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Committee on Mission Responsibility Through Investment (MRTI) of the Presbyterian Church U.S.A.

Guideline Metrics

Metrics	Priority Weighting (High = 5; Medium = 3; Low = 1)	Company Information	Notes on Progress
Environment			
1. Climate-related risks and opportunities identified over short, medium and long term (TCFD) (CA 100)	3		
2. The impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning described (TCFD) (CA 100)	3		
3. Business strategy in place and efforts made to efforts to manage operations in manner consistent with limiting warming to 2 degrees Celsius (GA) (CA 100)	5		
4. Efforts made to limit temperature increase to 1.5 degrees Celsius (GA) (CA 100)	5		
5. Scenario analysis and measurement, including risk assessment on demand and supply, within key business processes and investment decisions incorporated. (GA) (CA 100)	5		
6. Puts an adequate internal price on carbon and uses this price to make decisions on long-term projects (GA 2018) (CA 100)	5		

7. Sets robust goals for reducing greenhouse gas emissions that include increase use of renewable energy sources (GA) (CA 100)	5	-	
8. Evidence of energy efficient investments (GA)	3	-	
9. Evidence of more rapid integration of new technologies designed to reduce the company's overall carbon footprint (GA) (CA 100)	5	-	
10. Organization discloses metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process (TCFD) (CA 100)	3	-	
11. Discloses Scope 1, Scope 2 and if appropriate, Scope 3 GHG emissions, and related risks (TCFD) (CA 100)	5	-	
12. Describes the targets used to manage climate-related risks and opportunities and performance against targets. (TCFD) (CA 100)	3	-	
13. Issues annual reports on the company's view of and response to material climate change risks and opportunities (GA) (CA 100)	5	-	
14. Provides outlook on energy (GA)	3		
15. Outlines how strategy can adjust for significant changes in demand for oil, gas and coal (GA)	3	-	
16. Carbon intensity of proven and probable reserves (including breakeven oil price) categorized by nature of projects' environment (ultra-deep waters, oil sands, etc.) (GA)	3		

Other possible areas of interest (from S&P)			
<p><i>17. Water use:</i></p> <p>17a. Is water included in company's business strategy planning?</p> <p>17b. What are water usage requirements for the company?</p> <p>17c. Does the company operate in water-stressed areas?</p> <p>17d. Are mitigation programs in place for efficient water use?</p> <p>17e. Is the company using or developing water-efficient technology for operations?</p>	1 for Water average		
<p><i>18. Land and Biodiversity:</i></p> <p>18a. Do operations adversely impact biodiversity?</p> <p>18b. Is there a corporate policy and risk management process in place concerning energy, land and biodiversity?</p> <p>18c. Do operations lead to deforestation?</p>	1 for Land Average		
<p><i>19. Possible Supply Issues</i></p> <p>19a. Company evaluates impact of its products on the environment (MRTI)</p>	1		
<p><i>20. Regarding Waste:</i></p> <p>20a. Company discloses management of hazardous materials/ waste.</p> <p>20b. Solid waste reduction efforts are in place. (MRTI)</p>	1 for Waste Average		
<p><i>21. Other comments</i></p>			

Social

<p>1. Company has the following in place:</p> <ul style="list-style-type: none"> a) Policy commitment to respect human rights b) A human rights due diligence process to identify, prevent, mitigate, and account for how they address their impacts on human rights c) Processes to enable the remediation of any adverse human rights impacts they cause or which they contribute (above from UN) d) Public commitment to prevent human trafficking and upholding human rights e) Evaluation of impact of its products on human rights (MRTI) 	<p>1 for average</p>		
<p>2. Do operations distress neighboring communities and/or historically marginalized/ oppressed communities (often communities of color)? If so, what steps are taken to mitigate those impacts? (S&P) (GA)</p>	<p>5</p>		
<p>3. Risk management program includes environmental and social impacts on neighbors (e.g., emissions' impact on local air quality, lending impact on local communities). (S&P) (GA)</p>	<p>5</p>		
<p>4. Operations are considered from the perspective of their impact on employees, local communities, and society. (S&P and MRTI) (GA)</p>	<p>5</p>		

5. Company regularly engages with customers to learn their needs and satisfaction. (S&P)	1		
6. Do operations and/or products create reputational issues for the company? If so, how are those issues managed and mitigated? (S&P).	1		
7. Does company participate in the Voluntary Principles on Security and Human Rights? http://www.voluntaryprinciples.org/for-companies/	1		
8. Does company operate in conflict zones? (GA 2008)	For info only		
9. Corporate Human Rights Benchmark 2017 score	For info only		
10. Additional human rights concerns?	For info only		
11. Company takes steps in terms of occupational health, safety, and wellbeing of employees and the advancement, protection and enforcement of human rights, including suppliers (S&P).	1		
12. Other comments			

Governance

1. Employee compensation is fair and adequate.	1		
2. Clearly defines board and management governance processes that acknowledge the scientific evidence of climate change (GA) and importance of other social issues. (CA 100)	5		

3. Ensures adequate oversight of climate change risk (GA) and human rights issues (CA 100)	5		
4. Strategic implications of a transition to low carbon energy system (GA)	3		
5. Board member analysis (MRTI) (includes board diversity) (CA100) *(diversity refers to diversity of demographics, experience/expertise, and inclusion of domestic and international experience)	3		
6. Engages constructively with public policymakers and other stakeholders [in support of cost-effective policy measures to mitigate climate change risks and support low-carbon investments] (GA)	3		
7. Ensures there is broad oversight and transparency about the company's lobbying activity and political spending, including activity by trade associations to which the company belongs, on climate change and related energy and regulatory issues (GA), and other human rights and social issues. (CA100)	5		
8. Company discloses positions on policy issues such as carbon pricing, renewable energy targets, and international negotiations on climate change (GA).	3		
9. Company regularly engages with regulatory and other legal authorities to keep abreast of legal, regulatory and compliance developments. (S&P)	1		

10. Relevant transparency (executive pay; drug pricing; spending on marketing vs R and D) (MRTI)	1		
11. Company is transparent on which office to contact regarding environmental/ social concerns and includes contact information. (MRTI)	3		
12. Other comments			
CDP Score			
How many and what type of engagements?			
Substance of engagements			

Recommendation

Red: Overall, company has had poor record of shareholder engagement, poor record on ESG issues. Company may or may not acknowledge importance of ESG issues.

Orange: Company acknowledges importance of ESG issues, may or may not adopt policies to address the issues. Has conducted some shareholder engagement or is open to it. May not have displayed much progress in shareholder engagement.

Yellow: Company shows more progress on shareholder engagement; begins to implement policy with programs/plans, goals and targets; Develops metrics, starts measuring and disclosing information.

Blue: Good track record of shareholder engagement. Company benchmarks its progress against others in industry/sector; conducts independent verification of its data and operations. Policies, programs, goals and targets in place for ESG issues and regularly discloses information.

Green: Company showing great efforts on shareholder engagement; is actively addressing ESG issues and there are few concerns. Company's strategic focus leads to demonstrable positive impact (Adopted from ICCR hierarchy of impact)

Sources and Notes:

Assembly of the PCUSA (GA 2018). The 223rd General Assembly (2018) received an MRTI Report that included pursuing engagement with companies on climate change issues. Excerpt from the General Assembly's response to the MRTI Report: "Direct MRTI to continue its engagement process with deliberate haste and continue to utilize its Guideline Metrics with corporations in the 2019 and 2020 proxy seasons and report back [three years of metrics] to the 224th General Assembly (2020) with divestment recommendations for the companies who are not moving towards compliance with the General Assembly's criteria established by the 222nd General Assembly (2016). Companies previously identified by MRTI for this focused engagement include, but are not limited to, Chevron, ExxonMobil, ConocoPhillips, Marathon Petroleum, Valero Energy, Philips 66, Duke Energy, Ford, General Motors."

2018 General Assembly of the PCUSA (GA 2018 Carbon). The 223rd General Assembly (2018) directed MRTI to continue engaging companies on climate change, "especially in support of carbon pricing."

2018 General Assembly of the PCUSA (GA 2018). "On Responding to Environmental Racism and to Promote Environmental Justice." Excerpt from "On Responding to Environmental Racism and to Promote Environmental Justice". 2018. "3. Listen to the perspectives and voices of people most impacted by environmental racism with awareness to cultural diversity domestically and internationally. 4. In accordance with the Gospel, position the church's approach to environmental problems to include responses to the voices most directly impacted by environmental racism."

General Assembly of the PCUSA (GA). "Action on Fossil Fuel Divestment by the 222nd General Assembly of The Presbyterian Church U.S.A." Excerpt from MRTI Report to the 222nd General Assembly's Committee on Environmental and Immigration Issues. 2016. "Directs MRTI to pursue its focused engagement process on climate change issues with all corporations, particularly with those in the oil, gas, and coal sectors, and report back to the 223rd General Assembly (2018) with recommendations, including possible selective divestment if significant changes in governance, strategy, implementation, transparency and disclosure, and public policy are not instituted by the corporations during the engagements of MRTI and ecumenical partners."

2008 General Assembly of the PCUSA (GA 2008). The 218th General Assembly (2008) received an MRTI report that included continued engagement with companies on Israel/ Palestine. In response, the GA recommended the following: "*Call upon all corporations doing business in the region to confine their business activity solely to peaceful pursuits, and refrain from allowing their products or services to support or facilitate violent acts by Israelis or Palestinians against innocent civilians, construction and maintenance of settlements or Israeli-only roads in East Jerusalem and the West Bank, the Israeli military occupation of Palestinian territory, and construction of the Separation Barrier as it extends beyond the 1967 'Green Line' into Palestinian territories.*" (Minutes, 2008, Part 1, p. 1223)

Climate Action 100+. Available here: <http://www.climateaction100.org/>

Created by the PCUSA Office of Faith-Based Investment and Corporate Engagement

Approved by MRTI June 13, 2017

Affirmed by the 223rd General Assembly of the PCUSA June 22, 2018

10/30/2019

ICCR. “Hierarchy of Impact.” Available here: <http://www.iccr.org/our-approach/iccrs-hierarchy-impact>

S&P Global Ratings, RatingsDirect. “Proposal for Environmental, Social, And Governance (ESG) Assessments.” 2016. Available here: <https://www.spglobal.com/our-insights/Proposal-For-Environmental-Social-And-Governance-ESG-Assessments.html>.

TCFD (Task Force on Climate-Related Financial Disclosures). “Recommendations of the Task Force on Climate-related Financial Disclosures.” 2016. Available here: <https://www.fsb-tcf.org/publications/recommendations-report/>

United Nations Human Rights, Office of the High Commissioner. “Guiding Principles on Business and Human Rights.” 2011. Available here: http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

Source for sector-specific questions: “21st Century Engagement.” BlackRock and Ceres. 2015. Available here: <https://www.blackrock.com/corporate/en-us/literature/publication/blk-ceres-engagementguide2015.pdf>

Ceres. “The 21st Century Corporation: The Ceres Roadmap For Sustainability.” 2010. Available here: https://www.ceres.org/sites/default/files/2017-05/Ceres_Roadmap_for_Sustainability_2010.pdf

PCUSA’s Committee on Mission Responsibility Through Investment (MRTI), internal communication between MRTI committee members and staff.

The Committee on Mission Responsibility Through Investment approved the total company scores on June 27, 2019.