

**ITEM G.102  
FOR ACTION**

FOR PRESBYTERIAN MISSION AGENCY EXECUTIVE DIRECTOR’S OFFICE USE ONLY					
	<b>A. Resource Allocation &amp; Stewardship</b>		<b>D. Coordinating Committee</b>	X	<b>G. Outreach to the World</b>
	<b>B. Personnel &amp; Nominating</b>		<b>E. Mid-Councils</b>		<b>H. Ministerial Teams</b>
	<b>C. Property/Legal</b>		<b>F. Nurture the Body</b>		<b>P. Plenary</b>
FINANCIAL IMPLICATIONS – TO BE COMPLETED BY SUBMITTING OFFICE					
<b>COST (explain in the Rationale section):</b>					
	<b>Within Per Capita Budget</b>		<b>Within Mission Budget</b>		<b>New Funds</b> _____
	_____		_____		

**Subject: Comment to the 225<sup>th</sup> General Assembly (2022) on Overture 004 Item ENV-01 “On Learning About Starting the Process of Divestment from Fossil Fuels” from the Arkansas Presbytery.**

**Recommendation:**

**That the Presbyterian Mission Agency Board approve the following comment on Overture 004, Item ENV-01 “On Learning About Starting the Process of Divestment from Fossil Fuels” to the 225<sup>th</sup> GA**

**Rationale:**

The 223rd General Assembly (2018) directed the Presbyterian Mission Agency, through the Committee on Mission Responsibility Through Investment (MRTI), to continue its focused engagement process on climate change-related issues and, pursuant to the Divestment Strategy Principles and Criteria policy [approved by the 196th General Assembly (1984)], to recommend selective divestment if significant changes in governance, strategy, implementation, transparency and disclosure, and public policy were not instituted by the corporations during the engagements of MRTI and ecumenical partners. Following policy guidelines from the 196th, 222nd, and 223rd General Assemblies (1984, 2016, and 2018), MRTI recommended five companies for selective divestment, a recommendation that can be implemented by the General Assembly-related investing agencies (the Board of Pensions and the Presbyterian Church U.S.A. Foundation) if the General Assembly approves the recommendations.

For a divestment recommendation to be implemented by the investing agencies, two components are at a minimum required: 1) MRTI must make specific company recommendations to add to the GA Divestment/Proscription List, per the criteria in the Divestment Strategy: Principles and Criteria policy; 2) The General Assembly must agree with the MRTI recommendation.

Specifically, Recommendation 2 in Item ENV-01 goes against existing General Assembly policies and the process MRTI has for implementing those policies. The overture directs MRTI “to add all companies on the Carbon Underground 200 and S&P Global Industry Classification Standard’s list to the divestment list and recommend divestment to the Board of Pensions.” This directive bypasses MRTI’s research and engagement process outlined by the Guideline Metrics framework that was approved by the 223rd

**PRESBYTERIAN MISSION AGENCY BOARD**

**April 27-29, 2022**

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General Assembly (2018). It also circumvents the General Assembly's Divestment Strategy: Principles and Criteria policy [approved by the 196th General Assembly (1984)] that includes seven criteria that need to be met before a divestment recommendation is made. In particular, Criterion #6 calls for "The proposed action should be sufficiently precise that the effect of its application can be evaluated," which means that specific guidelines and metrics must be applied to determine if a company is moving towards or away from complying with the standards set by the General Assembly.

Item ENV-01 also ignores the General Assembly's evolving environmental policy, which was made more robust by the 222nd (2016) and 223rd (2018) General Assemblies and which MRTI has carried out through the application of the Guideline Metrics framework [approved by the 223rd General Assembly (2018)], which examine environmental, social, and governance performance of companies named by the General Assembly.

Item ENV-01 relies on the Carbon Underground 200 list and the S&P list which ignores the fact that PC(USA), through MRTI, is a leader in the Climate Action 100+. This investor initiative has the backing of over \$65 trillion USD in invested capital, to ensure the world's largest corporate greenhouse gas emitters manage their operations toward compliance with the Paris Accord's goal of limiting global warming to well below 2 degrees Celsius. The companies include 167 "systemically important emitters," accounting for two-thirds of annual global industrial emissions, alongside more than sixty others with significant opportunity to drive the clean energy transition. This five-year initiative (2018–2023) has made real progress in the last four years, including securing major commitments from Duke Energy to reach net-zero emissions by 2050 with interim targets, agreed to exit coal by 2035 and to reduce the amount of power the company produces from coal to just 5% of generation by 2030. Several oil and gas companies have increased their ambition of GHG reduction targets and have agreed to leave problematic U.S. trade associations and set ambitious targets to move towards compliance with the Paris Accords. Many of the companies included on the Carbon Underground 200 and S&P lists are also on the Climate Action 100+ list, which means if MRTI were directed to bypass existing General Assembly policies and processes and place these companies on the Divestment/Proscription List, MRTI's ability to lead in this influential initiative and represent the PC(USA)'s unique voice in these corporate engagements would be nonexistent.

Finally, Recommendation 3.b. of Item ENV-01 directs "PMA to be in conversation with presbyteries whose members are most dependent on the fossil fuel industry, in order to discern ways that we can support them as our society transitions away from our dependence on fossil fuels and jobs are inevitably lost." This language is duplicative as the PMA, through MRTI, in accordance with Criterion #5 and Criterion #7 of the Divestment Strategy: Principles and Criteria policy, has already been in close contact with presbyteries and synods that would be impacted by a potential General Assembly divestment decision. As the MRTI response to directive 08-08 outlines:

In September 2018 MRTI sent letters to the leadership of the Presbyteries where the focus companies are headquartered, informing them of the GA Directive. MRTI sent a communication to leadership of Maumee Valley Presbytery, Mission Presbytery (Valero) and Grace Presbytery (Exxon) about the pending divestment recommendations in November 2019, and again in November 2021 to the listed presbyteries, as well as San Francisco Presbytery (Chevron) and New Covenant Presbytery (Phillips 66) to reflect the latest recommendations.

MRTI leadership and members held 16 meetings and presentations with mid-councils that would be affected by possible divestment recommendation between October 2018 and March 2020. MRTI communicated all divestment recommendations to the affected presbyteries via letters, emails, and some individual meetings."

Additionally, MRTI, through ecumenical partnerships, is involved in discernment around just transition in the energy sector.