

Recommendations

The Presbyterian Mission Agency Board, upon recommendation from The Committee on Mission Responsibility Through Investment (MRTI), advises the 224th General Assembly (2020) do the following:

1. Recognize the need for urgent and robust responses to the existential threat of the climate crisis, including limiting global warming to well below two degrees Celsius, as outlined in the Paris Agreement, as well as the need for Presbyterian entities and individuals to pursue a comprehensive set of faithful responses.
2. Commend the investing agencies of the Presbyterian Church (U.S.A.) for their work to provide options for congregations, mid councils, and individuals working for a fossil fuel-free future. Specifically, the Presbyterian Investment and Loan Program, Inc., for its Restoring Creation Loan program; the Board of Pensions of the Presbyterian Church (U.S.A.) for its positive investments in renewables and its environmental investment option for plan members; and the Presbyterian Church (U.S.A.) Foundation for its positive investments in renewables, and for providing, through its New Covenant Trust Company subsidiary, fossil free investment strategies for congregations, mid councils, and individuals.
3. Direct MRTI to continue its engagement process with deliberate haste through Climate Action 100+ and utilize its Guideline Metrics with corporations in the 2021 and 2022 proxy seasons and report back to the 225th General Assembly (2022) with possible divestment recommendations for the companies that are not moving towards compliance with criteria established by the 222nd (2016) and 223rd General Assemblies (2018).
4. Direct MRTI to add Occidental Petroleum, American Airlines, Delta Airlines, and United Airlines to its list of companies previously identified by MRTI for this focused engagement which included, but was not limited to: Chevron, ConocoPhillips, Duke Energy, Ford, General Motors, and Philips 66.
5. Approve the following resolution:

“The Committee on Mission Responsibility Through Investment in the 2019 and 2020 proxy seasons, attempted to engage and evaluated companies using its Guideline Metrics in an effort to improve the companies’ governance, strategy, implementation, transparency and disclosure, and public policy with respect to climate change. In the cases of ExxonMobil, Marathon Petroleum, and Valero Energy, this process of engagement produced no substantial change or movement towards compliance with the General Assembly’s criteria established by the 222nd General Assembly (2016), and in the judgment of this Assembly, is likely not to do so in the future. Under the church’s regular process of corporate engagement (approved by the 116th General Assembly [1976] of the PCUS and reaffirmed as policy after reunion), the final step is to recommend divestment from companies where engagement is not resulting in change. In accordance with prior assembly actions, and the Divestment Strategy, Principles and Criteria (approved by the 196th General Assembly [1984] of the PCUSA) we direct that ExxonMobil, Marathon Petroleum, and Valero Energy, be placed on the General Assembly Divestment/ Proscription List until their actions are in compliance with the General Assembly’s established criteria.”

Rationale

These recommendations respond to recommendation #4 from referral 08-08 from the 223rd General Assembly (2018): “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.”

1. Executive Summary

MRTI believes faithfully caring for God's creation is essential to our Christian vocation, and the threat of climate change to God's creation is well established.

In response to referral 08-08 from the 223rd General Assembly (GA), MRTI attempted to arrange dialogues with the nine companies identified. MRTI sent letters to these companies in August and September 2018 informing them of the GA Directive. Every company except Marathon Petroleum responded to MRTI's requests and held a dialogue to discuss the GA Directive and the company's activities related to climate change. From 2018 to 2020, MRTI participated in 31 dialogues with the nine companies named by the GA and used the Guideline Metrics (Appendix 1) to score each company. MRTI recommends the three lowest scoring companies, ExxonMobil (Exxon), Marathon Petroleum (Marathon), and Valero Energy (Valero), be added to the GA Divestment/ Proscription list.

2. Biblical, Theological, Ethical, and Policy Background

MRTI understands that its role as a committee is to be guided by the Holy Spirit, which calls us into being and sustains us in relationship with one another. As Presbyterians, we understand that we operate within an ecclesial structure seeking mutual responsibility and accountability. That understanding has distinctive theological and polity features that are simultaneously rewarding and frustrating. Theologically, we emphasize the power of communal discernment; the Holy Spirit is present in collective discussion, debate, and even conflict. We acknowledge the asymmetry between humans and God, and therefore believe that broad representation and diversity is pertinent to discerning God's will for the church.

Central to Reformed Christian witness in the world is the emphasis upon placing our beliefs, faith, and practices alongside what is happening around us to discern the best way to live out our covenant with God and embody justice and love. To that end, MRTI "extends the concept of stewardship into society and insists that the full influence and impact of church investment be seen in the larger social context" and weighs "the church's involvement in a particular investment with the church's engagement in the larger society" (The Divestment Strategy: Principles and Criteria 1984, 25.200-25.201).

As such, we recognize that climate change is undeniable, and is one of the most pressing moral and theological problems of our time. Human action and corporate degradation of creation threatens the survival of the very planet upon which we live and depend for our sustenance. People in the poorest regions of the world are more significantly impacted and live in vulnerable and precarious circumstances because of the rapidly changing climate. In the United States, this disproportionately manifests in communities of color.

With these realities at the forefront of our work, we sought to be guided by biblical and Reformed theological principles. We understand the following:

Faithful concern for the environment is rooted in the Word of God, spoken into creation. Reformed Christians have always affirmed the sovereignty of God as the creator and sustainer of all life, over the whole of creation. Even before creating humans, God created the Earth and the universe of which it is a part and called it "very good" (Gen.1:31). Like other living creatures, humans are formed of the earth and intimately intertwined with all God's creation (Gen. 2:7, 9, 19). Creation is God's handiwork, the Earth and all that is in it, belongs to God (Ps. 24:1 and Ps. 104). Creation is also a gift, to which we respond with gratitude and faithful stewardship. As Christians who have covenanted in relationship with God, we are called by God to care and maintain the fragile order with which God has entrusted us (Gen. 2:15).

Creation cries out in this time of ecological crisis (Rom. 8:18-22). The undeniable urgency of climate change that threatens the planet warrants a response at every religious, social, political, and economic level. There are no silver bullets, no quick fixes, and no simple solutions. The problems and injustices associated with a warming planet threaten the tenuous interconnections that make life possible. The changes needed to preserve the Earth require multi-faceted, multi-cultural and interreligious collaborative approaches unheard of in human history. The sustainability of creation, human life, and well-being depend upon "the flourishing of other life and the integrity of the life-supporting processes that God has ordained" (*Restoring Creation for Ecology and Justice*, 1990, p. 2). The principles of response are illuminated through the ministry and teachings of prophets, kings, and humans throughout scripture and in the reconciling ministry of Jesus Christ. In response to injustices, these principles ground our moral

and ethical behavior and should define the ways in which we treat each other and the global environment where we live.

Since the last GA, MRTI carefully weighed our Reformed commitment to justice for people and the planet and the church’s investments in the oil and gas industry. We prioritized listening to the voices of those historically marginalized and oppressed and meeting with communities who are disproportionately impacted by environmental injustice and racism. We prioritized the voices of people of color who have been devastated by the increased erratic weather patterns or are suffering life-threatening illness from irresponsible corporate action.

In response, we engaged in dialogue with corporate representatives and sought intentional, thoughtful and productive resolutions to address the ways in which oil and gas companies hasten climate change. We collaborated with other churches and investment firms through organizations such as the Interfaith Center for Corporate Responsibility (ICCR) to strengthen our witness and listening to people and communities directly impacted by and involved with these corporations.

As we seek to respond faithfully, we are cognizant of history and that reformers such as John Calvin questioned the ability for people to pursue and achieve perfection both personally and within communal life. They challenged other church teachings and practices within their time because they developed a different understanding of human nature, sin, and everyone’s need for God’s grace. Thus, one of the tasks that distinguishes Reformed theology from other theological traditions is the insistence that the church, the body of Christ, mirrors the brokenness of other institutions of society and bears witness to God’s justice and love amidst the complex social circumstances in which we live.

What the committee has heard consistently throughout this process is a collective call for just transition that will faithfully address climate change as quickly as possible and attend carefully to the needs of workers and communities most directly affected by the corporations in which we have investments. With the long-term threats to planetary survival that climate change represents, our Reformed Christian witness demands we act with urgency, prudence, and a measured understanding of the complexities of the social structures that exist today. Issues of systemic and structural sin, the most egregious acts of environmental racism, ecological devastation, and worker exploitation not only define how we respond, but also inform our next steps.

MRTI has participated in several community engagements since the 223rd GA. These are outlined in Figure 1.

Figure 1

| Date and location | Communities | Issues discussed |
|---|---|--|
| March 2019 – South Louisiana | Zion Travelers Cooperative Center in Plaquemines Parish; Pointe-au-Chien Indian Tribe | Coastal erosion; flooding; debate of whether and how to relocate communities; governmental challenges |
| April 2019 – Pikeville, KY (Eastern Kentucky/ Appalachia) | Pikeville University | Just transition issues |
| June 2019 – Detroit and Flint, Michigan | Michigan United community volunteers in Detroit; First Presbyterian in Flint. | Flint water crisis; impact of Marathon Petroleum refinery on communities and resulting discrimination and unequal treatment of neighbors |
| March 2020 – Puerto Rico (planned as of January 15, 2020) | Communities around San Juan | Coastal erosion and alternative energy |

The Guideline Metrics (Appendix 1), developed by MRTI and approved at the 223rd GA (2018), along with the directive from 2018 give MRTI the underlying policy necessary to support recommendations for divestment. Figure 2 is a timeline of GA events and directives leading to this recommendation:

Figure 2:

| GA Year | Policy/ directive |
|---------|-------------------|
|---------|-------------------|

| | |
|-----------------------------|--|
| 221 st GA (2014) | First Fossil Free PCUSA divestment overture brought to GA, referred to MRTI; Directed MRTI to report back in 2016 after “action and discernment in accordance with its long-standing and detailed procedures to engage with individual corporations to advance their actions in support of important social policy issues.” |
| 2015-2016 | MRTI conducts research and policy analysis; gaps identified in “Power to Change” GA Environmental Policy (2008) |
| 222 nd GA (2016) | Established criteria for owning fossil fuel stocks; GA directed MRTI to report back in 2018, “with recommendations, including possible selective divestment if significant changes in governance, strategy, implementation, transparency and disclosure, and public policy are not instituted by the corporations during the engagements of MRTI and ecumenical partners.” |
| 2016-2017 | MRTI develops tool for measuring criteria |
| 223 rd GA (2018) | Affirms measurement criteria laid out in MRTI’s Guideline Metrics and participation in CA100; names 9 companies for focused engagement |
| 2018-2019 | MRTI works with partners to hone Guideline Metrics by assigning weights to criteria; reaches out to 9 companies for engagement |
| 2019 | MRTI completes two rounds of Guideline Metrics; agrees to recommend companies scoring in red for addition to GA Divestment/ Proscription list. |
| 2020 | MRTI recommends adding Exxon, Marathon, and Valero to GA Divestment/ Proscription list. |

3. Guideline Metrics, Corporate Dialogues, and Ecumenical Outreach

In 2018, the PC(USA) through MRTI joined Climate Action 100+ (CA100), an investor initiative representing \$35 trillion in assets under management. CA100 engages the world’s 161 largest corporate greenhouse gas emitters, who combined are responsible for 80% of the world’s emissions pressuring them to manage operation towards compliance with the Paris Accord framework by 2023, including: curb emissions, improve governance on climate change, and strengthen climate-related financial disclosures. The nine companies named by the 223rd GA (2018) all are on the CA100 list for targeted engagement and held by the PC(USA)’s investing agencies. MRTI participated in dialogues with these companies through CA100 and independently arranged its own dialogues. Figure 3 summarizes MRTI’s engagements with these firms between July 2018 and January 2020.

Figure 3

| Companies | Correspondence | Dialogues | Shareholder Resolutions | Summary of Engagement |
|----------------|----------------|-----------|-------------------------|--|
| Chevron | 4 | 6 | 1 | Climate crisis strategy; greenhouse gas reduction efforts; human right to water and concerns of operational impact on communities. |
| ConocoPhillips | 3 | 6 | 0 | Stakeholder and community engagement; greenhouse gas reduction efforts; engagement with indigenous communities; risk of stranded assets. |
| Duke Energy | 3 | 3 | 1 | Greenhouse gas reduction efforts; community engagement; impact of coal ash on neighboring communities. |
| ExxonMobil | 5 | 2 | 2 | Greenhouse gas reduction efforts; climate crisis. |
| Ford | 5 | 5 | 0 | Public policy lobbying efforts; vehicle electrification plans; greenhouse gas reduction efforts. |

| | | | | |
|--------------------|---|---|---|--|
| General Motors | 3 | 2 | 1 | Worker issues in manufacturing plants; public policy lobbying efforts; vehicle electrification plans; greenhouse gas reduction efforts. |
| Marathon Petroleum | 9 | 0 | 1 | Company refused engagement |
| Phillips 66 | 3 | 5 | 0 | Human rights policy development and implementation; greenhouse gas reduction efforts and climate reporting; community impacts of operations. |
| Valero Energy | 3 | 2 | 0 | Greenhouse gas reduction efforts and climate reporting; climate crisis strategy. |

A. Completing the Guideline Metrics

Following the 2018 GA, MRTI worked with partners to refine the Guideline Metrics by creating a prioritized scoring process and incorporating feedback from Fossil Free PCUSA and Faithful Action on Climate Change to update some criteria. The evaluations of how firms score on these metrics are based on public disclosures, reports and filings, third-party evaluation from research firm Sustainalytics, and the companies’ responses in 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.

At its October 2019 meeting, MRTI agreed to recommend adding to the GA Divestment/ Proscription list any company falling in the red category by January 15, 2020. Figure 4 is a chart of the scores as of January 15, 2020.

Figure 4



B. Company Recommendations for Divestment

Based on the criteria outlined above, MRTI recommends adding Exxon, Marathon and Valero to the GA Divestment/ Proscription list. All three companies had Guideline Metrics scores in the “red” category as of January 15, 2020.

MRTI recommends divestment with the hope that such an action will prompt these companies to 1) change their current course and address the risks that their operations, policies and governance pose related to climate change and 2) move into compliance with the criteria outlined by the GA, as measured by the Guideline Metrics.

C. Chronology of MRTI’s Engagement with Exxon, Marathon, and Valero since 223rd GA

ExxonMobil

MRTI sent a letter of inquiry to Exxon on August 16, 2018 informing the company of the GA Directive and requesting a dialogue. Exxon responded via phone call on September 10, 2018 and held a dialogue via conference call on September 20, 2018. MRTI also had a dialogue with Exxon through CA100 on November 8, 2018, and then again on December 11, 2018 organized through ICCR partners. Due to the company’s poor response to these engagements, MRTI co-filed a resolution filed by the Church of England and New York State Common Retirement Fund regarding the adoption of greenhouse gas emission reduction targets that December. In April 2019 the Securities and Exchange Commission (SEC) granted Exxon’s request to block the resolution on the grounds that it would “micromanage” Exxon by seeking to impose “specific methods for implementing complex policies” in place of managerial judgment.¹

January 11, 2019, MRTI sent a letter with ecumenical partners to Exxon leadership offering propositions for how Exxon could improve its engagement with investors on environmental, social and governance (ESG) and climate change issues. On April 17, 2019, MRTI sent a letter supporting a resolution asking the company to provide full disclosure of its lobbying policies, activities, payments and trade organization memberships related to climate change.

In the summer of 2019, Rob Fohr, lead staff to MRTI, was called as a fact witness to the New York State Attorney General’s lawsuit against Exxon. The lawsuit, filed in late 2018 by the New York Attorney General’s office, claimed the company misled investors about how it accounted for climate change risk and its impact on the company’s bottom line. At the 2016 Annual Stockholders meeting of Exxon, Mr. Fohr was recognized by then CEO and Chair, Rex Tillerson. Mr. Fohr asked Mr. Tillerson about the resilience of Exxon’s business strategy to withstand potential regulatory, technological and market-based disruptions related to low-carbon demand scenarios. Mr. Tillerson’s response to this inquiry was allegedly problematic, misrepresenting what the firm was in fact doing. For this reason, the New York State Attorney General called Mr. Fohr as a fact witness. When Mr. Fohr was publicly named as a witness in July 2019, Exxon responses to MRTI ceased. On December 10, 2019, the judge ruled in favor of Exxon, claiming the State failed to prove Exxon misled investors. However, the judge said, “Nothing in this opinion is intended to absolve ExxonMobil from responsibility for contributing to climate change through the emission of greenhouse gases in the production of its fossil fuel products.”² As of January 2020, the attorney general of the state of Massachusetts has filed a similar lawsuit with the company.³

Additionally, in September 2019, further CA100 dialogue was conducted with the corporation in which MRTI did not directly participate. The engagement indicated continued commitment to the corporation’s current stated approach to climate change, which includes research into new climate solutions and support for a revenue neutral carbon tax, but does not incorporate a commitment to take action to reduce greenhouse gas emissions across the corporation’s value chain consistent with the Paris Agreement’s goal of limiting the global average temperature increase to well below 2 degrees Celsius.

¹ <https://www.cnn.com/2019/04/03/investing/exxon-sec-climate-change-shareholder-vote/index.html>

² <https://www.wsj.com/articles/exxon-found-not-guilty-of-fraud-in-climate-change-accounting-case-11575991792>

³ <https://insideclimatenews.org/news/24102019/massachusetts-sues-exxon-climate-change-investor-fraud-misleading-advertising-healey>

Despite Exxon's initial willingness to engage MRTI through dialogue regarding the GA Directive, the company's actions to challenge the resolution on greenhouse gas emissions target and its lack of regular, substantial dialogue on climate change risks are of vital concern. Further, Exxon's score in the Guideline Metrics decreased from orange to red between June 2019 and January 2020 for the following reasons: 1) Lack of alignment with goals and expectations of CA100; 2) in December 2019, MRTI received stories from mission partners in Cameroon describing how past operations from Chevron and Exxon decimated local fishing communities, greatly hurting local economies in the following years⁴; and 3) once Mr. Fohr was confirmed as fact witness (July 2019) in NY State AG's suit against Exxon, Exxon ceased direct engagement and dialogue with PCUSA and MRTI. Due to the company's lack of substantial engagement and low score in the Guideline Metrics, MRTI recommends adding Exxon to the GA Divestment/ Proscription list.

Marathon Petroleum

MRTI sent a letter of inquiry to Marathon on September 12, 2018 informing the company of the GA Directive and requesting a dialogue. After no response from the company, MRTI sent a second letter on May 6, 2019, again requesting a dialogue. CA100 investors sent six additional communications seeking dialogue, with no results. As of January 15, 2020, the company failed to respond to MRTI's, or CA100's, requests for dialogue. In October 2019, Rob Fohr did receive an email from a company representative sharing the latest climate report and disclosures, however, MRTI's request to engage in a dialogue was not addressed. With these updates, Marathon's final score in the Guideline Metrics remains in the red color range. Additionally, in June 2019, MRTI held its stated meeting in Detroit, Michigan, where committee members visited a community organizing group headquartered near a Marathon oil refinery. During that visit and accompanying visit to surrounding neighborhoods, MRTI members learned of the environmental degradation and environmental racism evident throughout the area.⁵ Due to the company's lack of engagement and score in the Guideline Metrics, MRTI recommends adding Marathon to the GA Divestment/ Proscription list.

Valero Energy

Since formation of CA100, MRTI staff participated in two dialogues with Valero. Despite Valero's willingness to engage, the company is the lowest scoring of the 9 companies named by the GA and is firmly in the red category. There is little indication of a willingness to adopt policies in line with addressing climate change. The company has yet to address how climate-related risks will impact operations, does not disclose any emissions, has no human rights policy or indigenous rights policy in place, and has failed to outline the strategic implications of a transition to a low-carbon society. MRTI recommends adding Valero to the GA Divestment/ Proscription list.

D. Engaging Mid-Councils Impacted by Potential Divestment

MRTI prioritized communication with the mid-councils that might be impacted by divestment recommendations. In September 2018, MRTI sent letters to the leadership of the Presbyteries where the nine companies named by the GA are headquartered, informing them of the GA Directive. A follow-up letter was sent to inform the leadership of Maumee Valley Presbytery that the company based in their region, Marathon, had not responded to requests for dialogue. MRTI sent a final communication to leadership of Maumee Valley Presbytery, Mission Presbytery (Valero) and Grace Presbytery (Exxon) about the pending divestment recommendations in November 2019.

MRTI leadership and members held 15 meetings and presentations with mid-councils that would be affected by possible divestment recommendation between October 2018 and November 2019.

E. Company Recommendations for Continued Engagement

⁴ Written report from coordinator of Network for the Fight Against Hunger/ RELUFA Cameroon (Presbyterian Hunger Program Partner)

⁵ <https://www.presbyterianmission.org/story/investment-group-meets-detroit-residents-living-in-refineries-toxic-shadow/>

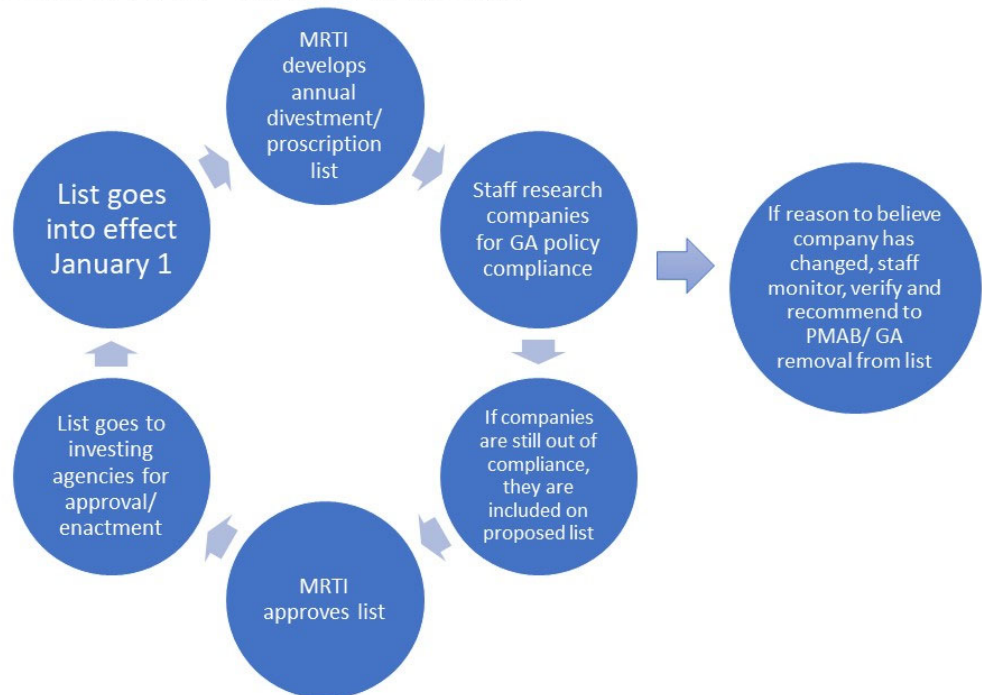
MRTI recommends the following companies named by the 223rd GA (2018), remain on a list for focused engagement: Chevron, Conoco Phillips, Duke Energy, Ford, General Motors, and Phillips 66. These companies all held dialogues with MRTI regarding the GA Directive and received final scores in the Orange, Yellow, or Blue range. If a company moves into compliance with the GA criteria in the coming years such that their score in the Guideline Metrics advances to the Green range, MRTI will recommend that company be taken off the list for focused engagement at the next GA. Additionally, MRTI recommends adding the following companies to its list for focused engagement: American Airlines, Delta Airlines, Occidental Petroleum, and United Airlines. These companies are all on the CA100 list and are in the portfolios of the Board of Pensions and/or the Presbyterian Foundation.

F. After Divestment

Once MRTI recommends adding companies to the GA Divestment/ Proscription list, the new recommendations must be approved by the GA. Once approved, MRTI finalizes the list according to GA policy and sends it to the Boards of the Board of Pensions and the Foundation who can then approve it in full or in part. Each investing agency has its own implementation process. They can either approve in full or in part. In following years, MRTI staff research companies for GA policy compliance. If companies are still out of compliance, they will remain on the proscription list. However, if there is reason to believe a company has changed favorably, staff will monitor, verify and recommend to the PMAB/ GA the company be removed from the list. See Figure 5 for this process.

Figure 5

Process after divestment



G. Next steps

MRTI will continue to engage and monitor the companies recommended for focused engagement and complete another two years of Guideline Metrics.

In addition to engaging companies through the shareholder process, MRTI weighed in with regulatory bodies on rulemaking through the EPA on methane regulations and through the SEC on shareholder rights. MRTI advocated

with policymakers on issues ranging from shareholder rights to banking and finance reform. The climate crisis is the greatest problem humanity has ever faced. MRTI recognizes addressing it will take many different strategies and wide-scale efforts, including policy advocacy, direct action, grassroots pressure, and more. In addition to the 9 companies MRTI has engaged since 2018, MRTI also addressed how fossil fuel companies are financed and engaged AIG, a large insurance company, on their own investment portfolio and financing of oil and gas companies. MRTI joined engagements led by other faith- and values-based investment partners in talking to banks about their financing policies as they relate to climate change risk.

MRTI engaged companies, like Ford and GM, on their public policy advocacy regarding clean air standards and engaged oil and gas companies on their lobbying and political spending. MRTI weighed in on methane emission policy rollbacks and engaged companies on this issue.

H. Investing agency “Green” program participation

Participation in fossil fuel free investing programs with the Foundation and the Board of Pensions are strong. The New Covenant Trust has 13 accounts invested in the Fossil Fuel Free portfolio with a market value of \$5.3 million. The Presbyterian Foundation has \$13.6 Million invested in clean energy. The Presbyterian Investment and Loan program reports 114 churches have taken advantage of the Restoring Creation Loan with \$8,594,656 disbursed. At the end of 2019, of the 13,104 participants in the Retirement Savings Plan with \$842 million in assets through the Board of Pensions, 510 participants had invested \$4.35 million in the Pax Fund. The Impax portfolio, with the same fossil fuel free investment strategy as the Pax Environmental Fund, had a market value of \$163 million on December 31, 2019.

4. Review of GA Criteria for Use of Divestment as an Ethical Strategy

The 196th GA (1984) adopted the policy, “The Use of Divestment as an Ethical Strategy” (*Minutes*, UPCUSA, Part I, pp. 193–207). It outlined seven criteria guiding divestment recommendations, and to help guide trustees of related institutions and organizations throughout the church. This policy underpins MRTI’s work. A review of the criteria is included in figure 6 below:

Figure 6

| 1984 Divestment Policy Criteria: | MRTI response: |
|--|--|
| 1. The issue on which divestment is proposed should be one reflecting central aspects of the faith. | Faithfully caring for God’s creation is an essential element of our Christian vocation, and the current and future threat of climate change to God’s creation is well-established. This is discussed more in the theological rationale, Section 2, above. |
| 2. The issue on which divestment is proposed should be one that the church has addressed by a variety of educational and action efforts, such as: correspondence with companies, discussion with company managers and directors, statements, questions, and shareholder resolutions at stockholder meetings, and legal action against companies. | MRTI and ecumenical partners for decades have engaged corporations regarding environmental responsibility and climate change. This engagement has produced positive changes in some corporate policies and stagnation in others. The three companies MRTI is recommending for adding to the GA Divestment/ Proscription list have stagnated. It is believed further engagement at this time will not yield any meaningful movement towards compliance with GA standards. |
| 3. The analysis supporting the proposed action: (a) should be clearly grounded in the church’s confession and unambiguously present in the social policy of the GA; (b) should clearly define the behavior and stance of the corporate entities whose policies or practices are at issue; and (c) should state the ends sought through divestment. | Per GA directive, MRTI’s work focuses on key components of a robust response to climate change: governance, strategy, implementation, transparency and disclosure, and public policy. The Guideline Metrics, as described in Section 3A, outline the church’s policy guidance and how the behavior of individual companies compares. This evaluation framework and company scores |

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| | <p>led MRTI to recommend the three lowest-scoring companies for addition to the GA Divestment/ Proscription list. By incorporating the GA's policy of phased selective divestment (as outlined in the 1984 policy and summarized here), MRTI hopes to make a public announcement about those companies least aligning to GA policy and raise peer pressure against the other high-emitting companies to reduce emissions and make real commitments to reducing their impact on climate change.</p> |
| <p>4. The decision should be taken after consultation with the ecumenical community, whenever possible. The implementation of a divestment action should ordinarily be in solidarity with other Christian bodies.</p> | <p>MRTI's engagements are frequently carried out in partnership with partners within and outside the faith community. While some partners have adopted positions on divestment of fossil fuel companies and others have not, all are committed to addressing the climate crisis. MRTI's recommendations for divestment have been discussed with ecumenical partners and ICCR members.</p> |
| <p>5. Efforts should be made to examine the probable effects and consequences of the action with affected communities, particularly Presbyterians.</p> | <p>Since 2016, MRTI discussed climate change issues and strategy for corporate engagement several times with Presbyterians from both Fossil Free PCUSA and Faithful Actions. Representatives from both groups attended almost every MRTI meeting since June 2016. These meetings highlighted the importance of a multi-faceted approach to climate change and corporate engagement. Additionally, MRTI staff and committee members held 15 meetings and presentations with leaders and members of the mid-councils where the companies included in the recommendation are headquartered.</p> |
| <p>6. The proposed action should be sufficiently precise that the effect of its application can be evaluated.</p> | <p>When completed for a company, the Guideline Metrics provide a clear way to evaluate that company's progress on environmental, social and governance issues. The tool includes company-disclosed research and data, analysis from dialogues, as well as external sources and media reports to help paint a complete picture of corporate behavior.</p> |
| <p>7. Any proposed divestment action should include provision for: (a) informing appropriate church constituencies; (b) giving appropriate public visibility to the action; (c) engaging other governing bodies and members in advocacy for the ends that prompt the divestment; (d) giving pastoral care to those directly affected.</p> | <p>MRTI staff and committee members are in regular contact with representatives from the appropriate church constituencies, including the affected mid-councils and the advocacy/ advisory committees through MRTI's membership. MRTI also worked in concert with communications staff of the Presbyterian Mission Agency and prepared plans for publicly sharing the GA decisions regarding this recommendation.</p> |