

Climate Change Working Group for Mennonite Church Canada

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Submitted by
Randolph Haluza-DeLay, PhD, and Joanne Moyer, PhD
on behalf of the members of the Climate Change Working Group
to the General Board of Mennonite Church Canada

Background

The Executive Staff Recommendation to the General Board of Mennonite Church Canada (MC-CAN) on the Assembly 2014 Climate Change Resolution advised: “That MC Canada General Board establish a volunteer working group made up of constituents of MC Canada (including people with some expertise on the subject, both financial and scientific, as well as people on both sides of the issue) to study the issue of divesting from the fossil fuel industry and present a recommendation to MC Canada delegates at Assembly 2016.”

The group has been named the Climate Change Working Group (CCWG). More detail on the Working Group, its process and composition are described in Appendix A.

summary of recommendation

After considering several options in light of moral, scientific and financial discernment, we of the CCWG are not recommending divestment of the small amount of funds currently invested in fossil fuels as the primary action at this time. Instead, we are recommending that MC-CAN adopt a strong deliberate investment approach for future investments, choosing investment instruments that promote the transition to a new energy economy that values community building, social justice, and a less consumptive lifestyle. This strategy prioritizes investing in “the good that we want to see.” In addition, MC-CAN should do a number of non-financial actions that will support an investment shift and increased Mennonite understanding of climate change as a justice concern.

The rationale for divestment is based on the need to find strong signals to effect societal action on climate change and the desire to avoid stranded assets, since many signs suggest an imminent global shift away from fossil fuels, whether by choice or necessity. MC-CAN does not have substantial financial reliance on fossil fuels in its associated investments, including the pension fund. Due to the marginal financial impact of divestment, for MC-CAN, the step of divestment would have primarily symbolic value. While this should not be discounted, we suggest an even stronger symbolic statement would be made through deliberate investment. That is, our investments can benefit from the good that is in alignment with faithful discipleship that results in care of creation and social justice. Through deliberate investment, we recommend a shift toward investments based in renewable technologies, local economies, sustainability, and global justice that are likely to receive a return on investment consistent with board directives for fund management.

We also acknowledge difficulty in finding such investments, since financial tools representing these instructions are not widely available. This difficulty is all the more reason for careful and deliberate investment, working with investment managers in creation of these very financial tools, and the necessity to conduct faithful financial management with prudence. As the world transitions from fossil fuels, our investments should do so too.

The above recommendation comes from a process described in detail in Appendix A. Although representing a number of different positions and wide expertise within the Mennonite church, the eight members of the CCWG agreed on a number of common points upon which to base discernment. We all agreed that God has gifted humanity with ingenuity and reason, which has resulted in both positive and negative results for humanity and the planet. We also recognized that as committed Christians, we are called to discern how to engage our world with faithfulness and humility. We all agreed that the best available science indicates that the planet's climate is changing and that human causes – greenhouse gas emissions from fossil fuels and land use – are the primary reason.. We all recognized that climate change has already, and will increasingly, exacerbate existing social vulnerabilities such as food security and military conflict, and create other impacts on human populations around the world. The CCWG members agreed that the world's poor and marginalized have fewer resources with which to adapt to the changing climate, and have contributed fewer of the human inputs into global climate change. For a more detailed discussion of the projected impacts of climate change, see Appendix B.

Despite our agreement that climate change is sufficiently serious that society must move away from a fossil fuel-based economy and lifestyles, we did differ on how rapid that movement should, or could, be. We recognized that contemporary society is highly dependent on fossil fuels, and we had rich discussion of what that means, including the practical and ethical implications in the face of global (climate) injustice. Lastly, we discussed the many citizens – including fellow Mennonites – whose livelihoods are directly or indirectly connected to fossil fuels, and what a pastoral approach to divestment or fossil fuel transition would look like.

Therefore, we acknowledged that climate change is a justice issue and an issue to which Christians are called to respond. How to do that in a specifically Christian way, and as a national church is less clear. One option, which led to the motion at the General Assembly, is divestment of finances invested in the fossil fuel industry. Divestment is a growing movement, and a growing number faith-based and Christian organizations have begun to divest.

With this discussion of background assumptions, we tried to discern what potential actions MC-CAN – as a body, as congregations, and as individuals living out faithful can take to respond to climate change. These discussions laid the groundwork for the following report and final recommendations. We concluded that it is far more important for future MC-CAN investments to go forward in positive directions than to deploy a negative screen for past investments on one component of the changing climate.

I. Implications for the Church's Response to Climate Change

The planet's changing climate is of increasing concern. Scientific assessment of the present and probable future changes to the world's climate and the impacts on human populations in increasingly solid according to the conventions of social and natural science research.¹ As briefly sketched in Appendix B, this research has led many to call climate change in its causes and impacts a form of global injustice. For this and other reasons, religious, governmental, health, business and other sectors have begun to respond, in a variety of ways. A Climate Change Resolution was voted on and accepted at Mennonite Church Canada's Assembly 2014, leading to the formation of this Climate Change Working Group (CCWG). Please see Appendix A for a more complete description of the Working Group and its process.

God's loving will for the world is the restoration of all creation.² We are informed in Scripture that the earth is the Lord's;³ the role of human beings is to protect and nurture it;⁴ and God's redemptive work in Jesus involves not just human beings but all created things.⁵ Furthermore, we are commanded by Jesus to follow him by loving the Lord our God with all our heart, soul, mind and strength, and our neighbour as ourselves.⁶ This implies prevention of harm, repentance of actions that cause suffering, and service to the afflicted and vulnerable, including seeking to change social systems that increase affliction or marginalization. The latter is the vocation of social justice, which is closely allied to active peacemaking ("Where there is no justice, there is no peace"), a specific *charism* that Mennonites have received from the Prince of Peace, Jesus.

Most choices for faithful action are complicated and require discernment, often between competing notions of the Good. While the roster of orientations to discernment and action does include complete withdrawal from the world, this option has not been chosen by Mennonite Church Canada. And thus, faithfulness to the Prince of Peace requires financial sustainability as well as prophetic action and pastoral sensitivity. In regards to the financial dimensions, Mennonites have consistently been guided by ethically responsibly principles that ask: If there is an injustice or morally problematic investment, should we be profiting from it? Of course one should not profit from obviously immoral, reprehensible or evil action, but the case with fossil fuels is not so obvious. Despite their significant contribution to global climate change,⁷ and the injustices associated with such large-scale changes and their historical causes, fossil fuels also have facilitated an ease of life, transportation of persons and goods, benefits to health, and poverty reduction that has bettered humanity. We have come to appreciate and rely upon

¹ Intergovernmental Panel on Climate Change (IPCC). 2014. Extensive reports and summaries available at www.ipcc.ch. See also Appendix B for more about the IPCC and physical science of climate change.

² Rom 8:19-23; also reference to *renewal* of all creation in Matt 19:28

³ Gen 1&2; Lev 25:23; Ps 24:1-2; Is 66:1-2

⁴ Gen 2:15. The Hebrew words used here are *abad*, to work as a servant, and *shamar*, which conveys a sense of watchful care and preserving.

⁵ John 3:16; John 6:51; Rom 8:19-23; Col 1:20; Rev 11:18 (cf also Gen 9:13 & 17 – covenant with the earth, not just with humans)

⁶ Deut 6:5; Matt 22:37; Mark 12:30; Luke 10:27

⁷ Intergovernmental Panel on Climate Change (IPCC). 2014. Climate change 2014: Impacts, adaptation, and vulnerability. Part a: Global and sectoral aspects. Contribution of working group ii to the fifth assessment report of the intergovernmental panel on climate change [C.B. Field,, V.R. Barros, D.J. Dokken, K.J. Mach, M.D. Mastrandrea, T.E. Bilir, M. Chatterjee, K.L. Ebi, Y.O. Estrada, R.C. Genova, B. Girma, E.S. Kissel, A.N. Levy, S. Maccracken, P.R. Mastrandrea, and L.L. White (eds.)]. Cambridge, United Kingdom and New York, NY, USA: Cambridge University Press.

these benefits. It is not yet clear how easily fossil fuels can be replaced or whether so replacing them and their benefits are outweighed by the drawbacks of global climate change.

Another element to take into account is that some fossil fuel corporations have funded climate denialist and skeptic groups,⁸ which is clearly unethical and has obstructed addressing climate change. As the evidence of such behaviour has become clearer, it has increased criticism of the industry and led to more calls for divestment. However, it is not fair to characterize an entire industry as immoral because some corporations within it have acted this way. Nor is it possible to develop a broad investment policy based on avoiding particular business strategies as investors do not have a say in management practices at this scale. Lastly, some analysts have argued that these problems are inherent in an economic system oriented entirely toward profit accumulation; that is, capitalism inherently exploits creation's resources. If so, this is a problem of social structure far beyond CCWG or MC-CAN's abilities to address here. MC-CAN must still exist within an economic system where pension funds or investments must grow in order to allow pastors to retire and for church programmes to be vital and ongoing.

We are therefore faced with a Biblical imperative to address the climate crisis. This analysis parallels that being undertaken in other Christian denominations, and other religions.⁹ For example, Pope Francis covers similar ground in his most recent encyclical, *Laudato Si'*.¹⁰ (An encyclical is one of the highest level teaching statements of the Roman Catholic Church). We suggest that addressing the climate crisis involves a number of action items:

- minimizing our own carbon footprint, as individual Mennonites and at each level up to the national church;
- enabling others to do likewise,
- working for technological, economic, logistical, and policy change so that fossil fuel usage can rapidly become unnecessary for abundant living

The last action does require the challenging of socio-economic and political systems and interests vested in the status quo. Increasingly, faith-based organizations and institutions are responding through actions designed to call members and institutions to reduced fossil fuel use. Such measures include organizational declarations, improving energy efficiency, and reducing travel. A more prophetic approach has produced the fossil divestment movement based on the successful movement in the 1980s to divest from corporations working in the apartheid regime of South Africa, as well as other divestment campaigns on other issues. While individual callings may differ, the church as a whole is called to address all of these areas.¹¹ We now turn to options for MC-CAN to respond.

⁸ Conway, Erik M., and Naomi Oreskes. 2010. *Merchants of doubt: How a handful of scientists obscured the truth on issues from tobacco smoke to global warming*. New York: Bloomsbury Press.

Farrell, Justin. 2016. 'Network structure and influence of the climate change counter-movement.' *Nature Climate Change* 6, 370–374.

⁹ Veldman, Robin Globus, Andrew Szasz, and Randolph Haluza-DeLay (eds.). 2014. *How the world's religions are responding to climate change: Social scientific investigations*. New York: Routledge.

¹⁰ *Laudato Si': On Care for our Common Home*. Available at http://w2.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si.html Paragraphs are numbered; paragraphs 23 to 26 specifically address climate change.

¹¹ The work of a group of Mennonites known as "Fossil-Free Menno" is worth noting, and includes related resources. <https://fossilfreemenno.org/>

II. Financial Options considered

In our work in this committee we specifically delimit investment decision-making regarding fossil fuels from both efforts intended to challenge existing social structures and economic systems based on growth and profit, and from missional programmes, charity, or not-for-profit development programmes. On the other hand, as agents of reconciliation and peace, individually and collectively, we must always ask: what are the levers for directing social change towards the shalom kingdom of God? Our recommendations are based on the recognition that the goal of investment is to protect and grow the financial resources entrusted to MC-CAN by its members and supporters. We believe that Christians have the added challenge of ethical duties, that is, to be socially responsible investors (SRI). There are several approaches to investing ethically. Among the most prevalent are deliberate approaches of “Invest in the Good” or “Avoid the Bad”. The latter is characterized by many SRI strategies that employ negative screens (e.g., avoid tobacco, weapons, and now, perhaps, fossil fuels). Another major set of SRI strategies may choose to use the “best in class” approach, which acknowledges that some companies in a sector do their work better (e.g., retailers might avoid a retail company with poor labour practices but invest in other retail companies).

Given our options, the question is whether divestment the best choice for the dual goals of making money in alignment with kingdom ethics? It is important to note that MC-CAN is a model for its members. The processes by which it makes its choices about financial management should and do inform its members. This makes questions of divestment and ethical investment (or SRI, for our purposes; we will not distinguish them) all the more important. Historically, faith-based investors have motivated improvements in investment vehicles so that more options were available to be aligned with investor values. The CCWG considers this document to be relevant for the investment decisions of individuals within our community as well as MC-CAN as an institution.

The fossil fuel divestment movement has argued that divestment can put pressure on fossil fuel corporations so that more carbon resources are left in the ground. The fossil divestment movement was kickstarted by Methodist activist-writer Bill McKibben in a 2012 article.¹² Since then, cities, public organizations, universities, pension funds, and charitable foundations have committed to divestment. The Rockefeller Foundation’s announcement of its divestment of over \$50 million in fossil fuel assets in September 2014 was stunning because of the Foundation’s origins in the wealth created by Standard Oil, a titan in the industry and one of the most profitable companies in world history. The movement has grown very quickly. Holders of over \$24 trillion of assets have committed to be fossil-free in their portfolio. Resources at the interfaith organization GreenFaith are continuously updated and provide a strong argument for divestment (<http://www.greenfaith.org/programs/divest-and-reinvest>). GreenFaith focuses on interreligious action for just

Box 1. A list of divestment decisions taken by organizations and institutions choosing to consider or act on divestment initiatives in their own organizations.

- 1—Divest own fund(s), or rules out ever investing in fossil fuels
- 2—Recommend resolution for national judicatory
- 3—Passed resolution for local judicatory, congregations, or specific funds
- 4—Under consideration
- 5—Reinvestment alone
- 6—No action/resolution failed to pass
- 7—Pension fund takes divestment or reinvestment action

Source: Greenfaith.org.

¹² McKibben, Bill (July, 2012). Global Warming’s Terrifying New Math. *Rolling Stone*.
<http://www.rollingstone.com/politics/news/global-warmings-terrifying-new-math-20120719>

sustainability, insisting that environment and social justice cannot be segregated as they so often are in public policy, mindsets and social movements. GreenFaith keeps a list of faith-based organizations that have divested or considered divesting (<http://www.greenfaith.org/programs/divest-and-reinvest/listing-of-known-religious-divestment-efforts>). Appendix C contains a list of other divestment sources. As the list in Box 1 shows, there are a variety of different divestment-style options for MC-CAN. Perhaps the most vocal and large-scale faith-based organization advocating for divestment, GreenFaith has recently shifted its campaign focus to “Divest *and* Reinvest” to indicate a positive movement rather than merely a negative screen. By reinvestment, GreenFaith means deliberate investment in positive social and energy formations that benefit communities and transition to a better energy system. It is worth noting that GreenFaith has not yet figured out how to do that. According to private communication in October 2015, Executive Director Fletcher Harper says he has convened an advisory committee but has nothing further to report. Nor are there other details on the GreenFaith website on what specific options are available for “re-investment.”

current details of MC-CAN investments

According to information that the CCCWG was provided, MC-CAN is not wealthy and does not have large investment holdings. Any action MC-CAN would take would have small material effect. That is not to discount the important symbolic value of action. Divestment would make a statement, such as direct criticism of companies and the people in the fossil fuel industry, or identifiable commitment to addressing climate change as a serious issue for Mennonites. Similarly, *choosing not to divest* could also be seen as accepting the *status quo*. There are two types of MC-CAN investments to consider: church funds and pension fund.

MC-CAN currently has approximately \$2.1 million in investments held at Mennonite Foundation of Canada (MFC). The funds are held in four different funds, with the majority (\$1.4 million) held in a bond fund administered by MFC. The MFC bond fund does not hold any energy production companies, but does hold a pipeline company, Interpipe Fund, which comprises 0.27% of the total fund.

The remaining funds are held in three publically available socially responsible investing (SRI) mutual funds administered by Ocean Rock Investments under the brand of Meritas SRI Funds. The three mutual funds MC-CAN currently holds are: Meritas Jantzi Social Index Canadian equity fund (\$320,000), Meritas US Equity (\$200,000), Meritas Intl Equity (\$180,000).

Information about the investments in Meritas funds are provided on its website (https://www.qtrade.ca/oceanrock/aboutus/the_standards.jsp). This includes its core values and expectations for the companies in which it invests. Selected values in these companies include concern for world peace and security, internalizing fairness and justice, and practicing environmental stewardship.

While ‘environmental stewardship’ is one of the core criteria for the investments, energy companies are not specifically excluded. As indicated by a “best in class” approach, some companies will practice better environmental stewardship than others.¹³ There may also be opportunities for shareholder input into

¹³ Research has shown that in every sector there are “bad apples,” that is businesses that have much more negative environmental or social impacts than others in their industry. If low performing companies were to operate according to the best practices of other companies in that sector, large proportions of pollutants or other deleterious substances would be removed. (Source: Freudenburg, William R. 2005. ‘Privileged access,

corporate practices, which can take the form of “shareholder activism”. The investment portfolio summaries list the breakdown of companies held by sector, with the ‘energy’ sector listed as one of the categories. “Energy sector” includes more companies than those in the fossil-fuel industry; we did not attempt to identify the latter. The ‘energy’ holdings by fund (as provided by MFC in June 2015) are:

- Meritas Janzi Social Index – 13.9%
- Meritas US Equity – 4.2%
- Meritas International Equity – 0.7%.

Based on the breakdown of holdings between the funds and the sector mix, we estimated that MC-CAN holdings are approximately \$58,000 (2.8%) in the energy sector.

The MC-CAN audited financial report for 2014 indicated that income from the investments totaled approximately \$134,000. Using the fund performance returns for the calendar year of 2014, and the breakdown of holdings between the funds and the sector mix, it is estimated that MC-CAN income derived from the energy sector is approximately \$5,600. Investment income is a small portion of MC-CAN’s overall income; the primary source of income is from donations. Based on the 2014 financial report, investment income represents 2.7% of the total revenue for MC-CAN, with income from the energy sector representing 0.1% of the total.

We were unable to access detailed information about the pension fund but have reason to expect similar proportions of financial involvement in the energy sector. Both MC-CAN and the pension fund hire external financial managers who utilize SRI principles.

Regarding MC-CAN investments, CCWG considered the following options:

- Full divestment
- Partial divestment
- Deliberate investment
- Shareholder engagement
- Leaving our financial investments as they are

In the remainder of the report, we detail a selection of the pros and cons of each of these options and assess the appropriateness of these actions for MC-CAN.

option ONE: full divestment from fossil fuels.

Full divestment means the elimination of fossil fuels from the MC-CAN portfolio.

At this point, fossil-free or carbon-neutral funds¹⁴ do not appear to exist or be a screen within the SRI sector, although SRI managers report that they are receiving more inquiries to provide this option.

The divestment movement has focused on fossil fuel companies as a way of highlighting the need to change extraction and production that creates greenhouse gas (GHG) emissions. It is not accurate to assume that consumption drives production entirely. Many decisions are made about production practices and extent, and then markets are sought. Energy efficiency could drive down demand with

privileged accounts: Toward a socially structured theory of resources and discourses.' *Social Forces* 84:1, 89 - 114.)

¹⁴ Increasing levels of carbon in the atmosphere- produced in the form of carbon dioxide or other greenhouse gases such as methane - are the primary driver of global climate change. Carbon-neutrality means that any carbon produced would be eliminated or offset by equal reductions in carbon.

price signals following, which then also open new markets because of new affordability. Increasingly, fossil fuel industries are losing the “social license” or public acceptance, notwithstanding ongoing global reliance on fossil fuels. The divestment movement is one part of that trend. Other social changes will also be required. Social and technological innovation are other important elements in addressing climate change that must also be enabled to meet the challenge of climate changing emissions and reduced reliance on a carbon-based economy. Withdrawal from fossil dependence would imply a commitment to non-carbon substitutes for all reasonable energy demands. The situation is complicated by the observation that while fossil-fuel based energy companies are clearly the first tier firms for divestment, it is more difficult to identify the second tier, which might include pipeline companies or automakers. Furthermore, approximately 5% of emissions are produced by cement manufacturing, which might mean that this sector should also be targeted. Agriculture causes land use changes, and petrochemicals, pharmaceuticals, and all consumer goods using fossil fuels for transport are also problematic. The financial sector profits from lending money and investing in fossil fuel extraction, production, and consumption. Divestment that targets one industry while ignoring the other sectors that are implicit in hydrocarbon production and consumption fails to recognize the interconnectedness of the economic system and can seem hypocritical.

PROS

- Sends a strong signal, making a clear statement for members and others.
- Involves joining a strong, existing movement which can magnify our small efforts and amount of investments. (Also, there may be costs for not joining with the potential for criticism about not taking a stand.)
- Has the potential to spark conversation about why Mennonites have chosen to avoid fossil fuel investments.
- The best option for confronting powers and principalities in a prophetic manner (e.g., Romans 8:37-39; Eph 6:12).
- Financial benefits of avoiding potentially stranded assets (with the possibility of correspondingly greater returns than investments exposed to this risk).
- A motion to this effect encourages creation of carbon neutral screens within our financial institutions and in the SRI field.

CONS

- Minimal financial impact on the fossil fuel industry due the small size of MC-CAN’s investments.
- Potential for divisiveness, alienation, and hypocrisy within the church community.
- Potential negative financial impact on MC-CAN’s investment income (because the Canadian economy is heavily reliant on conventional energy extraction).
- Alone, divestment does not address the consumption side of the problem.
- Divestment does not transform lifestyles or social structures.
- Concern about who will buy the shares we divest – possibly undemocratic, dangerous states.
- Does not differentiate between best and worst companies in the sector.
- Eliminates options for engagement with the company to change practices.
- There would be costs or fees associated with sale of divested funds and purchase of new funds.

Recommendation: We decided that given the small amount of money involved, Full Divestment is not worth the effort, unless it is adopted as a purely symbolic gesture.

While we thought there would be value in being part of a movement working for a better energy world, straightforward divestment alone does not have the transformative effect that is at the heart of the Gospel, either for the system or for the MC-CAN community.

However, more discussion of faithful finances would be beneficial at individual and collective levels. More education about fossil fuels, climate, and Christian duty, and making more resources available about SRI and divestment would help promote this discussion.

option TWO: partial divestment

Partial divestment means disinvesting from portions of the fossil fuel industry. Following a “best in class” approach, this option selectively chooses *against* companies with poor practices or missions inimical to alleviating climate injustices and emissions reductions and *for* companies that are part of the solution.

PROS

- Does not stigmatize whole sector.
- Promotes the good sectors of the fossil fuel industry.
- Allows financial managers and activists to try to work with particular companies to improve practices.
- (Other Pros as listed in the section above.)

CONS

- Some within our community will feel this action is not enough.
- Not feasible within a mutual fund (unless a new fund was established with this sort of directive) so would necessitate a different financial management arrangement.
- Requires considerably more effort and knowledge to determine where to divest or not.
- (Other cons as listed in the section above.)

Recommendation: All group members agreed there was value in considering some degree of divestment at least from companies with poor practices (such as obstructionism), or maintaining the ability to advocate as shareholders, though some felt it was more important than others.

All agreed there should be an option within the pension plan for individuals to choose a carbon neutral portfolio (assuming there is pensioner choice in investment vehicles). Therefore, we advise MC-CAN to direct its fund managers to develop such an investment choice or work with others in the SRI field to develop such opportunities.

Any national level divestment should also include education, encouragement, and resources for individuals to divest their personal portfolios.

option THREE: deliberate investment

“Be the change you want to see in the world” is a well-known statement by Mahatma Gandhi. It also encapsulates the ethical principle that the means of action are as important as their ends. We are called to faith and discipleship, to actively work for the Kingdom of God, to attempt to “create the good that

we want to see.” This is the principle behind this option of “deliberate investment.” If transition to a new energy economy that values human community building and less consumptive lifestyles is the goal, MC-CAN could very deliberately invest in instruments promoting and benefiting from such efforts.

By this we mean investing in green technology, renewable energy, local economies via small-business funds, and other value-positive activities, with carbon-neutrality as a goal. Mennonite Economic Development Associates may have expertise relevant for accomplishing this task. Focusing on local economies might, however make the investment decision-making more complicated than mutual fund-based investment decision-making. A local economy focus would probably also require more engagement by local congregations.

This is similar to the “reinvest” focus mentioned above in reference to GreenFaith. It employs positive screens, rather than avoidance through negative screens.

We frame this as a very deliberate strategy. The values Meritas lists for its selection of companies in which to invest are relevant here and are listed in Appendix C. The expectation would be that any new investments of MC-CAN would go into this sort of investment strategy.

Clearly, *how* to do this needs clarification. Participating in the “Reinvestment” component of the “Divest and Reinvest” campaign would be an important first step. Advocating for carbon neutrality as a corporate goal would help clarify opportunities for such investment. If desired, such investment can be done to promote local economies although this would be more complicated. A specific option that we highly recommend is for new investment money to fund a MC-CAN revolving loan fund for church energy transitions. For example, a loan to a church for energy efficiency projects or to include additional energy alternatives in new construction can be paid back at an established rate over the expected return on investment of the project. Mennonite Foundation of Canada would be a good partner in this effort.

PROS

- Focus is promoting the good.
- Sparks conversation.
- Potential to address consumption and lifestyles.
- Potential to engage younger people.
- Works to transform social structures.
- More positive and less divisive.
- Develops broader Mennonite partnerships towards carbon neutrality.

CONS

- Has more extensive knowledge and effort requirements.
- Requires decisions about criteria and process about what is worthy to invest in.
- Not part of a larger movement; less splash-worthy.
- More effort required to make a symbolic impact.
- Alone it does not address the morality of profiting from carbon intensive activities.
- MC-CAN has limited finances and staff to administer these options.

Variation: Local churches investing in local initiatives

PROS

- Potential for direct engagement with local community.
- Ongoing potential for education.

- May receive local attention or local media through which we can witness, evangelize, be missional.
- Congregational autonomy and ownership of investments.

CONS

- MC-CAN functions less as a model or collective effort because congregations become the locus of activity.
- Requires intense congregational effort.
- The most compelling ideas in this area are also the most complicated.

Recommendations: all group members supported the Deliberate Investment option, for its positive approach, missional potential, and affordance of creative engagement with “the good we want to see.”

option FOUR: shareholder engagement

Some versions of SRI include various forms of shareholder engagement with the company(s) in which investment is made. As shareholders, it has been possible to introduce motions at annual meetings or request meetings with managers in order to change practices of the corporation. We assume that this sort of action is more often done by the SRI fund manager, although we are familiar with such “shareholder advocacy” done by instructional actors such as teacher associations and Catholic religious orders.

PROS

- Acknowledges the potential for change/improvement in corporate practices.
- Still part of a movement.
- More ownership of outcomes.
- Promotes a carbon neutral screen in the Fund.

CONS

- Will take extra work to engage/educate congregations because most of the work is done by a fund manager.
- Will be seen as too political by some.
- Too much work without a fund manager.
- Minimal impact given the size of MC-CAN’s financial holdings.
- Unclear about the level of meaningful change expectations.

Recommendation: This option is unrealistic. All CCWG members agreed that while this strategy has merit, it will not have a strong impact for Mennonite Church Canada membership, since it would be relatively invisible with most of the work being done by the fund manager.

option FIVE: leaving our financial investments as they are

PROS

- Easy.

- Not controversial for the largest proportion of our community in the short term.
- Low cost.
- Leaves energy and resources for other issues and activities (including other activities related to climate change).
- May be appropriate given the size of MC-Canada's energy holdings.

CONS

- Does not address strong concerns about climate change among some members of the community.
- No missional value, no action for Christian faithfulness.
- Misses all the pros from the other options.
- No educational potential on the issues for membership.

Recommendation: This option is not appropriate. All committee members agreed that this would be a missed opportunity and should not be considered.

III. Additional non-financial measures

While the initial motion at Assembly 2014 was primarily concerned about MC-CAN's institutional response to climate change and fossil fuel investments, we recognized that there are several potentially fruitful non-financial actions that MC-CAN could entertain. Public witness, member education, congregational action and "walking our talk" are also important to faithfulness on climate change and the need for transition to a different energy foundation. Each will be discussed in turn. They can work in tandem with the financial options.

Improved witness and public advocacy on policy

Advocacy informs government actors that at least a portion of their citizenry is concerned about this issue. Advocacy can have political complications for a registered charity, but it can also be an essential part of our Christian witness as we advocate for our understanding of God's desires for the world.¹⁵ Church leaders do have some ability to engage in meetings with political leaders, and these are not always political/policy meetings. Church leaders need a mandate from the church to advocate for change. This mandate can be provided through recommended financial measures described above, and other measures described below. Furthermore, MC-CAN and its congregations need to support individuals within our community who engage in political advocacy on their own. Conversely, church members need to support church leaders who are advocating for faithful witness, especially to governments.

expanded education on climate justice within the church

¹⁵ Registered charities are not allowed to expend more than about 10% of their resources on "political advocacy." What this term means is poorly defined by Canadian Revenue Agency, especially since "education" about policy options is an allowable activity without limitations. Governments have been accused of using their power to limit charitable efforts that governments did not feel were in line with their goals, using "advocacy" as a reason for threats of revocation of charitable status.

In order to spur real action, it is important that members of the church understand the issue of climate change, the profound justice and peace issues associated with it, and that it has implications for fidelity to God Creator. Thus, the church and associated bodies such as MDS, MEDA and MCC should work together for improved education and awareness building. It is very important that communication on these issues not be left to the secular media. Practical options include several others listed below. Probably most effective would be promotion of the Canadian version of *Every Creature Singing* (Mennonite Creation Care Network curriculum available in summer of 2016). In particular, because they hold influential positions within congregations and church bodies, education of pastors and pastoral preparation for the impacts of climate change (and the possible impact of measures necessary to mitigate it) would be beneficial.

voluntary carbon tax for members and for all church business;

Many within our congregations are already passionate about working towards a more sustainable, fossil-free world. It is important to provide opportunities for these individuals to be able to engage within the church to work towards this goal. One option is to begin a program in which individual members or congregations can pledge to donate a portion of their carbon-use expenditures. This donation could go towards the general work of the church or to a specific fund that could be designed to fund other climate justice programs. This is a fruitful way of helping individuals and congregations toward a heightened awareness of and additional motivation to reduce fossil fuel use. An example is given at the website <http://voluntarycarbontax.org/>. This is a US website but gives an idea of what a pledge could look like and a calculator for such a tax.

congregational carbon footprint assessments

Practical measures are needed to build buy-in and understanding about issues related to climate change and ecological justice among MC-CAN members. Tools like ecological footprinting or carbon assessments can focus discussion while also being practical mechanisms to explicitly measure what is happening and needs to change. Such assessments could be part of a larger effort on the part of the church. Either way, we believe that it would be effective to focus on what it would take for individual congregations and the church as a whole to achieve carbon neutrality. Before such a programme would become effective, considerable education of our community would have to be done.

There are numerous organizations actively trying to assist faith communities with their responsibilities of caring for creation. One example is Greening Sacred Spaces (<http://greeningsacredspaces.net/>)

Finally, the aforementioned church buildings energy efficiency retrofit fund would be a useful tool in a process involving congregational assessments. We recommend that MC-CAN provide resources (region-specific) for congregations to assess their church building (and individual homes), and the requisite congregational engagement and education to assist the process.

prayer and/or fasting for the climate

While Philippine diplomat Yeb Saño was attending the UN climate negotiations in 2013, Typhoon Haiyan struck his hometown and killed 6,000 people in his country. In response, he began a monthly fast in which unknown millions globally now also participate (www.fastfortheclimate.org). Christian spirituality recognizes that disciplines like prayer and fasting and renunciation of excessive material goods are important. MC-CAN should consider what role these disciplines could play in the life of Mennonites in

Canada and whether to encourage them. It might also be time to reemphasize traditional Mennonite emphases on simple living as a spiritual discipline.

IV. What else can be done? The future isn't bleak

Climate change is a serious issue. The global scale of the issue is challenging, socially and theologically. If we keep waiting, the prospects for dealing with climate change and other aspects of global environmental degradation will get worse and more costly. However, there are many things that can be done now with social innovation and application of existing technologies. For a solution-oriented discussion see "Acting on Climate Change: Solutions from Canadian Scholars" (<http://www.sustainablecanadialogues.ca/en/scd>). We CAN solve the problem, but we DO need to act.

This is an important aspect to emphasize because there is research showing a sense of hopelessness or despair among the population. And as Christians, we can add to analysis of the problems and the solutions. We are not left without hope because we follow a God who does not leave us, but we also recognize that the human heart tends toward that which we do not want to do and not the good that we do want to do (Romans 7). Spiritual renewal leads to a cultural revolution.¹⁶

¹⁶ This was the main message of *Laudato Si'*, a message nearly completely ignored by the mainstream, secular media. But exposing "hardness of heart" in the face of so much climate science is a contribution that Christian theology can make to diagnosis of root causes of global environmental degradation. The Christian gospel then also offers a direction for healing the human heart via reconciliation of all creation and empowerment of the Spirit. This leads to a moral or virtuous agency that orients us quite differently than modernity and the gospel of economic efficiency.

Appendix A: the Climate Change Working Group (CCWG)

committee formation & process

Following the Assembly 2014 resolution, and the recommendations to the Executive Council about how to accomplish the resolutions' intent, Randolph Haluza-DeLay and Joanne Moyer were appointed in early 2015 to organize this working group, in consultation with then director of MC-CAN Formation Dave Bergen. Our first task was to build a group with regional inclusiveness and representation of pertinent areas of expertise and perspective. This work took several months. Randolph Haluza-DeLay attends First Mennonite in Edmonton, and is a sociology professor who has published widely in the academic literature, including on religious engagement with climate change around the world. Joanne Moyer is also an active social scientist (and has now taken up a faculty position); she is also affiliated with the Mennonite Creation Care Network.

During this time, interested individuals within MC-CAN raised funds for travel expenses for the group to facilitate the work of the CCWG. We gratefully acknowledge their efforts to facilitate our work.

The CCWG consists of eight members, "representing" the following. (Some participants are unable to be named due to potential professional concerns, so we are simply identifying areas of regional representation and professional expertise.)

Regional Representation:

- Mennonite Church British Columbia (1)
- Mennonite Church Alberta (3)
- Mennonite Church Saskatchewan (1)
- Mennonite Church Manitoba (1)¹⁷
- Mennonite Church Eastern Canada (2)

Representation of Expertise and Perspective:

- Financial sector (1)
- Oil and gas sector (2)
- Physical and engineering environmental sciences (3)
- Social environmental sciences (2)
- Mennonite Creation Care Network Council (2)

NOTE: some double-counting in the above represents the multiple expertises among members in the group. For example, Joanne Moyer is both an environmental social scientist and serves on the Mennonite Creation Care Network Council.

¹⁷ Joanne Moyer was appointed to represent Mennonite Church Manitoba but during the summer of 2015 moved to Edmonton to take a position at The King's University. She remains a member of Home Street Mennonite Church in Winnipeg.

The group consists of eight individuals. The composition of the group was deliberately intended to represent a variety of points of view among committed Mennonites.

meetings

The CCWG convened by Skype on Friday, June 12, 2015, to meet each other, set an agenda, and prepare for reading and research over the summer. Dave Bergen participated in this meeting.

We held a face to face meeting in Edmonton on September 25-26, 2015 with six members present (one Ontarian and one Calgarian were unable to attend). We began with our “guiding assumptions”. We discussed many options and while settling on a focal recommendation, we also decided to detail the pros and cons of each of these options and assess the appropriateness of these actions for Mennonite Church Canada, given its current investment profile (including the pension fund).

Appendix B: the challenge of climate change

Climate change is established science. It is based on multiple lines of empirical evidence and thousands of studies. The solid near-consensus among scientists publishing in the field¹⁸, and among national Academies of Science worldwide¹⁹, is that climate change, is real, is already happening, and is primarily caused by human-generated emissions of greenhouse gases (GHGs) such as carbon dioxide, methane and nitrous oxide. These emissions come from two primary sources: the utilization of fossil fuels; and land use changes such as deforestation. The most widely respected assessments of climate science are the carefully vetted reports produced every five to seven years by the Intergovernmental Panel on Climate Change (IPCC). The extensive review processes that produce these reports result in generally conservative conclusions about the climate science.²⁰ The reports have also carefully analyzed competing theories for climate warming. An easily accessible comparison of the main theories can be found at <http://www.bloomberg.com/graphics/2015-whats-warming-the-world/>. Beside human-produced emissions, other examined and rejected theories include orbital changes for the planet, solar energy increase, and volcanic activity. Only human-produced GHG emissions from burning of fossil fuel adequately explain the increasing global average temperature, ocean acidification, desertification, higher incidence of extreme weather events, changed food production, changes in species distribution, and many other lines of evidence of a changing climate. These impacts will get worse as more fossil fuels are burned in the years to come.

Climate change is serious because the impacts experienced so far – including droughts, heat waves, fires, floods, storms, and the spread of disease vectors – have already resulted in significant suffering and fatalities, disproportionately experienced by the most vulnerable of

¹⁸ Naomi Oreskes (2004), Beyond the ivory tower: the scientific consensus on climate change, *Science*, 306:1686. Abstract available online at <http://www.sciencemag.org/content/306/5702/1686>

Peter T Doran & Maggie Kendall Zimmerman (2009), Examining the scientific consensus on climate change, *Eos, Transactions of the American Geophysical Union*, 90, 22. Available online at http://tigger.uic.edu/~pdoran/012009_Doran_final.pdf

William R L Anderegg, James W Prall, Jacob Harold & Stephen H Schneider. (2010). Expert credibility in climate change, *Proceedings of the National Academy of Sciences of the United States of America*, 107 (27), pp. 12107-12109. Available online at <http://www.pnas.org/content/107/27/12107.full>

John Cook, Dana Nuccitelli, Sarah A Green, Mark Richardson, Bärbel Winkler, Rob Painting, Robert Way, Peter Jacobs & Andrew Skuce (2013), Quantifying the consensus on anthropogenic global warming in the scientific literature, *Environmental Research Letters*, 8(2). Available online at <http://iopscience.iop.org/1748-9326/8/2/024024>

John Cook, Naomi Oreskes, Peter T Doran, William RL Anderegg, Bart Verheggen, Ed W Maibach, J Stuart Carlton, Stephan Lewandowsky, Andrew G Skuce, Sarah A Green, Dana Nuccitelli, Peter Jacobs, Mark Richardson, Bärbel Winkler, Rob Painting and Ken Rice. 2016. Consensus on consensus: a synthesis of consensus estimates on human-caused global warming. *Environmental Research Letters*, 11(4). Available online at <https://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002/pdf>.

¹⁹ A compilation of statements by academies of science and other professional associations is available at https://en.wikipedia.org/wiki/Scientific_opinion_on_climate_change

²⁰ Brysse, Keynyn, Naomi Oreskes, Jessica O'Reilly, and Michael Oppenheimer. 2013. 'Climate change prediction: Erring on the side of least drama?' *Global Environmental Change* 23:1, 327-337.

our global neighbours²¹. Climate scientists predict that this situation can only get substantially worse if we remain on our current GHG emissions path.²² Two of the most significant effects of a changing climate are increasingly frequent drought and crop failure.^{23, 24} While difficult to assign responsibility to a changing climate for any specific events, it has been suggested that climate change is linked to the excessive ocean warmth that appears to have increased the force of Hurricane Sandy that hit New York City, recent long droughts in California and Australia, an increase in the incidence and intensity of fires in the boreal forest, and human conflicts such as that in Syria.²⁵ These are examples that should be a warning of what the world could face if the magnitude of the changing climate is not addressed. While the changing climate is a global phenomenon, its effects will differ from region to region. For example, some regions will have *more* water availability while other regions will have less. Climate change is a “threat multiplier,” bringing instability that will exacerbate, or multiply, existing weaknesses. Changes to climate are beginning to generate increased migration, called “climate refugees”. Climate refugees are a category recognized by the UN High Commissioner for Refugees (see: www.unhcr.org/climate). UNHCR estimates 22.5 million displaced by climate- or weather-related events in 2008-9. The World Bank stated that climate change causes more refugees than armed conflict,²⁶ and could push 100 million more people into extreme poverty by 2010.²⁷ The disciples of Christ have always sought to reduce threats as part of the calling to love as Jesus loved and promote institutions that correspond to creating peace and the fullness of life.

the problem with fossil fuels

²¹ A World Health Organization report estimates additional deaths per year from climate change impacts at 150000 globally. Details of the WHO findings are available at <http://www.who.int/heli/risks/climate/climatechange/en/>.

A more detailed 2013 study by Spanish NGO DARA arrived at the higher figure of 400,000 deaths per year at present: see DARA & Climate Vulnerable Forum (2012), *Climate Vulnerability Monitor 2 – a guide to the cold calculus of a hot planet*, Fundación DARA Internacional. Accessible online at <http://daraint.org/climate-vulnerability-monitor/climate-vulnerability-monitor-2012/>

²² Intergovernmental Panel on Climate Change (2014), *Climate Change 2014: Impacts, Adaptation and Vulnerability (IPCC AR5 WG2), Technical Summary*, pp.6 et seq Available online at <http://www.ipcc.ch/report/ar5/wg2/>

²³ IPCC AR5 WG1 (Physical Science) *Technical Summary* pp.75-78, 105 et seq.

²⁴ IPCC AR5 WG2 (Social Science), *Technical Summary* pp.16, 17, 18 among others. See also the maps showing predicted increases in drought severity in Aiguo Dai (2013), Increasing drought under global warming in observation and models, *Nature Climate Change* 3, 52–58. Abstract and figures available online at <http://www.nature.com/nclimate/journal/v3/n1/full/nclimate1633.html>

²⁵ Colin P Kelley, Shahrzad Mohtadi, Mark A Cane, Richard Seager & Yochanan Kushnir (2015), Climate change in the Fertile Crescent and implications of the recent Syrian drought, *Proceedings of the National Academy of Sciences of the United States of America*, vol. 112, no. 11, pp. 3241-3246. Available online at <http://www.pnas.org/content/112/11/3241.full>

²⁶ World Bank feature story (October 10, 2014). *Climate change causes more refugees than an armed conflict*. Available at <http://www.worldbank.org/en/news/feature/2014/10/14/cambio-climatico-mas-desplazados-que-un-conflicto-armado>

²⁷ Worland, Justin. (November 8, 2015). "Climate change could drive more than 100 million into poverty by 2030, report says." *Time*.

In Paris last December, world leaders agreed to the necessity of: "Holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 °C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change;" (Article 2:1(a)).²⁸ Serious impacts are predicted in the most vulnerable countries at an increase of 1.5°C, and above the 2°C threshold, it is projected that the effects of climate change will likely be irreversible and the social impacts will become unmanageable. The planet's temperature has already increased by about 1.0 °C since 1870. To stay within the 2°C limit, scientists have calculated a "carbon budget": the amount of extra carbon humans can contribute to the atmosphere beyond natural carbon inputs. The current best estimate from the IPCC is that humanity should limit itself to emitting no more than 990 billion tonnes of carbon dioxide²⁹, starting in 2012. Four and a half years of continued emissions later, that estimate has been reduced to about 800 billion tonnes. At current emissions levels, we will spend this budget in less than three decades. (If allocated equally per person worldwide, Canada would use up its quota in nine years.) Therefore, to remain under this carbon budget limit, any fossil fuels that would take us over-budget will have to be left in the ground, or all the emissions captured before or after entering the atmosphere. In other words, continued fossil fuel use is not sustainable even over a mere 20-some years. These facts lie behind the moral imperative to address fossil fuel use and production that is causing climate change. Furthermore, the use of fossil fuels is also a substantial concern in terms of air quality and particulate pollution is particularly deleterious to human health.

Fossil fuel corporations claim to have found reserves amounting to emissions of 2860 billion tonnes of carbon dioxide³⁰, over three times the IPCC carbon budget. In 2012, the International Energy Agency estimated over two thirds of then-known reserves must "not be consumed."³¹ There is some controversy whether this puts the onus on consumers not to consume or producers to "keep it in the ground." Findings from another study estimated that approximately 2/3 of established reserves should stay in the ground (or not be consumed),

²⁸ United Nations Framework Convention on Climate Change (2015:Dec:12), Conference of the Parties, twenty-first session, Paris, 30 November to 11 December 2015: Adoption of the Paris Agreement (FCCC/CP/2015/L.9), Annex, Article 2, para 1(a), p22. Available online via:https://unfccc.int/documentation/documents/advanced_search/items/6911.php?preref=600008831

United Nations Framework Convention on Climate Change (2011:Mar:15), *Report of the Conference of the Parties on its sixteenth session, held in Cancún from 29 November to 10 December 2010*. Addendum Part Two: Action taken by the Conference of the Parties at its sixteenth session - decisions adopted by the Conference of the Parties, para I4. Available online at <http://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf>

It is worth noting that despite the Canadian government's lack of action commensurate with remaining within the 2°C limit, it continued to affirm these documents.

²⁹ Calculated from IPCC AR5 WG1, Summary for Policy Makers, p.20 (see also graph on p.36)

³⁰ Carbon Tracker Initiative & Grantham Research Institute on Climate Change and the Environment (2013), *Unburnable Carbon 2013 – Wasted Capital and Stranded Assets*. Available online at <http://www.carbontracker.org/site/wastedcapital>

³¹ International Energy Agency. 2012. *World energy outlook 2012*. Paris: International Energy Agency.

including most coal worldwide and most of the bitumen in Alberta and other jurisdictions.³² Such studies indicate the need for a very rapid transition to a different economic and energy path, and that societal costs will increase the longer this transition is delayed. It also implies that fossil fuel reserves will not be utilizable financial assets for energy corporations if/when we make a serious global commitment to reducing fossil fuel production and subsequent use. This is what is meant by calling fossil fuels “stranded assets,” suggesting a possible financial risk in the future (to which investment fund managers are presumably paying attention). Yet most governments are still financially encouraging more exploration.³³

³² Christophe McGlade & Paul Ekins (2015), The geographical distribution of fossil fuels unused when limiting global warming to 2°C, *Nature*, vol. 517, pp. 187-190, 2015:Jan:08. Available online at <http://www.nature.com/nature/journal/v517/n7533/full/nature14016.html>

³³ Bast, Elizabeth, Shakuntala Makhijani, Sam Pickard, and Shelagh Whitley. November 2014. *The fossil fuel bailout: G20 subsidies for oil, gas and coal exploration*. London: Overseas Development Institute & Oil Change International. Available at <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9234.pdf>

Appendix C: Resources about Divestment, especially for faith-based organizations

Because this is a rapidly developing and changing list, we suggest that you search the internet and discuss your findings with others! Effort has been made to include useful references above.

Appendix D: Example of the expectations Meritas has for the companies in which it invests

Source: (https://www.qtrade.ca/oceanrock/aboutus/the_standards.jsp).

Meritas holds high standards for the companies we invest in. In general, we only invest in companies that aim to:

Respect the dignity and value of all people

We want to invest in companies that believe in and support the basic human right of all people to live free of fear, violence, intimidation and discrimination.

Build a world at peace and free from violence

These companies believe in and promote a peaceful society around the world.

Internalize a concern for justice globally

Providing fair compensation, opportunities to the disadvantaged, offering products and services genuinely and discrimination free, and public involvement in decisions when appropriate are crucial to these companies' beliefs.

Exhibit responsible management practices

These are the companies that operate with an honest, compassionate and responsible code of conduct. They adopt a values-centered and transparent attitude in how they handle their policies, finances, behavior and collective bargaining.

Support and involve communities

Recognizing that communities play a vital role to corporate success, these companies support their communities with resources and charitable donations.

Practice environmental stewardship

These are companies that recognize the natural environment is a finite resource and the inheritance of future generations. They pursue and support clean production/manufacturing and minimizing animal testing.