

**ITEM G.201
FOR INFORMATION**

**Committee on Mission Responsibility Through Investment (MRTI) –
2020 General Assembly Report Outline**

2018 Referral: Item 08-08. Mission Responsibility Through Investment Report, Recommendation 4. Direct MRTI to [continue] its engagement process with deliberate haste and [continue to] utilize its Guideline Metrics with corporations in the 2019 and 2020 proxy seasons and report back [three years of metrics] to the 224th General Assembly (2020) with divestment recommendations for the companies who are not moving towards compliance with the General Assembly's criteria established by the 222nd General Assembly (2016). [Companies previously identified by MRTI for this focused engagement include, but are not limited to, Chevron, ExxonMobil, ConocoPhillips, Marathon Petroleum, Valero Energy, Philips 66, Duke Energy, Ford, General Motors.]

Response: The Committee on Mission Responsibility Through Investment (MRTI) has continued its focused engagement with the following companies since the 223rd General Assembly: Chevron, ExxonMobil, ConocoPhillips, Marathon Petroleum, Valero Energy, Philips 66, Duke Energy, Ford, General Motors. MRTI has prepared the following outline for the Outreach to the World Committee of the PMAB for review prior to completing a final report for consideration at the February 2020 meeting of the PMAB. Appendix I is a memo to MRTI ahead of its March 2019 stated meeting which describes the process that select MRTI members, staff, and other interested parties underwent to prioritize the criteria in the Guideline Metrics affirmed by the 223rd General Assembly. Appendix II includes the one year of Guideline Metrics Company Scoring Evaluation from June 2019. This outlines the scores for the nine companies named by the 223rd General Assembly for focused engagement.

1. Recommendations

- a. Direct MRTI to continue focused engagement with [INSERT COMPANIES] currently included on the General Assembly's environmental watch list.
- b. Direct MRTI to add [INSERT COMPANIES] to the GA environmental watch list and conduct focused engagement.
- c. Approve the following resolution, adding [INSERT COMPANY/IES] to the General Assembly Divestment/Proscription List.
 - i. [INSERT RESOLUTION]

2. Rationale

- a. Theological rationale
 - i. include response to environmental racism
- b. Dialogues, resolutions and ecumenical collaboration
 - i. In 2018, on behalf of PC(USA), MRTI joined Climate Action 100+, an investor initiative representing \$33 trillion in assets under management. This group of investors engages the world's 165 largest corporate greenhouse gas emitters, pressuring them to comply with the Paris Accord framework by 2023. The nine companies named by the 223rd General Assembly (2016) all are on the CA100 list for targeted engagement and held by the PC(USA)'s investing agencies and

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include: Chevron, ConocoPhillips, Duke Energy, ExxonMobil, Ford, General Motors, Marathon Petroleum, Phillips 66, and Valero Energy. MRTI participated in dialogues with these companies through the Carbon Action 100+ and also arranged its own dialogues, independently.

- c. Completing Guideline Metrics
 - i. Weighting process - Following the 223rd General Assembly (2018), MRTI worked with partners to hone the Guideline Metrics by creating a prioritized scoring process. MRTI sought and incorporated feedback from Fossil Free PCUSA and Faithful Action on Climate Change. These metrics are based on public disclosures, reports and filings, third-party evaluation from Sustainalytics, and the quality of MRTI's direct engagements. The Guideline Metrics produce a total score which corresponds with a color range of red, orange, yellow, blue or green. The red color range corresponds with the lowest scores and green corresponds with the highest scores.
 - ii. Scoring process - Companies are considered for potential divestment recommendation if their final score falls in the "Red" color range and they have poor or no engagement with MRTI and ecumenical partners. Companies are recommended to remain on a watchlist for continued engagement and monitoring if their final scores fall in the Orange, Yellow, or Blue color range. Companies are recommended to be taken off the watchlist if they achieve a final score in the metrics falling in the Green color range.
- d. Company recommendations for divestment
 - i. Chronology of MRTI's engagement with company(ies) – 7 steps of divestment per the 196th General Assembly's (1984) Divestment Policy.
 - ii. Engaging mid-councils impacted by potential divestment
- e. Companies recommended for continued focused engagement
- f. Companies recommended to be added for focused engagement
- g. Next steps/ MRTI plans / emerging issues
 - i. In addition to engaging with companies through the shareholder process, MRTI has also had the opportunity to engaging with regulatory bodies by weighing in on rulemaking through the EPA on methane regulations and through the SEC on shareholder rights. MRTI have also advocated policymakers on issues ranging from shareholder rights to banking and finance reform.

MRTI Guideline Metrics - Company Scoring Evaluation

June 2019

Marathon Petroleum Phillips 66 Valero Energy	Does not adequately acknowledge importance of environmental, social and governance (ESG) issues.
Chevron ExxonMobil	Acknowledges importance of ESG issues, may not adopt policies to address issues.
ConocoPhillips Duke Energy	Begins to implement ESG policies with programs, goals & targets.
Ford General Motors	Company benchmarks its progress on ESG issues against others in sector.
	Actively addresses ESG issues with few concerns.

Approved by the Committee on Mission Responsibility Through Investment on June 27, 2019



APPENDIX I

February 28, 2019

To: Committee on Mission Responsibility Through Investment (MRTI) Members

From: MRTI staff

RE: MRTI Guideline Metrics

At its October 2018 meeting, MRTI referred the development of a weighting/prioritization system for the Guideline Metrics to the Environmental and Climate Change (ECC) Issue Committee. The ECC met via conference call in November 2018 and moved to create a Metrics Task Team, comprised of members of both the ECC (Joseph Kinard, Gregory Simpson and Steve Webb) and MRTI Leadership (Lindley DeGarmo and Terry Dunning). Over the course of the next several months, the Metrics Task Team worked with staff to develop and hone this weighting system. Here is an outline of that process and the final recommendations:

1. **Initial prioritization:** The Metrics Team examined prioritization recommendations from Katie Carter, Bill Bray (Faithful Action on Climate Change) and Mark Eakin (Fossil Free PCUSA). With a few exceptions, metrics derived from both the General Assembly directive and the CA100+ asks received the highest prioritization, metrics from only the GA or only the CA100+ received medium prioritization, and metrics from any other source received a low prioritization.
2. **Revisions:** The Team revised the weighting for 7 out of 10 metrics for which there was a large difference in prioritization between the three providing feedback. The team also added clarifying language to Environmental metrics 4 and 6; social metrics 2, and governance metric 5, and footnotes referencing the GA directive on environmental racism and carbon pricing.
3. **Final weights:** The team settled on a 5-point numeric weighting scale, giving “high” priorities a value of 5, “medium” priorities a value of 3, and “low” priorities a value of 1. Metrics with multiple subcategories receive a single average score.
4. **ECC approval:** The Metrics Task Team presented the revised weighting and language to the ECC on a conference call on February 15, 2019. The ECC approved both.
5. **In practice:** MRTI staff completed a trial-run of the updated, weighted metrics. Staff recommend each metric receive an individual score (based on research and staff input) to be multiplied by its weight. These scores are on a 0 to 2 scale, where “0” represents the metric criteria is not met, “1” represents partial completion, and “2” represents full completion of the metric. This score would then be multiplied by the assigned weight. Final scores for each criterion could range from 0 to 10 (2 X 5), depending on the weight and individual score. The total sum of the weighted scores for each criterion will determine a company’s overall score.
6. **Exceptions: Some metrics either do not lend themselves to a “yes/ no/ partial” answer or are not applicable to a company. Staff agreed to not score these criteria,** but to retain the information to supplement the company’s final score and color rating. For example, “Does a

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company operate in conflict zones?" is a yes or no answer that doesn't necessarily equate with company performance.

Recommended committee action: *Approve the updated language, weighting system, and scoring system for the Guideline Metrics, including the corresponding score ranges for the color rating recommendation.*

Additional notes:

The MRTI color range criteria based on the final scoring:

Color Rating	Final Score Range
Red	0-50
Orange	50-100
Yellow	100-150
Blue	150-200
Green	200-240

Committee on Mission Responsibility Through Investment (MRTI) of the Presbyterian Church U.S.A.
Guideline Metrics - June 2019

KEY

Priority weighting scale: 5 = high; 3 = medium; 1 = low
Company Scores: 2 = company is actively implementing; 1 = company partially implementing; 0 = no evidence of implementation

Weighted score: priority weight * company score

Addendum II

Metrics

Environment

1. Climate-related risks and opportunities identified over short, medium and long term (TCFD) (CA 100) 3
2. The impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning described (TCFD) (CA 100) 3
3. Business strategy in place to manage operations in manner consistent with limiting warming to 2 degrees Celsius (GA) (CA 100) 5
4. Business strategy in place and efforts made to limit temperature increase to 1.5 degrees Celsius (GA) (CA 100) 5
5. Scenario analysis and measurement, including risk assessment on demand and supply, within key business processes and investment decisions incorporated. (GA) (CA 100) 5
6. Puts an adequate internal price on carbon and uses this price to make decisions on long-term projects (GA 2018) (CA 100) (*Footnote will be inserted explaining the carbon pricing overture from the GA and the TCFD recommendations on carbon pricing.) 5
7. Sets robust goals for reducing greenhouse gas emissions that include increase use of renewable energy sources (GA) (CA 100) 5
8. Evidence of energy efficient investments (GA) 3
9. Evidence of more rapid integration of new technologies designed to reduce the company's overall carbon footprint (GA) (CA 100) 5
10. Organization discloses metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process (TCFD) (CA 100) 3
11. Discloses Scope 1, Scope 2 and if appropriate, Scope 3 GHG emissions, and related risks (TCFD) (CA 100) 5
12. Describes the targets used to manage climate-related risks and opportunities and performance against targets. (TCFD) (CA 100) 3
13. Issues annual reports on the company's view of and response to material climate change risks and opportunities (GA) (CA 100) 5
14. Provides outlook on energy (GA) 3
15. Outlines how strategy can adjust for significant changes in demand for oil, gas and coal (GA) 3
16. Carbon intensity of proven and probable reserves (including breakeven oil price) categorized by nature of projects' environment (ultra-deep waters, oil sands, etc.) (GA) 3
17. Water use: 17a. Is water included in company's business strategy planning? 17b. What are water usage requirements for the company? 17c. Does the company operate in water-stressed areas? 17d. Are mitigation programs in place for efficient water use? 17e. Is the company using or developing water-efficient technology for operations? 1

Companies Scored

Priority weight	Chevron		Conoco Phillips		Duke		Exxon		Ford		GM		Marathon		Phillips 66		Valero		
	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	
	2	6	2	6	2	6	2	6	1	3	2	6	2	6	1	3	1	3	
	2	6	2	6	2	6	1	3	1	3	1	3	1	3	1	3	0	0	
	0	0	1	5	2	10	0	0	2	10	1	5	0	0	0	0	0	0	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	1	5	2	10	2	10	1	5	1	5	2	10	1	5	1	5	1	5	
	1	5	2	10	1	5	1	5	0	0	1	5	0	0	0	0	0	0	
	1	5	1	5	2	10	1	5	2	10	2	10	0	0	0	0	0	0	
	2	6	1	3	2	6	1	3	2	6	2	6	1	3	2	6	1	3	
	1	5	2	10	2	10	1	5	1	5	2	10	2	10	2	10	2	10	
	2	6	1	3	2	6	1	3	2	6	2	6	2	6	1	3	1	3	
	1	5	1	5	1	5	1	5	2	10	2	10	0	0	0	0	0	0	
	1	3	1	3	1	3	0	0	2	6	2	6	0	0	0	0	0	0	
	1	5	2	10	1	5	1	5	2	10	2	10	1	5	0	0	0	0	
	2	6	2	6	1	3	2	6	2	6	1	3	2	6	2	6	1	3	
	2	6	2	6	1	3	1	3	2	6	2	6	1	3	1	3	1	3	
	1	3	1	3	0	0	1	3	1	3	1	3	0	0	0	0	0	0	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	1	1	1	1	1	1	1	1	2	2	2	2	1	1	1	1	0	0	

Metrics

18. Land and Biodiversity:

- 18a. Do operations adversely impact biodiversity?
- 18b. Is there a corporate policy and risk management process in place concerning energy, land and biodiversity?
- 18c. Do operations lead to deforestation?

19. Possible Supply Issues

- 19a. Company evaluates impact of its products on the environment (MRTI)
- 19a. Company evaluates impact of its products on the environment (MRTI)

20. Regarding Waste:

- 20a. Company discloses management of hazardous materials/ waste.
- 20b. Solid waste reduction efforts are in place. (MRTI)

Social

- 1. Company has the following in place:

- a) Policy commitment to respect human rights; b) A human rights due diligence process to identify, prevent, mitigate, and account for how they address their impacts on human rights;
- c) Processes to enable the remediation of any adverse human rights impacts they cause or which they contribute (above from UN) ; d) Public commitment to prevent human trafficking and upholding human rights;
- e) Evaluation of impact of its products on human rights (MRTI)

- 2. Do operations distress neighboring communities and/or historically marginalized/ oppressed communities (often communities of color)? If so, what steps are taken to mitigate those impacts? (S&P) (GA) (*Footnote will be added referencing the GA directive on environmental racism.)

- 3. Risk management program includes environmental and social impacts on neighbors (e.g., emissions' impact on local air quality, lending impact on local communities). (S&P) (GA)

- 4. Operations are considered from the perspective of their impact on local communities and society and employee safety. (S&P and MRTI) (GA)

- 5. Company regularly engages with customers to learn their needs and satisfaction. (S&P)

- 6. Do operations and/or products create reputational issues for the company? If so, how are those issues managed and mitigated? (S&P).

- 7. Does company participate in the Voluntary Principles on Security and Human Rights? <http://www.voluntaryprinciples.org/for-companies/>

- 8. Does company operate in conflict zones? (GA 2008)

- 9. Corporate Human Rights Benchmark 2017 score

- 10. Additional human rights concerns?

- 11. Company takes steps in terms of occupational health, safety, and wellbeing and the advancement, protection and enforcement of human rights, including suppliers (S&P).

- 12. Other comments

Governance

- 1. CEO to employee pay ratio: <http://www.payscale.com/data-packages/ceo-pay/full-list>

- 2. Clearly defines board and management governance processes that acknowledge the scientific evidence of climate change (GA) and importance of other social issues. (CA 100)

- 3. Ensures adequate oversight of climate change risk (GA) and human rights issues (CA 100)

- 4. Strategic implications of a transition to low carbon energy system (GA)

- 5. Board member analysis (MRTI) (includes board diversity) (CA100) *(diversity refers to diversity of demographics, experience/expertise, and inclusion of domestic and international experience)

Priority weight	Chevron		Conoco Phillips		Duke		Exxon		Ford		GM		Marathon		Phillips 66		Valero	
	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score
1	2	2	1	1	2	2	2	2	2	2	2	2	0	0	1	1	0	0
1	2	2	2	2	2	2	2	2	2	2	1	1	2	2	2	2	2	2
1	1	1	1	1	1	1	1	1	2	2	2	2	1	1	1	1	1	1
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	2	2	2	2	2	2	1	1	1	1	0	0
5	1	5	1	5	1	5	0	0	2	10	1	5	0	0	1	5	0	0
5	1	5	1	5	1	5	1	5	1	5	2	10	1	5	1	5	1	5
5	1	5	1	5	1	5	1	5	2	10	1	5	1	5	1	5	1	5
1	1	1	2	2	1	1	2	2	2	2	2	2	0	0	1	1	2	2
1	1	1	1	1	1	1	0	0	0	0	1	1	1	1	0	0	1	1
1	2	2	2	2	0	0	2	2	0	0	0	0	0	0	0	0	0	0
3	info only		info only		info only		info only		info only		info only		info only		info only		info only	
1	info only		info only		info only		info only		info only		info only		info only		info only		info only	
1	info only		info only		info only		info only		info only		info only		info only		info only		info only	
1	1	1	1	1	2	2	1	1	2	2	1	1	2	2	2	2	1	1
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	2	2	1	1
5	2	10	2	10	2	10	2	10	2	10	2	10	1	5	1	5	2	10
5	1	5	1	5	1	5	1	5	2	10	2	10	1	5	1	5	1	5
3	1	3	2	6	2	6	0	0	2	6	2	6	0	0	1	3	0	0
3	1	3	2	6	1	3	2	6	1	3	1	3	1	3	1	3	1	3

Metrics

6. Engages constructively with public policymakers and other stakeholders [in support of cost-effective policy measures to mitigate climate change risks and support low-carbon investments] (GA)

7. Ensures there is broad oversight and transparency about the company's lobbying activity and political spending, including activity by trade associations to which the company belongs, on climate change and related energy and regulatory issues (GA), and other human rights and social issues. (CA100)

8. Company discloses positions on policy issues such as carbon pricing, renewable energy targets, and international negotiations on climate change (GA).

9. Company regularly engages with regulatory and other legal authorities to keep abreast of legal, regulatory and compliance developments. (S&P)

10. Relevant transparency (executive pay; drug pricing; spending on marketing vs R and D) (MRTI)

11. Company is transparent on which office to contact regarding environmental/ social concerns and includes contact information. (MRTI)

Total Score

Priority weight	Chevron		Conoco Phillips		Duke		Exxon		Ford		GM		Marathon		Phillips 66		Valero	
	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score
3	1	3	1	3	1	3	1	3	1	3	1	3	0	0	0	0	0	0
5	0	0	1	5	1	5	0	0	2	10	1	5	1	5	1	5	1	5
3	2	6	2	6	0	0	1	3	1	3	2	6	0	0	0	0	0	0
1	1	1	2	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1	1	1	1	1	1	1	1	1	2	2	1	1	1	1	2	2	1	1
3	0	0	0	0	0	0	0	0	1	3	0	0	2	6	1	3	0	0
		132.00	53.00	163.00	47.00	149.00	40.00	110.00	58.00	180.00	56.00	178.00	31.00	91.00	34.00	92.00	25.00	73.00

Recommended score key

Red: Overall, company may have poor record of shareholder engagement, poor record on environmental, social and governance (ESG) issues. Company may or may not acknowledge importance of ESG issues.

0-100

Orange: Company acknowledges importance of ESG issues, may or may not adopt policies to address the issues. Has conducted some shareholder engagement or is open to it. May not have displayed much progress in shareholder engagement.

100-135

Yellow: Company may show more progress on shareholder engagement; may begin to implement ESG policy with programs/plans, goals and targets; develops metrics, starts measuring and disclosing information.

136-170

Blue: Good track record of shareholder engagement. Company benchmarks its progress against others in industry/sector; conducts independent verification of its data and operations. Policies, programs, goals and targets in place for ESG issues and regularly discloses information.

171-205

Green: Company showing great efforts on shareholder engagement; is actively addressing ESG issues and there are few concerns. Company's strategic focus leads to demonstrable positive impact

206-240

(Adopted from ICCR hierarchy of impact)