

UNHEALTHY INVESTMENTS

FOSSIL FUEL INVESTMENT AND THE UK HEALTH COMMUNITY

EXECUTIVE SUMMARY

Connections between environment and human health have long been understood. The international health community has issued many warnings that unmitigated climate change poses grave risks to human health, most recently during the 2014 UN Climate Summit in New York and a World Health Organization conference on Health and Climate Change. In 2009, a UCL-Lancet Commission described climate change as “the biggest global health threat of the 21st Century.”⁴ If warming is to be limited to two degrees above pre-industrial temperatures (a threshold already considered dangerous), we can only afford to burn a small fraction of the world’s remaining fossil fuels - approximately one-fifth.⁵ Moreover, air pollution from fossil fuels is one of the world’s biggest killers. Yet many health sector organisations still invest in this industry.

This report argues that other health organisations in the UK and elsewhere should end investment in the 200 largest publicly-listed fossil fuel companies, over a period of 5 years. It is arguably both immoral and inconsistent for the health sector to continue to invest in industries known to harm health, given its clear responsibility to protect health. Continued investment in these companies runs directly counter to the health sector’s repeated calls for action on climate change. Acknowledging this, in June 2014 the British Medical Association’s representative members voted to end its investments in the fossil fuel industry and increase investment in renewable

energy, because of the serious health threat posed by unmitigated climate change. It is the first national medical association to do so, and several others are now starting to consider following suit.

Ending fossil fuel investments makes financial as well as moral sense. Portfolios which exclude investments in fossil fuel companies can perform as well as those with no such screening criteria, and may indeed outperform them. Moreover, such investments may carry significant long-term financial risk,⁷ as international action to address climate change will dramatically devalue investments in coal, oil and gas. A societal move away from fossil fuels – which would be supported by the adoption of more sustainable and responsible investment strategies - can not only reduce health impacts from climate change, but brings independent short-term health benefits.

It is for these reasons that individuals and organisations - from Archbishop Desmond Tutu,⁸ the President of the World Bank Jim Kim,² and Christiana Figueres, Executive Secretary of the United Nations’ Framework Convention on Climate Change⁹ have called for divestment from the fossil fuel industry. It is why organisations from the British Medical Association to Stanford University and the Rockefeller Brothers Fund – and over 800 other institutional and individual investors, holding over \$50bn assets (as of September 2014)¹⁰ – have already heeded this call, with many others on the verge of doing so.

† For the purposes of this report, we define ‘fossil-free’ portfolios as those that do not hold investments – directly, or indirectly via hedge/pool funds – in any of the top 200 fossil fuel extraction companies, listed by current carbon reserves. These are termed ‘fossil fuel companies’ or, collectively, ‘the fossil fuel industry’ in this report. An up-to-date list of these companies is provided by Fossil Free Indexes’ Carbon Underground report.⁶ Further information on the rationale for this definition is given in Appendix 1.

Thirty years ago, health professionals argued that investing in the tobacco industry was a violation of their responsibility to protect and promote health, and their commitment to do no harm. They triggered a wave of divestment that played a significant role in the tobacco control movement's subsequent successes. Health organisations today bear the same responsibilities, and so we argue that they

should likewise end their investments in fossil fuel companies and increase investment in alternative energy sources. The health sector bears a uniquely privileged role in public discourse – divestment provides an opportunity to state unambiguously the need for a transition to a more sustainable society, for the health of people and planet alike.

OUR RECOMMENDATIONS FOR UK HEALTH ORGANISATIONS

- 1. Review the extent of current direct and indirect investments in the top 200 publicly-listed fossil fuel companies and commit to transparency, for members or direct stakeholders at the least, in relation to such investments.**
- 2. Commit to freeze all fossil fuel investments – i.e. not to make any new investments in these companies – with immediate effect.**
- 3. Commit to selling off all direct equity holdings in such companies within 1-2 years.**
- 4. Commit to full divestment from fossil fuels within 5 years: investigate the options for phasing out indirect investments, by raising the issue with banks and fund managers and asking them to screen fossil fuels from their ethical investment portfolios, and commit to transfer capital to alternative funds which exclude fossil fuels should they be unable or unwilling to offer such an option.**
- 5. Redirect investment towards technologies such as renewable energy companies to building insulation on their premises, or other options in keeping with health organisations' responsibilities to protect and promote public health via maintenance of a healthy environment.**