



Leadership and Governance



18th EAUC  
**Annual  
Conference**  
7-9 May 2014



NOTTINGHAM  
TRENT UNIVERSITY





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# Ethical Investment & The Carbon Bubble



## Session Aims

To introduce the carbon bubble

To explore the financial and moral case for divestment from fossil fuels

To consider different perspectives  
– both financial and moral

To consider what they mean for our own institutions



# Speakers

**Louise Hazan** – Campaigns Manager, People & Planet

**Simon Howard** – Chief Executive, UKSIF

**Dr James Corah** – Deputy Head of Ethical and Responsible Investment, CCLA

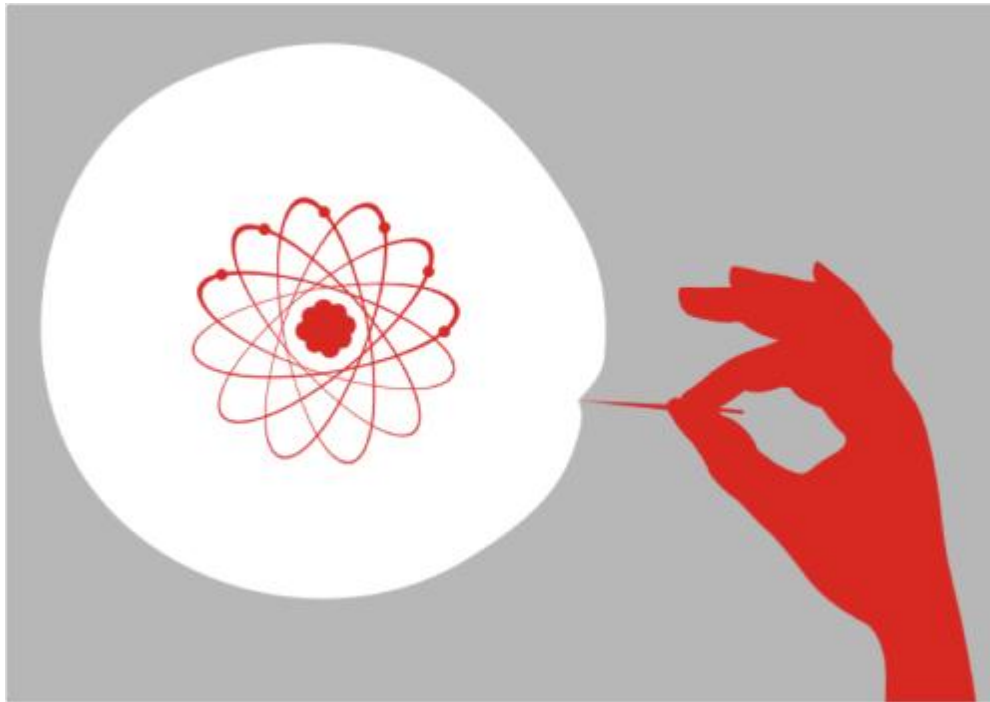
**Dan Goss** – Student, Fossil Free Warwick



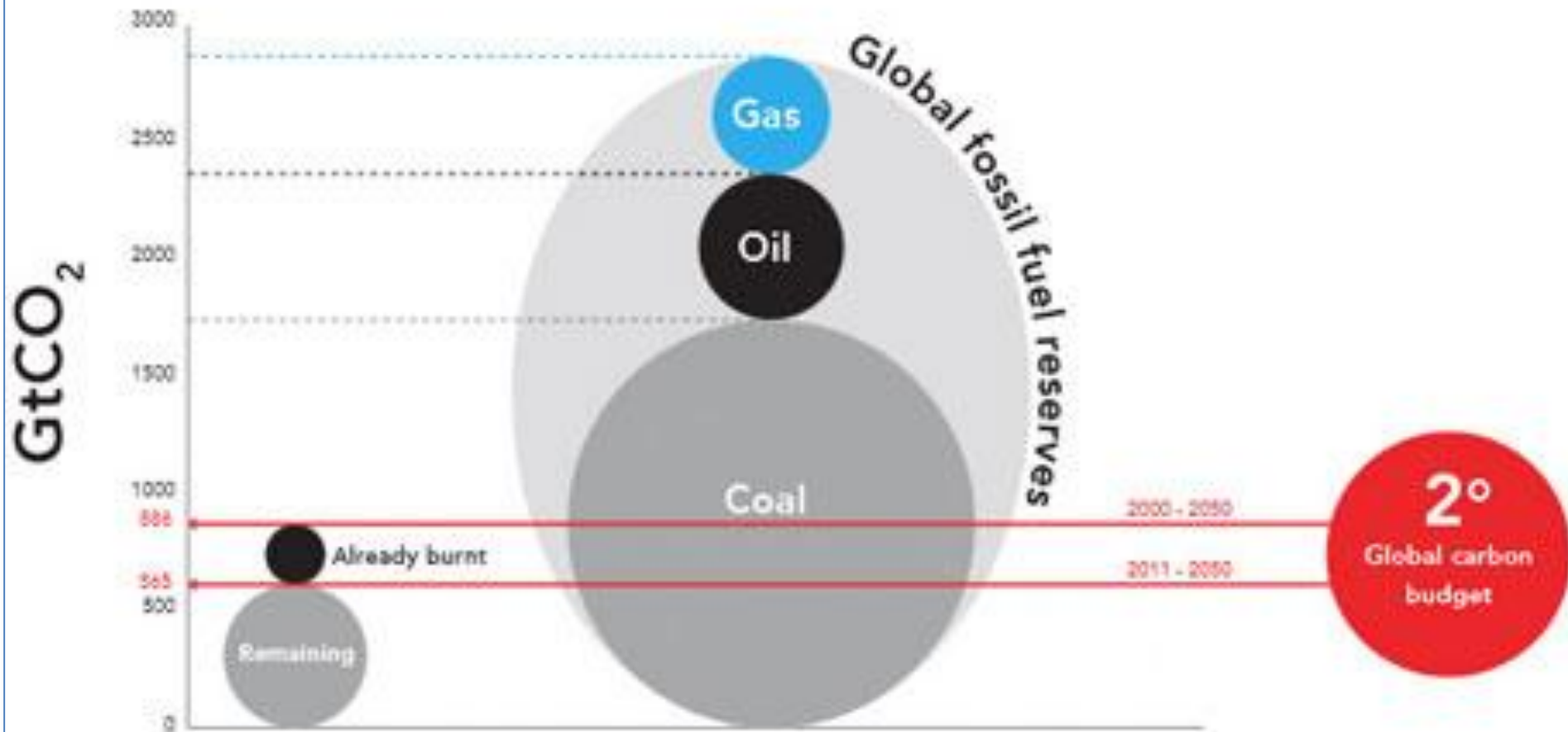


# What is the carbon bubble?

## Why should I care?



# The Carbon Bubble – Carbon Tracker Initiative



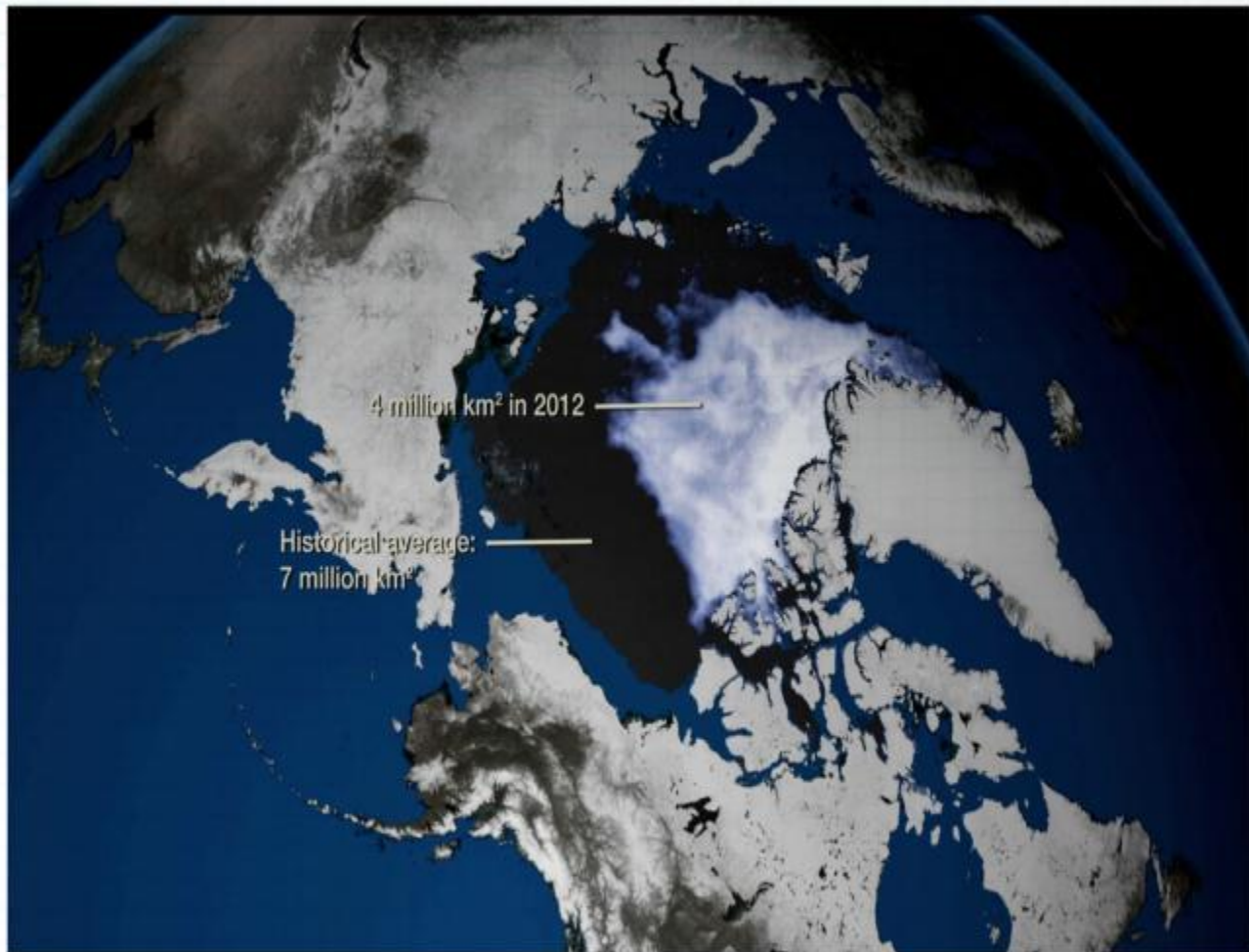






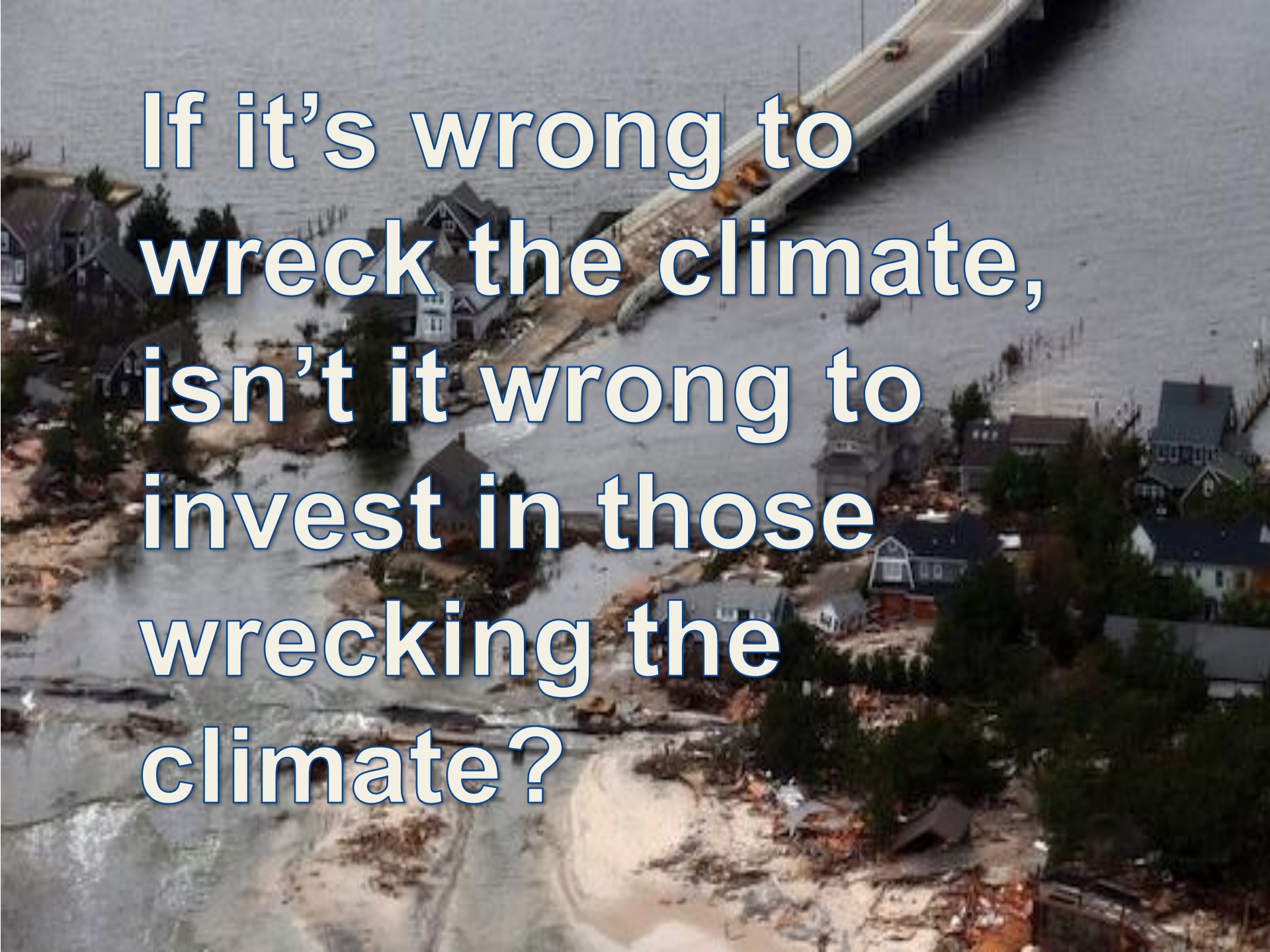
4,793  
GIGATONS





Arctic Sea Ice Melt: Summer 2012



An aerial photograph showing a coastal town heavily inundated with floodwater. A large bridge spans the water, with several vehicles visible on it. The town below has numerous houses and buildings, many of which are partially submerged or surrounded by water. The water appears murky and brown. The overall scene depicts significant flooding and potential damage to infrastructure and property.

If it's wrong to  
wreck the climate,  
isn't it wrong to  
invest in those  
wrecking the  
climate?

# It's time to think outside the barrel.

**Sustainable.** We were the first major energy company to acknowledge that precautionary steps were needed to reduce greenhouse gas emissions. One step we're taking: using cogeneration, a process that turns steam into electricity. At one of our refineries, it helped us reduce nitrogen oxide emissions by 50%.

**Environment.** To provide heat, power and mobility for the U.S., new pipelines have to be built. In Louisiana, BP pioneered a new standard for pipeline construction. Working with environmental groups, community leaders, even local customers, we produced a solution that preserved wetlands.

**Educational.** Our Leader Awards Program has awarded millions of dollars to schools and communities for educational programs. Our Solar in Schools Program, an innovative learning experiment, puts solar not just in the curriculum but in the school, providing energy for the building.



beyond petroleum

bp.com





## Why divestment as a tactic?

- What is divestment?
- Goal is: stigmatisation & legislation
- Divestment vs shareholder engagement
- **Case study:** South African apartheid
- Oxford University Smith School study



## Why target UK universities?

Core mission: education to serve the public interest

Leadership on climate change and sustainability

£5.2 bn invested directly in fossil fuel companies

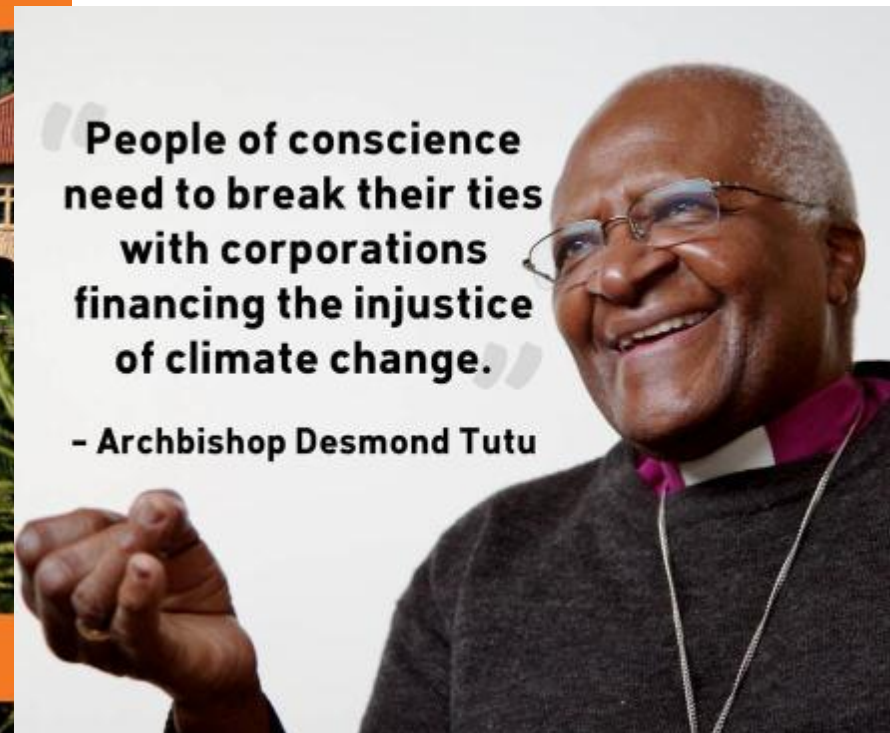
Greenwashing a rogue industry

Wasting research capacity and skills that could support innovation and rapid transition to new renewable energy alternatives.



**Can divestment work?**

**Who's doing it?**





**“Divestment may be a question of morality, but it’s prudent too”**

Christina Figueres, UN climate chief, 7 May 2014





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## Ethical and sustainable investment in the UK

Simon Howard  
CEO UK Sustainable Investment and Finance  
Association



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# UKSIF

250+ members:

- Fund managers
- Investment consultants
- Banks

...and asset owner affiliates:

<http://uksif.org/wp-content/uploads/2013/12/Institutional-Asset-Owner-Affiliate-form.pdf>





## **‘Aha’ moments**

Sustainable investment is easy!

Join UKSIF



# Stranded assets – a concept with teeth

## Food brands

Coca Cola brand on the balance sheet for \$6.5bn

“Worth” \$79bn according to Interbrand

Uses water- in short supply

Adds sugar- health risks

Packaged in tins and plastic

How long can they do that?



[http://www.forumforthefuture.org/sites/default/files/images/Forum/Documents/StrandedAssets\\_REPRO.pdf](http://www.forumforthefuture.org/sites/default/files/images/Forum/Documents/StrandedAssets_REPRO.pdf)



## Ethics

Difficult- whose ethics?

But common ground easily found for investment: any risk could cause financial or reputational damage

*use risk and return language*

Law Commission looking at Trustee duties and charities- Comic relief

Undoubtedly getting more attention

Consider!





Style	Summary	“Impact” and oil	Variability <u>up or down</u> of return vs a conventional portfolio
Eurosif 2012 SRI study			



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Impact investing	Invest for an explicit outcome, may accept lower financial return	Potentially direct and large	Very different



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Dr. James Corah

Deputy Head of Ethical and  
Responsible Investment

**CCLA**



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CCLA invests money for more charities than any other UK fund manager\*

Specialist investment for charities is our core business

Segregated and pooled fund management services

Stable, client ownership and alignment of interests

\*Source: Charity Finance Magazine





## Agenda

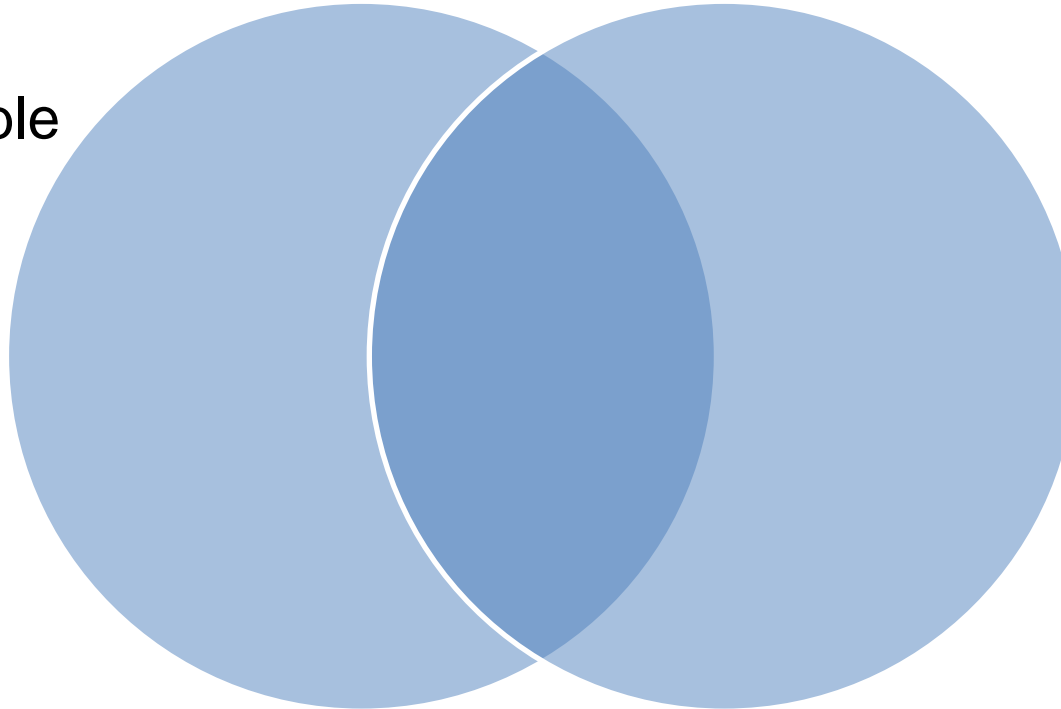
The motivations; Climate change and investment

Stewardship, raising standards across the market

Examples of others



RI:  
Sustainable  
Returns



EI:  
Mission  
Alignment



## Engaging across the market

Benchmarked using the CDP Performance Grades (scored from A-E)

Companies that do not achieve a C grade or better are contacted

72% of companies contacted improved in 2013

90% confidence that “test group” improvements were not random





## **‘Aha’ moments**

Divestment is not ‘all or nothing’

Ask your fund manager how they are integrating environmental risks and opportunities

Consider including climate change in your ethical investment policy



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# FOSSIL FREE WARWICK

A case study in divestment campaigning

Fossil Free European tour  
inspires action

October 2013

Warwick team gets stuck in

November  
2013

TI



Protest BP's presence at  
Emerging Markets forum







Successful FOI Request

December 2013

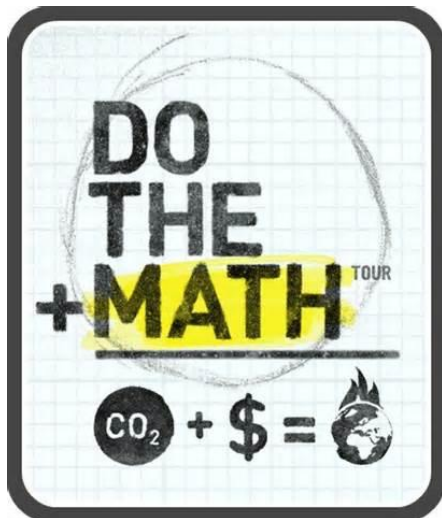
All Student Motion: 'Support the Fossil Free campaign on campus'

We get Twitter!



january 2014

Campaigning for the SU motion



Landslide Victory! 65%

february 2014

Go Green Week:  
'Do the Math' screening

Signature milestone: 800



Climate Forum

March  
2014

Article published in Warwick Globalist

Met staff and UCU representative

Letter for Sabbatical Officers

Meeting with Finance Officer

April  
2014

Signatures: **800**

Brief for meeting with Treasurer

NOW

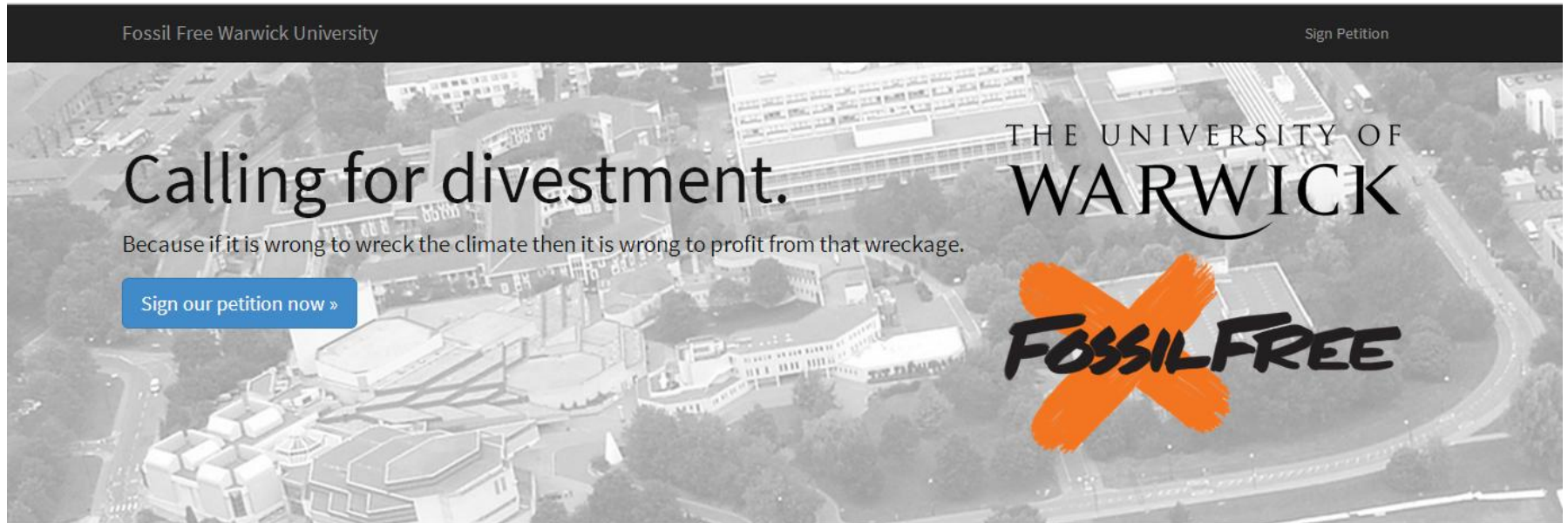
New permanent members

Increased community outreach

Preparing to launch new website



website: under construction



## Under Construction

We're currently building our website, but in the meantime you can find out more about our campaign with the links below:

Petition

<http://campaigns.gofossilfree.org/petitions/fossil-free-warwick-university>

Facebook

<https://www.facebook.com/fossilfreewarwick>

Twitter

<https://twitter.com/FossilFreeUoW>





Come rain

tabling



Come shine





National overview

46 universities

> 12500 signatures  
+ other campaigns







A composite image featuring a view of Earth from space, showing the Americas and swirling cloud patterns. A large, hand-painted orange 'X' is superimposed over the center. The words 'FOSSIL FREE' are written in a bold, black, hand-drawn font across the middle of the 'X'.

**FOSSIL FREE**

# Over to you...





**Do education  
institutions have a  
moral imperative to  
divest from fossil  
fuels?**



# Aha moments

**Investing in fossil fuels inconsistent with commitments to tackle climate crisis**

**Strong financial AND moral case for divesting**



## **‘Aha’ moments**

- Fossil fuel investments undermine sector's reputation on sustainability, climate science and innovation
- A 'carbon bubble' threatens the long-term financial prosperity of UK university endowments
- If it's wrong to wreck the climate, it's wrong to invest in the companies wrecking our climate knowingly.
- Consider and decide soon – don't get left behind!

