

A HANDY GUIDE TO DIVESTING FROM FOSSIL FUELS



EUROPEAN GREEN PARTY

Hello, welcome to this handy guide on divesting from fossil fuels.

The divestment movement is unfolding with an energy rarely seen. It is global, it is effective and it is fun. And it fosters hope in our potential as civil societies to make real change happen in the fight for good climate policies.

The idea of divestment has one clear target: the fossil fuel sector which is the main source of emissions that have set us on the destructive and threatening course towards a steep rise in average global temperature that must be defeated. There is no future for fossil fuels or there is no future. Delegitimizing fossil fuels and moving the world towards sustainable alternatives has to be our goal.

Through its campaigns the divestment movement has proven that it is able to score notable victories step by step. A couple of years ago the idea of divestment originated with just a few people on an US campus. Today people all around the world are part of it and this small brochure aims at helping you to join too. It provides you with some of the basic premises and how-to's of divesting from fossil fuels.

I hope you enjoy it!



Reinhard Bütikofer
Co-Chair European Green Party and
Member of the European Parliament



CC BY Reinhard Bütikofer
/ G7 Divest Protest

WHAT IS FOSSIL DIVESTMENT

Divesting from fossil fuels means cutting the financial ties to the fossil fuel sector. Instead of providing financial resources to its destructive activities through buying or holding shares, bonds, or other investments in this industry, the fossil fuel divestment campaign calls for a stop of such investments and for the de-investing, the selling of fossil assets.

There are 3 convincing arguments which build the rational of divestment.

Moral — in order to save the planet and its inhabitants, we should neither actively support nor profit from the fossil fuel sector which is ultimately causing the planet's destruction.

Financial — Around two thirds of all known fossil fuel reserves have to stay in the ground if we want to keep the projected global temperature rise below 2°C. Presently, fossil fuel companies are investing massively in new explorations and the market value of these companies does not yet reflect the fact that a lot of their

S FUEL MENT?

assets become stranded once they cannot sell or burn all their coal, oil and gas. The financial risk for public and private investors resulting from this “carbon bubble” should be addressed by divesting.

Democratic — if public pension funds, insurance companies or other public institutions are themselves financially involved in the fossil fuels sector they can, through their economic power, harm our democratic ability to adopt effective climate policies such as ambitious emission reduction targets.

Read “Global Warming’s Terrifying New Math” - the article by author, environmentalist and 350.org founder Bill Mc Kibben that made the idea of divestment widely popular and brought it to a whole new audience - at rol.st/1Vui1R5 or watch the movie at bit.ly/1YTLUyK

Divesting as a political campaign has been successful before - read more on the parallels of the 1980ies anti-apartheid divestment campaigns in South Africa and the current climate divestment movement at bit.ly/1YTLW9C

WHO IS ALL ON THE WAY DIVEST?

One of the huge benefits of the divestment idea is: it encompassed an extremely wide range of different actors that all become players in our shared fight against climate change. And all of these actors can achieve traceable success in their respective spheres - another reason that leads to the vivid rise and growth of the divestment movement - and with

it the whole climate campaigners' movement.

CITIES

Seattle in the US was one of the first cities that ended their investments in fossil fuels, in Europe others followed or are in pursuit - Örebro in Sweden has already divested while Münster could premier divestment in Germany.

Read more about the city of Örebro's decision to divest at bit.ly/1FLgrsq or Münster's path to get fossil free at bit.ly/1LomV2d and an interview with local Greens here bit.ly/1PSbApl.

ALREADY WAY TO

PRIVATE AND PUBLIC FUNDS

One of the biggest divestment decisions that has been announced is the one by an investment fund, Norway's sovereign wealth fund who has decided to divest from coal. In the US the state of California has recently decided to re-invest the pensions of their state employees and teachers away from coal. Read what The Guardian wrote about Norway's milestone decision at bit.ly/10Llo5Z, some background at bit.ly/1iQKKD7 and more on California's state pension funds' move bit.ly/1JJmzMr.

FOUNDATIONS

Call it ironic, but the Rockefeller Brothers Fund, who's fortune

originates mainly from revenues of Rockefeller's petrol business has decided to sever their investments from fossils. A decision that had left quite an impact on discussions amongst financial actors in the US and abroad.

Find the RBF's divestment statement at bit.ly/1QP7o9U.

INSURANCE COMPANIES

This is just at the beginning - but more and more companies and re-insurance companies are realizing the financial risks of being financially involved in the fossil fuels sector. Be it because of risky explorations that could result in high costs in the case of loss or damage, or the poorer outlooks for making a lot of profit

with fossil fuels over the coming decades. In the wake of this year's UN climate summit in Paris, French insurance giant AXA decided to divest from coal bloom.bg/1GnOvW6, something that the Austrian branch of Allianz has decided to do earlier bit.ly/1P8RzMS as well as Norway's finance company Storebrand bit.ly/1Rk20MV.

UNIVERSITIES

With students as probably the most active group on climate divestment in the US, the divestment movement had one of its strongest drivers on university campuses. Students target the often considerable funds of their private universities or linked endowments.

Read about Stanford's divestment campaign at stanford.io/1MNkymY or similar campaigns in Europe, for example at the University of Glasgow at bit.ly/10cjw7j.

FINANCIAL AND POLITICAL INSTITUTIONS

Progressive institutional actors with a financial responsibility are more and more aware of the risk of investments in the fossil fuels sector. The governor of the Bank of England bbc.in/1YTReSF consistently warns about these risks, as does the UN Secretary General bit.ly/108hZ0d. Also, the European institutions are slowly moving, with European

Central Bank's (ECB) president Mario Draghi having the ECB explore the respective risks bit.ly/1GnRSMO.

FAITH COMMUNITIES

The strong moral argument that is at the core of the idea of divestment led to a rapid rise in faith based communities committing to divest their financial investments, and also spreading the message of the negative impact of investing in fossil fuel companies to their communities and followers. Be it the World Council of Churches bit.ly/1KQF3hW, the Lutheran World Federation bit.ly/1VupLT5 or the Church of Sweden.

PROFESSIONAL ASSOCIATIONS

Often professional associations do not only control and administer funds, for example the pensions of their members, they also discuss and agree on certain policies and check whether their actions are aligned with their principles. An inspirational as well as logical decision was taken by the British Medical Association and the Canadian Medical Association. For doctors who strive for keeping us all healthy, supporting the harmful activities of fossil fuel companies just does not make any sense. More on divestment and the health sector bit.ly/108jFaj.

PRIVATE COMPANIES

Also, private companies of all kinds can step forward and show their commitment to the fight against climate change or safeguard themselves against the risks of fossil fuel investments. When the editors of British newspaper The Guardian set out to conduct a divestment campaign, they also worked together with their owners and publishers to make the Guardian Media Group's investments fossil free. Read more at bit.ly/1LnJww9.

PR COMPANIES

You might not always need control over financial resources yourself to

be an active player in divestment. Also shifting your focus away from doing business with fossil fuel companies does help. Read about the story of Edelman PR - the world's largest public relations firm - and how they stopped being the voice of the US oil lobby at for.tn/1QPc53A.

INDIVIDUALS

Definitely not an option for everyone, but if you have the money, and even better if you have the outreach then divesting does leave an impact. Not only financially but also in the public debate. Leonardo DiCaprio committed to get his finances fossil free - read more at reut.rs/1jCCYgM.

CC BY NC Alex White / Divest London



BUILDING DIVEST CAMPA

Divestment Campaigns can basically be run by everyone. From an individual, to a group or organization. From students, members of a sports club, customers, politicians or party members to members of a professional association.

SELECT A TARGET, CHECK THEIR FINANCES AND IDENTIFY THOSE WHO ARE IN CONTROL OF IT

Obviously the basic condition of a campaign, and of picking a “target” (that you want to divest) is to find out whether the organization’s resources are invested in fossil fuel companies. Very often, institutions are themselves not aware where their money is and what their investments are doing - don’t let this stop you! Bringing more transparency into this is already a goal worth fighting for. Very often you might also receive as

NG A MENT IGN

an answer that there is no common definition of fossil fuel investments. This is true, but there are ever more standards being developed and applied, e.g. the criteria to divest from all companies that make more than 30% of their profit from fossil fuel exploration. Of course, there can be tougher or weaker guidelines. A source of inspiration might be the “Carbon Underground 2015” list at bit.ly/1hfGdJc and as a background, the concept of “Carbon Majors” at bit.ly/1JJv36m. A lot of institutions might also have invested

in mixed funds - that contain a full range of different companies. An example is EUROSTOXX50 which is approximately made up of about 10% of fossil fuel companies. In such cases ask institutions to invest in a more controlled way, so they can exclude those fossil fuel companies instead of buying mixed packages.

GET IN CONTACT — PROVIDE ARGUMENTS AND INSPIRATION

You might have already contacted your target organization to inquire about the composition of their

investments, e.g. when you write to your bank or insurance company asking for the whereabouts of your savings. If not, then this is the right time. Be aware that a lot of institutions or organizations are not yet aware of the impact of their investments. So give them an explanation of what you want and why you want it and see whether they can become partners in the global climate movement - or simply be financially responsible actors. Institutions come from very different fields and will be open to very different reasons and rationals for divesting. It might be best to provide them with an example of a similar institution that divested. When writing to your bank, cite the decisions of other financial actors to divest. When writing to a wildlife conservation organization bring examples from organizations that saw divestment as a moral obligation to save the planet.

GET HELP AND SUPPORT — CONNECT TO OR BUILD A NETWORK

You do not have to do everything alone - and there is already a lot of expertise out there. Get in contact with a local group of 350.org, talk to your colleagues if you aim at having your company's retirement funds divested, collect signatures or write an article in a membership journal. If you are aiming at having

a bigger institution or organization to divest and are facing opposition you will need support - and it's very likely that like-minded actors do exist. In the case of Norway, different organizations brought in their capacities to do research and spread arguments for having Norway's sovereign wealth fund divest such as Urgewald, Greenpeace or Framtiden who later teamed up with Norway's Green Party and members of the Parliament's Committee on Finance. See their report "Dirty and Dangerous" at bit.ly/1hfGvzT. Also do not hesitate to get in contact with others who have already successfully campaigned for divestment and learn from their stories. For example, from university campaigns bit.ly/1P8UXaB, or communal campaigns bit.ly/1GnVZs5. Also 350.org provides a lot of how-to's on their website at bit.ly/1KQFBV2.

COOPERATE — OR CREATE PRESSURE

The response you might receive from institutions, be it your bank, a city council or a private company might be very different. They might join your cause as a partner, they might reject your assumptions and decline your demands or they might be somewhere in between.

For the latter, probably a very common situation, stay in contact, meet for a discussion, gather data

and arguments, bring in like-minded experts or similar. Checking their finances and finding a way, deciding on the details of how to divest might take some time. Keep on asking questions and check the progress. In case your target's response is clearly negative you might want to create outside pressure. Build a team and a network, organize a workshop or a public discussion about the topic, collect signatures and publicly sent them to those in control of the finances, organize an action, a protest, a sit-in or a concert to raise awareness for your target's wrongdoing and the connection of climate change and investments in the fossil fuel sector. Invite journalists, your friends and colleagues, as well as organizations linked to the cause (such as environmental organizations) or to the respective organization (e.g. member of your union, or you sports club). The wider your movement, the more perspectives, experience and rightful demands are integrated and the higher the chances for success. Demand accountability and transparency from your target. Leave the door open for a change of course by your target and increase the pressure only step by step, from creating awareness and raising questions publicly to holding them accountable.

CONNECT TO THE WIDER MOVEMENT — SHARE YOUR EXPERIENCE

When you have success, do not stop there. Share your experience and inspire others - for example by sharing your story on Global Divestment Day - the yearly day of action for divestment organized by 350.org.

More on divest campaigning? 350.org is offering online videos and web workshops for campaign trainings and to exchange experiences. Have a look!

bit.ly/1iQUX2n



CC BY Kamyar Adl / Fossil Free
Oxfordshire Divestment Campaign

INFORMA & INSPIR

Need more background on what others are doing, what arguments and facts they have and how they address their target groups, how they inspire and spread motivation, how they break divestment down into clear pictures? Then have a look at these videos, or get acquainted with the work of these people and institutions:

See Archbishop **Desmond Tutu**'s inspiring video message on why it is time to divest - "The destruction of the earth and environment is the human rights challenge of our time - nobody should profit from the

suffering caused by the burning of fossil fuels" - bit.ly/1j5aiNz

Successfully communicating a university divestment campaign - see how Harvard students, alumni and faculty members did it: "**Harvard Heat Week: Why We Act for Fossil Fuel Divestment**" - bit.ly/1YTWqWs

A news organization is conducting a climate campaign - see how British newspaper **The Guardian** presents the divestment idea - bit.ly/1JJwlco

Also, other organizations are putting divestment into pictures and are spreading the news - see "**Own it**": an animated clip by Sweden's WWF that calls for a closer look at what your money is doing - bit.ly/1FLv5zF

Christiana Figueres, Executive Secretary of the UN Framework Convention on Climate Change

ATION ATION

(UNFCCC) speaks at a conference of investors on why it is so important that financial investments are shifted from fossil fuel companies into sustainable assets - bit.ly/1N8fcWt

Conference videos of our **#Divestconference** from September 2015 in Paris with a whole range of actors speaking about their divestment success stories and how the financial system has to change to fight climate change - bit.ly/1WBsKLT

“Off and On: The Climate Movement and the Road Through Paris” - 350.org’s latest gigantic event on what is next for the climate movement - bit.ly/1GnXV3Y

Two weeks before global divestment day author and activist **Naomi Klein** discusses with 350.org director May Boeve the role of fossil fuel divestment - bit.ly/1WBsPz4

„Deflating the Carbon Bubble” - presentation and panel debate on our study on the financial risks from investments in fossil fuel companies in Europe - bit.ly/1LoGuHQ

Carbon Tracker explains in a video, why investments in the carbon sector is **“a risky business”** - bit.ly/1jCKHLL

AND EVEN MORE ...

To stay updated on new analysis and information you might be interested in signing up for news - via social media, newsletters or similar - from these organizations:

CARBON TRACKER - a group of financial experts, that work hard on providing the empirical data that shows how risky it is to invest in the fossil fuel sector and what damage fossil fuel investments have already caused. - carbontracker.org

350.ORG - the central civil society organization when it comes to campaigning for divestment. With national, regional and local chapters and fossil free campaigns on every level - 350.org

CARBON DISCLOSURE PROJECT - bringing climate transparency to the financial markets by analyzing how much fossil fuel emissions are in your shares and what you can do to make your portfolio greener - cdp.net

REINHARDBUETIKOFER.EU - Divest News in German - on my own website, I am compiling news and divestment stories for a German audience - have a look on my topical page at bit.ly/1QPfi32 or follow me on twitter @bueti

UNEP FI - founded in 1992, is a platform associating the United Nations Environmental Program and the financial sector globally, highlighting amongst others the environmental responsibility of financial actors and the role they can play for more sustainability - unepfi.org

German NGO **URGEGWALD** - with its long experience in campaigning against coal, having played an important part in doing the background research that lead to

Norway's wealth fund divestment decision - urgewald.org

2 DEGREES INVESTING INITIATIVE

- an initiative promoting the integration of climate constraints and long term needs in both financial institutions' investment strategies and financial regulatory frameworks - 2degrees-investing.org

BLOOMBERG NEW ENERGY FINANCE

- Finance news with a reputation that deliver reports and numbers that can be of decisive importance, for example when showing that governments worldwide spend more on subsidizing energy than health - about.bnef.com

BANK TRACK - a global network of civil society organizations and individuals tracking the operations of the private financial sector (commercial banks, investors, etc.) and campaigning for a change towards sustainability. Their "do the Paris pledge campaign" asks banks and financial institutions to divest from fossil fuels in the wake of the Paris UN Climate Summit - banktrack.org

MORE - Twitter Hashtags - follow [#divest](https://twitter.com/divest) [#divestment](https://twitter.com/divestment) [#carbonbubble](https://twitter.com/carbonbubble) [#actonclimate](https://twitter.com/actonclimate) to stay updated on climate and divestment news from a variety of actors.



CC BY Reinhard Bütikofer / Global Divestment Day Berlin 2015



CC BY NC Friends of the Earth Scotland / Global Divestment Day 2015 Edinburgh

DIVESTMENT FOR COUNCILS PARLIAMENTS

Being mandated by your citizens provides you with rights that other divestment campaigners are missing. The right to influence or initiate legislation and the right to demand and receive information from your local, regional or national government - extremely useful tools for the divestment efforts. Thanks to these rights, parliamentary actors can focus on public institutions or legislation in their work on

divestment, for example asking their respective budgets to become fossil free. Here is what you could do to facilitate this:

Write parliamentary questions - to inquire how much public money is invested in the fossil industry, for example through pension funds, and what guidelines on savings (and investments) exist. Greens in the German state of Berlin or Mecklenburg-Vorpommern did so for example. See their questions and answers here bit.ly/1Rkb6co.

Sometimes you can build cross-party coalitions, e.g. through an enquiry commission or via an informal group of councillors or parliamentarians (we did so in the European Parliament) to raise awareness of

INITIATIVES ORS AND ARIANS

the issue by inviting experts and hosting discussions.

Another way to build expertise, to create awareness and build coalitions at the same time is to organize a hearing with climate and budget experts on the topic of divestment in general and your institution's budgetary options.

Influence or initiate legislation. The key legislative instruments to avoid financing fossil fuels - focusing on your own budget - is to pass guidelines for investing public finance. In some occasions you might already have guidelines that prohibit investments in assets that are connected with child labor, banned weapons etc. These ESG (see "keywords section") criteria could be extended to a clause prohibiting the financing of fossil fuel companies. For a more widespread

approach you could opt for demanding an extension of corporate accountability, by including climate relevant aspects, for example carbon footprinting to the reporting procedures private or public-private companies have to publish. Finally you could also make climate relevant aspects a criteria for public tenders. All these steps can be supported by the moral argument that respective legislative action is in support of existing climate policies. In most occasions you can also add the argument of financial stability to strengthen your demands. Outside the legislative realm you also have the option to address institutions who are close to the public sector, e.g. the banking system, whether they, in their analysis and investment strategies have taken into account the financial risks of a carbon bubble, an over-evaluation of the fossil fuel sector.

DIVEST KEYWORDS

Some concepts and keywords from the divestment world, taking both sides in: the divesting from fossil fuels and the re-investing into sustainable assets.

CARBON BUBBLE (CO₂ BUBBLE) - the fact that around two thirds of fossil fuel reserves cannot be burnt means that fossil fuel companies are dramatically overrated. For Europe the volume of these stranded assets is at around 1.2 Trillion Euro - see bit.ly/1LXcsdc. Adding to that, fossil fuel shares are bought and held - as such or in mixed and sometimes nontransparent financial products - by many different financial actors, spreading the risks of this financial

bubble across our financial system.

GREEN FINANCE - the general term for investments into sustainable assets and the respective legal and financial framework: from renewable energy to resource or energy efficiency and connected fields. Its difference to the field of regular investing is that there are sustainability criteria, such as → ESG guidelines. Green Finance is a sector that is rapidly rising because more and more investors see that investing is not only about profit but in fact a powerful tool to shape our world. But still it has to catch up in terms of quantity and commonly agreed standards to be able to take in the enormous investments that are re-invested from the non-sustainable sector into green finance.

ORDS

CARBON FOOTPRINT - means to attribute CO₂ emissions to economic activity. For the case of fossil fuel divestment and re-investing in sustainable assets, it is an important tool since it shows investors how climate friendly (or not) their investment portfolio truly is.

CO₂ BUDGET - a certain amount of CO₂ emissions that serves as a limit for emissions in general. Usually a limit of max. 2°C of average global warming is set as the goal of international climate policies. Climate science calculated the max amounts of tons of CO₂ that could be released into the atmosphere - the CO₂ budget - to stay within this limit. This CO₂ budget is substantially smaller than the amount of CO₂ that would be released, would all the known fossil fuel reserves be burnt.

LOW CARBON ECONOMY - is an economic system that produces little or no emissions and is therefore a goal of our economic and environmental policies. Achievable through both technological (e.g. energy efficiency, renewable technologies or circular economy strategies) as well as social innovation (e.g. in the transport sector or via more shared resources).

STRANDED ASSETS - those kind of assets (here: fossil fuels) that belong to an economic and financial actor, but are invaluable since they cannot be used. In our case: the larger share of fossil fuel reserves that cannot be burnt without dramatic consequences - but which currently still show up as positive values in the balances of fossil fuel companies.

ESG GUIDELINES - Criteria that provide information on a specific investment in terms of its environmental (E), social (S) and governance (G) aspects. A typical example for such criteria would be a portfolio that would not include the shares of a company that produces internationally banned weapons such as cluster bombs. Currently, commonly agreed standards on what is a fossil fuel company do not yet exist and are not yet added to currently applied ESG guidelines - a deficit that needs to be overcome. This does of course not hinder individual institutions to agree for themselves on standards and criteria for investing into fossil free assets, a process that is for example currently underway for Norway's sovereign investment fund.

DECARBONIZE A PORTFOLIO - means making investment portfolios less fossil heavy . Sounds very similar to divesting from fossil fuels - but check the details. Often investors claim to decarbonize while in fact they just add a bit of sustainable assets to only proportionally lower share of fossil fuel assets.





CC BY NC Alex White / Divest London



CC BY NC Light Brigading / Love Resist Divest!



CC 0 Malcolm Kratz / Groups Picture Human Chain

European Green Party
Rue Wiertz 31, 1050 Brussels, Belgium
info@europeangreens.eu
www.europeangreens.eu

Find and share this guide online
europeangreens.eu/handydivestguide

With the financial support of the European Parliament.



EUROPEAN GREEN PARTY



The Greens | European Free Alliance
in the European Parliament