ITEM G.104
FOR ACTION

FOR PRESBYTERIAN MISSION AGENCY EXECUTIVE DIRECTOR'S OFFICE USE ONLY					
	A. Resource Allocation & Stewardship		D. Coordinating Committee		G. Outreach to the World
	B. Personnel & Nominating		E. Mid-Councils		H. Ministerial Teams
	C. Property/Legal		F. Nurture the Body		P. Plenary

Subject: Mission Responsibility Through Investment: Response to the 223rd General Assembly Directive on Applying Environmental Policy and Recommending Selective Divestment

Recommendation:

The Presbyterian Mission Agency Board approve the committee on Mission Responsibility Through Investment (MRTI)'s response to referral 08-08 from the 223rd General Assembly (2018) (included in-full, below) and send to the 224th General Assembly for consideration.

Background:

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

2018 Referral: Item 08-03. On Engagement with the Issue of Climate Change. Recommendation 8. Instruct MRTI to Continue Its Long History of Corporate Engagement on Climate Change Issues, Applying the Long-Standing PC(USA) Principles Related to Corporate Engagement and Consideration of Divestment—From the Presbytery of New Covenant (*Minutes,* 2018*,* Part I, pp. 53, 54, 254–55 of the print copy, pp. 704–10 of the electronic copy).

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)—From the 223rd General Assembly (2018) (*Minutes,* 2018*,* Part I, pp. 52, 53–54, 253 of the print copy, pp. 693–700 of the electronic copy).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 discussing the GA Directive and their activities related to climate change. From 2018 to 2020, MRTI participated in 31 dialogues with the nine companies and used the Guideline Metrics (Appendix 1) to score each company. MRTI recommends adding the three lowest scoring companies, ExxonMobil (Exxon), Marathon Petroleum (Marathon), and Valero Energy (Valero), 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 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 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 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, quick fixes, or 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 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 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 inform our next steps.

MRTI has participated in several community engagements since the 223rd GA, 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; whether and how to relocate communities; governmental challenges
April 2019 – Pikeville, KY (Eastern Kentucky/ Appalachia)	Pikeville University	Just transition
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
221st GA (2014)	Fossil Free PCUSA divestment overture brought to GA, referred to MRTI; Directed MRTI to report 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)
222nd 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
223rd 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 prioritizing criteria; seeks engagement with 9 companies
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 operations toward 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) are on the CA100 list for engagement and held by PC(USA)'s investing agencies. MRTI participated in dialogues with these companies both independently

and through CA100. Figure 3 summarizes these engagements occurring 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; human right to water and concerns of community impacts
ConocoPhillips	3	6	0	Stakeholder and community engagement; greenhouse gas reduction; engagement with indigenous communities; risk of stranded assets.
Duke Energy	3	3	1	Greenhouse gas reduction; community engagement; impact of coal ash on neighboring communities.
ExxonMobil	5	2	2	Greenhouse gas reduction; climate crisis.
Ford	5	5	0	Public policy lobbying; vehicle electrification plans; greenhouse gas reduction.
General Motors	3	2	1	Worker issues in plants; public policy lobbying; vehicle electrification plans; greenhouse gas reduction.
Marathon Petroleum	9	0	1	Company refused engagement
Phillips 66	3	5	0	Human rights policy development and implementation; greenhouse gas reduction and climate reporting; community impacts.
Valero Energy	3	2	0	Greenhouse gas reduction 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 criteria. Scoring is based on public disclosures, reports and filings, third-party evaluation from research firm Sustainalytics, and the companies' responses in engagements. The Guideline

Metrics produce a total score falling within a color range of red, orange, yellow, blue or green. The "red" 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 in red by January 15, 2020. Figure 4 is a chart of the scores as of January 15, 2020.

Figure 4

MRTI Guideline Metrics - Company Scoring Evaluation
January 2020

ExxonMobil Marathon Petroleum Valero Energy	Does not adequately acknowledge importance of environmental, social and governance (ESG) issues.
Chevron Phillips 66	Acknowledges importance of ESG issues, may not adopt policies to address issues.
ConocoPhillips Duke Energy General Motors	Begins to implement ESG policies with programs, goals & targets.
Ford	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 January 16, 2020

B. Divestment Recommendations

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 hopes these divestment recommendations 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 MRT'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 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) 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.

July 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, 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, 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 Massachusetts 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.

Despite Exxon's initial willingness to engage MRTI 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 years[4]; and 3) once Mr. Fohr was confirmed as fact witness (July 2019) in NY State AG's suit, 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.

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

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 red. 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. There, MRTI members learned of the environmental degradation and environmental racism evident throughout the area.[5] Due to the company's lack of engagement and Guideline Metrics score, 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 red. There is little indication of willingness to adopt policies addressing climate change. The company has yet to address how climate-related risks will impact operations, does not disclose emissions, has no human rights 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 focus companies are headquartered, informing them of the GA Directive. A follow-up letter was sent to inform the leadership of Maumee Valley Presbytery that Marathon, based in their region, 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. Recommendations for Continued Engagement

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 orange, yellow, or blue .If a company moves into compliance with GA criteria and their Guideline Metrics score advances to green, MRTI will recommend that company be taken off the list for focused engagement at the next GA.

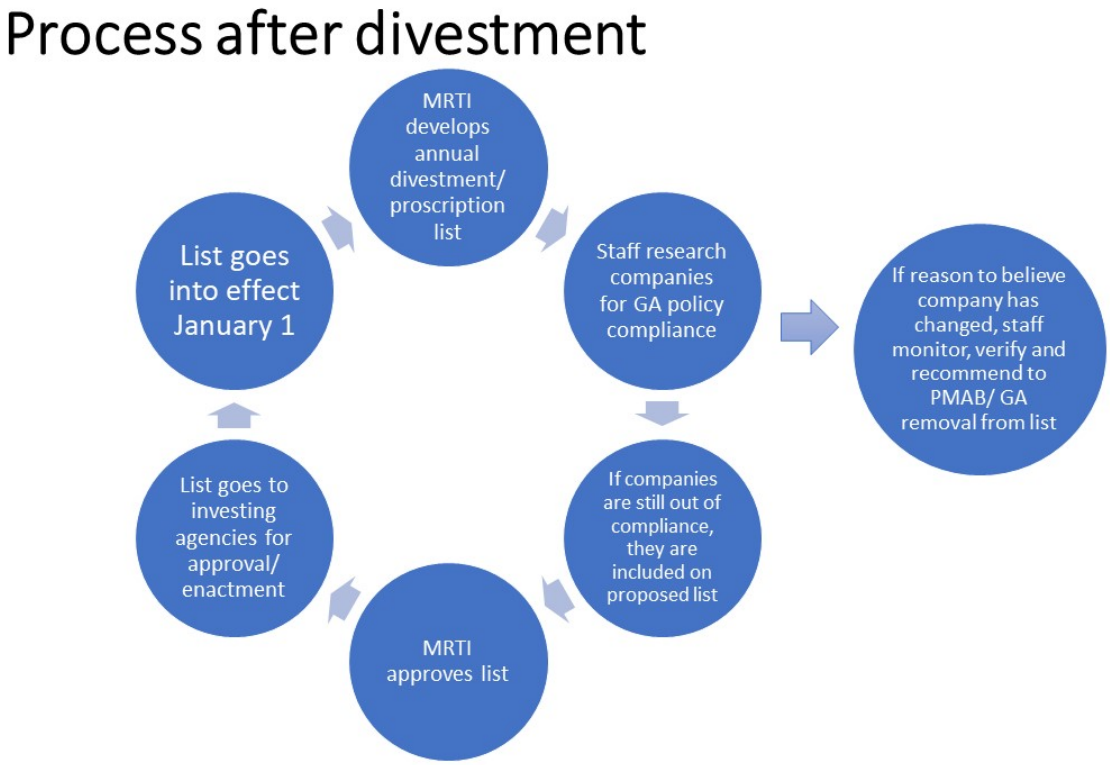
[5] https://www.presbyterianmission.org/story/investment-group-meets-detroit-residents-living-in-refinerys-toxic-shadow/

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. Each investing agency has its own implementation process. They can either approve it in full or in part. In following years, MRTI staff research companies for GA policy compliance. If companies remain out of compliance, they will stay on the proscription list. If there is reason to believe a company has improved, 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



G. Next steps

MRTI will continue to engage and monitor the companies recommended for focused engagement and complete 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 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 faced. MRTI recognizes addressing it will take different strategies and wide-scale efforts, including policy advocacy, direct action, grassroots pressure,

and more. MRTI also addressed how fossil fuel companies are financed and engaged AIG, a large insurance company, on their 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 related 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.

H. Investing agency "Green" program participation

Participation in fossil fuel free investing programs with the Foundation and the Board of Pensions is 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 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 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:

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 essential to our Christian vocation, and the threat of climate change to God's creation is well-established. This is discussed more in Section 2.
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 partners for decades have engaged corporations regarding environmental responsibility and climate change. This has produced positive changes in some corporate policies and stagnation in others. The three companies MRTI recommends adding to the GA Divestment/ Proscription list have stagnated. It is believed further engagement at this time will not yield meaningful movement towards compliance with GA standards.
3. The analysis supporting the proposed action:	Per GA directive, MRTI's work focuses on key

(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.	components of a robust response to climate change: governance, strategy, implementation, transparency and disclosure, and public policy. The Guideline Metrics, described in Section 3A, outline the church's policy guidance and how the behavior of individual companies compares. This framework and company scores 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 climate impact.
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.	MRTI's engagements are carried out in partnership with partners within and outside faith communities. While some partners have adopted positions on fossil fuel divestment others have not, all are committed to addressing the climate crisis. MRTI's recommendations for divestment have been discussed with ecumenical partners.
5. Efforts should be made to examine the probable effects and consequences of the action with affected communities, particularly Presbyterians.	Since 2016, MRTI discussed climate issues and corporate engagement strategy several times with Presbyterians from both Fossil Free PCUSA and Faithful Actions. Representatives from both attended most MRTI meeting since June 2016. These meetings highlighted the importance of a multi-faceted approach to climate change and corporate engagement. MRTI staff and committee members held 15 meetings with members of the mid-councils where the companies included in the recommendation are headquartered.
6. The proposed action should be sufficiently precise that the effect of its application can be evaluated.	When completed for a company, the Guideline Metrics evaluate that company's progress on environmental, social and governance issues. The tool includes company-disclosed information, analysis from dialogues, as well as external sources and media reports to help paint a complete picture of corporate behavior.
7. Any proposed divestment action should include provision for: (a) informing appropriate church constituencies; (b) giving appropriate	MRTI staff and committee members are in contact with representatives from the appropriate church constituencies, including the affected mid-councils

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.	and the advocacy/ advisory committees through MRTI's membership. MRTI worked in concert with communications staff of the Presbyterian Mission Agency and prepared plans for publicly sharing the GA decisions regarding this recommendation.

Appendix 1

Committee on Mission Responsibility Through Investment (MRTI) of the Presbyterian Church U.S.A.
Guideline Metrics - Company Scoring Evaluation
January 2020

KEY
Priority weighting scale: 5 = high; 3 = medium; 1 = low
Company Scores: 2 = company is actively implementing; 1= company partialy implementing; 0 = no evidence of implementation
Weighted score: priority weight * company score

Companies Scored

Metrics	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
Environment																			
1. Climate-related risks and opportunities identified over short, medium and long term (TCFD) (CA 100)	**3**	**2**	6	2	6	2	6	2	6	1	3	2	6	2	6	1	3	1	3
2. The impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning described (TCFD) (CA 100)	3	**2**	6	2	6	2	6	1	3	1	3	1	3	1	3	1	3	0	0
3. Business strategy in place to manage operations in manner consistent with limiting warming to 2 degrees Celsius (GA) (CA 100)	5	**0**	0	0	0	2	10	0	0	2	10	1	5	0	0	0	0	0	0
4. Business strategy in place and efforts made to limit temperature increase to 1.5 degrees Celsius (GA) (CA 100)	5	**0**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Scenario analysis and measurement, including risk assessment on demand and supply, within key business processes and investment decisions incorporated. (GA) (CA 100)	5	**1**	5	1	5	2	10	1	5	1	5	2	10	1	5	1	5	1	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	**1**	5	1	5	1	5	0	0	0	0	1	5	0	0	0	0	0	0
7. Sets robust goals for reducing greenhouse gas emissions that include increase use of renewable energy sources (GA) (CA 100)	5	**0**	0	1	5	2	10	0	0	2	10	2	10	0	0	0	0	0	0
8. Evidence of energy efficient investments (GA)	3	**2**	6	1	3	2	6	1	3	2	6	2	6	1	3	2	6	1	3
9. Evidence of more rapid integration of new technologies designed to reduce the company's overall carbon footprint (GA) (CA 100)	5	**1**	5	1	5	2	10	1	5	1	5	2	10	2	10	2	10	2	10
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	**2**	6	1	3	2	6	1	3	2	6	2	6	2	6	1	3	1	3
11. Discloses Scope 1, Scope 2 and if appropriate, Scope 3 GHG emissions, and related risks (TCFD) (CA 100)	5	**1**	5	1	5	1	5	1	5	2	10	2	10	1	5	1	5	0	0
12. Describes the targets used to manage climate-related risks and opportunities and performance against targets. (TCFD) (CA 100)	3	**1**	3	1	3	1	3	1	3	2	6	2	6	0	0	0	0	0	0
13. Issues annual reports on the company's view of and response to material climate change risks and opportunities (GA) (CA 100)	5	**2**	10	2	10	1	5	2	10	2	10	2	10	2	10	1	5	0	0
14. Provides outlook on energy (GA)	3	**2**	6	2	6	1	3	2	6	2	6	1	3	2	6	2	6	1	3
15. Outlines how strategy can adjust for significant changes in demand for oil, gas and coal (GA)	3	**1**	3	2	6	1	3	0	0	2	6	2	6	1	3	1	3	1	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	**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
Other possible areas of interest (from S&P)			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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	1	1	2	2	1	1	1	1	2	2	2	2	1	1	1	1	1	1

Appendix 1

Metrics

	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
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?	1	2	2	1	1	2	2	2	2	2	2	2	2	0	0	2	2	0	0
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)	1	2	2	2	2	2	2	2	2	2	2	1	1	2	2	2	2	2	2
20. Regarding Waste: 20a. Company discloses management of hazardous materials/ waste. 20b. Solid waste reduction efforts are in place. (MRTI)	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
Social			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
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)	1	1	1	2	2	1	1	2	2	2	2	2	2	1	1	1	1	0	0
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.)	5	0	0	1	5	1	5	0	0	2	10	1	5	0	0	1	5	0	0
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)	5	0	0	1	5	1	5	0	0	1	5	2	10	0	0	1	5	1	5
4. Operations are considered from the perspective of their impact on local communities and society and employee safety. (S&P and MRTI) (GA)	5	1	5	1	5	2	10	1	5	2	10	1	5	0	0	1	5	1	5
5. Company regularly engages with customers to learn their needs and satisfaction. (S&P)	1	0	0	2	2	2	2	1	1	2	2	2	2	0	0	1	1	2	2
6. Do operations and/or products create reputational issues for the company? If so, how are those issues managed and mitigated? (S&P).	1	0	0	1	1	1	1	0	0	0	0	1	1	0	0	0	0	1	1
7. Does company participate in the Voluntary Principles on Security and Human Rights? http://www.voluntaryprinciples.org/for- companies/	1	2	2	2	2	0	0	2	2	0	0	0	0	0	0	0	0	0	0
8. Does company operate in conflict zones? (GA 2008)	3	info only		info only		info only		info only		info only		info only		info only		info only		info only	
9. Corporate Human Rights Benchmark 2017 score	1	info only		info only		info only		info only		info only		info only		info only		info only		info only	
10. Additional human rights concerns?	1	info only		info only		info only		info only		info only		info only		info only		info only		info only	
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).	1	1	1	1	1	2	2	1	1	2	2	1	1	2	2	2	2	1	1
12. Other comments			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
Governance			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1. CEO to employee pay ratio: http://www.payscale.com/data-packages/ceo-pay/full-list	1	1	1	2	2	1	1	1	1	1	1	1	1	0	0	1	1	1	1
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)	5	2	10	2	10	2	10	1	5	2	10	2	10	1	5	1	5	2	10
3. Ensures adequate oversight of climate change risk (GA) and human rights issues (CA 100)	5	1	5	2	10	1	5	1	5	2	10	2	10	1	5	1	5	1	5
4. Strategic implications of a transition to low carbon energy system (GA)	3	1	3	2	6	2	6	1	3	2	6	1	3	0	0	1	3	0	0
5. Board member analysis (MRTI) (includes board diversity) (CA100) *(diversity refers to diversity of demographics, experience/expertise, and inclusion of domestic and international experience)	3	2	6	2	6	1	3	2	6	1	3	2	6	1	3	1	3	2	6

Appendix 1

Metrics

	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
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)	3	1	3	1	3	1	3	0	0	1	3	0	0	0	0	0	0	0	0
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)	5	0	0	1	5	1	5	0	0	2	10	0	0	1	5	1	5	1	5
8. Company discloses positions on policy issues such as carbon pricing, renewable energy targets, and international negotiations on climate change (GA).	3	1	3	2	6	0	0	1	3	1	3	2	6	0	0	0	0	0	0
9. Company regularly engages with regulatory and other legal authorities to keep abreast of legal, regulatory and compliance developments. (S&P)	1	1	1	2	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1
10. Relevant transparency (executive pay; drug pricing; spending on marketing vs R and D) (MRTI)	1	1	1	1	1	2	2	1	1	2	2	1	1	1	1	2	2	1	1
11. Company is transparent on which office to contact regarding environmental/ social concerns and includes contact information. (MRTI)	3	0	0	0	0	1	3	0	0	1	3	0	0	2	6	1	3	0	0
Total Score			117.00	53.00	151.00	51.00	159.00	36.00	94.00	58.00	180.00	54.00	170.00	30.00	90.00	36.00	102.00	27.00	77.00

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.	101-135
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)

Appendix 1

Sources and Notes:

2018 General Assembly of the PCUSA (GA 2018). The 223rd General Assembly (2018) received an MRTI Report that included pursuing engagement with companies on climate change issues. Excerpt from the General Assembly's response to the MRTI Report: "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."

2018 General Assembly of the PCUSA (GA 2018 Carbon). The 223rd General Assembly (2018) directed MRTI to continue engaging companies on climate change, "especially in support of carbon pricing."

2018 General Assembly of the PCUSA (GA 2018). "On Responding to Environmental Racism and to Promote Environmental Justice." Excerpt from "On Responding to Environmental Racism and to Promote Environmental Justice". 2018. "3. Listen to the perspectives and voices of people most impacted by environmental racism with awareness to cultural diversity domestically and internationally. 4. In accordance with the Gospel, position the church's approach to environmental problems to include responses to the voices most directly impacted by environmental racism."

General Assembly of the PCUSA (GA). "Action on Fossil Fuel Divestment by the 222nd General Assembly of The Presbyterian Church U.S.A." Excerpt from MRTI Report to the 222nd General Assembly's Committee on Environmental and Immigration Issues. 2016. "Directs MRTI to pursue its focused engagement process on climate change issues with all corporations, particularly with those in the oil, gas, and coal sectors, and report back to the 223rd General Assembly (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."

2008 General Assembly of the PCUSA (GA 2008). The 218th General Assembly (2008) received an MRTI report that included continued engagement with companies on Israel/ Palestine. In response, the GA recommended the following: *"Call upon all corporations doing business in the region to confine their business activity solely to peaceful pursuits, and refrain from allowing their products or services to support or facilitate violent acts by Israelis or Palestinians against innocent civilians, construction and maintenance of settlements or Israeli-only roads in East Jerusalem and the West Bank, the Israeli military occupation of Palestinian territory, and construction of the Separation Barrier as it extends beyond the 1967 'Green Line' into Palestinian territories." (Minutes, 2008, Part 1, p. 1223)*

Climate Action 100+. Available here: http://www.climateaction100.org/

ICCR. "Hierarchy of Impact." Available here: http://www.iccr.org/our-approach/iccrs-hierarchy-impact

S&P Global Ratings, RatingsDirect. "Proposal for Environmental, Social, And Governance (ESG) Assessments." 2016. Available here: https://www.spglobal.com/our-insights/Proposal-For-Environmental-Social-And-Governance-ESG-Assessments.html.

TCFD (Task Force on Climate-Related Financial Disclosures). "Recommendations of the Task Force on Climate-related Financial Disclosures." 2016. Available here: https://www.fsb-tcfd.org/publications/recommendations-report/

United Nations Human Rights, Office of the High Commissioner. "Guiding Principles on Business and Human Rights." 2011. Available here: http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

Source for sector-specific questions: "21st Century Engagement." BlackRock and Ceres. 2015. Available here: https://www.blackrock.com/corporate/en-us/literature/publication/blk-ceres-engagementguide2015.pdf

Ceres. "The 21st Century Corporation: The Ceres Roadmap For Sustainability." 2010. Available here: https://www.ceres.org/sites/default/files/2017-05/Ceres_Roadmap_for_Sustainability_2010.pdf

Text in orange reflects the latest Sustainalytics ESG Report.

PCUSA's Committee on Mission Responsibility Through Investment (MRTI), internal communication between MRTI committee members and staff.

The Committee on Mission Responsibility Through Investment approved this score on January 16, 2020.