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# Church of England, Commissioners cut oil and gas companies from investment portfolios

BY PAMELA KOKOSZKA | 22 JUNE 2023

The GBP3.2bn Church of England Pensions Board (CEPB) and the Church Commissioners announced their intention to disinvest from remaining oil and gas companies in their respective investment portfolios.

They will exclude all other companies primarily engaged in the exploration, production and refining of oil or gas, unless they are in genuine alignment with a 1.5°C pathway, by the end of 2023, they said.

It follows a motion passed by the General Synod in 2018 agreeing a timeline for the church to disinvest from fossil fuel companies not aligned with the short-, medium-, and long-term goals of the Paris Agreement by the end of 2023.

The implementation of that motion focused on the world's largest oil and gas companies.

Justin Welby, the Archbishop of Canterbury

In 2021, Church Commissioners for England, which manages the Church of England's £10.3bn endowment fund, excluded 20 oil and gas majors from its portfolio.

It will now be excluding BP, Ecopetrol, Eni, Equinor, ExxonMobil, Occidental Petroleum, Pemex, Repsol, Sasol, Shell, and Total.

The decision came after concluding that none are aligned with the goals of the Paris Agreement, as assessed by the Transition Pathway Initiative (TPI)

Transition Pathway Initiative (TPI).

Justin Welby, Archbishop of Canterbury, and chair of the Church Commissioners for England, said: "We have long urged companies to take climate change seriously, and specifically to align with the goals of the Paris Climate Agreement and pursue efforts to limit the rise in temperature to 1.5°C above pre-industrial levels.

"In practical terms that means phasing out fossil fuels, investing in renewables, and plotting a credible path to a net zero world. Some progress has been made, but not nearly enough."

Alan Smith, first church estates commissioner, added that the decision was not taken lightly.

> **"The energy majors have not listened to significant voices in the societies and markets they serve and are not moving quickly enough on the transition"**
>
> Alan Smith, first church estates commissioner

He said: "Soberingly, the energy majors have not listened to significant voices in the societies and markets they serve and are not moving quickly enough on the transition. If any of these energy companies come into alignment with our criteria in the future, we would reconsider our position. Indeed, that is something we would hope for."

With the 2021 exclusions and those announced today, the Church Commissioners will have excluded all oil and gas majors from their investment portfolio.

It said that the broader exclusion of all oil and gas exploration, production and refining companies will follow by the end of 2023.

### Pensions Board

The CEPB said it most recently held £1.35m across equity and debt in Shell, and approximately £7m in equity and debt across oil and gas companies in its common investment fund.

It added that it has engaged the sector over the past 10 years with a view to bolstering the level of ambition in company strategies to decarbonise in line with the Paris Agreement.

And while some companies have come close to achieving alignment as assessed by TPI, none have met the threshold to remain "investible", and as a result.

At Shell's annual general meeting (AGM) last month the CEPB expressed disappointment that the oil major had failed to increase the ambition of its short-, medium- and long-term emissions reduction major had failed to increase the ambition of its short-, medium- and long-term emissions reduction targets and called for it to increase its ambition on climate change.

CEPB said it will no longer prioritise engagement with the oil and gas sector on climate change and will instead focus its efforts on reshaping the demand for oil and gas from "key sectors" such as the automotive industry.

John Ball, chief executive officer for CEPB, said: "There is a significant misalignment between the long-term interests of our pension fund and continued investment in companies seeking short-term profit maximisation at the expense of the ambition needed to achieve the goals of the Paris Agreement.

"Recent reversals of previous commitments, most notably by BP and Shell, has undermined confidence in the sector's ability to transition."

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Pamela is IPE's UK correspondent. Before joining IPE in May 2023, she spent five years writing about the insurance industry. During her career so far she won awards for Most Promising Newcomer in 2020 and Best Investigative Article in 2022 from the British Insurance Brokers Association, and was also highly commended at the WTW Media Awards for Insurance Features Journalist of The Year.

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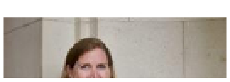

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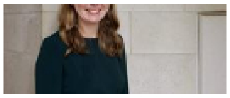

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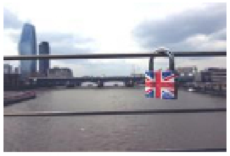

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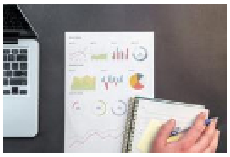

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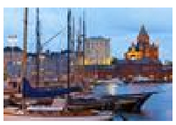

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