



Divestment from Fossil Fuel Investments

Facts Sheet #1



***The logic of divestment couldn't be simpler:
if it's wrong to wreck the climate,
it's wrong to profit from that wreckage.***

Bill McKibben

***It makes no sense to invest in companies
that undermine our future.
To serve as custodians of creation is not an empty title;
it requires that we act,
and with all the urgency this dire situation demands."***

Desmond Tutu

What is Divestment?

Divestment (sometimes called 'disinvestment') is the removal of stocks, bonds or funds from an investment portfolio.

Divestment of fossil fuel stocks, involves shedding all stocks related to oil, gas or coal exploration and extraction. It can go further: for instance, divesting from banks that finance fossil fuel companies. It can also mean changing from one power supplier to another, or one bank to another, or one superannuation policy to another.

Why Divest?

If we are to give ourselves a 50/50 chance of keeping global temperatures below the internationally agreed limit of 2°C above pre-industrial levels, no more than one third of the world's proven fossil fuel reserves can be extracted and used.

Two thirds of the world's proven resources of oil, gas and coal must never be extracted – ever!

The Morality Issue

Consider the morality of supporting and helping to fund companies and sharing in the profits of companies who intend to continue to exploit fossil fuel resources without regard for the future of the planet.

Is it moral to accept financial rewards from any company that has a business model that anticipates the uninhibited, continuing use of fossil fuels?

Fossil fuel use produces carbon dioxide that is the primary cause of an overheating planet. Fossil fuels also contribute to serious health impacts for hundreds of thousands of people annually – especially diseases associated with the lungs.

Can we live with that?

Higher temperatures and unpredictable climate impacts will bring chaos in societies and lead to the extinction of plants and animals. The planet could become practicably unliveable (for human beings).

Our moral imperative is to care for this planet earth, care about the future of plants and the animals, the sea and the land and the well-being of our fellow human beings.

The Theological Issue

Our fellow human beings are already suffering the consequences of a warming planet. Droughts, extensive heat waves, floods, disappearing glaciers, animal and plant species driven to extinction, failing crops, fertile land and homes being inundated by rising seas – all these already observable conditions will increase in frequency and impact as the global temperature continues to rise.

We are called to love the neighbour and protect the vulnerable. What will be our response to the pleas of those who are already suffering?

We delight to love and care for God's creation, to celebrate God's continuing love for all that God has created.

When we become aware that our own actions – or our failure to act – endangers the wellbeing of our sisters and brothers and the wellbeing of the planet itself, we are confronted with a choice: to act appropriately or to pretend that we haven't seen or heard.

Investing in any industry responsible for exacerbating and driving the climate chaos that is already affecting natural systems and the health a wellbeing of so many would seem to be contrary to what we say we believe.

Prudent Investing

The Bank of England, Citigroup, HSBC, Deutsch Bank and the ratings agency Moodys are each raising concerns about the potential overvaluing of fossil fuel resource stocks.¹

If the world moves soon to ensure that global temperatures do not rise any more than 2oC above pre-industrial levels, then in Australia

77%	of conventional oil,
90%	of conventional gas,
74%	of unconventional gas (CSG),
97%	of black coal and
99%	of brown coal

will remain where it is, never to be used.²

The “assets” are stranded – they cease to have any value

Once investors realise the coal shown in a company's balance sheet will never be dug up and that oil and gas will be left underground for ever, then a large part of a company's assets will be virtual and share prices will fall. Analogous to the 'dot com' bubble or the 'sub-prime mortgage crisis' this phenomenon will be called the 'carbon bubble'.

In love with fossil fuels? That certainly describes our current economy. I hope in the future, we'll fall in love with life, with God and neighbour, with God's beautiful creation ... and with our holy calling to be humble stewards rather than extractive, consumptive plunderers.

Brian McLaren

- 1 <http://reneweconomy.com.au/2014/a-regulators-climate-nightmare-carbon-bubbles-and-market-crashes-7334>
- 2 MCGLADE, C. & EKINS, P. 2015. The geographical distribution of fossil fuels unused when limiting global warming to 2°C. *Nature*, 517, 187-190