

# Divestment FAQs

## What is the greatest threat to human health?

Climate change is the biggest global health threat of the 21<sup>st</sup> century.<sup>1</sup> Human activity since industrialisation has raised CO<sub>2</sub> levels from a stable 280ppm to 400ppm. With just under 1<sup>o</sup>C of warming, we are already experiencing significant changes in climate, increased extreme weather events, and health impacts.

## What is the biggest single contributor to climate change?

Coal, gas and oil extraction and combustion have direct negative consequences for our health, for example via air pollution. However, it's their contribution to climate change that has the greatest potential for harm.

To have even a 50% chance of staying below 2<sup>o</sup>C warming, between two-thirds and three-quarters of all global known fossil fuel reserves need to stay in the ground.<sup>2</sup> Yet Australia's approved coal reserves *alone* constitute one-third of the carbon needed to reach 2<sup>o</sup>C warming.

## What is divestment?

Whether we're aware of it or not, our money is contributing to climate change. The vast majority of Australians have accounts with the big four banks, which have lent \$19 billion to new Australian coal and gas projects since 2008, and we also have over \$1.6 trillion invested in superannuation funds. Globally 55% of superannuation is invested in high carbon sectors and only 2% in renewable energy.<sup>3</sup>

Divestment from fossil fuels is a targeted campaign aimed at encouraging individuals and organisations to switch their money away from banks and super funds that invest in coal, oil and gas, and move to those institutions that only invest in ethical, sustainable projects and renewable energy.<sup>4</sup>

## Does divestment work?

Divestment works by removing the social licence for an industry to operate. In the mid 1980s, divestment away from South Africa was instrumental in bringing down apartheid. Tobacco divestment, now well established and vocally supported by the medical profession, has been equally effective. In Australia Super SA, UniSuper, HESTA, First State Super and many other funds no longer invest in tobacco companies.<sup>5</sup>

## Why should doctors divest?

Numerous colleges, universities, cities, counties and religious institutions have commenced divestment from fossil fuels.<sup>6</sup> Medical organisations including the British Medical Association and Doctors for the Environment Australia have also divested. We who care for the health of others cannot ethically support the burning of coal any more than the smoking of cigarettes.

## Will returns on my investments suffer if I divest?

Ongoing studies by the Aperio Group, The Australia Institute and leading asset consulting company Russell Investments, find that screening out carbon intensive and fossil fuel companies does not significantly reduce returns in an otherwise varied portfolio. In fact, there may be significant financial risks in keeping money invested in fossil fuels in a carbon-constrained world.<sup>7,8</sup>

*This information does not constitute individual financial advice. Please see disclaimer below.*

## How do I go about divesting?

### Banks

- Find out where your bank stands on fossil fuel investment.
- If your bank supports fossil fuel industries, write to them about making a commitment to divest.
- If the reply is unsatisfactory, move your business to a bank committed to being fossil fuel free, and let them know why they lost you.

### Super Funds

- Find out how exposed your superannuation fund could be to fossil fuels.
- If your fund has a 'Socially Responsible' Investment option, review their inclusion and exclusion criteria; many SRIs don't specify they are 'fossil fuel free'.
- Write and make a complaint to your fund if they do not disclose their position or offer a fossil free option.
- As a last resort move your super funds to an alternative provider.

### Institutions

- Encourage institutions you are involved in to divest, e.g. universities, hospitals, clinics.

## What will the world look like if we don't act?

The current trajectory of emissions growth and warming will lead to a world not easily habitable, and with disastrous health effects for many.<sup>9,10</sup>

Our generation has a rapidly closing window of time in which to act to avoid the worst health impacts of climate change. We can all make our savings and super a force for health, not harm.

**Disclaimer:** This information does not constitute individual financial advice. For specific financial advice please contact a registered financial adviser.

### Resources:

350.org Australia, Go Fossil Free <http://350.org.au/campaigns/go-fossil-free/>

Market Forces <http://www.marketforces.org.au/banks/compare>

Super Switch <http://superswitch.org.au/>

Carbon Tracker Initiative <http://www.carbontracker.org/wastedcapital>

The Climate Institute <http://www.climateinstitute.org.au/unburnable-carbon.html>

The Vital Few <http://www.areyouthevitalfew.org/>

The Asset Owners Disclosure Project <http://aodproject.net/>

### References:

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3. <http://www.climateinstitute.org.au/climate-smart-super.html>
4. <http://www.iop.harvard.edu/does-divestment-work>
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