
ECOJUSTICE WORKING GROUP: INVESTING WITH INTEGRITY

SUMMARY OF KEY POINTS

- Reality: Humanity is fast approaching the limit to the amount of carbon that can be burned if we are to prevent certain climate catastrophe for the future of Earth's commonwealth of life. This is a limit which the fossil fuel industry appears unwilling to accept.
- Will your faculty and trustees consider the query: How should this realization affect what the institution does with its money? Do your institution's investment screens respect Friends' concern for the protection of conditions for the stable climate upon which the future depends?
- Possible Actions: If your institution has investments in the top 200 fossil fuel companies with the largest reserves, consider moving some or all of your investments to fossil free funds. Friends Fiduciary's new Quaker Green Fund is one such option.
- Convene a faculty gathering to consider supporting action on climate change on your campus similar to the Oxford University and Harvard University faculty statement.
- Determine if your institution has signed the Presidents' Climate Commitment (<http://www.presidentsclimatecommitment.org/about/commitment>). If yes, confirm that the process is underway. If not, ask your President/Head of School to sign on.
- Consider the strengths of your institution and use every opportunity to inform policy and decision makers and leaders of industry of best practices that will accelerate the transition from fossil fuels to renewable energy.

Background

In 2009 at the Copenhagen Climate Conference, the nations of the world agreed that **the global average temperature must be kept from rising more than 2 Celsius degrees** (3.6 Fahrenheit degrees) above the historical norm.

Scientists now know about how much carbon from fossil fuel is already in the atmosphere and how much will lead to an increase of 2 C degrees by 2100. They know about how much is currently being released and about long it will take at current rates to reach the limit.

It is also known

- about how much carbon is in the fossil fuel industry's known reserves
- about how much money the industry spends to find more sources
- about how much subsidy governments provide the industry (Because of changes in disclosure laws, it is no longer known how much money is being spent by the industry to prevent governments from reducing carbon emissions)

Conclusion: the carbon budget is the maximum amount of CO₂ that can be emitted in the future, based on scientifically-estimated probabilities of staying below 2°C of global warming (above which would lead to catastrophic or "runaway" climate change beyond humanity's capacity to manage). The world's carbon budget is now approximately 500 billion tonnes (Gt) of carbon dioxide in the form of oil, gas and coal, an amount that would provide an 80% chance at staying under 2°C. The total carbon potential of the Earth's known fossil fuel reserves comes to nearly 5 times the carbon budget for the next 40 years. This means that business as usual for the fossil fuel industry is incompatible with action to address climate change that keeps global temperature increase to 2°C or less. Investors are thus left exposed to the risk of unburnable carbon. If the 2°C target is rigorously applied (as it must to preserve a livable planet), then up to 80% of declared reserves owned by the world's largest listed coal, oil and gas companies and their investors would become stranded assets.

See chart <http://www.informationisbeautiful.net/visualizations/how-many-gigatons-of-co2/>

WHY DIVEST FROM FOSSIL FUEL COMPANIES?

- (practical) Most of the known fossil fuel reserves must stay in the ground if a catastrophic climate future is to be avoided.
- (ethical) The fossil fuel industry has spent millions of dollars to deny scientific facts and discredit the scientists who report them.
- (financial) The fossil fuel industry will be saddled with massive stranded assets if its reserves are forced to remain in the ground, and its stock values will plummet.
- (religious) We have a moral obligation to care for our neighbors, our children, and God's creation of life on Earth.
- (spiritual) What greater sacrilege can there be than to knowingly profit from destroying the fabric of Earth's commonwealth of life?
- (political) How can the Society of Friends join with 350.org and other committed groups in symbolic actions that may help to change the current political dynamic that is becoming suicidal for the future of our nation and our species?

WHAT IS THE QUAKER GREEN FUND?

The Quaker Green Fund, like Friends Fiduciary Corporation's Consolidated Fund, includes a mix of stocks and bonds, has a semi-annual income distribution and is intended for investors with a greater than five year investment horizon. But it will have no holdings in the 200 companies that produce most of our fossil fuel, and at least 15% of its investments will be with environmentally progressive companies. Investors may hold units in any of the Friends Fiduciary Funds in a single account. The Consolidated and Green funds will have distributions based on the earnings of their portfolios. In spite of conventional wisdom, it has not been the case that screened funds necessarily earn less than unscreened funds.

RESOURCES TO GET STARTED:

Quaker Earthcare Witness: <http://www.quakerearthcare.org/article/resources>. Detailed info on spiritual and practical aspects of divest/reinvest witness.

Divest/Invest (based in DC) <http://www.divestinvest.org/#resources> has similar resources to QEW in a convenient format.

Jeff Perkins at Friends Fiduciary: 215-241-7272; info@friendsfiduciary.org

Several good explanations of the carbon bubble risk are on the web:

- <http://www.theguardian.com/environment/2013/apr/19/carbon-bubble-financial-crash-crisis>
Aperio Group. Do the Investment Math: Building a Carbon Free Portfolio. 2013.
http://www.aperiogroup.com/system/files/documents/building_a_carbon_free_portfolio.pdf
 - Forbes Magazine. Divesting from Fossil Fuels Means a Cleaner, Safer and More Resilient Future. July 29, 2013.
<http://www.forbes.com/sites/ashoka/2013/07/29/divesting-from-fossil-fuels-means-a-cleaner-safer-and-more-resilient-future/>,
 - The Economist. Unburnable Fuel: Either Governments are not Serious about Climate Change or Fossil Fuel Firms are Overvalued. May 4, 2013.
<http://www.economist.com/news/business/21577097-either-governments-are-serious-about-climate-change-or-fossil-fuel-firms-are>.
 - Interview with John Fullerton http://www.yesmagazine.org/planet/john-fullerton-carbon-crisis-fossil-fuels-finance?utm_source=YTW&utm_medium=Email&utm_campaign=20131213
 - Unity College report <https://www.unity.edu/news/unity-college-reports-no-loss-fossil-fuel-divestment>
 - The Investment Case for Fossil Fuel Divestment <http://blueandgreentomorrow.com/features/the-investment-case-for-fossil-fuel-divestment/>
 - For a list of resolutions from other faith communities visit Greenfaith: <http://greenfaith.org/programs/divest-and-reinvest/religious-resources-on-divestment-and-reinvestment>
 - Eco-Justice Collaborative's Investment with Integrity Project: Contact Paula Kline at kline.paula@gmail.com or see our PYM Webpage.
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