AEGN
Australian Environmental Grantmakers Network

DIVESTINVEST ⊖⊕
PHILANTHROPY GUIDE

Helping foundations transition from fossil fuels to the new climate economy

BE THE CHANGE YOU WANT TO SEE

688 INSTITUTIONS ACROSS THE WORLD WITH ASSETS UNDER MANAGEMENT OF US $5.2 TRILLION HAVE NOW COMMITTED TO THE DIVESTINVEST CAMPAIGN.

23 PER CENT OF THESE INSTITUTIONS ARE FOUNDATIONS.

The change we speak of is a rapid and responsible move away from fossil fuels and toward climate solutions. 688 institutions across the world with assets under management (AUM) of US $5.2 trillion have now committed to the DivestInvest campaign. 23 per cent of these institutions are foundations, including the Rockefeller Brothers Fund, the Merck Family Fund and the English Family Foundation. In just four years, major cities including Berlin, Melbourne, Sydney and Stockholm have pledged to divest from fossil fuels and invest in solutions to climate change. So have the universities of Oxford, Yale, Glasgow, Sydney and the Australian National University, amongst others. The World Council of Churches, The Church of England UK and Methodist Church of England as well as three of the world's largest pension funds – CalPERS, CalSTRS and Norwegian Sovereign Wealth have joined the campaign, as have insurance giants AXA and Allianz. These are just some of the leaders and influencers helping to mobilise the movement, inspiring confidence in others to act. The idea of DivestInvest is now broad-based. It is aided by disruption in global commodity markets, changing consumer trends toward energy independence and efficiency, falling prices for renewables, new regulations and market mechanisms, and growing concern about inaction on climate change.

To progress toward a climate solution, our twin goals are to divest and invest. Divestment is a somewhat divisive term in financial circles, often viewed as prescriptive and naïve. But for those who have divested, or are on the journey, the word is simply shorthand for a range of investment approaches. These include reducing exposure to carbon asset risk[1] (or 'decarbonising' a portfolio), eliminating fossil fuel investments altogether, and increasing investment in climate solutions. For foundations and other values-driven organisations, there is added currency in ensuring that essential operational activities (like managing investments) are consistent with the organisation's mission – or at least not running in opposite directions to it.

For example, if you are funding to protect the Great Barrier Reef, where the dominant threat is climate change, it makes no sense to invest in coal and perfect sense to invest in new energy solutions. The divestment movement also plays a valuable role in 'de-normalising' the fossil fuel industry that is altering the delicate balance of our natural world and putting at risk the essential systems that enable our planet and its inhabitants to function and prosper. The symbolism of this campaign has been a powerful driver for change and should not be underestimated.

In addition to risk management, divestment and investment will likely increase asset value, add impetus for new clean industries to succeed, strengthen your foundation's impact and enhance reputation amongst key stakeholders. These are all prudent and astute reasons to consider DivestInvest, in whichever manner suits your organisation and your investment strategy.

The focus of this Guide is on divesting from fossil fuels, providing step-by-step guidance, tools, networks and background research so that you can undertake your journey with confidence, backed by good governance and reasoned decision-making. It will also act as a complement to initiatives such as the Australian Environmental Grantmakers Network's (AEGN) Environmental Impact Investing Group, designed to support the philanthropic community to invest wisely in emerging environmental markets.

DivestInvest is an exciting, impactful and valuable opportunity to consider. And it may well be the tipping point we need to address harmful climate change. We commend this Guide to you, and wish you well on your journey.

English Family Foundation
Mullum Trust
Wallace Global Fund
Rockefeller Brothers Fund
McKinnon Family Foundation
Ross Knowles Foundation
Earth Welfare Foundation
The Diversicon Foundation
The Pace Foundation
Fairer Futures Fund
The Madden Sainsbury Foundation
Australian Environmental Grantmakers Network
Philanthropy Australia

ACKNOWLEDGEMENTS

The first Australia/Asia Pacific DivestInvest Conference was held in Sydney in April 2016. The concept emerged in late 2015 from a conversation between Sue Mathews, board member of the AEGN, and US DivestInvest Philanthropy leaders Ellen Dorsey and Clara Vondrich. The idea quickly became reality when Stephen Heintz, President of the Rockefeller Brothers Fund, agreed to be the conference keynote speaker. The event was a truly collaborative effort – supported by AEGN, funded by local and international philanthropists, hosted by The Climate Institute and promoted as part of the global DivestInvest initiative.

At the conference, delegates were asked 'What help do you need to move forward with DivestInvest?' This Philanthropy Guide is a result of those discussions. Over time, similar guides will be developed for other sectors represented at the conference, including faith-based organisations, local councils, universities and other investors. Providing support and inspiration to these sectors – where values and integrity are paramount – has been the central idea of the conference and subsequent activities.

The Guide has been published by AEGN and is an expanded version of an earlier publication authored by NSW Manager Lou O'Halloran in 2015 called Divestment for Foundations.

Thank you to the many foundations who came together to make this project possible.

Many thanks to The Climate Institute for their contribution to the Guide and to our peer reviewers, including Mercer, South Pole Group and Corporate Analysis. Enhanced Responsibility (CAER). Stephen Heintz was brought to Australia by Philanthropy Australia and the University of Sydney United States Study Centre. We thank them for their valuable contribution.

AUSTRALIAN ENVIRONMENTAL GRANTMAKERS NETWORK

AEGN is a member network of over 100 foundations and individual philanthropists who fund environmental solutions through grants and, increasingly, environmental impact investing. AEGN was established in 2008 to grow environmental philanthropy and help members become more effective environmental funders. Members share networks and knowledge, co-fund projects, embark on field trips to experience environmental issues first-hand, attend dinners and private briefings with local and international experts, participate in conferences and workshops and act as ambassadors for environmental philanthropy.

The Climate Institute

The Climate Institute hosted the DivestInvest Australia/Asia Pacific conference and contributed to the development and publication of this guide. Backed primarily by philanthropic funding, the Institute focuses on climate policy and advocacy and has been making solutions to climate change possible through evidence based research since 2005. The Institute has pioneered initiatives in the investment community with its Asset Owners Disclosure Project and recent focus on systemic financial risks from climate change.

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THE DIVESTMENT LANDSCAPE

LEARNING ABOUT YOUR CHOICES

You may have heard people say there are many different ways to approach divestment – all you need is to find the right methodology for your organisation. This is easier said than done when you do not have full knowledge of the range of methodologies on offer, nor the means to determine their suitability. This is why the DivestInvest Philanthropy Guide has been developed – to provide you with the information, the steps and the confidence to develop the best strategy to reflect your organisation's values and approach to investment.

It is also worth highlighting some oft-repeated advice proffered by many foundations which have already undertaken the divestment process – if you believe this the right thing for your organisation, to align important operational procedures with your values, then don't wait for the perfect solution – make the commitment to start the process.

Let's begin by considering the three main approaches:

1. Full divestment from fossil fuels
2. Partial divestment or portfolio decarbonisation
3. Engagement with invested companies on their climate change mitigation strategies and their plans and actions to transition to a zero carbon economy.

IF YOU BELIEVE THIS IS THE RIGHT THING FOR YOUR ORGANISATION, TO ALIGN IMPORTANT OPERATIONAL PROCEDURES WITH YOUR VALUES, THEN DON'T WAIT FOR THE PERFECT SOLUTION – MAKE THE COMMITMENT TO START THE PROCESS.

POLICY STATEMENTS

Reading a range of policy statements is a good way to see how others approach divestment. Sample statements and some specific examples from organisations illustrate the three different approaches to consider.

FULL DIVESTMENT

Sample statement: We will "divest from direct investment in the prospecting, extraction, transport, sale and burning of fossil fuels and maintain our investments as fossil fuel free."[2]

Specific examples:

- The Wallace Foundation Fund "will avoid investments in companies that play key roles in the exploration, production, and retailing of fossil fuels, especially coal"[3]
- The Rockefeller Brothers Foundation Fund "pledged to a two-step process to address its desire to divest from investments in fossil fuels [with] immediate focus...on coal and tar sands"[4]
- The RS Group has decided to "divest from all exposures to coal, oil and gas exploration and production companies"[5]
- City of Melbourne[6]
  - "commits to not directly investing in any fossil fuel or fossil fuel aligned companies into the future
  - requests management write to the Trustees of Council's default superannuation fund, Vision Super, and request a Fossil Free Investment option be available to members"
  - resolves that [responses from banks regarding] "their exposure and support to the fossil fuel sector...are to be taken into consideration when deciding to award the transactional banking services contract."[6]
- Monash University "has confirmed it has no direct investments in companies whose primary business is production of fossil fuels...[and]...has now been successful in proactively excluding companies whose primary activity is coal production from more than 90 per cent of its indirect investment portfolio...[with]...the remaining 10 per cent of the portfolio...unlikely to contain coal investments...[but]...the University will actively work with fund managers to exclude companies whose primary activity is coal production from its indirect investment portfolio."[7]

PARTIAL DIVESTMENT

Sample statements:

- "We will divest from all companies where 20 [or other] per cent or more of overall revenue is derived from the prospecting, extraction, transport, sale and the burning of fossil fuels."
- "We will divest from all companies engaged with the prospecting, extraction, transport, sale and the burning of thermal coal and coal seam gas."
- "We will measure the carbon intensity of our entire equity portfolio and reduce this by 30 [or other] per cent over three [or other] years."

Specific examples:

- Norwegian Government Pension Fund guidelines on the observation and exclusion of companies includes a criterion which "targets mining companies and energy producers who derive 30 per cent or more of their revenues from thermal coal or base 30 per cent or more of their operations on thermal coal."[8]
- "The [Anglican] Diocese of Melbourne...resolved to take, within two years, all reasonable steps to divest its shares in corporations whose revenues from fossil fuel extraction or production exceed 20 per cent of their total revenue."[9]
- Swinburne University's "investment objectives... take account of environmental and social impacts... giving particular consideration to the development of appropriate approaches including potential divestment processes in respect of companies that generate significant revenues from activities inconsistent with these aims, such as Fossil Fuels extraction or where such fuels are used for power generation."[10]
- La Trobe University "committed to divesting from the top 200 publicly-traded fossil fuel companies ranked by the carbon content of their fossil fuel reserves within five years."[11]
- Australian National University "requires its external manager to...exclude companies that draw more than 20 per cent of revenues from coal."[12]
- The University of Sydney "will ask its listed equity fund managers to build a portfolio of investments that enables the University to reduce its carbon footprint by 20 per cent – in just three years."[13]
- HESTA will restrict investment in "companies that derive more than 15 per cent of revenue or net asset value from exploration, new or expanded production, or transportation of thermal coal."[14]
- Local Government Super "will not actively invest in companies that derive 33.3 per cent or more of their revenue from high carbon sensitive activities — including coal mining, oil tar sands and coal-fired electricity generation."[15]

ENGAGEMENT

Sample statement: We will use engagement and voting strategies to work actively with companies to reduce their carbon intensity and climate risk exposure and develop diversification strategies in keeping with international commitments to limit global warming to between 1.5 and 2°C.

Specific examples:

- [California] Senate Bill 185 (SB185, de León) – Public Divestiture of Thermal Coal Companies Act, requires 2 of the 3 largest US public pension funds, California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS) "to constructively engage publicly traded coal companies that generate 50 per cent or more of their revenue from mining thermal coal. If following engagement a Company is not transitioning its business model to adapt to clean energy generation, SB185 directs CalPERS to sell or transfer any investments in that Company."[16]
- RS Group
  - "...demand that asset managers working on [its] behalf...better incorporate climate risks in their investment processes and in their engagement with companies.
  - Actively consider climate change issues when voting proxies, participating in resolutions and engaging with companies."[17]

THE DIVESTMENT ARGUMENT

2°C IS THE UPPER LIMIT – BUT WE HAVE THREE TIMES AS MUCH IN RESERVES

In 2012, the International Energy Agency (IEA) stated: "No more than one-third of proven reserves of fossil fuels can be consumed prior to 2050 if the world is to achieve the 2°C goal."

In 2015, 197 countries agreed at the UN meeting on climate change (COP21) to limit global warming to between 1.5 and 2°C above pre-industrial levels. To the casual observer, the Paris meeting went according to plan, but this remarkable outcome was never guaranteed. To the contrary – it was an extraordinary, hard-fought and unprecedented act of global consensus, exceeding all expectations – even those of the most optimistic and ambitious. How the challenge of climate change has achieved consensus among 197 countries – underpinned by serious accountability measures – says more about the singular importance of this issue than any other argument. Cooperation is now unilateral.

The Paris Agreement includes country targets that "ratchet" over time, with five-year reviews and pathways to proper transparency and accounting. To limit warming to the above goals, in aggregate, countries must achieve zero net emissions before 2050, which means no more CO_2 can enter the atmosphere than what we are able to remove or sequester in soils, plants and oceans.

The IEA assessment includes oil, gas and coal combined. However, when considering coal on its own, the figure drops from one-third to less than one-fifth globally.[18] For Australian coal, the Climate Council estimates less than 10 per cent of known reserves can ever be exploited in a 1.5°C to 2°C scenario.[19]

WHAT ARE THE IMPLICATIONS OF THE PARIS AGREEMENT FOR INVESTORS?

The term "proven" fossil fuel reserves refers to the exploitable coal, oil and gas reserves held on the balance sheets of "fossil fuel companies" (described in Appendix 3) and governments in some cases. The expected future earnings from these reserves are factored into the companies' current stock prices and financial valuations. If governments limit global warming to between 1.5°C and 2°C through regulation, pricing and incentives, most of these fossil fuel reserves will never be exploited and company valuations will be unrealised. This is where the term "stranded assets" originates.

STRANDED ASSETS

In this context, "stranded assets are fossil fuel energy and generation resources which, at some time prior to the end of their economic life, are no longer able to earn sufficient financial return because of regulatory and pricing changes associated with the transition to a zero carbon economy."[20]

HOW DIVESTMENT BEGAN

In April 2016, Ellen Dorsey, Executive Director of Wallace Global Fund, accepted the inaugural Mandela-Machel Award for Brave Philanthropy on behalf of 140 foundations, family offices and charities of DivestInvest Philanthropy. Wallace Global Fund has played a key role in the funding, organising and growth of the global DivestInvest movement, and has led the campaign in the philanthropic sector. Ellen Dorsey was herself an activist in the anti-Apartheid movement, where she saw firsthand the power of divestment as a driver of fundamental social and political change. Following is an extract from her acceptance speech where she provided a compelling description of how the movement began.

"In 2011, hopes for a solution to climate change were at a 20 year low. The UN climate conference held in Copenhagen in 2009 had ended without meaningful agreement and efforts to pass a comprehensive climate bill collapsed in the US Senate in 2010. The combination of setbacks left a demoralised climate advocacy community adrift in its wake…Into this vacuum stepped Fossil Fuel Divestment. A meeting of student groups held in Washington in early June 2011 hammered out the first plan for a series of campus campaigns calling on universities to divest their endowments from coal, six of which were launched the following August… By the following spring, divestment campaigns had spread to an estimated 40 campuses. But they had yet to get their biggest boost."

"In summer of 2012, author and climate activist Bill McKibben published a landmark article in Rolling Stone magazine calling for fossil-wide divestment and linking it to the 'Carbon Bubble' first reported by the Carbon Tracker Initiative. [The] basic premise [being that] companies can't burn the vast majority of the reserves they have on their books – it is a prescription for planetary destruction. They would have to leave it in the ground. Those reserves amount to 'stranded assets' for investors. The ethical case to divest was bolstered by a powerful financial analysis."

In a short space of time, the movement has spread from college campuses in the United States to local councils, cities, religious and health institutions, foundations, unions and pension funds across the world. By November 2016, 688 institutions with over US$5.2 trillion worth of assets have committed to DivestInvest. Those organisations include:

Table 1
Divesting organisation type, number and percentage.[21-22]

TYPE	GLOBAL	AUSTRALIA
Foundation	158 (23%)	12 (9%)
Faith-based	158 (23%)	19 (15%)
Government	117 (17%)	27 (20%)
Education	96 (14%)	6 (5%)
Pension funds	82 (12%)	9 (7%)
Self managed super funds	n/a	49 (37%)
For profit organisations	22 (3%)	3 (2%)
NGO	41 (6%)	4 (3%)
Other	14 (2%)	2 (1.5%)
Total	688	131

DIVESTMENT GATHERS SPEED

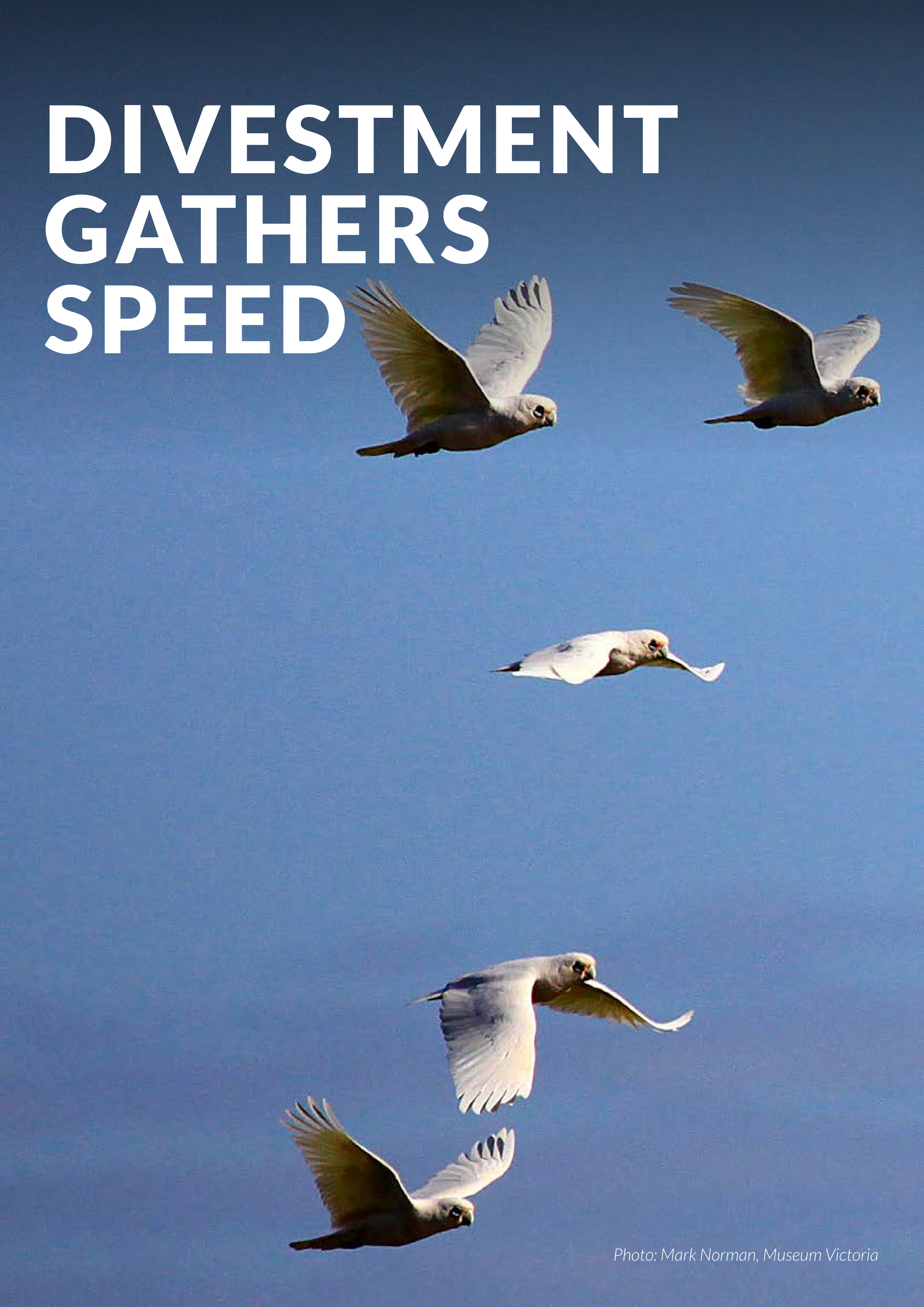


Photo: Mark Norman, Museum Victoria

FRANCE'S BIGGEST INSURER AXA AXES COAL INVESTMENTS

Sydney Morning Herald, 25 May 2015[23]

France's largest insurer, AXA, will scrap holdings in coal companies because of concerns about climate change, broadening support for the fossil fuel divestment movement to a major mainstream investor. AXA Chief Executive Officer, Henri de Castries, said he's working to sell 500 million euros of coal assets and triple 'green investments' to 3 billion euros by 2020.

ROCKEFELLER BROTHERS FUND TALKS ABOUT ITS DIVESTMENT DECISION

Four Corners, 15 June 2015[24]

Valerie Rockefeller Wayne, Chair, Rockefeller Brothers Fund, "With fossil fuels, we want to get out as quickly as possible for financial reasons, as fast as is prudent…the value of coal stock in the United States has gone down 60 to 90 per cent. This is a global phenomenon…if you look over the last five years, the S&P 500 has gone up by 76 per cent. The value of coal stocks has gone down by 71 per cent, according to [the] index of the leading coal companies. So you've lost a lot of money if you've been in coal. To put more money into something that you know is damaging the environment is not just denying science, it's denying [the] data."

ALLIANZ MAKES A €2 TRILLION STATEMENT ABOUT COAL DIVESTMENT

Sydney Morning Herald, 24 November 2015[25]

Allianz is the latest big company turning its back on coal, with the German financial services giant vowing to offload significant coal holdings within six months. German broadcaster ZDF quoted Allianz chief investment officer, Andreas Gruber, as vowing to shift investments out of coal and into renewables. "We will no longer invest in mining companies and utilities that generate more than 30 per cent of their sales or energy creation from coal." According to reports by Reuters, the change will be conducted over a six-month period and will see investment in wind doubled to 4 billion euros.

NORWEGIAN GOVERNMENT PENSION FUND IMPLEMENTS DIVESTMENT DECISION

The Guardian, 15 April 2016[26]

Norway's sovereign wealth fund, the world's biggest, has excluded 52 coal-related companies in line with new ethical guidelines barring it from investing in such groups, Norway's central bank said on Thursday. The move was seen as a sign of the growing influence investors wield in the fight against climate change. In June 2015, the Scandinavian country's parliament agreed to pull the fund out of mining or energy groups which derive more than 30 per cent of their sales or activities from the coal business.

ANOTHER ROCKEFELLER FUND ANNOUNCES DIVESTMENT

The Guardian, 23 March 2016[27]

Rockefeller Family Fund, a charity set up in 1967 by descendants of John D. Rockefeller, said on Wednesday that it would divest from all fossil fuel holdings "as quickly as possible". The fund, which was founded by Martha, John, Laurance, Nelson and David Rockefeller, singled out ExxonMobil for particular attention describing the world's largest oil company as "morally reprehensible".

The RFF acknowledged that the family has made a lot of money from oil, "but history moves on, as it must. Needless to say, the Rockefeller family has had a long and profitable history investing in the oil industry, including ExxonMobil", it said. "These are not decisions, therefore, that have been taken lightly or without much consideration of their import."

RFF is not the first Rockefeller family organisation to vow to divest from fossil fuels.

CATHOLIC CHURCH STARTS SMALL BUT IS CLEARLY THINKING BIG ON FOSSIL FUEL DIVESTMENT

The Conversation, 20 June 2016[28]

This week's decision by four Australian Catholic orders to divest fully from fossil fuels can be interpreted as a direct response to the encyclical on the environment, issued by Pope Francis almost exactly a year ago. The announcement is part of the launch of a much wider initiative by the Global Catholic Climate Movement, which aims to encourage Catholics to reconsider their investment options, on both an individual and organisational level.

Pope Francis was very clear in his assessment of the fossil fuel industry. His encyclical warned of the dangers of climate change, arguing that "technology based on the use of highly polluting fossil fuels – especially coal, but also oil and, to a lesser degree, gas – needs to be progressively replaced without delay."

THE INVESTMENT OPPORTUNITY

ACTIVELY INVESTING IN SOLUTIONS TO CLIMATE CHANGE IS EQUALLY AS IMPORTANT AS WITHDRAWING CAPITAL FROM FOSSIL FUELS IF WE ARE TO ACHIEVE CLIMATE STABILITY FOR OUR PLANET. THIS IS WHY SIGNATORIES TO DIVESTINVEST COMMIT TO ALLOCATE AT LEAST FIVE PER CENT OF THEIR PORTFOLIO ASSETS TO AREAS SUCH AS RENEWABLE ENERGY, ENERGY EFFICIENCY, CLEAN TECHNOLOGY AND ENERGY ACCESS.

WHAT IS THE ROLE OF FOUNDATIONS ON THE "INVEST" SIDE?

The DivestInvest pledge reminds us how "the escalating climate crisis will impact the programs of all philanthropic institutions, not just those focused on the environment and health." In other words, to invest in climate solutions is both a practical and strategic way to strengthen and support your grantmaking across a wide spectrum of issue areas.

What do we mean by climate solutions? Examples might include large scale or community renewables, emission reduction technologies, mass transport, water management, Indigenous savanna burning, sustainable food, forestry and agriculture, green property or resilient infrastructure.

Clean energy is now commercially competitive. This turning point was achieved even before the game-changing Paris Agreement delivered much awaited certainty to global investment markets with the introduction of frameworks and timelines for measurable action on climate change. Add to this the world's love affair with energy efficiency, change in China driven by severe urban pollution problems, citizen action for energy independence and the promise of technology without limits, it would appear the perfect storm for environmental investing has arrived.

In Australia, environmental markets are taking shape again after almost a decade of political uncertainty around climate change. Environmental investment pipelines are being fostered by investment firms and new initiatives are ushering environmental solutions through the incubation stage to investment readiness, scaling-up and commercialisation.

This new landscape provides a once in a lifetime opportunity for foundations and individual philanthropists to leverage change where it is most needed – in capacity building or other incubation assistance for promising, green enterprises, in helping businesses become investment ready, in shifting significant capital to commercialise large-scale ventures and the many other opportunities in between.

Wind turbine blades in transit
Photo: Michael Hall

Figure 1
Levelised cost of energy. Source: Bloomberg New Energy Finance, 2016.

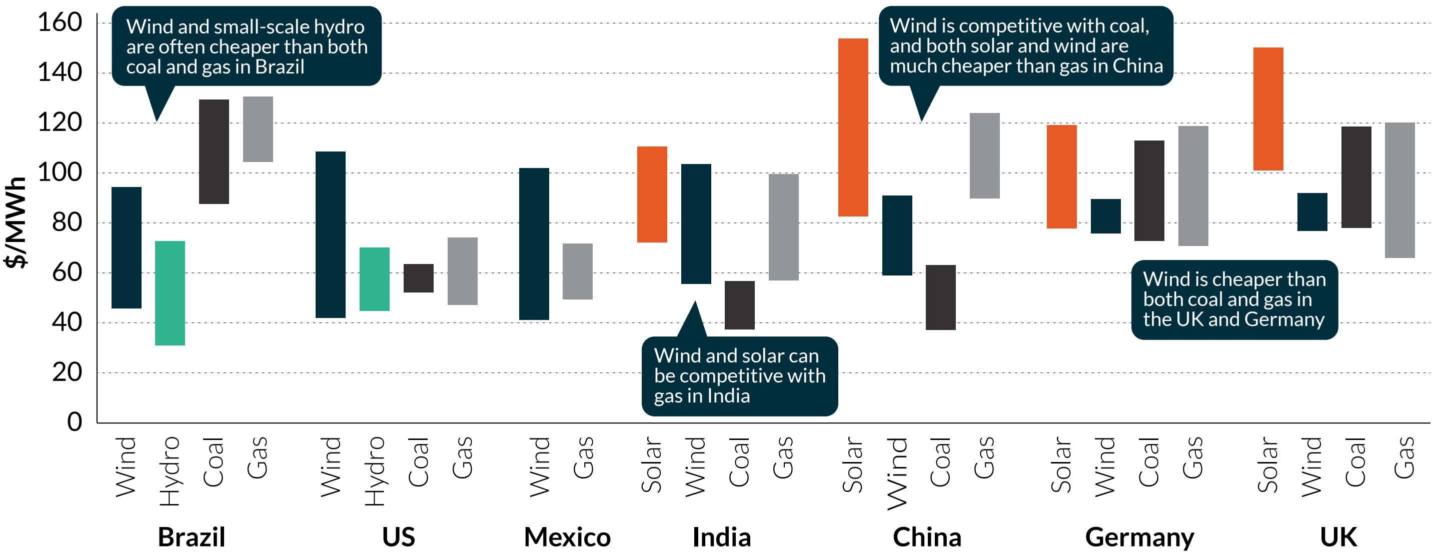
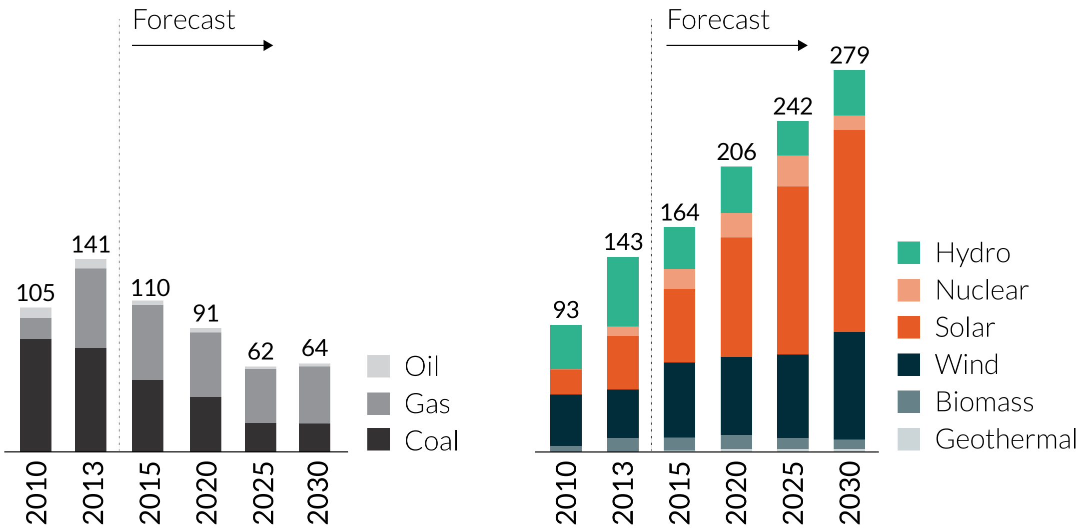


Figure 2
Power generation capacity additions (GW) worldwide. Source: Bloomberg New Energy Finance, 2015.



THE RISE OF RENEWABLES

2015 produced a new record for global investment in renewable energy. Excluding large hydro-electric projects, investments in renewables was $285.9 billion, a figure much boosted by China increasing its investment by 17 per cent to $102.9 billion, or 36 per cent of the global total, and India raising its investment by 22 per cent to $10.2 billion. This global figure is more than double the investment in new coal and gas generation in 2015, estimated at $130 billion.[29]

Figure 1 illustrates specific examples where renewables can now outperform fossil fuels.

"The race for renewable energy has passed a turning point", stated Bloomberg Business in April 2015. "The world is now adding more capacity for renewable power each year than coal, natural gas, and oil combined. And there's no going back." See Figure 2

THE WORLD IS NOW ADDING MORE CAPACITY FOR RENEWABLE POWER EACH YEAR THAN COAL, NATURAL GAS, AND OIL COMBINED. AND THERE'S NO GOING BACK.

POLICY STATEMENTS

Reading a range of policy statements is a good way to see how others approach the re-investment of funds into clean energy and low carbon opportunities, when fossil fuel related investments have been divested from the portfolio. Sample statements and some specific examples from organisations illustrate different approaches to consider.

CLEAN ENERGY COMMITMENT

Sample statements:

- DivestInvest Philanthropy pledge:
  "We are foundations divesting from fossil fuels and switching to clean energy investments...in the next five years, we will...invest at least 5 per cent of our portfolio into climate solutions defined as renewable energy, energy efficiency, clean technology and clean energy access."[30]
- Divest Fossil Fuels Australia pledge:
  "We pledge to divest from all direct investment in the prospecting, extraction, transport, sale and the burning of fossil fuels (for electricity production) and...will actively support the development of renewable energy alternatives and energy efficiency solutions to reduce fossil fuel dependency."[31]

Specific examples:

- Rockefeller Brothers Fund:
  "In early 2010...we went to the board with a proposal that we set aside 10 per cent of the total value of our assets at the time. The 10 per cent equated to about $86 million and we were looking for ways of proactively invest[ing] those assets in market rate investments that would support our mission, primarily in the areas of clean energy, new technology and other business strategies."[32]
  Stephen Heintz, President
- AXA: "Chief Executive Officer Henri de Castries said he's working to sell 500 million euros ($702 million) of coal assets and triple 'green investments' to 3 billion euros by 2020."[33]
- Allianz: "In the medium-term, we want to at least double our [2.5 billion euro] investments. Given unequivocally positive signals and reliable framework conditions for long-term investors, climate protection is unlikely to fail because of a lack of funding"[34]
  Oliver Bäte, CEO

OPPORTUNITIES IN AUSTRALIA

There is significant hunger for solution-based investments in Australia. Signatories to Australia's version of DivestInvest called Divest Fossil Fuels Australia actively pursue climate solution opportunities, although investing has been difficult as Australia's environmental markets are relatively underdeveloped due largely to policy stagnation. There has, however, been demonstrable change following the Paris Agreement coming into force. New opportunities are rapidly becoming available to different types of investors, enabling Australian signatories to engage more actively in emerging environmental markets.

In 2016, AEGN launched a new initiative to help members to gain the confidence, knowledge and networks to navigate these growing environmental markets. The Environmental Impact Investing Group provides opportunities for members to exchange information and due diligence knowledge, to meet in person to learn from experts, review new offerings and share networks. The group is open to all foundations.

DIVESTINVEST PHILANTHROPY COMMITMENT

Dear Philanthropic Community

The escalating climate crisis will impact the programs of all philanthropic institutions, not just those focused on environment and health. While all of philanthropy must consider how climate change will affect our respective missions, we believe grantmaking alone will be inadequate to meet the challenge. With this in mind, the undersigned foundations have come together in a new initiative to divest our assets from fossil fuels and to invest in climate solutions and the new energy economy. We invite you to join us.

DivestInvest Philanthropy seeks to reinforce the growing divestment movement in colleges, cities, states, pension funds, and religious institutions. Drawing on a core innovation of anti-Apartheid activism, today's movement argues that mission-based institutions whose goals and constituencies are threatened by the extraction and combustion of fossil fuels should not also seek to profit from them. It exposes the fossil fuel industry's efforts to block progress to a clean, renewable energy future, and argues for new investments that will advance climate solutions rather than drive the crisis.

Philanthropy has an opportunity to put its full weight behind this new movement and lead in efforts to address climate change. In the broadest sense, this means using all our assets to advance our goals, values, and beliefs.

At a minimum, it means ensuring our investments do not drive the problems we ask our grantees to solve. Investments cannot undercut the philanthropic mission—serving the public good. In the final analysis, this is our primary fiduciary obligation.

While moral accountability alone compels us to act, the financial case to divest and reinvest is no less compelling. There is growing recognition that if we hope to maintain a liveable climate, the majority of fossil fuel reserves now on the world's books will become stranded, unusable assets. The UN Intergovernmental Panel on Climate Change establishes the compelling science. Fossil-fuel stocks, whose valuations are linked to reserves, are thus vastly over-valued, with conservative estimates pointing to a multi-trillion dollar "Carbon Bubble," many times the recent $2 trillion housing bust. Failure to deflate this bubble in oil, gas, and coal investments now, risks profound economic consequences later. A growing body of financial analysis—from Pricew aterhouseCoopers, Carbon Tracker, the London School of Economics, Lord Nicholas Stern, The Grantham Institute, HSBC, the Financial Times, and The Economist—has issued similar warnings.

Prudent investors seeking to avoid future losses will act now. Studies show negligible-to-no near-term risk in divesting from fossil fuels, coupled with a growing range of opportunities to build assets by investing in vehicles with low-carbon impacts.

DivestInvest Philanthropy was established in 2014, supported by US based Wallace Global Fund. Wallace was an advisor to, and funder of, college campus divestment campaigns which started to emerge in 2011. In a short space of time, momentum built, with commitments from faith-based groups, hospitals, municipalities, cities and states. Foundations stepped up in a significant way, fearing their investments were driving the problems they asked their grantees to solve.[35]

The DivestInvest Philanthropy Commitment Letter provides a persuasive explanation as to the importance and relevance of this issue for foundations.

Faiths, Foundations and Finance COP22 side event
Photo: GreenFaith

There is a wide range of profitable investment products available across all asset classes for renewables, clean tech, and energy efficiency. We have a unique opportunity to model how investments can be used to solve social problems, while delivering solid returns. Let's demand the same clear vision for catalytic change from our investment professionals as we do from our grantees.

We come together as a group of foundations with assets totalling close to US$2 billion. While we have diverse missions, we are united by a common recognition that we must put all our tools into service, without delay. Each of us is at different stages of meeting this commitment. Some are fully divested from fossil fuels, while others are targeting specific classes of investments along a trajectory toward complete divestment. Some are pioneers in impact investing and others are just beginning.

DivestInvest Philanthropy unites the power and credibility of the philanthropic community to respond to the global climate crisis and support innovative and sustainable energy alternatives. Our fiduciary duty compels us to take full account of the financial and social impacts of our investments. Business as usual is no longer an acceptable practice. For ethical and financial reasons, we therefore commit to divest from the major fossil fuel companies — retaining minor positions for shareholder advocacy — and to invest instead in climate solutions and a sustainable future economy.

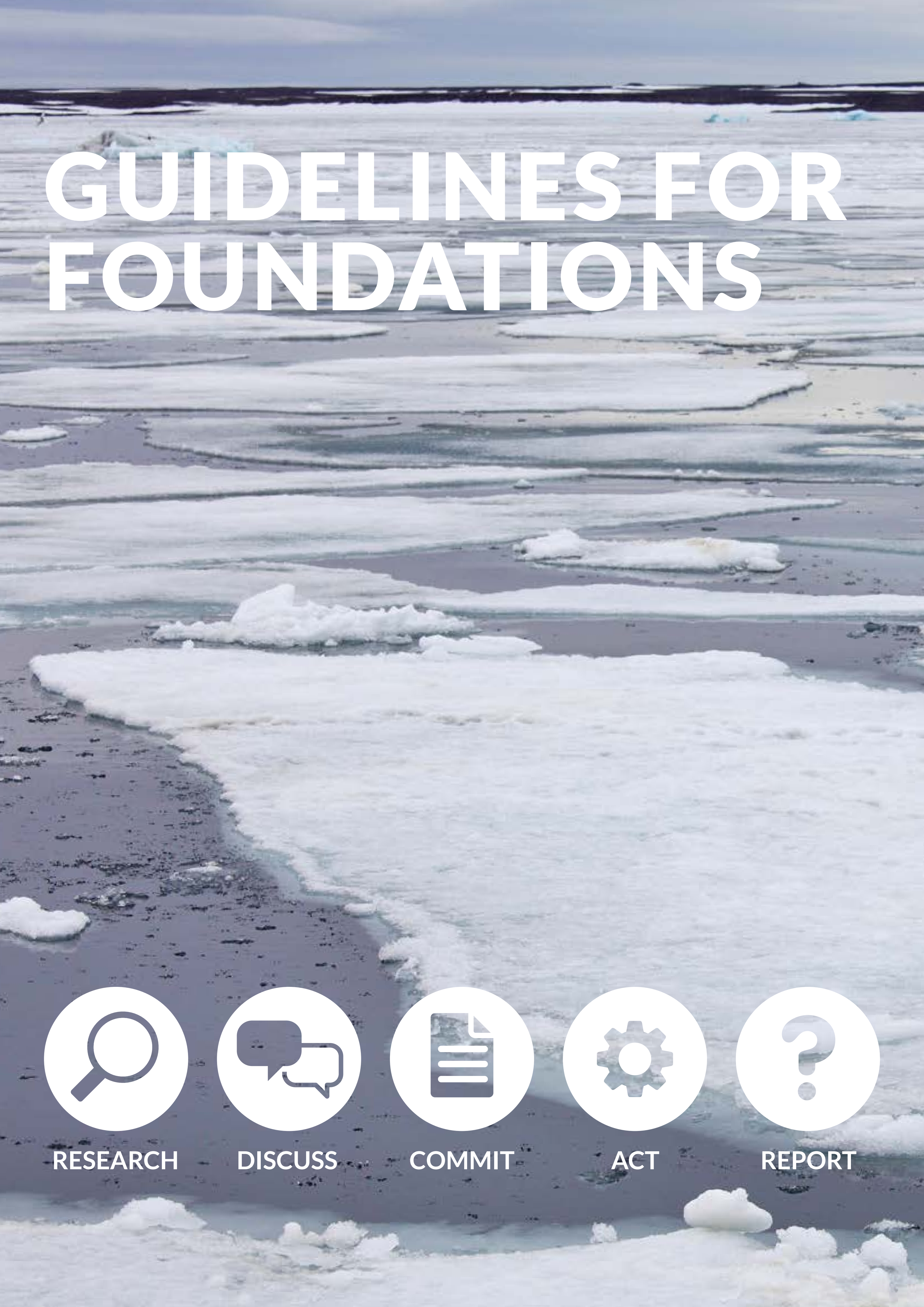
We invite you to begin with the following steps:

1. **ASSESS**: Conduct an assessment of your exposure to climate change risk, defining the degree to which you are invested in fossil fuels versus climate solutions and investments that support your mission.
2. **CONSULT**: Launch a dialogue among Board and Staff on investment strategies that align investments with mission and support a sustainable and just economy.
3. **COMMIT**: Commit to a timetable and process, commensurate with the pace of climate change, for eliminating all fossil fuels from your investment portfolios while investing in a new, clean energy economy through renewables, clean tech and other innovations.

Together, we can form a community of practice, learning from each other's efforts, sharing strategies, and scaling innovation. Most significantly, we are taking action on one of the most important challenges humankind has ever faced.

DivestInvest Philanthropy

GUIDELINES FOR FOUNDATIONS



RESEARCH DISCUSS COMMIT ACT REPORT

1. RESEARCH: READ, WATCH, ASK, LISTEN

ARE WE UP TO DATE WITH THE LATEST RESEARCH?

Divestment is a dynamic and relatively recent discipline with new entrants, initiatives and publications emerging all the time. The following publications have been selected to provide you and your organisation with key insights into divesting and investing to mitigate climate change. They have been authored by leaders and pioneers in the field. We encourage you to keep up to date with current developments as they emerge.

Suggested resources:

- Arabella Advisors – Measuring the Growth of the Global Fossil Fuel Divestment and Clean Energy Investment Movement (2016)[36]
- The following resources can be found at www.divestinvest.org.au
  - Blackrock – Adapting Portfolios to Climate Change (2016)[37]
  - DivestInvest – Doing Good, Performing Better (2016)[38]
  - Mercer – Investing In A Time Of Climate Change (2015)[39]
  - MSCI – Fossil Fuel Divestment: A Practical Introduction (2016)[40]
  - RSA Institute – Money Talks: Divest Invest and the battle for climate realism (2015)[41]

WHAT KIND OF TRAINING IS AVAILABLE?

The following videos are insightful, instructive and entertaining tools to bring investment committees, trustees and management together for initial engagement on investing in a time of climate change.

Suggested resources:

- Investor Group on Climate Change (Australia/NZ) – Trustee Training on Climate Change[42]
- AEGN – Stephen Heintz, President, Rockefeller Brothers Fund: Video for trustees[43]

HOW CAN WE ANALYSE OUR PORTFOLIO'S CARBON FOOTPRINT?

Carbon footprint analysis determines an investment portfolio's exposure to fossil fuel reserves, its overall carbon intensity, as well as its exposure to low carbon opportunities such as renewables and clean technology.

Suggested resources:

The Montréal Pledge[44] provides a global guide to specialist carbon footprinting services.

Sample portfolio carbon footprinting is available at:

- http://decarbonizer.co/
- https://fossilfreefunds.org/carbon-footprint/

WHAT IS OUR FIDUCIARY DUTY IN RELATION TO CLIMATE CHANGE AND INVESTMENT?

"In light of new evidence that climate change risk can impact investment performance, the relevance of climate change is no longer only an environmental issue – it is an economic one. Trustees with long-term investment horizons who fail to take account of this risk may be exposed to personal liability for loss - as may the directors. The focus has therefore shifted from whether it is permissible to consider climate change risk to whether, as a prudent fiduciary investor, with a long term investment horizon, you can afford to ignore it." Pam McAllister, Partner and Director of Mercer Legal.

The following publications will help you to better understand your fiduciary responsibilities with regard to climate change, and to address concerns that may be raised by various parties as you develop and implement your DivestInvest plan.

Suggested resources:

- Climate Change and the Fiduciary Duties of Pension Fund Trustees – Lessons from the Australian Law, Barker et al. (2016)[45]
- Legal Opinion on Climate Change and Directors Duties (Aus) (2016)[46]
- Ethically Questionable Investments, Christopher McCall QC (UK) (2015)[47]
- Impact Investments: Perspectives for Australian charitable trusts and Foundations (2014)[48]
- Fiduciary Duty in the 21st Century (2015)[49]

CAN OUR CURRENT FUND MANAGERS AND ADVISERS HELP US WITH DIVESTINVEST?

You will need to assess whether your current investment service providers have sufficient expertise, resources and interest to support your decision to divest from fossil fuels and invest in climate solutions, or whether additional expertise is required. These questions are designed to help you gather the information required to make this assessment.

Questions for fund managers and advisers:

1. What services do you provide to support organisations wishing to implement a divestment or decarbonisation strategy?
2. How and by whom are they resourced? What are the skills and experience of responsible team members in this area?
3. Do you engage with companies? If so, how is this researched, resourced and implemented?
4. Are you able to exercise voting rights in accordance with trustees' instructions?
5. Do you charge an additional fee for these services? If so, how much?
6. How do you incorporate climate risk into your investment process?
7. How do you assess and report on divestment, portfolio decarbonisation and engagement?

IF OUR CURRENT MANAGERS AND ADVISERS CANNOT HELP US, HOW CAN WE FIND ALTERNATIVES?

The following organisations have supporting members and signatories who offer climate risk investment expertise. Reviewing these memberships will provide insight into who is actively involved in the area and the products and services they offer.

Suggested resources:

- Investor Group on Climate Change (Aus/NZ)
- Asia Investor Group on Climate Change
- Responsible Investment Association Australasia
- Principles for Responsible Investment

WHICH FOUNDATIONS ARE ALREADY DIVESTING?

DivestInvest Philanthropy is a growing global community. Appendix 1 identifies currently participating Australian and international foundations. The following websites will keep you up to date with these expanding lists. We encourage you to connect with organisations with experience in the area, to access shared resources and knowledge.

Suggested resources:

- divestfossilfuels.org.au (Australia)
- divestinvest.org (international)

WHAT OTHER EXPERTISE OR INFORMATION IS AVAILABLE?

In addition to organisations central to the global DivestInvest movement, the following groups also offer local publications and initiatives on divestment and investment supporting climate change solutions.

Suggested resources:

- DivestInvest Australia/Asia Pacific
- The Climate Institute
- Centre for Policy Development
- 350.org Australia
- Market Forces
- The Australia Institute
- Australian Environmental Grantmakers Network

2. DISCUSS: IS DIVESTMENT RIGHT FOR US?

Having completed your background research, the next step is to explore how divestment might fit into your organisation's mission and strategy. The following are suggested questions for trustees and management to discuss. Your responses will become the foundation for developing your divestment policy in Step 3.

1. What values and beliefs are important to our organisation?
2. What values and beliefs are important to our beneficiaries and other close stakeholders?
3. What issues do we address through our grantmaking?
4. Is there a link between action on climate change and our values and beliefs?
5. Is climate change related to the issues we address through our grantmaking?
6. What do we know, believe and agree on about the investment risks associated with climate change?
7. Are those beliefs reflected in our current investment strategy and risk assessment approach?
8. What do we want to achieve from a divestment or decarbonisation policy in relation to our current investment strategy and risk assessment approach?

3. COMMIT: CREATE A SOLID POLICY

You are now ready to write your policy, considering the following questions:

1. Reflecting on questions 1 to 5 in Step 2, how does a divestment or decarbonisation strategy reinforce or strengthen our organisation's values and beliefs, grantmaking and mission?
2. Reflecting on questions 6 to 8 in Step 2, how does this strategy strengthen or reinforce our current investment strategy and risk assessment approach?
3. Are there any other outcomes we might achieve through such a strategy?
4. How will we assess our progress and achievements?
5. Who needs to be consulted about, or asked to contribute to the policy?
6. To which asset classes will we apply the policy? For example, Australian equities, international equities, property, fixed interest, alternatives, infrastructure, sovereign and corporate debt.
7. What methodologies will we use? For example:
   - complete or partial divestment
   - positive investment in low carbon assets across one or various asset classes
   - hedging
   - reducing our carbon footprint across the whole portfolio
   - specific sector or company weightings
   - using carbon indices
   - engaging investee companies about their transition to a net zero carbon economy.
8. Which sectors do we include in this strategy? For example, all sectors, only high carbon sectors (for divestment), only very low carbon sectors (for investment)?
9. Which services or suppliers do we engage? For example, index provider, asset consultant, wealth adviser, fund manager, carbon footprint consultant, in-house analyst?

4. ACT: IMPLEMENT THE POLICY

Here are some questions to help you consider the various steps of an implementation plan:

1. When do we sign off on the policy?
2. What are our key performance indicators for the strategy – financial performance, carbon reduction, other KPIs?
3. What resources do we need to implement the strategy successfully?
4. What is our timeframe?
5. Are there any governing documents or legal and reporting requirements we need to make reference to the policy?
6. How do we appoint managers, advisers and services, if necessary?
7. Do we need to issue amendments to our existing Investment Management Agreements and communicate this to appointed investment managers or in-house investment staff?
8. Do we create a wider communications strategy to announce the policy?

5. REPORT AND REVIEW

Consideration for monitoring, reviewing and reporting on the progress of your divestment or decarbonisation policy could include:

1. What approach do we use for our reporting – basic disclosure, narrative reporting, storytelling?
2. What do we report on? For example, financial performance and carbon reduction achieved? How the policy has strengthened or reinforced our values, beliefs, grantmaking, mission and strategy?
3. When and how often do we review our investment methodology to determine if it is still effective?
4. When and how often do we evaluate the performance of participating fund managers, asset consultants, advisers and research providers?
5. What costs are we allocating for the strategy and for resources?
6. How do we communicate the results and who is the intended audience?

CASE STUDIES

RS GROUP, HONG KONG

INVESTING IN THE FUTURE WE WANT TO CREATE

The RS Group has always taken environmental considerations into account as part of an integrated environmental, social and governance (ESG) investment strategy. In 2013, the Group increased its focus on climate change and developed a clearer framework on how to incorporate these considerations across the portfolio and across asset classes. Divestment is one of three pillars in the strategic approach:

1. Support – INVEST in a wide spectrum of climate change related solutions across mitigation and adaptation – using investment capital and philanthropic grants.
2. Avoid – DIVEST from the most polluting sectors in the portfolio including coal, oil and gas exploration and production.
3. Engage – ASK investment managers to engage with carbon intensive companies in sectors where the Group is still invested, in order to better understand their future strategies and any plans for diversification.

The RS Group's decision to divest was informed by the growing DivestInvest movement. The Group also supported the Carbon Tracker Initiative, looking specifically at the "carbon bubble"[50] and "unburnable carbon"[51] within listed Chinese companies, which illustrate the financial risk of fossil fuel holdings.

The RS Group was aware this strategy could limit returns in times of economic expansion when demand for fossil fuels are rising. But in the long-term, it believes divestment will allow the portfolio to avoid some real risks related to "stranded assets" and lead to more resilient returns.

"From an Asian perspective, climate change is not a distant threat – it is happening today. We want to ensure that the way our capital is invested is part of the solution and not part of the problem," said RS Group Principal, Annie Chen.

PROCESS

1. Assessed fossil fuel portfolio exposure: the main exposure was in an equity tracker fund, and this was divested.
2. Redirected proceeds to invest in a number of climate change related solutions: this included investments in funds such as SJF Ventures III Fund which accesses companies like NexTracker.
3. Refined the investment policy to be up-front about the Group's approach to fossil fuel intensive industries.
4. Became a signatory of the DivestInvest movement.

POLICY

1. There is a revenue screen that avoids exploration and production companies where more than 10 per cent of their revenue comes from the coal, oil and gas sectors.
2. Companies with a clear policy towards a cleaner fuel mix (with demonstrated results) are allowed in the portfolio. Where such investments exist, the RS Group also undertakes active shareholder engagement.
3. We communicate with our fund managers so they better incorporate climate risks in their own investment process and when engaging with companies.

RS GROUP IS A FAMILY OFFICE WITH A FOCUS ON SUSTAINABILITY. THEY BELIEVE IT IS NOT POSSIBLE TO OVERCOME OUR MOUNTING SOCIAL AND ENVIRONMENTAL CHALLENGES USING INDUSTRIAL ERA THINKING, ONE IN WHICH FOR-PROFIT AND NON-PROFIT REMAIN THE DOMINANT ECONOMIC PARADIGMS. IT IS RS GROUP'S POSITION THAT NEW, COLLABORATIVE APPROACHES TO INVESTMENT, BUSINESS AND PHILANTHROPY ARE NEEDED TO BUILD A GLOBAL COMMUNITY WHERE SOCIAL PROGRESS AND ECONOMIC DEVELOPMENT OCCUR IN HARMONY WITH NATURE.

BARRIERS AND COSTS

1. The process of the initial research, understanding of divestment and the complexity and nuances of the topic, including:
   - the carbon bubble/stranded asset issue
   - the state of transition to clean fuels
   - how carbon risks are currently priced into the market and what this means to investment.
2. Conviction from the asset owner to make the final decision – this is often the biggest barrier. We were fortunate our principal not only cared about the issue, but was also very much behind the divestment recommendation.

Formulation of RS Group's stance and commitment to divest was informed by the divestment momentum among European pension funds and endowments, and understanding what such large asset owners are doing, in addition to the compelling argument of the divestment movement led by Bill McKibben.

Divestment execution involved minimal additional cost. We see the reinvestment of the divested proceeds as a normal part of our investment strategy. In the long run, we believe this will provide us with both financial and non-financial returns.

WHO WAS INVOLVED?

The team provided perspectives from both the investment and philanthropy angles, and communicated its new approach to the Group's board of trustees for approval.

HOW LONG DID IT TAKE?

The Group gradually divested over six months. The updated strategy is currently active in day-to-day monitoring, as well as in evaluation of potential new investments.

WHO HELPED?

Investment adviser, Ivo Knoepfel and the team at Carbon Tracker Initiative. Once the climate change strategy was formalised, the RS Group asked its fund managers, through an annual questionnaire, to share how climate change risks are factored into their investment strategy. The responses illustrated how many were aware of climate risks and had already been taking steps to mitigate them.

HOW HAS THE PORTFOLIO PERFORMED SINCE DIVESTMENT?

Divestment did not change the fund's performance in the short term. This is in part because of the Group's low exposure to energy stocks and the protection this provided against losses when the oil prices dropped in 2013/14. The general performance impact is also nuanced as the Group invested in energy efficiency and the renewable sector, which may be less attractive in times of lower oil prices. On the other hand, it may be beneficial to sectors that are energy intensive, for example, airlines.`

TOP 3 RECOMMENDATIONS

1. Start understanding climate change risks, specifically carbon risks, and exposure to fossil fuel intensive industries.
2. Don't be daunted by the complexity of the topic. No one has figured it out completely, but it doesn't mean we can shy away from this problem – taking small steps forward is better than running away from the issue.
3. Leverage existing resources, for example research, and learn from fellow investors that have committed to divest.

The RS Group believes divestment (in whatever form) may not be for all types of investors. Realistically, if you are a large institutional investor with a mandate to invest without deviating too much from the broader indices, or for exchange traded funds, then you cannot divest from the sector. Having said that, there is a whole host of actions that can be taken that sit between "no action/no change" and "100 per cent complete divestment".

DON'T BE DAUNTED BY THE COMPLEXITY OF THE TOPIC. NO ONE HAS FIGURED IT OUT COMPLETELY BUT IT DOESN'T MEAN WE CAN SHY AWAY FROM THIS PROBLEM – TAKING SMALL STEPS FORWARD IS BETTER THAN RUNNING AWAY FROM THE ISSUE.

CASE STUDIES

ENGLISH FAMILY FOUNDATION, AUSTRALIA

Photo: Michael Hall

When the English Family Foundation discovered the DivestInvest pledge in June 2015, they embarked on a surprisingly quick path to divestment. After signing the pledge, implementation was completed by the end of July.

The concept of divestment also prompted a conversation about climate change, family values and the goals of the Foundation. Founder Allan English was interviewed by Generosity Magazine shortly after, and said that signing the pledge "just made a lot of common sense, for all sorts of reasons."

"Fundamentally, our purpose with the English Family Foundation is to create good in the world. Investing in fossil fuels is simply not aligned with our objectives.
I would never portray myself as an expert in that space but I know that sustainability is of vital importance – everyone in Australia knows that."

"The clear message for the philanthropy sector is that the decision to divest is about values alignment – it's not about where you do your grantmaking. If we say 'we use our values to direct our philanthropy decisions' then I encourage everyone to look at their own personal values and how they make decisions in the world, and see if they really do align."

PROCESS

The process for the Foundation was relatively straightforward:

1. We assessed our current position in relation to our investments and investment strategy.
2. We agreed on what we understood by the term 'fossil fuels'.
3. We considered the implementation issues of removing fossil fuels from our portfolio by looking at direct and indirect exposures.
4. We updated the investment strategy and included the fossil fuel definition we agreed on.
5. We implemented the changes to the portfolio.

BARRIERS AND COSTS

The only barrier for us in divesting was undertaking the process. To divest, the Foundation needed to look at the risks and opportunity costs, as well as any implications for achieving its philanthropic goals. The main cost associated with the divestment process was the time spent having conversations with family members and other members of the Foundation, and then writing, signing and implementing the new strategy.

EASE OF EXIT

The Foundation's fossil fuel investments were highly liquid and therefore easily divested.

WHO HELPED?

The Foundation's existing external adviser assisted in the process.

HOW HAS THE PORTFOLIO PERFORMED SINCE DIVESTMENT?

The portfolio has performed exceptionally well since the Foundation divested.

Allan English has been outspoken about inadequate investment advice. He told Generosity Magazine, "I know that when foundations with a family office or investment advisers first raise the issue of divestment, the response they will get from those advisers is something along the lines of 'If we exclude investment in fossil fuels then you'll potentially get lesser return on our corpus'."

"I have no expectation that I'll be taking less[er] returns. There are so many good investments doing good work and delivering good returns that come from an ethical base."

TOP 3 RECOMMENDATIONS

1. Take the time to understand your values and beliefs – discovery of one's values is the first step.
2. Identify your goals.
3. Align your investments with your goals.

Ethical considerations aside, Allan says the smart money is on innovation. "Our role with the Foundation is to increase the value of our corpus.
I see investing in fossil fuels like investing in steam trains – why would you do that when you could be investing in jet planes all over the world? There will always be a role for steam trains, and power sources will take time to shift, but it's a case of backing those doing good as opposed to those doing harm. There's no doubt that's where the future lies."

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APPENDIX 1
FOUNDATIONS SUPPORTING DIVESTINVEST

The following signatories to the DivestInvest Philanthropy Commitment Letter (page 13) are mostly US based. Those in orange are Australian. Many of these organisations have articulated their own statements about divestment, adding to the powerful body of collective knowledge and support for, the DivestInvest movement.

Abramowitz Silverman Fund
Access Strategies Fund
Afrikind International Foundation, Inc.
The Arca Foundation
Aria Foundation
The Arkay Foundation
The Ashden Trust
Ben & Jerry's Foundation
Bewegungs stiftung
Bioregional
Blue Planet Foundation
Blumenthal Foundation
Bullitt Foundation
The Catherine Donnelly Foundation
Center for Humans and Nature
Children's Investment Fund Foundation
Chino Cienga Foundation
Chorus Foundation
Christensen Family Foundation
Comart Foundation
Compton Foundation
Community Impact Foundation
Daniel and Nina Carasso Foundation
David Suzuki Foundation
Desmond and Leah Tutu Legacy Foundation
Earth Welfare Foundation
Ecotrust
The Educational Foundation of America
Edward W Hazen Foundation
Edwards Mother Earth Foundation
English Family Foundation
The Fink Family Foundation
Fondation Charles Leopold Mayer
Fondation Ensemble
Fondation Nicolas Hulot
Footprint Foundation
Forsythia
Frederick Mulder Foundation
Fund for Democratic Communities
Fundación EcoConciencia
Garfield Foundation
General Service Foundation
GLS Treuhand
The Goldman Environmental Prize
Graeme Wood Foundation
Granary Foundation
Hanley Foundation
Hidden Leaf Foundation
Hunt Foundation
Ian Somerhalder Foundation
The Indigo Trust
InSpire Foundation for Business and Society
The Jacob and Valeria Langeloth Foundation
Janelia Foundation
Jenifer Altman Foundation
Jessie Smith Noyes Foundation
Jim and Patty Rouse Foundation
The JJ Charitable Trust
JMG Foundation
John & Marcia Goldman Foundation
The Joffe Charitable Trust
The John Merck Fund
The Joseph Rowntree Charitable Trust
J.R.S. Biodiversity Foundation
Jubitz Family Foundation
The Kestrelman Trust
KL Felicitas Foundation
KR Foundation
Kristina and Will Catto Foundation
Laird Norton Family Foundation
Laughing Gull Foundation
The Lemelson Foundation
Leonardo DiCaprio Foundation
The Libra Foundation
Lookout Foundation
Lydia B. Stokes Foundation
Madden Sainsbury Foundation
Madirriny Foundation
Margaret Hayman Trust
Mark Leonard Foundation
Mary Reynolds Babcock Foundation
McKinnon Family Foundation
Melton Foundation
Merck Family Fund
Meyer Family Enterprises
Mize Family Foundation
Mullum Trust
New England Biolabs Foundation
New Priorities Foundation
Nia Community Fund
Nordic Enterprise
Norman Foundation
North Star Fund
Okeanos Foundation for the Sea
The Orp Foundation
The Overbrook Foundation
The Pace Foundation
The Palette Fund
Panahpur
Park Foundation
Partnership for Change
Pi Investments
Pig Shed Trust
Polden Puckham Charitable Foundation
Prentice Foundation
Prof. Nanny and Dr. Dieter Wermuth Family Office
pymwymic
Quixote Foundation
Ray and Tye Noorda Foundation
Rianta Capital
Robert & Patricia Switzer Foundation
Robert Treat Paine Association
Rockefeller Brothers Fund
The Roddick Foundation
Ross Knowles Foundation
RS Group
Rubblestone Foundation
The Russell Family Foundation
Samuel Rubin Foundation
Schmidt Family Foundation
Schott Foundation for Public Education
The Scott Trust
Serve All Trust
Shared Earth Foundation
Shugar Magic Foundation
The Sierra Club Foundation
Singing Field Foundation
Solidago Foundation
The Staples Trust
SWF Immersion Foundation
Swift Foundation
The Tedworth Charitable Trust
Tellus Mater
Threshold Foundation
Toronto Atmosperic Fund
Trócaire
Trust Africa
V. Kann Rasmussen Foundation
The Velux Foundations
Wallace Global Fund
Water Dragon Foundation
The Waterloo Foundation
Wermuth Asset Management
Werzalit-Gruppe
Whitley Fund for Nature
Wilburforce Foundation
Willows Investments
Winslow Foundation
The Woodward Charitable Trust

APPENDIX 2
PARTICIPATING AUSTRALIAN ORGANISATIONS

These organisations have announced commitments to divest from fossil fuels and invest in climate solutions. Details of the degree of divestment (full or partial) can be found at http://gofossilfree.org.au/whos-divested/ or on the websites of individual organisations.

EDUCATIONAL INSTITUTIONS
Australian National University
University of Sydney
La Trobe University
Monash University
Australian Academy of Science
Queensland University of Technology
Swinburne University

FOUNDATIONS
Ross Knowles Foundation
Madden Sainsbury Foundation
Earth Welfare Foundation
English Family Foundation
Graeme Wood Foundation
Madirriny Foundation
McKinnon Family Foundation
Hunt Foundation
Pace Foundation
Mullum Trust
Water Dragon Foundation
Community Impact Foundation

FAITH-BASED ORGANISATIONS
Anglican Diocese of Canberra and Goulburn
Anglican Diocese of Melbourne
Anglican Diocese of Perth
Anglican National Super
Australian Religious Response to Climate Change
Council of Progressive Rabbis of Australia, Asia and New Zealand
Earthsong
Marist Sisters of Australia
Melbourne Unitarian Church
Presentation Sisters of Wagga Wagga
Presentation Sisters of Queensland
Quakers Religious Society of Friends Australia
Society of Friends, Canberra Regional Meeting
Society of Presentation Sisters of Australia and Papua New Guinea
Sydney Buddhist Centre
St Colombans Mission Society
Uniting Church of of Victoria and Tasmania
The Passionists – Holy Spirit Province Australia, New Zealand, Papua New Guinea and Vietnam
Unitarian Church of South Australia
Uniting Church of Australia Assembly
Uniting Church of New South Wales and ACT

BANKS/FOR PROFIT ORGANISATIONS
Adelaide Bank
Bendigo Bank
Hunter Hall Investment Management

SUPER FUNDS
Future Super
Australian Ethical Super
Local Government Super
AustralianSuper
First State Super
UniSuper
HESTA
Christian Super
Anglican National Super
Self- managed super funds (49)

UNIONS
National Tertiary Education Union

OTHER
Royal Australasian College of Physicians
Doctors for the Environment Australia
Australian Guild of Screen Composers
APRA AMCOS (music)
350.org Australia
Climate Action Network Australia

LOCAL GOVERNMENT/COUNCILS
Australian Capital Territory
City of Melbourne
City of Sydney
City of Newcastle
City of Fremantle
City of Armadale
City of Stirling
City of Wondonga
City of Ballarat
City of Swan
City of Vincent
Randwick City Council
Banyule City Council
Moreland City Council
Byron Shire Council
Gloucester Shire Council
Marrickville Council
Shire of Goomalling
Leichhardt Municipal Council
Lismore City Council
Albury City Council
Ballina Shire Council
Bass Coast Shire Council
Macedon Ranges Shire Council
Mount Alexander Shire Council
Town of Bassendean
Town of East Fremantle

APPENDIX 3
FOSSIL FUEL COMPANIES

GLOBAL

Below is a snapshot of the Carbon Underground 200 including the global Top 10 coal, oil and gas companies and all Australian fossil fuel companies in the list. For the full list of 200 companies, please see The Carbon Underground 200 website.

Top 10 coal companies

Rank	Coal companies	Coal Gt CO_2
1	Coal India	43.104
2	Adani Enterprises	27.809
3	China Shenhua Energy	23.143
4	Mongolia Yitai Coal	11.756
5	China Coal Energy	9.492
6	Mechel	9.483
7	Exxaro Resources	9.433
8	Public Power	9.339
9	Glencore	8.692
10	Peabody Energy	8.059

Top 10 oil and gas companies

Rank	Oil and gas companies	Oil Gt CO_2	Gas Gt CO_2	Total Oil and gas Gt CO_2
1	Gazprom	6.856	37.213	44.069
2	Rosneft	12.617	4.158	16.776
3	PetroChina	3.821	4.244	8.066
4	ExxonMobil	4.678	3.281	7.960
5	Lukoil	5.816	1.299	7.115
6	BP	3.979	2.409	6.388
7	Royal Dutch Shell	2.346	2.649	4.995
8	Petrobras	3.742	0.608	4.349
9	Chevron	2.441	1.604	4.045
10	Novatek	0.513	3.416	3.928

Australian coal companies in the Carbon Underground 200

Rank	Coal companies	Gt CO_2
11	BHP Billiton	7.834
18	Rio Tinto	4.351
36	AGL	2.144
39	South32	1.845
43	Whitehaven Coal	1.740
64	Wesfarmers	0.8
79	Energy Australia	0.552

Australian oil and gas companies in the Carbon Underground 200

Rank	Oil and gas companies	Gt CO_2
29	BHP Billiton	0.670
72	Santos	0.150
96	Oil Search	0.100

AUSTRALIAN

The ASX300 Company Classification 2016, produced by Market Forces, classifies for potential divestment candidates according to three tiers. The index weight column represents the combined value of the companies listed as a proportion of the overall value in the ASX300 index. Source: Market Forces

Category	Definition	Suggested response	Index weight	Sector	Companies
Tier 1	Substantial involvement in fossil fuel extraction. These companies have the highest exposure to carbon risk and are unlikely to be able to sufficiently diversify in the short term.	Divestment	4.01%	Energy - coal	Whitehaven Coal Ltd
				Energy - oil and gas	AWE Ltd Beach Energy Ltd Caltex Australia Ltd Drillsearch Energy Ltd Far Ltd Karoon Gas Australia Ltd Oil Search Ltd Origin Energy Ltd Santos Ltd Sino Gas & Energy Holdings Ltd Sundance Energy Australia Ltd Woodside Petroleum Ltd WorleyParsons Ltd
Tier 2	Significant fossil fuel exposure including infrastructure, utilities, transport and diversified companies where fossil fuels constitute a relatively minor part of revenue or net asset value. These companies have significant exposure to carbon risk but should be engaged to reduce the risk through the sale of assets or finding alternative sources of revenue. In the event that inadequate action is taken to move fossil fuels from their asset bases and portfolios, divestment becomes the suggested response.	Divestment / engagement	14.66%	Consumer staples	Wesfarmers Ltd
				Energy	Liquefied Natural Gas Ltd
				Financials	Macquarie Group Ltd
				Industrials	Asciano Ltd Aurizon Holdings Ltd Downer EDI Ltd QUBE Holdings Ltd Seven Group Holdings Ltd
				Materials	Alumina Ltd BHP Billiton Ltd Rio Tinto Ltd South32 Ltd
				Utilities	AGL Energy Ltd APA Group DUET Group Energy World Corporation Ltd ERM Power Ltd
Tier 3	Indirect fossil fuel exposure. These companies provide services to the fossil fuel industry including financing, insurance, construction and engineering. These companies should be engaged and encouraged to find alternative sources of revenue. Should there be inadequate evidence that these companies are reducing their support for the fossil fuel industry consistent with action to avoid catastrophic climate change, or mitigating risks resultant from high exposure to fossil fuel projects or companies, divestment should be considered.	Divestment / engagement	32.31%	Financials	AMP Ltd ANZ Banking Group Commonwealth Bank of Australia CYEG Plc Lend Lease Group National Australia Bank Ltd QBE Insurance Group Ltd Westpac Banking Corp
				Industrials	ALS Ltd Broadspectrum Ltd Cardno Ltd CIMIC Group Ltd Downer EDI Ltd Mineral Resources Ltd Monadelphous Group Ltd RCR Tomlinson Ltd UGL Ltd
				Materials	Incitec Pivot Orica Ltd
				Telecommunications	Vocus Communications Ltd
				Utilities	Ausnet Services Ltd Spark Infrastructure Trust

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