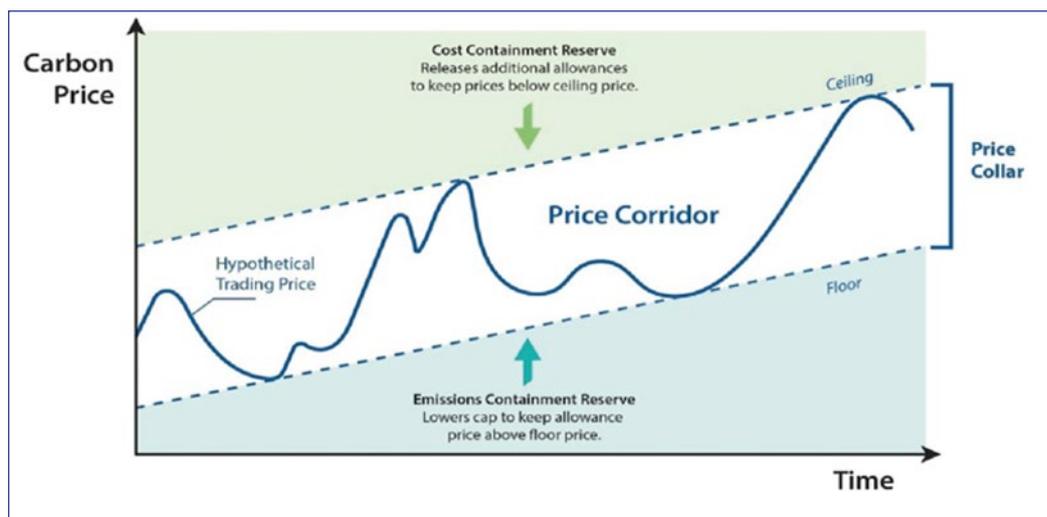
The members of the alliance commit to

- 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

1. United Nations Charter, <https://www.un.org/en/about-us/un-charter/chapter-1>.

2. “UN-convened Net-Zero Asset Owner Alliance,” UNEP-FI website, <https://www.unepfi.org/net-zero-alliance>.

FIGURE 14: Containing counterproductive volatility in fossil fuel prices



Source: *Net Zero Asset Owner Alliance Position paper on Governmental Carbon Pricing*. https://www.unepfi.org/wordpress/wp-content/uploads/2022/06/NZAOA_Governmental-Carbon-Pricing.pdf

- consider the best available scientific knowledge, including the findings of the Intergovernmental Panel on Climate Change
- regularly report on progress, including establishing intermediate targets every five years in line with Paris Agreement Article 4.9

The Alliance has released several papers suggesting global initiatives to reach the net 0 objective. In particular, it published a call to **support blended finance and facilitate much needed climate investment in emerging markets and least developed countries**. It has also highlighted the role of Carbon Dioxide removal technologies to compensate for greenhouse gas emissions from sectors that cannot completely decarbonize.

It has also devised a framework to prevent counterproductive volatility in fossil fuel prices. If prices are too low, energy users will be discouraged from investing in other cleaner energy sources. If they are too high, electricity producers will have to use what is at hand to satisfy immediate demand: coal (see illustration above).

Alliance members are leading members of the Glasgow Financial Alliance for Net Zero (GFANZ).

3.2 Glasgow Financial Alliance for Net Zero (GFANZ)

GFANZ is a global coalition of leading financial institutions in the UN's Race to Zero that is committed to **accelerating and mainstreaming the decarbonisation of the world economy and reaching net-zero emissions by 2050**. Members currently include **450 financial firms responsible for assets over 130 trillion US**, a remarkable amount.

There are seven financial sub-sector net-zero initiatives: the Net-zero Banking Alliance (NZBA), the Net Zero Asset Managers initiative (NZAM), the Net-Zero Asset Owner Alliance (the Alliance), the Paris Aligned Investment Initiative (PAII), the Net-Zero Insurance Alliance (NZIA), the Net Zero Financial Service Providers Alliance (NZFSPA), or the Net Zero Investment Consultants Initiative (NZICI).

The goals of the Alliance are to establish a common standard of what it means to be aligned to a 1.5-degree trajectory and provide a structured forum to support banks' transition to net-zero by 2050.

Members apply to the initiative dedicated to their sector of business and sign commitments that go with it. Examples for two of the main initiatives can be found below.

The Net Zero Asset Managers Initiative (NZAM), launched in December 2020, is an international group of asset managers committed to supporting the goal of net-zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees C and investing aligned with the same goal. In delivering net-zero alignment, the asset managers **commit to prioritising real-economy emissions reductions, take account of material portfolio Scope 3 emissions (emissions caused by the entire value chain), create investment products aligned with net-zero emissions, and facilitate increased investment in climate solutions.** They will publish a Climate-related Financial Report annually, including a climate action plan. NZAM has 220 signatories representing 57 trillion USD in assets under management.

The **Net-Zero Banking Alliance (NZBA)**, launched in April 2021, is the **banking element** of GFANZ. Signatories commit to aligning their lending and investment portfolios with net-zero emissions by 2050, as well as with a temperature outcome of no more than 1.5 degrees C by 2100, considering best available scientific knowledge. Combining near-term action with accountability, this ambitious commitment sees banks setting intermediate targets for 2030 or sooner, using robust, science-based guidelines. Banks members commit to applying new guidelines in their lending and investment activities. targets include their clients' scope 1, scope2, and scope 3 emissions where significant, and where data allows. The NBZA has 62 signatories representing 40% (66 Trillion) of global banking assets

Despite the fanfare around GFANZ in Glasgow, analysts remained sceptical of the Alliance's ability to get signatories to align with the International Energy Agency recommendations.

Of all GFANZ alliances, NZBA (Banks) was the one that drew the most scrutiny. **Critics argue that, in line with IEA recommendations, banks should only finance oil and gas companies with plans to wind down their production between 2020 and 2030 in a way that is consistent with UN projections.** In addition, they should not finance companies with plans to expand fossil fuel supply. On this, views are likely to continue to differ, as the Alliance generally takes the

view that engaging with oil and gas companies is more productive than stopping financing altogether. The criteria which banks commit to when joining the Alliance do not include specific requirements relating to any sector. Yet, all 1.5°C-aligned scenarios which they commit to make it clear that “accelerating the phase-out of fossil fuels is essential for achieving the goals of the Paris Agreement”

This foreshadows harsh engagement in the coming months and years, both between banks and their clients and between banks and their critics.

3.3 Environment Management Group

The UN Environment Management Group (EMG) convenes all the UN initiatives on the environment to coordinate and foster coherence and effectiveness. 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.
- 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.

In December 2021, EMG released the Phase II of the Strategy for Environmental Sustainability in the United Nations system, 2020-2030: Towards leadership in environmental and social sustainability.³

The documents outline the 2030 vision for sustainability management at the UN, its scope, its key principles, and an implementation plan.

The 2030 vision is that the United Nations system is a **leader in integrating environmental and social sustainability considerations across its work in a systematic and coherent way, practising the principles that it promotes and leaving a positive legacy.**

3. Strategy for sustainability management in the United Nations System, https://unemg.org/wp-content/uploads/2021/10/EMGSOM.27_INF_3_UN-Sustainability-Strategy-II_version-2021.09.30-for-SOM-and-CEB.pdf.

3.4 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. An example of this is the UN Strategy for Environmental Sustainability (2020–2030) mentioned above, which was endorsed by the executive heads of the UN under the leadership of Secretary-General Antonio Guterres. This strategy 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,⁴ 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 is 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 strives 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.

Details of the various actions are available on the Greening the Blue website.⁵

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

4. “Our approach,” Greening the Blue website, <http://greeningtheblue.org/our-approach>.

5. Greening the Blue website, <https://www.greeningtheblue.org/reports>.

An annual report is available⁶ 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.

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 with 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 2020 procurement (39 organizations) added up to \$22.3 billion US, according to the Annual Statistical Report on United Nations Procurement⁷.

Enforcing strict environmental criteria for the choice of providers (banks in particular) in the SUN could thus be a very effective policy for the response to global warming.

3.5 Commitment made by UNICEF in December 2021

On 9 December 2021, on the occasion of the Global Forum for children and youth, **UNICEF formally committed to “fast-track internal sustainability as part of (its) climate work and, to achieve net-zero emission before 2050”⁸** in the words of Charlotte Petri Gornitzka, UNICEF Deputy Executive Director. To achieve this, UNICEF committed to the three following steps:

- Commission an external assessment to understand UNICEF’s global carbon footprint and provide a roadmap to net-zero.
- Add environmental stewardship as one of UNICEF’s core values (along with care, respect, integrity, transparency, and accountability).
- Ensure senior staff have sustainability deliverables in their work plans.

3.6 Opportunities to inspire the world

In the future, it will be useful to explore good practices that can be learnt from how the UN’s programs are managed. These could include measures to ensure that UN

6. Greening the Blue Reports, https://www.greeningtheblue.org/gtb_reports.

7. Annual Statistical Report on United Nations Procurement, 2020, <https://www.un.org/Shared/KnowledgeCenter/Pages/ASR>.

8. Global forum for children and youth, <https://www.childrenyouthforum.org/9-december-2021>.

budgets do not contribute to the climate emergency but are managed and channelled through climate-responsible service providers. Such measures could entail:

- UN reform to introduce climate-responsibility guidelines 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 fight climate change.
- Include climate responsibility in key criteria of annual staff performance evaluations
- Including climate-responsibility conditions in partnership guidelines
- Introducing climate-responsible finance policies as a condition for contractors and partners (in the same way as existing requirements for child safeguarding policies)
- Promote recognition of climate-responsible finance as an essential child protection measure.

In light of the IPCC's announcements of 4 April 2022,⁹ it will be important to require climate-responsible finance policies from the 16,000 registered providers and vendors to the UN (financial services, IT, consultants, hotels, etc.).¹⁰

9. IPCC Sixth Assessment Report, Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, 2021, <https://www.ipcc.ch/report/sixth-assessment-report-working-group-3/>.

10. UN secretariat registered vendors, <https://www.un.org/Depts/ptd/un-secretariat-registered-vendors>.

4

Good Practices from Secular Organizations

In addition to faith-based organizations and the United Nations (UN), other organizations have implemented good practices that could be replicated 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 a few 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, <https://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 even 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 per cent of the fund. As of 2017, total fossil fuel exposure had been reduced to 1.7 per cent.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 PRI (Principles for Responsible Investment) Foundation's 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 their investments and assess their 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 million state government employees. The first climate risk assessment of CalPERS pension

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. "Rockefeller Brothers Fund."

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>.

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. These include energy, materials and buildings, transportation, agriculture, food, and forestry.

Beyond identifying the 20 per cent of investments in climate-exposed sectors, the CalPERS draft report did not go into 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 Fund⁶

Norway has the world's largest sovereign wealth fund, holding \$1.1 trillion US of assets, which represent 1.3 per cent 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 \$27 billion US in oil and gas companies (less than 3% of total funds).

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 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.

The fund will continue to maintain stakes in refiners and other downstream firms. An earlier decision to maintain investments in so-called integrated

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>.

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.

Since 2015, the Norwegian Sovereign Wealth Fund publishes their equity portfolio's carbon footprint in terms of million tons of CO₂ equivalent, and tons of CO₂ equivalents per million of USD revenue. They also analyse their equity portfolio's transition risk by looking at climate scenarios reflecting the goals in the Paris Agreement.

4.6 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-idUSKBNIXO2OS>.

5

Advocacy Initiatives that Inspire Change

“It’s now or never if we want to limit global warming to 1.5°C. We are at a crossroads. The decisions we make now can secure a liveable future. We have the tools and know-how required to limit warming,” said IPCC Chair Hoesung Lee on 4 April 2022 at the launch of the third part of the Sixth Assessment Report, Climate Change 2022¹.

The report demonstrates that while financial flows are a factor of three to six times lower than levels needed by 2030 to limit warming to below 2°C (3.6°F), there is sufficient global capital and liquidity to close investment gaps. More and more actors at all levels realise the powerful influence that financial choices have on climate solutions.

Here is a selection of advocacy initiatives which bring hope and inspiration, and can be amplified or replicated.

5.1 Advocacy by young people for greener finance

The Churches’ Commitments to Children,² Commitment Number 3³, (Climate Justice Initiatives with Children) was developed because of the request which came from the children themselves:

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 behaviour 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.⁴

1. IPCC, Climate Change 2022: Mitigation of Climate Change. Working Group III report, <https://www.ipcc.ch/report/sixth-assessment-report-working-group-3/>.

2. “Churches’ Commitments to Children,” World Council of Churches and UNICEF, <https://www.oikoumene.org/resources/documents/churches-commitments-to-children>.

3. Commitment 3 of “Churches’ Commitments to Children,” <https://seafire.ecucenter.org/f/adf2a0f75cd74a5eb33d>.

4. “WCC’s engagement for children,” World Council of Churches website, <https://www.oikoumene.org/en/what-we-do/wcc-child-rights-engagement>.

Although climate-responsible finance is a complex issue on which children have hardly any influence, some young people have understood how much it concerns children and urge adults to accelerate climate solutions through financial choices. Among such initiatives by teenagers, here are three examples.

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.

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.⁵

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

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 their 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.⁶

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 ongo-

5. “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.

6. Not my dirty money pledge, <https://www.notmydirtymoney.com>.

ing 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 against humanity. We demand that you play your part in putting an end to this madness.”⁷

“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.”⁸

Other opportunities for young people

Several other initiatives and associations exist to train the young and provide them with a medium to exchange ideas and express themselves on climate-related issues. Collaboration could be explored in the following ways:

- *United Nations Youth Delegate Program*

Since 2009, a program is making it possible for children to accompany the delegation of their country to COP.⁹

- *Youth for climate*¹⁰

Youth for Climate is an association the purpose of which is “to give everyone the keys to become an actor, on their own scale, of the transition.”

The ambition of the association is to “make the voices of young citizens heard in the international negotiations on climate (COP) and biodiversity (IUCN), in which they participate every year.”

7. “At Davos we will tell world leaders to abandon the fossil fuel economy,” The Guardian, 10 January 2020, <https://www.theguardian.com/commentisfree/2020/jan/10/greta-thunberg-davos-tycoons-fossil-fuels-dismantle-climate-crisis>.

8. “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>.

9. Guide to youth delegate program, https://www.un.org/development/desa/youth/wp-content/uploads/sites/21/2020/05/Youth-Delegates-Guide_May-20200-WEB-1.pdf.

10. Website of the “Youth for climate” association <https://jac-asso.fr/>.

Aware of the ecological emergency, they raise awareness and educate on these issues. They organize workshops aimed at informing on scientific facts and policy-making and thinking about sober and fair alternatives at all levels of everyday life.

Created in 2009, the association currently has 112 volunteers. It is active in the whole of Europe, and it has reached out to 7200 people.

5.2 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.¹¹

5.3 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.¹²

5.4 350.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 (member of the Methodist church – see chapter 2 section 5). 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.¹³

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 highlighted the moral urgency of climate action. With aching 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 2020.¹⁴

11. DivestInvest website, <https://www.divestinvest.org/about>.

12. “Fossil fuel divestment 101: A complete guide to divesting your money (UK),” Sarah Young, 10 July 2019, <https://earth.fm/updates/fossil-fuel-divestment-101-a-complete-guide-to-divesting-your-money-uk/>.

13. 350.org website, <https://350.org/about>.

14. Go Fossil Free website, <https://gofossilfree.org/about>.

5.5 Reclaim Finance

Reclaim finance is both an NGO and a think tank. Indeed, they produce research aimed at supporting the transition to a sustainable society, and, at the same time, they work with financial institutions and political decision-makers to help them align their actions and practices with ecological imperatives.

Their approach is to limit the potentially harmful effects of finance by tackling targeted issues. They track and analyse the activities of financial institutions to expose the real impact of their activities.

Their objective is to stop the expansion of fossil fuels, exit coal for good, make money work for the climate, and protect the Arctic.

Reclaim Finance released a Coal Policy Tool which counts, compares, and rates the coal policies adopted by banks, insurers, asset owners and asset managers, with the aim of ensuring high-quality coal policies.¹⁵

5.6 Climate Action 100+

Climate Action 100+ is a voluntary initiative that brings together—and builds on—several pre-existing, investor-led, engagement initiatives that had been operating in different regions of the world. In signing up to Climate Action 100+, investors commit to engaging with at least one of 167 focus companies that are strategically important to the net-zero emissions transition and to seek commitments on the initiative's key asks:

- Implement a strong governance framework on climate change
- Take action to reduce greenhouse gas emissions across the value chain and
- Provide enhanced corporate disclosure

5.7 Solar Impulse Foundation

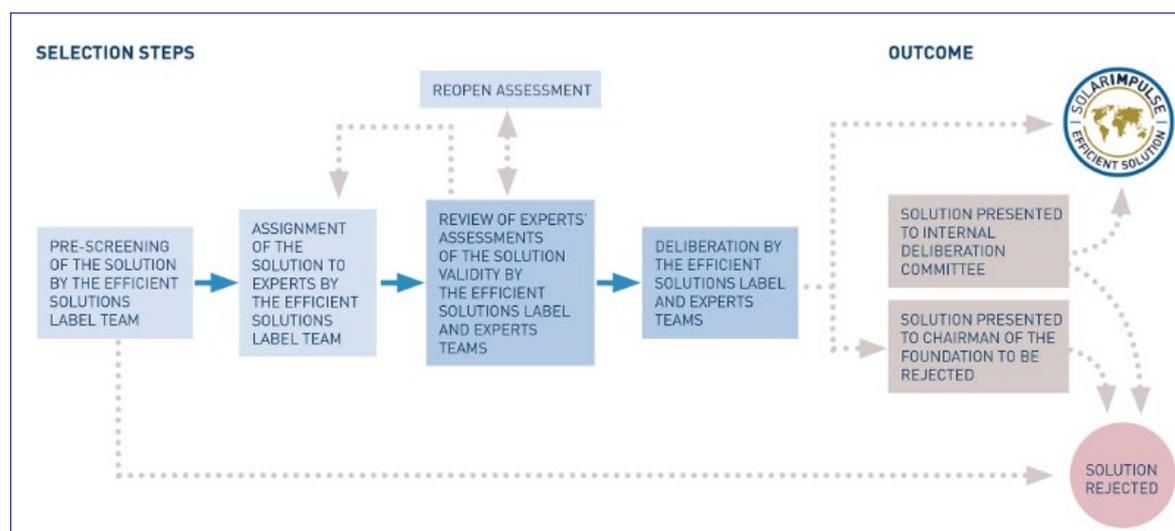
Following the success of the first solar flight around the world, Bertrand Piccard and the Solar Impulse Foundation have launched phase 2 of their action—selecting 1,000 solutions that can protect the environment in a profitable way and bring them to decision-makers to help them adopt more ambitious environmental targets and energy policies.¹⁶

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 the protection of nature and financial viability through a strict assessment process

15. Analysing the quality of coal policies. <https://coalpolicytool.org/>.

16. "About the foundation," Solar Impulse Foundation website, <https://solarimpulse.com/foundation>.

FIGURE 15: The Solar Impulse Efficient Solution label



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.¹⁷ (See Figure 15.)

5.8 Smartphone applications

Smartphone applications are being created which make it possible to monitor one’s own impact and steer one’s way of life accordingly. We highlight one example below.

Appli Rift—Scan your bank

The first objective of the Rift application, launched by the responsible investment platform Lita, is to inform the public of the way their money is used by banks. The principle is simple. The user starts by creating an account, indicating the sums of money he has, as well as in which establishment and on which type of products, they are invested.¹⁸

5.9 “Count Us In” campaign for lifestyle changes

Count Us In, a collaborative initiative brought to life by a diverse group of donors and organizations has created a platform aimed at **mobilizing 1 billion people to take action by 2030**. Combining data from several studies, they have determined that if 1 billion people make changes in the way they bank, how they travel,

17. “Efficient solution label,” Solar Impulse Foundation website, solarimpulse.com/label.

18. Greening finance while avoiding greenwashing, Positivr, 16 February 2021, <https://positivr.fr/les-banques-vertes-mythe-ou-realite/>.

the energy they use, and the food they eat, this could reduce carbon pollution by almost 20%.

With this in mind, the Count Us In platform provides a simple way for anyone to take achievable steps to reduce their carbon pollution and persuade others to do the same. The platform has selected 16 steps with experts from the UN Environment Programme, based on three criteria; their impact on your personal carbon pollution, their power to influence leaders, and their ability to involve everyone. It invites everyone to choose a step and decide a level of commitment, try it for two months to test how it works, and track it through the Count Us In aggregator.

The idea is to eventually use the numbers to engage political and business leaders by demonstrating, that if individuals are engaged, leaders will be more inclined to take a more proactive stance.¹⁹

5.10 Innovative ways to finance the transition

Cryptocurrencies often make headlines because their value is volatile and because “mining” (or producing) them is very energy intensive. So, it is in some ways counterintuitive that they could be a solution to climate change.

Yet, some projects are being worked on, that would rely on the traceability of cryptocurrencies. An ecosystem of cryptocurrencies dedicated to energy would ensure that payments are used exclusively for what they are meant to be used for and prevent fraud. Moreover, using cryptocurrency for energy could help establish and maintain records on the source and ecological features of utilized energy, and help maintain a secure database of the greenhouse gases involved in its production.

A video example of such a project can be found with the link below.²⁰

5.11 Finance for Tomorrow

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, 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.**²¹

19. Count Us In: the project. <https://www.count-us-in.org/en-gb/project/>.

20. Financing the Anthropocene: an initiative of the World Academy of Art and Science. <https://www.youtube.com/watch?v=8Z2cH75Rw9g>.

21. Climate Finance Day website, <https://www.climatefinanceday.com>.

5.12 Building Bridges Week

Building Bridges Week²² is a joint initiative, launched in 2019 by Swiss public authorities, the finance community, the United Nations, and other international partners to accelerate the transition to a global economic model aligned with the SDGs. At the core of the initiative is the recognition that the scale and complexity of the transition require “building bridges” between multiple stakeholders. The first week-long conferences took place in 2019 and in 2021 in Geneva, Switzerland. They featured dozens of events organized and supported by prestigious partners, with an estimated 1000+ people in attendance from the finance industry, governments, business, the United Nations, international organizations, academia, and civil society. The goal of the events is to **foster new conversations and collaborations aimed at accelerating the finance industry’s contribution to achieving the UN’s 17 Sustainable Development Goals.**

5.13 Climate Action in Financial Institutions Initiative²³

“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.²⁴ These voluntary principles are

- Commit to climate strategies
- Manage climate risks
- Promote climate smart objectives

22. Building Bridges Week website, <https://www.buildingbridges.org/about-us/>.

23. Climate Action in Financial Institutions Initiative website, <https://www.mainstreamingclimate.org/initiative>

24. Mainstreaming Climate Action Within Financial Institutions: Five Voluntary Principles, <https://www.worldbank.org/content/dam/Worldbank/document/Climate/5Principles.pdf>.

- Improve climate performance
- Account for your climate action

5.14 Paris Agreement Capital Transition Assessment (PACTA)

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).²⁵ 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 amount to more than \$61 trillion US.²⁶

5.15 The Green Bank network

The Green Bank Network²⁷ is a membership organization that works to foster collaboration and exchange knowledge between green banks (banking entities established specifically to facilitate private investment into low-carbon, climate-resilient infrastructure), enabling them to share best practices and lessons learnt. The initiative was started with the **realization that financing needs for the energy transition are huge** (840 bn US annually to 2030 according to the IEA) and need to be encouraged. As Christiana Figueres, former executive secretary of the UNFCCC (UN Framework Convention on Climate Change) remarked, “the finance sector will make the difference . . . you cannot build what you do not finance.” The view is that Green Banks are uniquely positioned to mainstream investment in low carbon, climate-resilient infrastructure.

25. “Paris Agreement Capital Transition Assessment (PACTA),” 21 Investing Initiative website, <https://2degrees-investing.org/resource/pacta>.

26. “PACTA. Taking the Temperature of Financial Assets,” 21 Investing Initiative website, <https://2degrees-investing.org/resource/pacta-taking-the-temperature-of-financial-assets>.

27. Green Bank Network, <https://greenbanknetwork.org>.

5.16 Advocacy for capacity building of decision-makers

On November 1, 2021 a Swiss IT programmer quit his job and began a hunger strike in a bid to encourage Switzerland to take bold action on climate change to safeguard his children's future. On his daughter's 13th birthday, which coincided with the release of the latest report from the Intergovernmental Panel on Climate Change (IPCC), he was struck by the prospect of what the world would look like when his daughter turns 23. He demanded that Environment Minister Simonetta Sommaruga, inform parliament of the "urgent and bleak" situation due to climate change and take bold measures to address it.

Rising temperatures in Switzerland are melting glaciers and thawing permafrost, and many climate activists are disappointed with official measures. Climate Action Tracker, a tool developed by a scientific research group, rated Switzerland's actions "insufficient."

During the hunger strike, Simonetta Sommaruga visited the demonstrator on Federal Square in Bern where he set up camp.

Eventually **the Swiss Academy of Natural Sciences said in a statement that it would brief Swiss parliamentarians on the latest findings on climate change including those of the IPCC in a dedicated session** on May 2, 2022. The dad stopped his hunger strike after 39 days.

This goes to show that individual action, if targeting a realistic goal, can go a long way in promoting climate solutions.²⁸

28. "Swiss father ends climate strike after 39 days," Reuters website, <https://www.reuters.com/world/europe/swiss-father-ends-climate-hunger-strike-after-39-days-2021-12-09/>.

6

What You Can Do

Here are some concrete ways that any asset owner can help to protect children's future by contributing to the transition towards a low-carbon economy.

6.1 Verify how your financial service providers are evaluated

As a basic step for anyone who cares about children, verify how your bank, pension fund and other financial service providers are rated with regard to their climate responsibility.

There are global and national reports, rankings, and tools available to assess the amounts funnelled by individual financial institutions into fossil fuel extracting activities.

- **Fair Finance International**¹ (FFI) has developed a methodology to assess, report on, and campaign for more responsible investment policies and practices. Through this, FFI provides evidence-based research and analysis for critical dialogues with banks, for informing the public, and for ensuring improved oversight of financial institutions.
- Rainforest Action Network tracks, analyzes, and ranks the activities of individual banks and exposes the impacts of their activities. One of the reports they produce together with key partners every year is “**Banking on climate chaos**”², and highlights the roles and amount of financing provided by individual large banks to the oil and gas industry. You can check if your bank appears in the table on page 5 of this report.
- Further global tools were developed by the **Carbon Tracker Initiative**³ and by **BankFWD**.⁴

1. Fair Finance International website, <https://fairfinanceguide.org/ff-international/about-us/#panel-0>.

2. ReclaimFinance, *Banking on Climate Chaos: Fossil Fuel Finance Report 2021*, <https://reclaimfinance.org/site/en/2021/03/24/banking-climate-chaos-fossil-fuel-finance-report-2021/>.

3. Carbon Tracker Initiative website, <http://www.carbontracker.org>.

4. Bank FWD Website, <https://bankfwd.org>.

Many country-specific guides are made available by specialised organisations:

- Regarding banks in France a practical tool was developed by Oxfam France⁵.
- For Switzerland, the World Wildlife Fund developed a guide for bank clients.⁶
- Concerning pension funds in Switzerland, excellent advice is provided by the organisation Klima-Allianz.⁷
- And the campaign “Make my money matter”⁸ in the UK has strong expertise on how to influence pension funds, which can easily be tailored to any other country.

If it appears that your financial service providers are part of those which fuel the climate crisis, immediate action needs to be undertaken. Use the power you have as a client to influence your bank, pension fund and other service providers to shift rapidly towards climate solutions.

6.2 Use the power of an investment policy

Convene 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, or shale gas? Should it be only for exploration, 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 S&P 500 Fossil Free Index, which excludes companies that own oil, gas, and coal reserves.

5. Oxfam Website, <https://www.oxfamfrance.org/climat-et-energie/impact-banques-climat/>.

6. WWF website, <https://www.wwf.ch/fr/medias/classement-du-wwf-sur-le-developpement-durable-dans-les-banques-de-detail-suisse>.

7. Klima Allianz Schweiz website, <https://www.klima-allianz.ch/>.

8. Make My Money Matter UK, <https://makemymoneymatter.co.uk/>

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 initiative or the Climate Action in Financial Institutions Initiative.

- Use the latest *Banking on Climate Chaos* report (see appendix 2.1) to assess your bank's contribution to fossil fuel financing.
- 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 Appendix 1.12) to measure the impacts that are relevant to your investment goals.
- Publish an **annual report on sustainable investments** based on the TCFD guidelines (see Appendix 1.2).
- 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, see section 2.14)⁹ or DivestInvest (See section 5.2).¹⁰

If the decision is made to proceed with **shareholder engagement**, try whenever possible to discuss the environmental 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 pre-set carbon emissions targets) are not met by a certain date.

9. Bright Now website, <https://brightnow.org.uk/resources>,

10. DivestInvest website, divestinvest.org

6.3 Use the power of collective actions

Consider joining the **Net-Zero Asset Owner Alliance**¹¹ (see section 3.1) and commit to transitioning investment portfolios to net-zero greenhouse gas emissions by 2050, convened by the UN Environment Programme's Finance Initiative and the Principles for Responsible Investment.

Organize collective events (like the Finance for Tomorrow / Climate Finance Day¹² (See section 5.11) in France or the FaithInvest days (See section 2.20¹³) 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.

6.4 Use the power of a letter to financial institutions

Write a letter to the CEO of your bank, pension fund and insurance, and invite your partners to do the same. A sample letter is made available by WCC in several languages and can be customized within a few minutes.¹⁴

Consider moving to climate-responsible financial service providers if there is no fast progress, your institutions still finance fossil fuel or coal expansion and do not align with the Paris Accords.

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

12. Climate Finance Day website, <https://www.climatefinanceday.com>.

13. "FaithInvest days: Impactful cooperation," <https://gafoundation.world/en/events/conference/2022-conference>.

14. Letter to financial services providers: template for customisation. <https://docs.google.com/document/d/1jiLrjssdv59LVXO6iyg0P0HwT1BY3n0Y18ZMLxSC20c>.

Conclusion

As demonstrated by the many examples outlined in this publication, a bright future is possible if all of us act on the financial assets they control, no matter how large or small they are, in order to have them support the transition towards a low-carbon economy. At a minimum, we can all engage with our financial service providers and urge them to invest our money, or the institution's own funds, in green finance instead of fossil fuel companies.

A very effective remedy against the eco-anxiety of children and youth is the engagement by adults towards a cooler earth, for example by making sure their assets are invested into a liveable future. In parallel, children need to learn in school to measure their footprint and learn to make careful choices when they will open their first bank accounts.

All these individual actions can have a multiplied impact. In France, the CO₂ emissions of the major French banks represent eight times the CO₂ emissions of the entire country of France. The three biggest French banks have each a carbon footprint that is higher than the footprint of the entire country. If we considered the greenhouse gas emissions generated by the average assets sitting in our bank account, our carbon footprint would be double what we think it is.¹ Just as a bank has a carbon footprint through its financing and investments, we also have it as a bank customer.

In Switzerland, the national bank with its investments in oil, gas, and coal doubles the CO₂ emissions of the entire country. By shifting into renewables, the bank could halve the entire CO₂ emissions of the country.²

Churches' money, family money, a company's money, a nation's money. We need everyone to take this step for children. The initiative "Climate-Responsible Finance: Moral Imperative towards Children"³ makes it possible for everyone to engage with their financial service providers for a liveable future.

The solution is in our hands.

1. Oxfam France, <https://www.oxfamfrance.org/climat-et-energie/impact-banques-climat/>.

2. Artisans de la Transition, 2020 <https://artisansdelatransition.org/assets/images/bns/bns-cn-1.pdf>.

3. "Climate-Responsible Finance: A Moral Imperative towards Children", WCC press release, 9 May 2022, <https://www.oikoumene.org/news/wcc-united-nations-environment-programme-muslim-council-of-elders-ny-board-of-rabbis-sign-joint-appeal-for-climate-responsible-finance-as-a-moral-imperative-towards-children>.

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APPENDIX 1

Environmental Disclosure Standards

There are close to 400 environmental disclosure standards around the world. This section lists the main ones.

1.1 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 per cent of the largest 100 companies and 75 per cent 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

1.2 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 recommendations for voluntary climate-related financial disclosures that are consistent, comparable, reliable, clear, and efficient, and provide decision-useful information to lenders,

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

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.³

1.3 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 the 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 wide- spread 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. TCFD website, <https://www.fsb-tcf.org/about/#>.

3. TCFD Knowledge Hub, TCFD website, <https://www.tcfhub.org>.

4. “Our work on Sustainable Finance”, WWF website, <https://www.wwf.org.uk/what-we-do/promoting-sustainable-finance>.

1.4 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."

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

5. Jean Rogers, Steve Lydenberg, and David Wood, *From Transparency to Performance: Industry-based Sustainability Reporting on Key Issues* (Hauser Centre, 2010), <https://iri.hks.harvard.edu/links/transparency-performance-industry-based-sustainability-reporting-key-issues>.

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>.

1.5 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 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 committed themselves to assessing and disclosing 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 include:⁹

- 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

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>.

- 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 share-holding positions are then calculated as follows: $\Sigma(\text{Invested value} / \text{Enterprise value}) \times \text{Emissions}$.

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

Companies provide data to CDP voluntarily using 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 the number of employees and revenue, compared with sector peers based on 8-, 6-, 4-, or 2-digit Thomson Reuters Business Classification (TRBC) codes. The 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 of 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

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/climat-et-energie/impact-banques-climat/#:~:text=L'empreinte%20carbone%20des%20grandes,à%20prendre%20au%204ème%20degré%20>.

1.6 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.

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. (See below.)

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 17), allowing for peer-to-peer comparisons

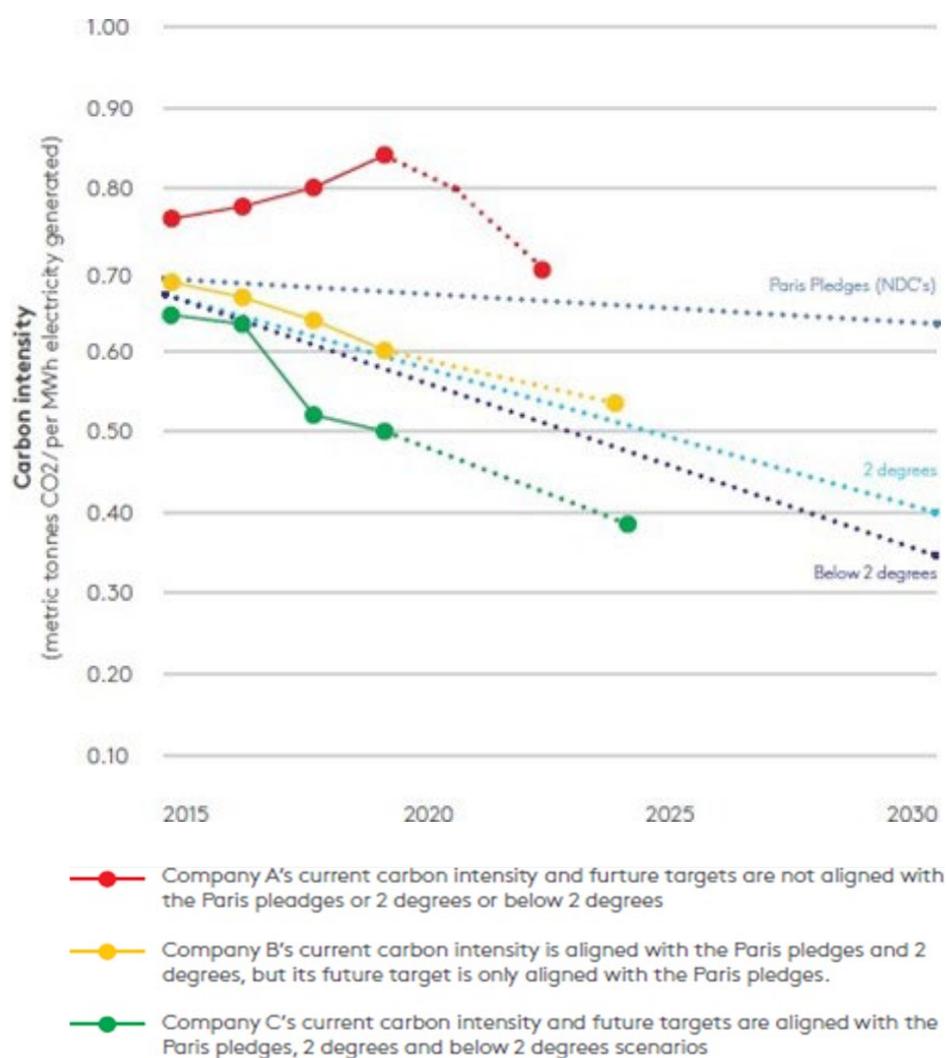
FIGURE 16: Management Quality Assessment



- 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 18), as well as to the goals of the Paris Agreement and more ambitious targets;
- publicly reports this information through a free online tool hosted by the Grantham Research Institute at the LSE.¹² (See below.)

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.

FIGURE 17: Plotting a company's alignment with Paris pledges



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

1.7 United Nations Global Sustainability Index Institute

Only 30 to 60 per cent 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 Coopers. 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 per cent 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 are 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.

1.8 Mandatory CO2 reporting

In the UK, the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013¹³ made it mandatory for the annual directors' report of any quoted company to state the annual quantity of emissions in tons of carbon diox-

13. 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>.

ide 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).

1.9 Fossil Free Funds

Fossil Free Funds¹⁴ was created in 2015. It helps pinpoint funds and exchange-traded funds focused on companies with smaller carbon footprints.¹⁵

1.10 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.¹⁶

1.11 EU Taxonomy

The EU taxonomy is a classification system establishing environmentally sustainable economic activities. It aims at providing companies, investors, and policymakers with appropriate definitions for which economic activities can be considered economically sustainable. With this, it should create security for investors, protect private investors from greenwashing, help companies to become more climate friendly and mitigate market fragmentation.

The aim is to provide investors with data that will help them identify “sustainable” companies within each sector and help direct capital investments towards where they are most needed.

In July 2021 an act was adopted by the Commission specifying the content, methodology and presentation of information to be disclosed by financial and non-financial undertakings concerning the proportion of environmentally sustainable activities in their business, investment, or lending activities.¹⁷ It classifies sustainable activities by setting performance thresholds in every sector, to help third parties identify sustainable activities. In February 2022 a complementary act was approved including under strict criteria specific nuclear and gas energy

14. Fossil Free Funds website, <https://fossilfreefunds.org>.

15. “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>.

16. “About us,” Environmental Finance website, <https://www.environmental-finance.com/company/about-us.html>.

17. EU taxonomy for sustainable activities, https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en.

activities in the list of economic activities covered by the EU taxonomy. This act has raised concern¹⁸.

1.12 Impact Management Project

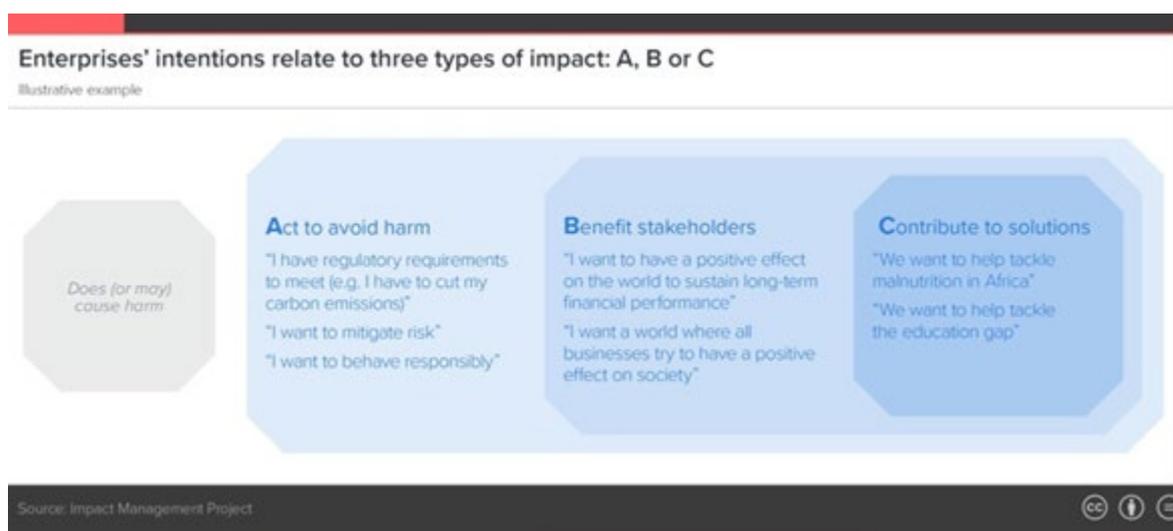
The Impact Management Project is a forum for building global consensus on how to measure, compare, and report ESG risks and positive impacts. It convenes a practitioner community of over 2,000 organizations to debate and find consensus (norms) on technical topics as well as share best practices. Among its advisors are UK Aid Direct and the MacArthur Foundation.¹⁹

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. (See below.)

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:

FIGURE 18: Classifying companies' intentions



18. "The EU taxonomy becomes the new standard for greenwashing," <https://reclaimfinance.org/site/en/2022/02/02/the-eu-taxonomy-becomes-the-new-standard-for-greenwashing/>.

19. Impact Management Project website, <https://impactmanagementproject.com>.

1. What outcomes do people and the planet experience, and how important are those outcomes 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.
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

FIGURE 19: Impact mapping: an example

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

		Impact of underlying assets / enterprises		
		Act to avoid harm	Benefit stakeholders	
				Contribute to solutions
Investor's contribution	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexibility on risk-adjusted return	1 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
	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexibility on risk-adjusted return	2 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
	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexibility on risk-adjusted return	3 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
	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexibility on risk-adjusted return	4 <i>Investment archetype not widely observed</i>	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
	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexibility on risk-adjusted return	5 <i>Investment archetype not widely observed</i>	<i>Investment archetype not widely observed</i>	E.g. Below-market charity bonds, or an unsecured debt fund focused on businesses that have a significant effect on employment for underserved people
	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexibility on risk-adjusted return	6 <i>Investment archetype not widely observed</i>	<i>Investment archetype not widely observed</i>	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

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.²⁰ (See Figure 19 on p. 96.)

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

APPENDIX 2

Main Reports on Oil Financing Activities

2.1 Banking on Climate Chaos—annual report

Every year, an updated version of the *Banking on Climate Chaos Report* is published by Rainforest Action Network, BankTrack, the Indigenous Environmental Network and others. It is endorsed by over 300 organizations from 50 countries around the world.¹

The 13th edition (*Banking on Climate Chaos: Fossil Fuel Finance Report 2022*), released in March 2022, reveals that the world's 60 largest commercial and investment banks have together funnelled \$4.6 trillion US into fossil fuels in the six years since the Paris Agreement was adopted (2016–2021).

The report finds that financial support for the fossil fuel industry had increased every year from 2016 (right after the Paris Agreement was adopted) until 2019, then dropped 9% in 2020 due to the COVID-19 pandemic and remained stable in 2021 amid a lagging recovery from the pandemic. And yet 2021 levels remained higher than in 2016.

This report also tracks funding for 100 top fossil fuel expansion companies and finds JPMorgan Chase, Citi, Wells Fargo and Bank of America to be their biggest bankers over the last 6 years, some with significant increases in funding 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 °C-aligned trajectory.

According to Banking on Climate Chaos 2022 (see Figures 21–24):

- The biggest fossil bank over the 2016–2021 period was JP Morgan Chase, followed by its US peers: Citi, Wells Fargo, and Bank of America.
- Together with Morgan Stanley and Goldman Sachs, these six US banks pro-

1. *Banking on Climate Chaos: Fossil Fuel Finance Report Card 2022*, BankTrack website, https://www.banktrack.org/download/banking_on_climate_chaos_2021/bocc_2021_vf_1.pdf.

vided 29% of fossil fuel financing identified in 2021 — and 31% of fossil fuel financing since the Paris Agreement.

- RBC is Canada’s worst banker of fossil fuels, with Barclays as the worst in Europe and MUFG as the worst in Japan.
- 44 of the 60 banks in the scope of this report have now committed to “net zero emissions by 2050” — that is, to reduce the emissions from the companies and projects they finance, including potentially through the use of offsets, by three decades from now. However, these 44 banks still provided \$145.9 billion in financing in 2021 for the 100 companies doing the most to expand oil, gas, and coal (such as Saudi Aramco and ExxonMobil), whereas the May 2021 report from the International Energy Agency (IEA) clearly showed that “no new oil and gas fields are required” in a 1.5°C scenario. Aside from La Banque Postale, none of the banks that have committed to net zero in the scope of this report have ruled out financing for companies expanding oil and gas.
- These findings underscore the need for banks to immediately implement policies that end their financing for fossil fuel expansion and begin to zero out their support altogether.

Key information from this report is reflected on the following pages.

FIGURE 20: Fossil Fuel Financing 2016–2021

LEAGUE TABLE - Banking on Fossil Fuels

Bank financing for approximately 2,700 subsidiaries of 1,635 parent companies active across the fossil fuel life cycle

B = BILLIONS M = MILLIONS T = TRILLIONS

RANK	BANK	2016	2017	2018	2019	2020	2021	TOTAL 2016-2021	TREND
1	JPMORGAN CHASE	\$64.893 B	\$71.042 B	\$68.244 B	\$64.722 B	\$51.750 B	\$61.732 B	\$382.403 B	
2	CITI	\$44.936 B	\$47.555 B	\$48.923 B	\$53.607 B	\$48.998 B	\$41.351 B	\$285.370 B	
3	WELLS FARGO	\$36.808 B	\$55.186 B	\$61.612 B	\$45.360 B	\$26.639 B	\$46.215 B	\$271.819 B	
4	BANK OF AMERICA	\$39.269 B	\$36.415 B	\$34.155 B	\$48.055 B	\$42.146 B	\$21.978 B	\$232.011 B	
5	RBC	\$29.865 B	\$38.829 B	\$38.564 B	\$35.945 B	\$19.268 B	\$38.757 B	\$201.229 B	
6	MUFG	\$25.479 B	\$26.406 B	\$36.608 B	\$31.894 B	\$29.209 B	\$31.899 B	\$181.495 B	
7	BARCLAYS	\$31.298 B	\$30.606 B	\$26.628 B	\$30.602 B	\$28.022 B	\$19.593 B	\$166.741 B	
8	MIZUHO	\$22.325 B	\$19.803 B	\$29.521 B	\$32.885 B	\$23.497 B	\$27.713 B	\$155.744 B	
9	SCOTIABANK	\$20.810 B	\$25.867 B	\$29.014 B	\$27.007 B	\$16.244 B	\$30.402 B	\$149.344 B	
10	BNP PARIBAS	\$17.876 B	\$18.123 B	\$18.516 B	\$29.694 B	\$42.661 B	\$14.745 B	\$141.605 B	
11	TD	\$20.374 B	\$29.274 B	\$25.625 B	\$27.465 B	\$16.989 B	\$21.154 B	\$140.883 B	
12	MORGAN STANLEY	\$24.924 B	\$25.282 B	\$20.853 B	\$23.018 B	\$21.787 B	\$21.423 B	\$137.287 B	
13	HSBC	\$17.954 B	\$22.338 B	\$20.868 B	\$26.773 B	\$24.559 B	\$17.976 B	\$130.468 B	
14	GOLDMAN SACHS	\$23.028 B	\$19.925 B	\$17.342 B	\$21.607 B	\$19.253 B	\$17.822 B	\$118.976 B	
15	BANK OF MONTREAL	\$17.766 B	\$21.725 B	\$21.882 B	\$21.858 B	\$15.078 B	\$18.781 B	\$117.090 B	
16	BANK OF CHINA	\$25.767 B	\$14.000 B	\$22.315 B	\$20.306 B	\$19.144 B	\$14.375 B	\$115.908 B	
17	ICBC	\$19.708 B	\$15.349 B	\$15.023 B	\$19.995 B	\$25.199 B	\$17.490 B	\$112.764 B	
18	SMBC GROUP	\$11.166 B	\$12.285 B	\$16.125 B	\$20.056 B	\$29.673 B	\$19.970 B	\$109.275 B	
19	CREDIT SUISSE	\$19.734 B	\$21.530 B	\$16.905 B	\$14.338 B	\$9.831 B	\$9.398 B	\$91.786 B	
20	CIBC	\$12.242 B	\$14.493 B	\$12.162 B	\$19.578 B	\$9.585 B	\$22.218 B	\$90.277 B	
21	SOCIÉTÉ GÉNÉRALE	\$13.618 B	\$10.553 B	\$15.240 B	\$14.687 B	\$19.678 B	\$13.652 B	\$87.427 B	
22	DEUTSCHE BANK	\$21.189 B	\$19.424 B	\$15.477 B	\$11.514 B	\$9.248 B	\$9.108 B	\$85.963 B	
23	CRÉDIT AGRICOLE	\$9.306 B	\$11.401 B	\$13.436 B	\$12.159 B	\$19.529 B	\$9.946 B	\$75.777 B	
24	AGRICULTURAL BANK OF CHINA	\$12.116 B	\$6.158 B	\$7.803 B	\$11.736 B	\$14.897 B	\$18.207 B	\$70.917 B	
25	CHINA CONSTRUCTION BANK	\$15.415 B	\$8.877 B	\$9.200 B	\$13.292 B	\$12.415 B	\$9.475 B	\$68.675 B	
26	INDUSTRIAL BANK	\$8.142 B	\$8.194 B	\$11.709 B	\$10.644 B	\$13.678 B	\$14.386 B	\$66.952 B	
27	CHINA CITIC BANK	\$8.480 B	\$6.768 B	\$10.370 B	\$11.877 B	\$10.279 B	\$12.713 B	\$60.485 B	
28	ING	\$9.140 B	\$8.350 B	\$11.447 B	\$8.970 B	\$6.237 B	\$10.753 B	\$54.898 B	
29	BPC&N ATIXIS	\$5.756 B	\$5.635 B	\$11.644 B	\$7.713 B	\$6.470 B	\$8.839 B	\$46.257 B	
30	SHANGHAI PUDONG DEVELOPMENT BANK	\$6.142 B	\$5.224 B	\$6.477 B	\$8.076 B	\$11.070 B	\$9.004 B	\$45.993 B	

FIGURE 21: Fossil Fuel Financing 2016–2021 (Cont.)

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

B = BILLIONS M = MILLIONS T = TRILLIONS

BANK	2016	2017	2018	2019	2020	2021	TOTAL 2016-2020	TREND					
31	CHINA MERCHANTS BANK	\$3,662 B	\$7,758 B	\$5,802 B	\$7,201 B	\$10,645 B	\$44,297 B						
32	SANTANDER	\$6,512 B	\$4,944 B	\$4,856 B	\$8,483 B	\$10,147 B	\$7,920 B						
33	CHINA EVERBRIGHT BANK	\$5,425 B	\$4,423 B	\$4,184 B	\$4,792 B	\$11,533 B	\$10,320 B						
34	UBS	\$7,806 B	\$9,095 B	\$11,000 B	\$6,305 B	\$2,257 B	\$3,595 B						
35	PING AN GROUP	\$2,950 B	\$4,842 B	\$8,015 B	\$5,448 B	\$8,468 B	\$10,004 B						
36	STANDARD CHARTERED	\$2,674 B	\$5,197 B	\$10,070 B	\$8,316 B	\$7,094 B	\$4,288 B						
37	UNICREDIT	\$6,049 B	\$6,700 B	\$4,921 B	\$5,430 B	\$8,356 B	\$4,742 B						
38	PNC	\$2,652 B	\$4,713 B	\$7,546 B	\$5,688 B	\$4,523 B	\$6,908 B						
39	BANK OF COMMUNICATIONS	\$4,344 B	\$3,045 B	\$4,659 B	\$4,265 B	\$6,603 B	\$8,611 B						
40	CHINA MINSHENG BANK	\$1,856 B	\$978 M	\$2,811 B	\$10,302 B	\$10,659 B	\$1,997 B						
41	STATE BANK OF INDIA	\$6,326 B	\$7,347 B	\$7,39 M	\$6,223 B	\$2,135 B	\$3,605 B						
42	BBVA	\$4,640 B	\$3,439 B	\$4,866 B	\$4,876 B	\$4,901 B	\$3,550 B						
43	INTESA SANPAOLO	\$4,320 B	\$1,944 B	\$4,450 B	\$1,596 B	\$1,879 B	\$3,695 B						
44	ANZ	\$3,227 B	\$2,679 B	\$4,033 B	\$3,167 B	\$3,090 B	\$1,480 B						
45	NATWEST	\$3,557 B	\$2,696 B	\$3,299 B	\$1,473 B	\$1,984 B	\$1,835 B						
46	COMMERZBANK	\$995 M	\$2,655 B	\$2,483 B	\$3,533 B	\$2,120 B	\$1,119 B						
47	KB FINANCIAL	\$2,566 B	\$1,089 B	\$5,277 B	\$1,302 B	\$1,783 B	\$739 M						
48	LLOYDS	\$2,641 B	\$2,446 B	\$2,431 B	\$1,523 B	\$2,300 B	\$1,309 B						
49	POSTAL SAVINGS BANK OF CHINA	\$1,65 M	\$1,007 B	\$1,671 B	\$2,912 B	\$2,158 B	\$3,799 B						
50	RABOBANK	\$2,207 B	\$1,644 B	\$1,808 B	\$1,842 B	\$873 M	\$2,094 B						
51	NORDEA BANK	\$2,691 B	\$1,836 B	\$1,177 B	\$2,063 B	\$1,444 B	\$1,019 B						
52	WESTPAC	\$803 M	\$1,305 B	\$1,136 B	\$2,959 B	\$788 M	\$683 M						
53	COMMONWEALTH BANK	\$1,304 B	\$650 M	\$1,887 B	\$950 M	\$1,723 B	\$1,059 B						
54	DANSKE BANK	\$1,114 B	\$711 M	\$1,256 B	\$1,697 B	\$799 M	\$1,099 B						
55	NAB	\$998 M	\$538 M	\$1,301 B	\$1,345 B	\$649 M	\$1,774 B						
56	CAIXA BANK	\$584 M	\$722 M	\$1,276 B	\$1,774 B	\$575 M	\$541 M						
57	DZ BANK	\$259 M	\$2,99 M	\$374 M	\$285 M	\$355 M	\$57 M						
58	LA BANQUE POSTALE	\$18 M	-	\$23 M	\$34 M	\$82 M	\$267 M						
59	CRÉDIT MUTUEL	\$18 M	\$35 M	\$197 M	\$134 M	-	\$14 M						
60	SUMI TRUST	\$29 M	-	-	-	\$200 M	-						
GRAND TOTAL							\$723,468 B	\$757,561 B	\$799,212 B	\$829,942 B	\$749,913 B	\$741,831 B	\$4,582 T

FIGURE 22: Banking Policies

BANK POLICIES ARE NOT ADDRESSING THE PROBLEM

While most banks in this report have at least some policy language addressing fossil fuel finance, too much of the focus is still on project-specific finance, and/or only on coal.

Regarding oil and gas, out of the 60 largest banks ³³



40 banks have some restriction on financing oil and gas

while **only 5** explicitly mention oil and gas companies with expansion plans despite the IEA clearly stating that there is no room for investments in new oil and gas in a 1.5°C scenario²²

38 banks apply restrictions to some oil and gas **projects**

while **only 23** oil and gas policies include **company-level** restrictions (and most are very limited)

Existing policies focus on **unconventional** oil and gas

- » Arctic: 39 banks
- » Tar sands: 25 banks
- » Fracking: 21 banks

while **only 9** have a policy addressing **conventional** oil and/or gas

while **close to none** of these policies **effectively protect financing oil and gas in the Arctic**, given corporate financing and geographic loopholes

Regarding coal, out of the 60 largest banks ³⁴



48 banks have some exclusion on financing coal **projects**

while **only 17** explicitly exclude some coal **developers**, without a loophole for their existing clients

while **only 34** have at least a minimal **company-level** exclusion or phase-out policy for coal

FIGURE 23: Leaders and Laggards

LEADERS SETTING THE EXAMPLE ON NO FOSSIL FUEL EXPANSION

France's **La Banque Postale** announced in 2021 a groundbreaking policy that suspends support for all companies expanding oil and gas and commits the bank to exit oil and gas financing entirely by 2030. This policy sets a new bar that every major bank must meet in this crucial decade for the climate. The bank's coal policy is also sufficiently robust.

Crédit Mutuel also adopted a policy excluding financing for coal mine, plant, and infrastructure developers, but has yet to fully exclude oil and gas expansion companies.

EXTREME LAGGARDS

Twelve banks still have no fossil fuel financing exclusion policy strong enough to merit any points in our evaluation, including 10 of the 13 Chinese banks in the report:



APPENDIX 3

Main Asset Management Companies

The top ten asset management companies managed around \$42 trillion US as of September 2021. The top ten, based on the value of assets under management, were mostly American firms:

- BlackRock (US): \$9.5 trillion US
- Vanguard Group (US): \$8.4 trillion US
- UBS (Switzerland): \$4.4 trillion US
- Fidelity investments (US): \$4.2 trillion US
- State Street Global Advisors (US): \$3.9 trillion US
- Morgan Stanley (US): \$3.3 trillion US
- JPMorgan Chase (US): \$3.0 trillion US
- Allianz Group (Germany): \$ 3.0 trillion US
- Capital Group (US): \$2.6 trillion US
- Goldman Sachs (US): \$2.4 trillion US

APPENDIX 4

Organizations Committed to Partial or Total Divestment from Fossil Fuels

As of March 2022, 528 faith-based organizations have committed to divest (partially or in totality), see <https://divestmentdatabase.org/>

FIGURE 24: Organizations committed to partial or total divestment from fossil fuels, as of August 2019 (In volume and value)

	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%

APPENDIX 5

Church of Sweden Core Values

FIGURE 25: Core Values: stewardship and dignity

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 5

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
UNFCCC	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

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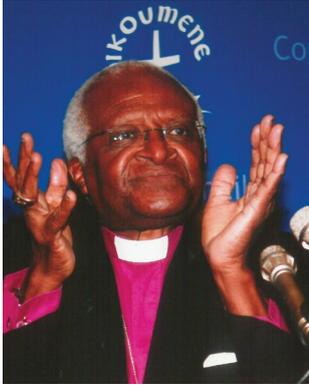
Authors

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Her initiative for climate justice for and with children and youth was awarded with the Keeling Curve Prize in 2019. She has 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 the post-war Balkans and as a journalist for Deutsche Welle TV in Germany. Frederique Seidel advocates for the integration of climate solutions into the operations of all organisations which care about children. Her current research focuses on climate-responsible finance as an efficient and vital measure for child protection. She promotes peacebuilding through the Churches' Commitments to Children and inter-religious collaboration. Seidel holds a master's degree of Sociology from 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 30 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 scale-up company in Lausanne that specializes in the field of human genomics. In parallel, he also works as an independent financial consultant, in particular for international organizations like WCC. Besides healthcare and IT, Emmanuel has a vested interest in solutions to global warming and sustainability.

Eric Behaghel is currently an advisor to a family office and an asset management company based in Geneva, with a focus on responsible and ethical investing. Before that, he was a Vice President for three large international banks in Paris, London, and Geneva for 30 years in total, having been Chief Executive Officer of the Swiss Bank in one of them. He graduated from ESSEC (Ecole Supérieure des Sciences Economiques et Commerciales) in Paris in 1984 and is a CFA charter holder.



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



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