

Stormy times on the horizon

The Joseph Rowntree Charitable Trust is one of four UK foundations to have signed up to the Divest Invest Philanthropy pledge to move their investments from fossil fuels into clean energy. Head of Finance Jackie Turpin explains why they collectively believe that such action is both in line with their missions *and* their fiduciary duty.



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If Noah had been alive today, he may not have been building an ark just yet. But the chances are he would have been passing on his ark building skills to his children, just in case.

Few people today would deny the reality of climate change or its effects. Faced with dire weather conditions, displaced and desperate people and devastated landscapes, the evidence is indisputable.

Investors responding

But it is not just the environmentalists and sociologists who are taking note. Increasingly, we are seeing investors responding to the challenge and voting with their feet. Convinced by the research of the Carbon Tracker Initiative (CTI), and others, they are making the game-changing decision to positively divest from fossil fuel companies.

They are not taking this decision lightly, not least because these stocks make up almost 15% of the FTSE 100. But CTI's work has shown that the world's coal, oil and gas companies are sitting on levels of reserves which, if they were to be burned, would cause global warming to significantly exceed the two degree limit agreed under the Cancun Accord, a view endorsed

by the Governor of the Bank of England, Mark Carney. The effect would be catastrophic. Investors cannot afford to ignore this when calculating the effective value of those reserves and ultimately the companies themselves.

Divest Invest Philanthropy pledge

Amongst these investors are 70 foundations worldwide with total assets under management of over \$4 billion who have come together and signed up to the Divest Invest Philanthropy pledge to divest from fossil fuels and switch to clean energy investments, joining a wide band of other investors, including pension funds, that are doing the same thing. Among the divesting trusts are a number of US and UK foundations, including the Rockefeller Brothers Fund whose original endowment came from oil.

We have come together not just to share resources and learning. We want to be part of a radical movement which challenges the orthodox rhetoric promulgated usually by those with financial interests in fossil fuels. Unlike them, we do not believe that climate change can be managed without radical change, and we do believe that much of the answer lies in alternative energy systems.

The four UK foundations listed below are all proud to have signed up to Divest Invest Philanthropy pledge. To us investing long-term in fossil fuels makes no sense.

Logically, we cannot divorce how we invest our money from our mission. How could we run our environmental and rights and justice programmes while investing with our eyes shut in those companies whose activities are having the greatest impact on climate change? We do not want our investments to contribute to the very problems that our grantees are trying to resolve.

Equally, we are convinced by the financial arguments against long-term investment in fossil fuels. As such, we see it as a breach of our fiduciary duty not to factor in the risk posed by climate change in our investment decisions and to build portfolios of investments that will be sustainable and rewarding into the long term.

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Taking different paths

The Divest-Invest foundations are taking a variety of different paths towards fulfilling their pledges. Some of us are already fully divested from fossil fuels, while others are divesting over a longer period. For example, at JRCT we have committed to divest from all fossil fuels by 2020, although we would be prepared to modify this in the light of new developments. What we are united about is the fact that it can no longer be business as usual and things have to change.

We recently saw the publication of the UN's Intergovernmental Panel on Climate Change's latest stark report. Ban Ki-moon took the opportunity to call on investors to *"Please reduce your investments in the coal- and fossil fuel-based economy and [move] to renewable energy"*. Can charities and endowed foundations acting for the public good really ignore such a call?

Those of us who have already signed up to the Divest Invest Philanthropy pledge would be delighted for you to join us on our journey. Momentum is swelling and our hope is that by the end of 2015 we will be 200 in number, representing \$200 billion of assets under management.

As a generation, we may not leave a great legacy in respect of climate change. But wouldn't it be a marvellous thing if our children didn't need those ark building skills after all? ■

UK foundation signatories to the Divest Invest Philanthropy pledge

Jackie Turpin, Head of Finance, The Joseph Rowntree Charitable Trust
Eugenie Harvey, Director, Frederick Mulder Foundation
Bevis Gillett, Vice-Chair, Polden-Puckham Charitable Foundation
Jamie Arbib, Founder, Tellus Mater Foundation

For more information visit divestinvest.org or contact Florence Miller at the Environmental Funders Network: florence@greenfunders.org