



Move
your
money

Divest!

Move Your Money out of Fossil Fuels

Introduction: The problem and solution



Maybe you don't have any active investments or wouldn't call yourself an investor. But here's something you may not know: you are an investor, and your money is doing something right now. Even the money you have sitting in your bank at this very moment is being moved around and is making an impact on the world's financial and economic landscape.

Banks make decisions about what to invest your money in without consulting you, and perhaps most worryingly, they may not even want to tell you what they're doing with it. High street banks have for a long time been investing unfathomably large sums of money into the planet's most precarious commodities: oil, coal and gas. For decades fossil fuel investments have underpinned pensions, ISAs and many other major investments. This is because demand for fossil fuels is high across the globe, exponentially rising, and traditionally provides good financial returns. So what's the problem?

Oil, coal and gas investments are dangerous. Global reliance on fossil fuels has led to rapid climate change, with the UN declaring it as an urgent priority for governments to tackle. Scientists have estimated that if we are to avoid the catastrophic consequences of exceeding global warming levels of 2° Celsius, we must drastically decrease the amount of fossil fuels we use.¹

But this isn't just an environmental issue, it's also a financial one. Banks have invested heavily in an asset that will, at some point in the near future, lose a lot if not all of its value. Recent research shows that to avoid the catastrophic social and environmental impacts of irreversible climate change, around two thirds of all fossil fuel reserves are effectively 'unburnable', and must stay in the ground.² This is what's called the 'carbon bubble', and when it bursts it will be disastrous for those invested in fossil fuels.

And this is set to happen sooner than you might think. In the UK alone, HSBC Holdings, Barclays, Santander, The Royal Bank of Scotland and Lloyds Banking Group have in excess of £66 billion invested in oil, gas and coal extraction.³ That's a lot of capital exposed to the risk of the carbon bubble, and if your money is in those banks, it's your money that's supporting this industry.

Yet despite banks' massive investment, the British public are turning their back on fossil fuels. The latest Great British Money survey conducted earlier this year found that 39% of adults in the UK would be unhappy if they found out their money was being used to fund fossil fuel developments, and over 1 in 3 of those surveyed (36%) said that they would like their bank to stop investing in fossil fuels.⁴

Now, with Move Your Money, you have the chance to take back control of your savings and choose how they shape the world around us. We're launching a campaign to encourage everyone with any money in their bank account - however much or little - to join our call to action to offer their banks a simple ultimatum: to disclose their investments in fossil fuels and vow to take your money out of fossil fuels, or you'll take your money out of their accounts.

Climate change and the carbon bubble are urgent issues that need to be addressed. But the great news is that the number of people divesting and taking their money out of institutions that finance climate change is snowballing. Early adopters and pioneers of the divestment movement have worked hard to gain traction, and it is increasingly being recognised as an urgent financial, environmental and economic issue. One of the founders of the divestment movement is 350.org, a global campaign group founded by Bill McKibben, campaigns in nearly every country in the world to divest public institutions everywhere from fossil fuels.

This is the important part – you can choose where your money is invested. What many people don't know is that divestment is not just something that can be done by multi-million pound funds, trusts, foundations and venture capitalists. You can help change the world through the power of investing, no matter what the size of your piggy bank.



Impact of your action and the Case for Divestment

So what does it mean to divest and what will you achieve by doing it? The divestment movement has been garnering unprecedented media attention in recent months. This is partly due to ever more radical public protests and demonstrations, that have been raising awareness of the dangers of the carbon bubble and the importance of taking action to divest now.

The global energy mix is at a crucial crossroads. In 2012 over £66 billion was invested by UK banks into fossil fuel extraction alone.⁵ Despite these gargantuan financial institutions being aware that they are bankrolling the destruction of our planet, they have shown little desire to make their investments more ethical and sustainable. The action taken by banks and investors today will influence the next generation's energy resources, and worryingly, rather than blanket-investing in clean, renewable and infinite energy resources like solar, wind and hydro, UK banks are looking to finance another short-sighted fossil fuel boom by pouring investments into dangerous fracking. Fracking has been banned in several parts of the world, including France and Bulgaria.

By the end of 2012 HSBC financed €22 billion in oil, gas and coal extraction⁶ and have expressed an interest in making a financial stake in fracking.⁷ In the same year, Barclays financed €20 billion of fossil fuel extraction⁸ and now have a partnership with Third Energy, a fracking company with plans to frack in the North York Moors National Park despite warnings from the Environment Agency that potentially radioactive waste water from the gas extraction process could directly affect public water supply.⁹

In fact, British banks are some of the biggest lenders to the coal industry, despite it being recognised as the most carbon intensive fossil fuel. For too long British banks have been ignoring their environmental responsibilities whilst boasting ethical values. The Royal Bank of Scotland, Barclays and HSBC all have sustainability policies which recognise the importance of 'environmental lending,' but were the UK's three biggest banks lending to the coal industry.¹⁰

The message is clear: in order to make banks re-direct their financial resources away from the fossil fuel industry, the public demand for cleaner investments needs to be heard. That is what the divestment movement is all about.

We're now reaching a tipping point in divestment which could see a domino effect of investors and institutions vowing to make their money a force for good. 2014 has been a mammoth year for divestment so far. In January, a coalition of 17 major funds pledged to divest \$2 billion¹¹ of fossil fuels investments.

Amongst those 17 philanthropic funds were some of the biggest foundations in the world, including the Park Foundation and the Joseph Rowntree Charitable Trust, which each have individual assets of more than \$300 million. In September the famously oil-rich Rockefeller Brothers Fund in New York is the latest to pull the plug on its investments in fossil fuels over the next five years and redirect that money into renewable energy technology.¹²

This year alone, 350.org has reported that the number of institutions pledging to divest from fossil fuels has more than doubled from 74 to 181 commitments since the beginning of the year. The combined asset size of 837 institutions committing to divest amounts to more than \$50 billion.

Whilst these are phenomenal amounts of money, the decision of individual funds to pull their capital out of oil, coal and gas won't necessarily change the way your high street bank invests your money. The demand for clean investments needs to come from the public to put pressure on your bank to make better decisions on your behalf, and to remove the social license of banks to invest billions in these socially and environmentally catastrophic industries. That means making changes to the banking system at a very fundamental level, and making your bank re-evaluate which assets your money supports. As Archbishop Desmond Tutu said in April, "**People of conscience need to break their ties with corporations financing the injustice of climate change.**"¹³

Divestment truly is a movement for the people, by the people. If you want to see what the impact of your action could be, look no further than Oxford, where 'fossil free' campaigners are starting to see results. After pressure from public demand for clean investing, Oxford City Council became the first UK council to pledge to divest all of its direct investment into clean infrastructure.¹⁴

At the moment individuals account for 2 per cent of the total assets being pulled out of fossil fuels. Whilst that may seem like a small percentage, it is not to be underestimated. That's roughly \$100 million that has been divested by individuals in a matter of months. Imagine what could be achieved if everyone who had a bank account, if everyone you knew vowed not to finance a fossil fuel future for our planet?

It may seem like a drop in the ocean, but the power of collective personal action cannot be underestimated. Making your voice heard can and does change the flow of public and private finances. It can create a path for a clean energy future and one that makes financial sense too. If we all act together.

How Bad is Your Bank?



Banks use the money that you keep with them to fund a broad range of activities. Unfortunately, the five biggest banks in the UK are also five of the biggest investors in climate change. Check the table below to see how much of your money has been put into Fossil Fuel extraction:

Figure I: UK Bank Investment in Fossil Fuel Extraction, 2012 ¹⁵

Assets in oil, gas and coal extraction, in £ million

	Corporate loans	Equities	Corporate bonds	Sum
 HSBC	9,966.79	3,786.03	3,257.81	17,010.64
 BARCLAYS *	12,594.50	3,059.24		15,653.73
 RBS <small>The Royal Bank of Scotland</small>	13,947.79	1,242.18	340.30	15,530.26
 LLOYDS BANK	5,460.12	7,775.56	1,183.64	14,419.32
 Santander *	2,807.25	735.30		3,542.54
Total across the Big 5				£66,156.5

*excluding corporate bonds due to lack of available data

When we asked the Big 5 whether they currently invest in fracking companies, or planned to in the future, we received the following responses:

Figure II: UK Bank positions on fracking

	Links to fracking	In their own words	Investment policy
	Shareholder of and lender of £63 million to fracking company Dart Energy. ¹⁶		
	Provides banking services to major fracking company Cuadrilla. ¹⁷	<i>"Time to get fracking"</i> ²¹	Energy Sector Policy, 2011 ²²
	Project financing Sonatrach18, who are exploring for shale gas in Algeria. ¹⁹	HSBC have not responded to a request to see their fracking policy	Mining Policy, 2007 ²³
	Helped BG Group, who are involved in fracking in the US, raise €1 billion ²⁰ .		
	Fracking company Third Energy part of Barclays' Natural Resource Investments' Oil & Gas portfolio.	<i>"Is Britain set for a shale gas boom?"</i> ²⁶	Barclays Natural Resource Investments Portfolio ²⁷
	Bankers to IGas Energy ²⁴ , the company with the most oil and gas exploration licenses in the UK. ²⁵		Risk guidance notes are available on request ²⁸
	Committed to finance fracking "with due diligence" to environmental and social risks. Criteria for assessing these risks not publicly available. ²⁹	<i>"We are monitoring the development of fracking operations in the UK"</i> ³⁰	Environmental, Social and Ethical Risk Policy Summary ³¹
	Lloyds TSB "helped BG Group and Centrica raise large amounts from bond issues. [They're] also a major nominee shareholder in both companies." ³²	Environmental risk and screening criteria 'not publicly available... as they are commercially sensitive' ³⁴	Not public
	Lloyds have also loaned £10m to fracking company Alkane Energy. ³³		
	No links publicly disclosed	<i>'[Our] energy policy... is not public.'</i> ³⁵	Not public

For fossil fuel extraction companies, income is only generated "once exploration leads to actual production activities."³⁶ Fracking companies need money to explore for shale gas, and it is often loaned to them from banks including Barclays, HSBC and Lloyds. The World Development Movement's "Fracking Web of Power"³⁷ shows some of these links between the companies, the banks, and even members of the UK government.

We could forgive you for assuming that any bank without a specific anti-fracking investment policy will fund fracking.

How to Divest

Financial institutions have so far refused to put your money into cleaner investments at the scale that is needed. This is unacceptable, both from a risk and environmental point of view. It's time to take the matter, and your money, into your own hands. Here's how:

1. Write to your bank and pledge to divest your money

We're making it easy for you to demand more ethical behaviour from your bank. The first step towards successfully divesting is understanding the issue and letting your bank know that using your money to finance the destruction of our planet is not acceptable. All you need to do is [sign this letter](#), which tells your bank that they have six months to disclose their investments in fossil fuels and to offer a 5-10 year plan on how they are going to pull their money out of dirty fossil fuel investments. If your bank refuses to do so, then you can take action yourself by moving your money elsewhere.

2. Open a 'good money' account

There's no need to wait for your bank to decide not to invest in fossil fuels. If you need a clean break from dirty money, we've compiled a list of all the most ethical alternative investments for you to [make your money do something more](#). From investing directly in renewable energy to banking with an institution that does on your behalf, there are plenty of options for you to explore with as little as £5!

3. Move your money

It's always great to start small. The biggest change starts with one step forwards. But the scale of the divestment issue is vast, so if you're ready to make a statement with your money to save humanity and the planet, you don't have to wait for your bank to clean up their act. By moving your money into financial institutions that demonstrate positive, ethical, and environmental investments, you're not only making a commitment to a better planet and a better place to store your cash – you're actually helping make this happen. This includes directly financing sustainable energy, through new initiatives such as crowdfunding and green savings accounts, or indirectly financing it, through ethical banks and building societies.

4. Join the campaign

We're starting a movement with our divestment campaign that you can be a part of. Without your decision to make better use of your money, we couldn't continue to spread the word about how crucial it is to move your money now. If you want to be more involved with our campaign, [sign up here](#) to learn more about what we're doing to combat the carbon culprits.

Good Money at work

Case Studies.



Andrew Baird from Northern Ireland is the founder of Planet Solar. He moved his money to Triodos bank to be sure that his money was financing low-carbon projects. He said:

“We can now be sure that the money we’re making is not causing climate change. Why would we put our cash into banks that invest in climate change? Triodos is fantastic, very transparent about where our money goes, and careful about who they work with, so we know we’re in good hands.”



Colin, a Property Asset Manager from Wiltshire, has made three investments totaling £27,000 in Abundance Generation’s wind and solar projects. He said:

“It just makes sense to me to not have all my money linked to the stock market and therefore avoiding its erratic nature and timing issues. The majority of my cash sits in my pension so it’s important it feels secure and provides growth. I get a steady return over 20 years of between 6-9% IRR, it’s tax-free and transparent.”



David Clubb from Wales is the director of RenewableUK Cymru. He has been putting his money to good use by spreading his savings across FTSE and AIM listed stocks and ISAs. He said:

“These stocks support ‘local’ companies which are big enough to have reached the market, or those involved in specific sectors. With my interest in the renewable energy sector, I invest in Good Energy, Greencoat Wind, IQE and ITM power.”



Alexei Levene is managing director of Innovation Experience, a clean tech and design company. He has invested in two community solar energy projects with renewable crowdfunding platform Trillion Fund. He said:

“I feel that there are lots of things good about the renewable investments, the transparency in doing something positive for the environment and for society is most important and the fact that the investment is so customer-centric.”



Ceilia from North Wales runs an eco guest-house. Her savings are used to fund Ecology’s mortgage lending on sustainable properties and projects. She said:

“It’s really important to us that none of our money is invested in dirty technologies, so with Ecology, we’ve found the perfect match. It’s refreshing to find morals and integrity – it’s made us look again at the choice about where we place our finances.”

Conclusion and next steps



Every single person, whether you have a lot of money to spare or a little cash in your account, has a stake in the future of our energy supply. The time for being kept in the dark about what your bank is doing with your money is over. The options to invest in a cleaner future are not only available, they are abundant – and every penny you divest makes a difference.

So, what's next? With any call to action the key to success and making a real, lasting impact is spreading the word and igniting awareness. With roughly 20 million people in the UK already worried that their investments might be in fossil fuels,³⁸ the size of the debate is already a point of nationwide concern.

Making the decision to move your money and taking the steps to divest is a commendable commitment and one that should be shared. Why not share the news about the good work your money is doing and tell us why you're owning the divestment movement.

The fight to finance a cleaner, greener more profitable outlook is far from over, but by telling people about the importance of taking control of your money you are helping to shape the landscape of our financial and fossil-fuel-free future. It's your money, it's your planet, it's your legacy. It's time to take it back from the banks, and put your money into the future, not the past.

www.moveyourmoney.org.uk/divest

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