

Divesting for people and planet

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Friends of the Earth



About Friends of the Earth

We are committed to:

- a peaceful and sustainable world based on societies living in harmony with nature
- each generation enjoying an environment that's getting better; a safer climate, abundant nature, healthy air, water and food
- a growing and diverse network of people coming together to transform our environment into one which is flourishing, sustainable, and socially just



What we will cover today

- ❑ Climate crisis: how long do we have, who's responsible and what's needed?
 - ❑ What is fossil fuel divestment? Why is it effective?
 - ❑ The financial case for divestment
 - ❑ Engagement with fossil fuel companies isn't working
 - ❑ Divestment commitments
 - ❑ What can institutional investors do?



Bangor, Wales (January 2021)



California, USA (July 2021)



Ghana (July 2021)



Madrid, Spain (January 2021)

“Code red” for humanity

- Global commitment to limit warming to **well below 2°C this century** will not be met unless unprecedented cuts to emissions take place
- We are on track to reach **1.5°C warming by 2040** in all scenarios (IPCC, 2021)
- The Arctic is likely to be practically ice-free in September at least once before 2050
- To meet both Paris and net-zero by 2050 targets, **fossil fuel companies must stop new oil and gas exploration projects this year** (IEA, 2021)

Who's to blame...?



Entity	MtCO ₂ e	% of global
1. Saudi Aramco, Saudi Arabia	59,262	4.38%
2. Chevron, USA	43,345	3.20%
3. Gazprom, Russia	43,230	3.19%
4. ExxonMobil, USA	41,904	3.09%
5. National Iranian Oil Co.	35,658	2.63%
6. BP, UK	34,015	2.51%
7. Royal Dutch Shell, The Netherlands	31,948	2.36%
8. Coal India, India	23,124	1.71%
9. Pemex, Mexico	22,645	1.67%
10. Petroleos de Venezuela (PDVSA)	15,745	1.16%
11. PetroChina / China Natl Petroleum	15,632	1.15%
12. Peabody Energy, USA	15,385	1.14%
13. ConocoPhillips, USA	15,229	1.12%
14. Abu Dhabi, United Arab Emirates	13,840	1.01%
15. Kuwait Petroleum Corp., Kuwait	13,479	1.00%
16. Iraq National Oil Co., Iraq	12,596	0.93%
17. Total SA, France	12,352	0.91%
18. Sonatrach, Algeria	12,302	0.91%
19. BHP Billiton, Australia	9,802	0.72%
20. Petrobras, Brazil	8,676	0.64%
Top Twenty	480,168	35.45%
Global	1,354,388	100.00%

Climate (in)action in the UK

Cambo oil field - equivalent to the annual pollution from 16 coal-fired power stations

Whitehaven coal mine - if approved will be the UK's first new deep coal mine for 30 years

Mozambique gas project - thousands have been killed, almost 700,000 displaced, and many left without homes or livelihoods as a result of the pipeline

Subsidies for fossil fuel companies - £4bn of public money paid to North Sea oil and gas companies that paid next to nothing in tax and laid off workers

It's not too late ...

- If we can **cut global emissions in half** by 2030 and reach net-zero by the middle of this century, we can halt and possibly **reverse the rise in temperatures**
- Investor action can drive the political change that's needed for the transition



What is divestment?

- Divestment is the **opposite of investment**
- Divestment campaigns ask institutions and investors to **move their money** out of harmful sectors
- A tactic used to reduce the power and influence of dangerous and immoral industries



Why divest from fossil fuels?

It's necessary

The agenda of the fossil fuel industry is not compatible with a safe and healthy planet for future generations

It's effective

21 x as much impact in reducing your carbon footprint than giving up flying and becoming a vegan combined

It makes financial sense

A practical means of protecting your investments from the financial risks of both climate change and investing in a precarious industry



Financial arguments for divestment

Stranded assets

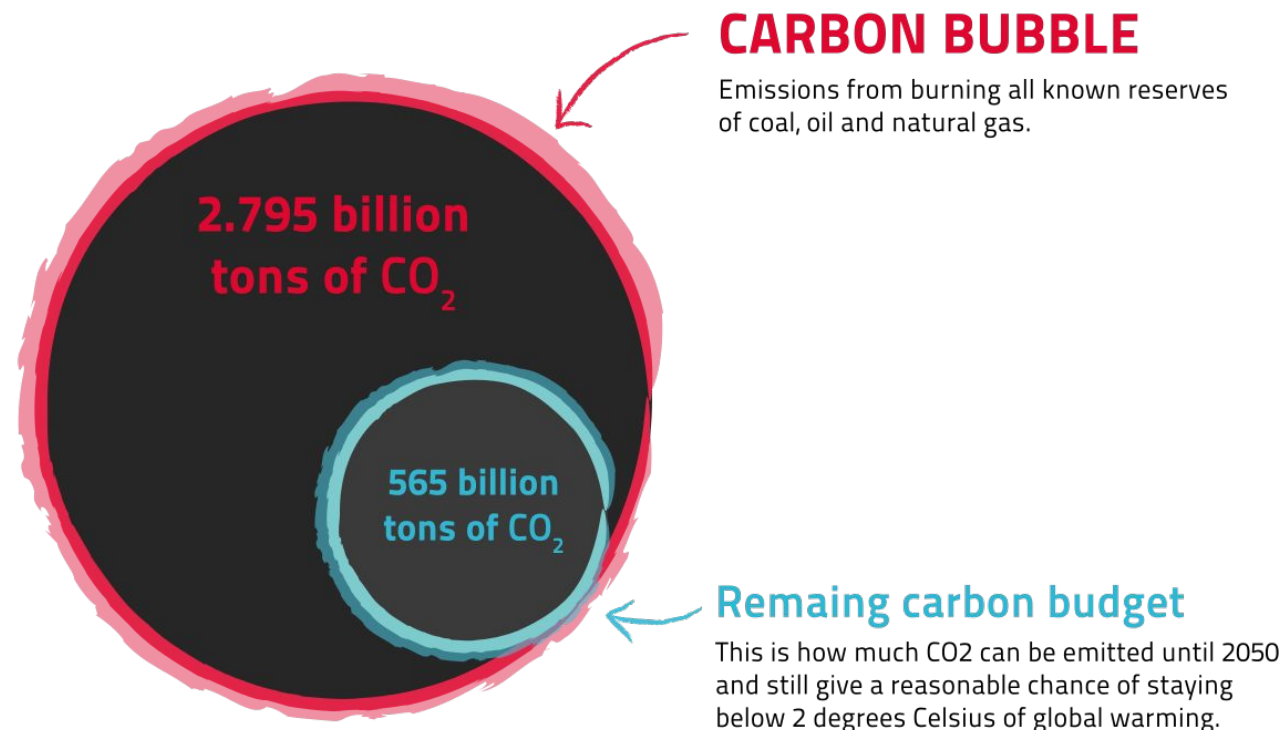
“Up to 80% of coal assets will be stranded, and up to half of developed oil reserves. A question for every asset manager and pension fund: what’s your plan?”

– Mark Carney

Better returns

2010-2021 MSCI Index analysis shows that “fossil free” funds earned more than those with coal, oil and gas holdings

BlackRock found the same of its investments

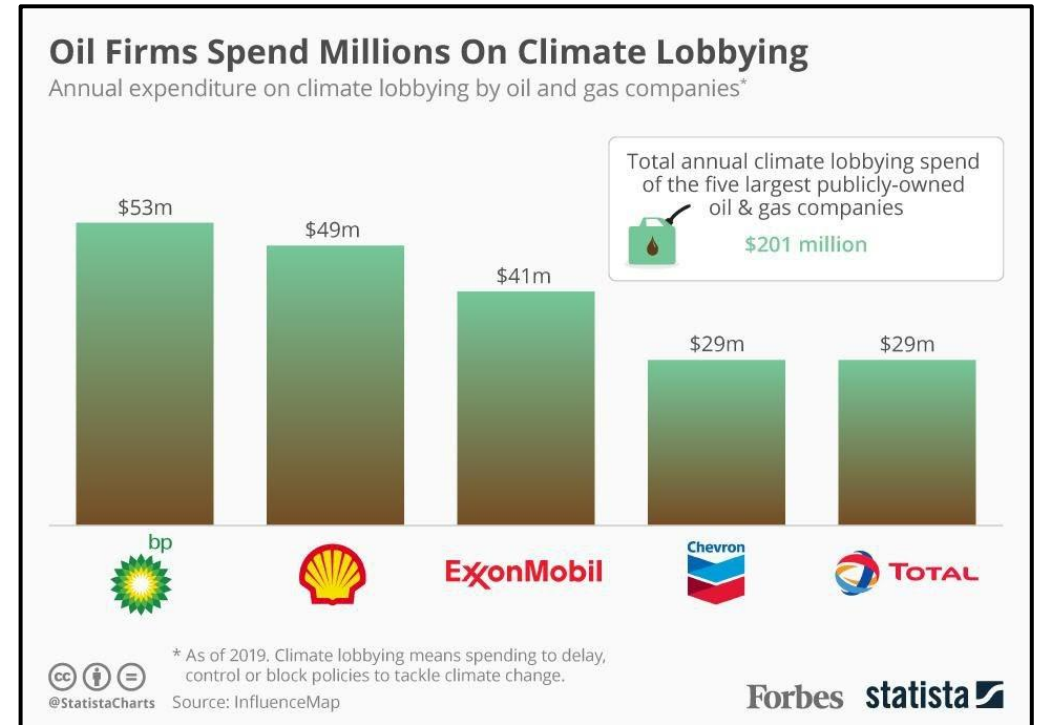


Engaging with fossil fuel companies isn't working

- If we are to meet Paris targets, then all fossil fuel companies **must stop all new oil and gas exploration projects this year**
- Shareholder resolutions are rarely successful - less than 10% of social or environmental resolutions worldwide were passed in 2020
- There is **no evidence of a sector ever changing its core business model as a result of engagement**
- Net-zero plans are premised on **unfounded carbon capture and removal**

On average, investments in low-carbon projects represent **less than 3%** of the annual spending of fossil fuel companies around the world

Meanwhile...



Fossil fuel firms sue governments across the world for £13bn as climate policies threaten profits

- Sky News, 2021

From climate denial to climate delay

No major oil, gas or coal company is on track to align their business with the Paris climate goal of limiting the global temperature rise to well below 2°C by 2050, despite net-zero emissions pledges

Transition Pathway Initiative, 2020

Only 17% of major investors surveyed believe oil companies will transform to focus on green energy

Financial Times, 2021

Divestment commitments

Global commitments

- Norwegian Sovereign Wealth Fund
- Harvard University
- Cities of New York, Oslo and Sydney
- The Republic of Ireland
- Rockefeller Brothers Fund
- The Gates Foundation

UK commitments

- Over half of all universities
- 80 faith institutions
- 5 local authority pension funds
- Healthcare institutions, including the BMA, BPS and Royal College of GPs
- Pension funds of the Welsh Parliament and Northern Ireland Assembly

How to divest

- Make a **policy commitment** to change your investment strategy
- Freeze new investments and withdraw existing investments over a **definitive timeframe** (usually 3-5 years)
- If you're not ready to divest just yet, set a strict timeframe and outcomes for your engagement with individual companies



Thank you for listening!

To find out more, visit:
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