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CAUGHT IN A WAVE

THE ANGLICAN CHURCH OF CANADA NAVIGATES A ‘NUANCED’ APPROACH TO RESPONSIBLE INVESTING

■ In 2018, a task force of the Anglican Church of Canada came before the Council of General Synod (CoGS) to present a report with recommendations for responsible investing.

This action was the crest of a wave that seemed to have been steadily building: divestment from the oil and gas industry.

In the previous few years, divestment had swept through Anglican and other churches in many countries around the world, including Canada.

In [February](#) 2015, 17 Anglican bishops from around the world—including National Indigenous Anglican Bishop (now Archbishop) Mark MacDonald and Jane Alexander, bishop of the diocese of Edmonton—meeting in Cape Town, South Africa, had released a joint statement, “[The World Is Our Host: A Call to Urgent Action for Climate Justice.](#)” Among other things, the bishops called for a review of their churches’ investing practices, “with a view to supporting environmental sustainability and justice



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It wasn't long before some member churches of the Anglican Communion were resolving to sell off stock in oil and gas companies for the sake of a cleaner Earth. That April, the Church of England [announced](#) it would divest itself of £12 million (\$20 million Cdn) of investments from oil sands and thermal coal, considered among the world's most environmentally harmful forms of fossil fuel. In July, the U.S.-based Episcopal Church [voted](#) to divest from fossil fuels altogether in a number of its holdings. (Its hefty \$13 billion US (\$17 billion Cdn) pension fund, managed by an entity separate from the church's General Convention, [did not fall under the resolution](#).) Many other churches and communions, including the United Church of Canada and the Lutheran World Federation, [had announced](#) similar measures.

The wave seemed to be swelling within the Anglican Church of Canada. In October, the dioceses of Montreal and Ottawa both [voted](#) to divest from fossil fuels. By the end of 2015, the diocese of Quebec—which had voted to pull its money from all resource extraction four years earlier—[announced](#) it had fully divested from mining and fossil fuels. (Its bishop at the time, Dennis Drainville, [ran](#) as a candidate for the Green Party in this fall's federal election.)

On the national level, the topic of divestment [came before](#) a joint session of the Council of General Synod (CoGS) and the National Church Council of the Anglican Church of Canada's full communion partner, the Evangelical Lutheran Church in Canada (ELCIC),

that November. By the time General Synod met in July 2016, the church's Public Witness for Social and Ecological Justice Coordinating Committee, together with the Creation Matters working group, had drawn up a resolution calling on the synod to put together a task force on the topic.

The task force was mandated to, among other things, “review, and if deemed appropriate recommend changes to the current investment portfolio and the investment policies and practices for the management of the General Synod assets and those of the General Synod Pension Plan in light of the Church's faith and mission, including the Church's social and environmental responsibilities.” The resolution, moved by MacDonald, [passed with a 91.9% majority](#).

It was the group that arose from this resolution—the Responsible Investing Task Force—that presented its report to CoGS in 2018, which endorsed its recommendations.

The fourth of the report's seven recommendations addressed divestment—but it stopped short of calling for an out-and-out withdrawal of church money from the oil and gas industry. Instead, it left as an option the possibility of divestment from individual companies rather than the entire sector, and even then recommended considering divesting only as a kind of last resort, “if ESG [environmental, social and governance] ratings or active engagement efforts indicate that a company's activities will not likely be modified to address material risks or salient ESG concerns.” It added, “Before divesting completely from a sector the General Synod Consolidated Trust Fund



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and the General Synod Pension Plan should consider if best in class companies in that sector would meet the fund’s standards for investment.”

Since the report’s release, no divestment from the industry has been announced by the Anglican Church of Canada—despite more movement in this direction by other members of the Anglican Communion. In the summer of 2018, for example, the Church of England [announced](#) it would engage with oil and gas companies and follow their progress in reducing their impact on the environment; according to the resolution, three church funds with a [combined value of £12 billion](#) (\$20 billion Cdn) will sell off their stake in any companies that are “not prepared to align with the goal of the Paris Agreement” by 2023. (The UN-led agreement, adopted in late 2015, has the stated aim of limiting the rise of global average temperature to “well below” 2 C above pre-industrial levels and pursuing efforts to limit the increase to 1.5 C.)

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Did the wave dissipate?

Would church divestment have an impact?

Longstanding institution though it may be, the church’s investing power can seem relatively small in comparison to government and private-sector holdings. But some say the church’s influence can help

shift our societal course.

In a June 2017 [update](#) to CoGS, the Responsible Investing Task Force estimated that a total of \$1.2 billion was invested in key Anglican funds in Canada, including the funds of dioceses (\$325 million); General Synod’s Consolidated Trust Fund (\$28 million, including some diocesan investments); the Anglican Foundation of Canada (\$15 million); the Primate’s World Relief and Development Fund (PWRDF) (\$5.8 million); and by far the largest of the group, the General Synod Pension Fund (\$832 million).

(In its 2018 report to CoGS, the task force noted that in fact the pension fund, which is governed by a separate group of trustees, is not subject to the authority of General Synod, but included it in its recommendations nevertheless since the 2016 resolution had mandated it to. The report’s authors also recognized that the investing practices of the Anglican Foundation, PWRDF, dioceses, parishes and other Anglican-affiliated organizations in Canada were not part of the task force’s formal mandate, but they voiced hope that the task force’s conclusions might still be useful to them.)

Compared to other funds in Canada, such as the Canada Pension Plan (\$400 billion), the Caisse de dépôt et placement du Québec (\$300 billion) and the Ontario Teachers’ Pension Plan (\$201 billion), holdings by Anglican organizations in Canada might seem insignificant. But that doesn’t mean a move to divest by the church would have no impact, says an executive for an investment management firm that specializes in environmentally-friendly investing.



“Just the process of selling your oil shares to somebody else is not going to change the world. When you do that, though... It’s a symbolic act, and that is very powerful.”

—Wayne Wachell

Wayne Wachell, co-founder and chief investment officer of Genus Capital Management, a Vancouver-based company offering a range of fossil fuel-free investment portfolios, says divestment movements typically occur in three waves: activists and churches lead, followed by universities and other public institutions; the general investing public tends to come on board last. Because of their role in the vanguard, he says, churches have the potential to have more influence in these movements than their small size might suggest.

“Just the process of selling your oil shares to somebody else is not going to change the world,” he says. “When you do that, though...it just creates more awareness. It’s a symbolic act, and that is very powerful.... It just gets more people to move in that space.”

Complicating the three-wave pattern of divestment in Canada, he adds, is the fact that many of its public institutions have received large donations from oil and gas companies over the years.

“Canada is definitely impacted by the energy sector here, because a lot of the philanthropy comes out of the oil patch,” he says.

The influence of the oil and gas industry on Canada’s universities was reported on in a 2016 article in the *National Observer*. In a submission cited in a [2016 report](#) to the senate of Dalhousie University on divestment, Ian Hill, acting dean of the

university’s faculty of science, voiced concern over the effect it would have on the school’s access to funds.

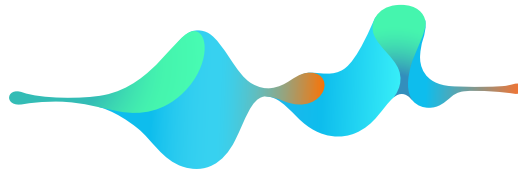
Divestment, Hill wrote, would be “a clear and very public statement that Dalhousie has taken a moral stand against the fossil fuel companies. This will obviously lead these companies to withdrawing their support from our educational and research programs.”

Still, even in Canada, the movement to divest from oil and gas, Wachell says, has moved into its second wave, with mounting anxiety about climate change spurring demand among the public for institutions to sell off their stock in the hydrocarbon economy.

“Especially in the fossil fuel area, you’re going to see more pressure in that space for foundations and individuals and churches to do more, just because it’s becoming more of a force,” he says.

Wachell says he’s convinced ethical investing doesn’t mean sacrificing on returns; a divested church would not leave priests without their pensions. In the case of the energy sector, he says, renewable technologies are likely to continue to grow while the petroleum industry dwindles.

“We think it’s a myth that you underperform—we’ve been saying for five or six years we don’t need hydrocarbons,” he says. “It’s like saying back in 1910, ‘We have to invest in the horse and buggy, otherwise we’re not going to get a return’—you know?—right before the Model T came out. Technology is bending the curve.”



“My biggest concern is we do these things without thinking, sometimes too fast, and we hurt our own people. For those of us from the West and North, those are big issues for us.... They’re [affecting] our families and our children.”

— spokesperson, Nov. 2015 joint meeting of CoGS

Tapping a well of perspectives

Yet, some say this wave of divestment unknowingly leaves some unfortunate people in its wake.

A diversity of opinions around divestment had in fact been surfacing at meetings of the church’s key governing bodies even before the 2016 resolution at General Synod. The topic [came up for discussion](#), for example, at a November 2015 joint meeting of CoGS and the Evangelical Lutheran Church in Canada’s National Church Council. Of a dozen table groups asked to reflect on the call to divest from fossil fuels, not one voiced a desire for the Anglican and Lutheran churches to immediately divest. Some spoke for a need to look at the problem from the side of consumption—urging people to conserve—rather than production of fossil fuels. One table spokesperson voiced a desire for caution given the economic impact of divesting.

“It’s an emotional issue,” the spokesperson said. “My biggest concern is we do these things without thinking, sometimes too fast, and we hurt our own people. For those of us from the West and North, those are big issues for us.... They’re [affecting] our families and our children.”

When the resolution to create a responsible investing task force was introduced to CoGS at its March 2016 meeting, the idea again [met with concerns](#) about the idea of a blanket divestment.

“This wave of support for the policy of divestment seems to us to roll over the hopes, aspirations,

future and even the faith of many Anglicans without consideration for any impact on their lives,” said Terry Leer, archdeacon for mission development in the diocese of Athabasca, in whose territory most of Alberta’s oil sands lie.

“While divestment appears to be an easy action to take, the process behind it has neglected and hurt people,” Leer told CoGS. “The actions of some seem to cast aside the needs and futures of many Anglicans, and in fact have driven some away from the church.... An Anglican oil worker who reads reports of divestment actions taken in other dioceses, or other parts of the Anglican church, understands that he or she is being shamed and rejected.”

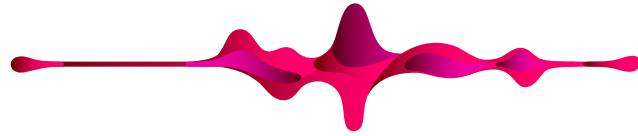
Some Canadian Anglicans, including former bishop of Athabasca Fraser Lawton, have said that the slump in oil prices that began in 2014 has [hit some of the most vulnerable Albertans hardest](#).

Leer instead brought to CoGS some suggestions from a working group of the diocese of Athabasca, including encouraging the development of practical alternatives to fossil fuels.

Similar concerns were raised when the resolution was brought before General Synod. Jeremy Munn, a lay member from the diocese of Athabasca, urged engaging directly with companies as a shareholder rather than divesting as a way of effecting change in the industry.

“Having a voice at the table is important,” Munn said. “Change from without is much harder than change from within.”

In a [June 2017 presentation](#) to CoGS on the progress



Some leaders of environmental activism in the Canadian church praise the task force for the way it dealt with what they say is a highly complex issue.

of the Responsible Investing Task Force, task force member Bob Boeckner, who is also a member of the General Synod Pension Plan's board of trustees, outlined some of the ethical complexities the group had encountered in its discussions. The task force had concluded, Boeckner said, that wholesale divestment from the industry was too blunt an instrument. Remaining a shareholder, on the other hand, would give the church a chance to successfully engage with companies, he said—as a group of Exxon Mobil shareholders, including the Church of England, had done [a few weeks earlier](#), passing a resolution at the company's annual general meeting requiring it to provide annual updates on how its business would be affected by the fight against climate change. Some of the companies involved in oil and gas are also key players in the emerging renewable energy sector, he added. And Canada's oil and gas industry, Boeckner said, is the largest private-sector employer of Indigenous people in Canada—seemingly a significant factor given the church's stated desire for reconciliation with Indigenous people.

In the end, Boeckner and others involved in the task force say, it was considerations like these that led the task force to come up with its range of recommendations, including divesting as a last resort only.

“What I saw during the meetings of the task force was the recognition that it's a complex issue,” Boeckner says. “We came out with a much more nuanced approach to the issue of responsible investing.”

Some leaders of environmental activism in the

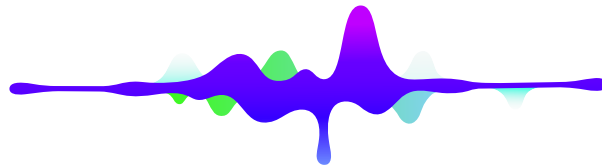
Canadian church praise the task force for the way it dealt with what they say is a highly complex issue. Ken Gray, dean of St. Paul's Cathedral in Kamloops, B.C., co-chair of the Anglican Church of Canada's Creation Matters Working Group and a member of the task force, says he was impressed from the beginning of the task force's work with the research done by trustees and staff of the General Synod Pension Plan. These people, Gray says, were “diligent in finding ways to not only respond to fiduciary duties on behalf of plan members, but...discovered that it is possible to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term return.”

Nancy Harvey, at the time chair of the Public Witness for Social and Ecological Justice Coordinating Committee as well as co-chair of the Creation Matters Working Group, says that in the lead-up to the presentation of the responsible investing resolution to General Synod in 2016, the working group had already spent a lot of time discussing the merits of divestment as opposed to engaging with the industry.

“It was a huge learning curve for myself and for others,” she says.

The responsible investing task force “punched above its weight,” Harvey says, in its attempts to think out and communicate responsible investing to Canadian Anglicans, as mandated by the 2016 General Synod resolution.

“They exceeded the call of [Resolution] A170-A2 as they realized that a major challenge would be to expose people in the church to the information and



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—Ken Gray, dean of St. Paul’s Cathedral, Kamloops, B.C.

to understand how knowledge can be shared across various levels,” she says.

A framework for ethical investing

Among the most important of the task force’s recommendations, Boeckner says, is the first, which calls on the church’s Consolidated Trust Fund and pension fund to look into “active ownership strategies,” such as encouraging companies to improve their ESG policies and performance.

Another important recommendation, he says, is that the church act together with other investors for greater effect. One way it can do this, he says, is by membership in the Shareholder Association for Research and Education (SHARE), an organization that advocates on behalf of various ethically minded institutional investors.

Significantly, Boeckner adds, the report also recommends that church funds consider putting a portion of their assets into “impact investing”—investing in companies whose business aligns with the church’s values. The pension fund recently, he says, put five per cent of its assets into a “positive change fund” that invests in companies that are trying to improve living conditions for the world’s poorest people, such as banks that focus on microfinancing. In Canada, he says, opportunities for active investing include the First Nations Finance Authority, which raises money for infrastructure projects in Indigenous communities and pays a market rate of return for investors.

The pension fund had already been engaged in various forms of responsible investing even before the task force released its report, Boeckner says, but the report has encouraged it to take a more systematic approach to selecting investment managers. It has prepared a questionnaire that asks them about their ESG practices, and it arranges to have prepared annual reports on each investment manager’s ESG performance.

In November 2018, the task force followed up its June recommendations with another document: a 28-page [guide](#) to responsible investing intended for Anglican organizations and individuals across Canada, with an explanation of some key ESG concepts, and recommendations similar to those in the report. The group sent the guide to more than 30 Anglican-affiliated organizations it had identified in Canada that invest money; this fall, it will be doing a survey to find out to what extent these organizations have taken up the recommendations in the guide, Boeckner says.

Gray says he’s pleased with how the task force’s report has been received at both the national and local levels. He also commends the guide as a resource for individual Anglicans.

“Those of us who enjoy the privilege of surplus funds...have a framework for discussion with our own financial advisors and can align our stewardship with our Christian witness, especially regarding our relationship not only with our neighbour but the earth,” he says.

Gray notes that divestment is at least included as an option among the task force’s recommendations.



In the end, the church's work on responsible investing seems to be less of a clear-cut choice between two alternatives than a reframing of central questions about institutional finances and responsibilities.

"The Church of England has been quite bold in moving towards or actually achieving divestment, and the demand continues to come from many Anglicans in the global South as the only adequate solution to bringing real change in practice," he says. "The primary question is how can we keep average atmospheric temperature rise to less than 1.5 C? And in areas where divestment would cause serious economic and labour force disruption, how can we support workers through a transitional process?"

In cases where divesting from oil and gas altogether is "simply too large a hurdle," Gray says, it's worth taking note of the work of the Church Investors Group, an organization representing the funds of 70 church bodies and other institutions, which engages with companies to spur them to make positive changes.

Harvey says she believes each of the guide's recommendations is "grounded in faith, to the point, relevant and doable." Among those she finds especially promising are the calls for impact investing; including ESG considerations when picking investment managers; balancing the importance of climate change as an issue for the church with "the social impacts of a transition to a low-carbon economy" and its call for a "just transition towards an environmentally sustainable economy that is well managed and contributes to the goals of decent work for all, social inclusion and the eradication of poverty."

Harvey also likes that the guide acknowledges the 92nd call to action of the Truth and Reconciliation Commission, which recommended that companies "ensure that Indigenous peoples have equitable access

to jobs, training, and education opportunities in the corporate sector, and that Indigenous communities gain long-term sustainable benefits from economic development projects."

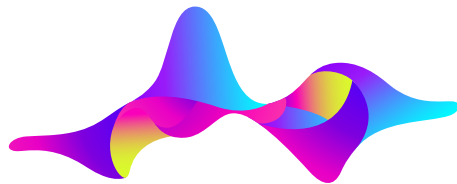
Harvey says she's also happy that another resolution passed at the 2016 General Synod called on the national church to sign on to the United Nations Principles for Responsible Investment, and to become an affiliate member of SHARE.

The church's 'new lens'

So what of divestment? In the end, the church's work on responsible investing seems to be less of a clear-cut choice between two alternatives than a reframing of central questions about institutional finances and responsibilities.

There's more to the task force's report and guide than just recommendations; both also include theological reflections on investing and the church. According to these documents, the Bible does not view money as evil in itself; it speaks of the wealth of Abraham and Job, for example, as a blessing. Alluding to a 2017 book, *Dethroning Mammon: Making Money Serve Grace*, by Archbishop of Canterbury Justin Welby (himself a former executive in the oil and gas industry), the authors of the report and guide write that it is the purpose that Christians put to money that is most important.

"Pursuing and amassing money as an end in itself, or as a means to power and control, is the worship of



“I think regardless of how quickly we have moved or not moved, we have a new lens with which to see how we handle money and how that works, and I’m very grateful for that, very grateful.”

—Archbishop Mark MacDonald

Mammon,” the report and guide state. “But Mammon is ‘dethroned,’ as Archbishop Justin Welby puts it, when we recognize wealth as a gift of God to be used for the flourishing of the wider community...Our economic practices must be considered not in purely economic terms but through the lens of God’s vision for our human life, which includes the flourishing of all, including the non-human creation.”

Muses Boeckner, “God has given us dominion over the earth, and in the past that was interpreted, I think, to say, ‘Because we’ve got dominion over all this stuff, we can be rapacious.’ But in fact that’s not what it is. God has given us the stewardship of the resources and wants to see what we’re going to do with them.”

Asked whether, as mover of the resolution creating the Responsible Investing Task Force, he was happy with the group’s report, MacDonald says he is of two minds.

“I would like to see us move much more quickly to a fossil-free way of doing things,” he says. “I think that ultimately the people who do that are going to be seen as responding adequately to the world that is coming upon us...I hope and pray for more earnest, resolute and quick action.”

On the other hand, MacDonald agrees that involvement with the oil and gas industry can mean difficult choices—at the level of the individual as well

as the institution.

“It’s very hard,” he says. “One of my good friends works in the oil industry in North Dakota, and he’s at huge cross-purposes. He says, ‘In my mind and in my heart I’m against what I’m doing, but in terms of putting food on the table, this is what I have to do, you know?’ So I think for the future we have to be fossil-fuel free. But I realize that we have some intermediate steps in the interim, and that means some compromise of principle for the sake of the well-being of people.”

This, he says, is why he is at the same time pleased with the report, as a step in the development of the church’s consciousness.

“My sense of things is that what happened in this is that the church got a new lens, and I think it began to change the way it looked at investing, began to change the way that it looked at money and how we handle it—all those things,” he says.

“The report itself for me was substantial progress. To get those kind of ideas out there and in front of people—I’m real happy,” he says. “I think regardless of how quickly we have moved or not moved, we have a new lens with which to see how we handle money and how that works, and I’m very grateful for that, very grateful.” ■