



The **Methodist** Church



Climate Change

The Challenge for Ethical Investment

Ethical Investment Report 2010



Climate Change Policy

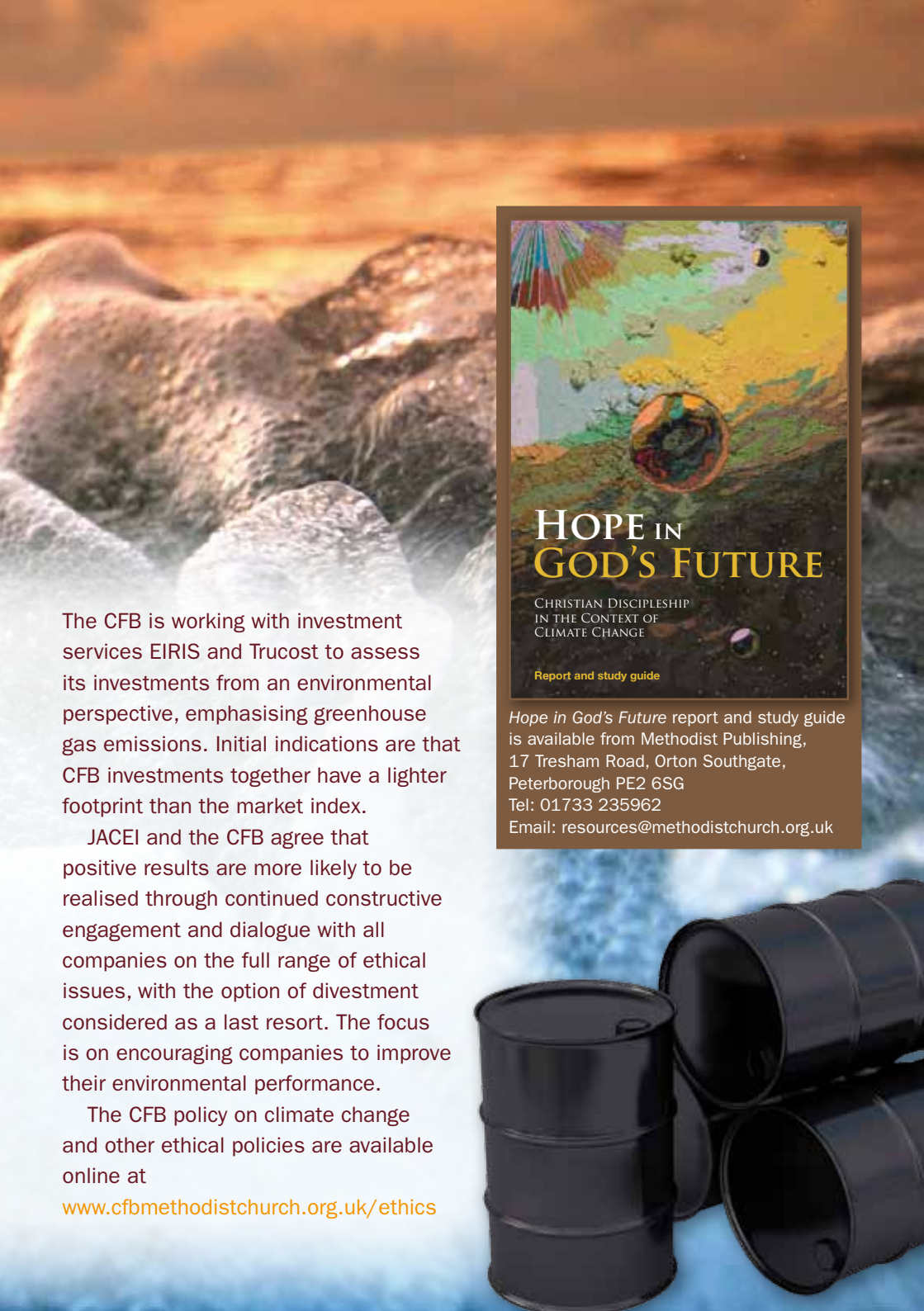
The Methodist Church accepts the scientific evidence that greenhouse gas emissions are causing climate change posing an increasing threat to millions of people and vulnerable eco-systems over the coming decades. The failure of the recent Copenhagen Summit to pledge a legally binding agreement on how the world will tackle climate change was therefore very disappointing. Despite this setback, the Church supports the challenging goal of reducing the UK's greenhouse gas emissions by at least 80% from 1990 levels by 2050.

Last November the Central Finance Board (CFB) of the Methodist Church adopted a policy on investments and climate change,

in response to the Methodist Conference report *Hope in God's Future*. This commits the CFB to assess the long-term environmental impact of its investments.

The policy develops the CFB's previous work on environmental issues. The CFB is a signatory of the Carbon Disclosure Project and a founder member of the Institutional Investors' Group on Climate Change. The Methodist Church also works with other Churches through the Church Investors Group.

The new policy commits the CFB to continue to urge companies to disclose their emissions and work to reduce them. It also aims to achieve a low and declining carbon footprint of CFB investment portfolios.

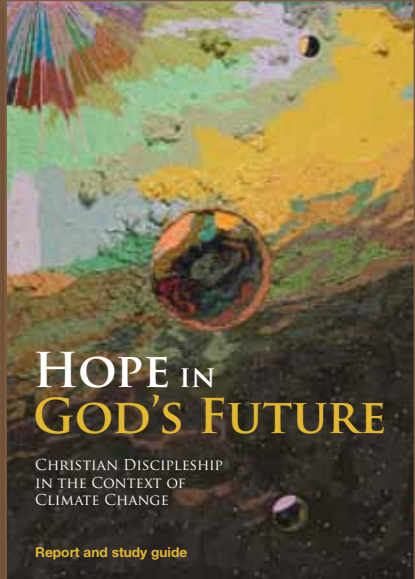


The CFB is working with investment services EIRIS and Trucost to assess its investments from an environmental perspective, emphasising greenhouse gas emissions. Initial indications are that CFB investments together have a lighter footprint than the market index.

JACEI and the CFB agree that positive results are more likely to be realised through continued constructive engagement and dialogue with all companies on the full range of ethical issues, with the option of divestment considered as a last resort. The focus is on encouraging companies to improve their environmental performance.

The CFB policy on climate change and other ethical policies are available online at

www.cfbmethodistchurch.org.uk/ethics



**HOPE IN
GOD'S FUTURE**

CHRISTIAN DISCIPLESHIP
IN THE CONTEXT OF
CLIMATE CHANGE

Report and study guide

Hope in God's Future report and study guide is available from Methodist Publishing, 17 Tresham Road, Orton Southgate, Peterborough PE2 6SG
Tel: 01733 235962
Email: resources@methodistchurch.org.uk





Oil Companies

Should ethical funds hold investments in oil companies? Investment funds increase returns and spread risk by investing broadly across a range of sectors. The CFB makes exceptions when activities are considered unethical, such as the production of alcohol or armaments. We all need oil products for our cars or for public transport so it is difficult to see the oil sector in this light.

All companies will ultimately look to international legislation and the markets (including the emerging carbon market) when planning long-term commercial strategies.

Some companies have interests in projects that extract oil from tar sands. These can be highly energy intensive with a significant environmental impact.

Investment in this form of extraction sits awkwardly with stated concerns for the environment and climate change.

JACEI members, together with staff from the CFB and the Connexional Team, meet with senior representatives of BP and Shell. CFB funds have holdings in both companies. Through this engagement senior executives learn of the concerns of the Methodist Church and its members. Our investment allows us to vote at shareholders meetings on resolutions highlighting environmental or human rights concerns. We sometimes sponsor such resolutions. The chair of JACEI would be pleased to hear your views and respond to queries or suggestions on this or any other issue.

From the Chair of the Joint Advisory Committee on the Ethics of Investment (JACEI):

Once again the advisory committee has sought to monitor and cover a wide range of ethical matters in relation to the investments of the Central Finance Board. In addition to the development of a policy on climate change our work over the past year has included:

- a position paper on caste discrimination
- an exploration of ethical issues relating to children (working with Action for Children)
- consideration of issues relating to the banking sector
- a meeting with B SkyB in relation to the control of online gambling

- consideration of reports of meetings with several companies including Shell, BP, AB Foods, United Utilities, Vedanta, Vodafone and Nestlé

A full report in the agenda of the Methodist Conference gives a wider picture than can be provided here.

Do please feel free to contact me if you have a concern. I have received correspondence on a number of issues including the takeover of Cadbury.

The Revd John Howard
JACEI Chair

Most Methodists benefit in some way from the £1 billion invested by the Central Finance Board (CFB). The CFB has the challenge of meeting demanding legal requirements while fulfilling its commitment to achieve good financial returns for its clients.

The CFB Annual Report provides full details on performance and is available from the CFB website or the address overleaf. For the CFB the ethical dimension is interwoven throughout its decision-making processes. As its mission statement affirms: “We aim to

construct investment portfolios which are consistent with the moral stance and teaching of the Christian faith [and] to be a Christian witness in the investment community.”

If you have concerns about where Methodist money might be invested, please feel free to contact the chair of JACEI, the Revd John Howard, whose details are given overleaf.

More information about the committee's work can be found in its report to the Methodist Conference.

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Joint Advisory Committee on the Ethics of Investment (JACEI)

This committee is composed of representatives appointed by the CFB and by the Methodist Council. It meets to advise the CFB on the ethical aspects of its work and monitors its decisions.

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