

Policy statement on climate change

1. *Preamble*

- 1.1 The Methodist Church is seriously concerned that climate change is already causing suffering to many people and threatens millions more with misery over the coming decades. It also threatens vulnerable eco-systems and many species with extinction.
- 1.2 The Methodist Church's theological approach to climate change is set out in the report *Hope in God's Future: Christian Discipleship in the Context of Climate Change*. It recognises that:
- the suffering caused by climate change is disproportionately greater for the poor and vulnerable;
 - supporting our standard of living at the expense of the misery of others, both now and in the future, contravenes the commandment to love our neighbours as ourselves;
 - riches gained at the expense of irreparable damage to the environment do not constitute wise stewardship of God's creation.
- 1.3 The Methodist Church accepts the authoritative scientific research produced by the Intergovernmental Panel on Climate Change (IPCC), which shows that greenhouse gas emissions resulting from economic activity are the major cause of climate change.
- 1.4 The Methodist Church supports the extremely challenging goal of reducing the UK's greenhouse gas emissions by at least 80% from 1990 levels by 2050. This is in the context of reducing global emissions by the 50% considered necessary to avoid the worst impacts of climate change. It recognises that to meet its share of this reduction, Church policy in many areas, including investment, will need to be reviewed.
- 1.5 Greenhouse gases, when emitted, trap solar radiation and cause the Earth to warm up. Carbon dioxide is the most prevalent of these gases, and thus terms such as 'carbon emissions' and 'carbon footprint' are often used to refer to more general concepts involving all greenhouse gases, even though some of these are, proportionately, significantly more damaging. In this policy all references to 'carbon' include all greenhouse gases.

2. *Key issues*

- 2.1 A reduction of 80% in greenhouse gas emissions would mean that all companies and individuals in the developed economies must reduce their emissions.
- 2.2 The Methodist Church is looking at means to reduce its own greenhouse gas emissions in line with the 80% reduction by 2050. The 2009 Methodist Conference specifically noted the need to assess the travel policies and energy use and efficiency of the Church. It also seeks to support its members in reducing their carbon footprints. The Church has not directed individual churches and circuits either to commit or omit broad areas of activity as a result of their greenhouse gas emissions.
- 2.3 The level of detailed knowledge about the greenhouse gas emissions of companies needs to be improved. This will enable investors to make sufficiently accurate and informed comparisons between companies in order to reach appropriate investment conclusions.
- 2.4 Some economic activities involve proportionately high greenhouse gas emissions. Such activities may merit particular attention, although they are part of a complex network of economic relationships on which apparently less carbon intensive activities may be dependent.

- 2.5 The carbon intensity of economic activities varies widely between sectors, with further differences between the best and worst companies within any sector. The level of variation tends to be greater in the more carbon intensive sectors.
- 2.6 Both the Fourth Assessment Report of the Intergovernmental Panel on Climate Change and the Stern Review commissioned by the UK government stress the importance of establishing a sufficiently high price for carbon to encourage a substantial reduction in emissions at the lowest possible economic cost.
- 2.7 Neither report, nor Hope in God's Future, states that any particular economic activity should be considered unacceptable with regard to climate change, nor that particular technologies should be prescribed or proscribed as the solution to reducing greenhouse gas emissions. However, they do advocate a move to low carbon technologies.
- 2.8 The emissions deriving from either a company's supply chain or the use of its products can be many times the direct emissions that the company produces in its own activities.

3. Policy

- 3.1 To reflect the Methodist Church's teaching and positions on climate change within our portfolios.
- 3.2 To create and manage portfolios with a carbon footprint that is relatively low and measurably declining.
- 3.3 To consider, not only the absolute level of a company's emissions, but also the intensity of those emissions relative to the company's size. This should include the emissions of the supply chain as well as those involved in the use of the company's products.
- 3.4 To encourage all companies and particularly those with a high level of carbon intensity, to disclose their greenhouse gas emission levels accurately. This should include that of their supply chains, including transport.
- 3.5 To encourage all companies to limit and reduce the greenhouse gas emissions and intensity resulting from their own processes, their supply chains and the use of their products.
- 3.6 To encourage companies in sectors with high relative levels of greenhouse gas emissions to act and invest to reduce those emissions, and to monitor these efforts.
- 3.7 To maximise the impact of engagement with companies in relation to climate change. This will include collaboration with other investors or investor groups mainly through a process of dialogue and may include shareholder resolutions and representations to government.
- 3.8 To consider divestment as the appropriate response when companies are either unwilling to enter into dialogue or if it proves to be ineffective.
- 3.9 To consider avoiding whole areas of economic activity as unacceptable if it appears that involvement with such activities and profiting from them is contrary to the teaching of the Methodist Church.