



## ZOO AND AQUARIUM DIVESTMENT MOVEMENT -- FAQs About Divesting from Fossil Fuel (“divest” means simply “de-invest”)



“It's morally wrong to make a profit by investing in companies that are causing the climate crisis -- so we're building a nationwide movement to divest from fossil ...” [gofossilfree.org/](http://gofossilfree.org/)

The Conservation Breeding Specialist Group, CBSG has taken a very brave step to “walk the walk and not just talk” regarding fossil fuels, climate change and stock portfolios ([see previous page](#)). As you will read further down, also, the World Association of Zoos and Aquariums WAZA earlier circulated a petition to world leaders calling for rapid action to return atmospheric CO<sub>2</sub> to a safe level of <350 ppm. Now CBSG has divested itself of stocks related to the fossil fuel industry and has called upon all zoos, aquariums, zoo societies, zoo personnel and members to take this radical step.

Although many of our readers may not save and grow their money via the stock market and the zoos in South Asia also may not be much involved in stocks due to differences in their methods of obtaining money for running their institutions, the information in this article and plea is interesting and useful to any country using fossil fuels, and particularly useful to people associated with environmental issues. Zoos around the world are interested in conservation in varying situations. Some are not very good and only in it for money but others truly love wildlife and its habitats and want to do whatever helps wildlife and its environment.

After reading this article, look up the movement [gofossilfree.org/](http://gofossilfree.org/) on the internet and see what you can learn. - *Editor*.

### Why divest from fossil fuels?

The zoo and aquarium community has long been painfully aware of the ways that climate change has and will affect species, habitats, and humans. The fossil fuel industry is one of the primary drivers of the climate crisis and influences our political system with incredible financial power.

The top 200 fossil fuel companies are sitting on a carbon bubble (2,795 gigatons of carbon reserve in oil, gas, and coal). This is an estimated five times the “safe” amount of fossil fuel that can be burned without exceeding 2 degrees Celsius planetary warming. (1). While other industries also contribute to the problem of global warming, none has as much unregulated power and political lobbying stronghold as big oil does.

Those invested in fossil fuel companies are (unknowingly) enabling and profiting from the very actions that are dramatically changing our environment and threatening the existence of the animals and habitats we are trying to

conserve. Quite simply, such investments are inconsistent with a conservation ethic. Even if the money invested in these companies generates sizeable returns to put toward the conservation of species, it makes no moral or practical sense to pay for the conservation of a species, or the education of a generation of children, by investing in companies whose current business plan guarantees that they will not have a habitable planet to live on.

By focusing on fossil fuel companies instead of other types of socially irresponsible investments, we join an international movement that is gaining momentum, generating conversation, and drawing needed attention to the true issue—that we want our governments to act on this. Now is the opportunity for zoos to add their strong voices to the chorus!

(1) <http://gofossilfree.org/companies/>

**Why divestment? Shouldn't we focus on making our zoos as green as possible, conserving species, decreasing our own carbon footprint, and educating the public?**

WAZA's strong petition to world leaders called for immediate action to return atmospheric CO<sub>2</sub> to the safe level of <350 ppm. Zoos and aquariums know the science and the implications of climate change for the animals protected in their zoos, and have acted upon this information in many innovative and valuable ways. Ramping up climate change education, species conservation efforts, and green initiatives at our zoos is important, and many zoos have led the charge with these initiatives. But the numbers show that global warming won't be stopped one green building at a time. At the same time that we're working hard to green our infrastructure and act on a local level, we've long known that we need government to act in favour of environment.

Yet coal, oil and gas companies have a strong grip on our government and financial markets, funding voices of doubt and restricting progress. It makes sense to green your investment portfolio in tandem with greening your infrastructure. It's time to go right to the root of the problem—the fossil fuel companies themselves—and make sure they hear us in terms they might understand, like their share price and their reputation, and to start putting our money in places that reflect a mission of conservation.

We already have a toolkit of things people can do to address climate change, things like recycling and turning off lights. Can't we just add divestment to that list as another option? Certainly these initiatives are an important way to involve communities in making a difference, but as a community, we can accomplish more with a focused, unified action with a clear message. Divestment can be added to an already dynamic toolkit, but a key factor in successfully reaching our goals is that there is a unified movement toward government action. Zoos and aquariums without investments will also have a way to join in this movement and share this clear message.

### How will all of this actually result in any change?

Divestment sparks discussion and gets prominent media attention, moving the case for action forward. Universities

are speaking up, cities (Seattle and San Francisco) are publicly considering divestment, and many religious institutions are very active in the divestment movement. Zoos and aquariums would be a powerful addition to this list, adding a focus on wildlife to the range of other factors represented by participating institutions and individuals. With the voices of such diverse institutions joining with those of individuals, this movement is making noise. Overall, that noise has to leverage the power of the state – not by asking politely as has been tried for years – but by disrupting “business as usual.” Our intention is not to bankrupt fossil fuel companies, but history shows that the attention generated by divestment can change the course of events and instigate government action.

**Companies like ExxonMobil, Shell and Peabody Coal have billions of dollars. How can divesting the funds from a few institutions like zoos and aquariums, universities, and churches make an impact?**

Divestment isn’t primarily an economic strategy, but a moral and political one. Just as in the struggle for Civil Rights in America or the fight to end Apartheid in South Africa, the more we can make climate change a deeply moral issue, the more we will push society towards action. We need to make it clear that if it’s wrong to ignore scientific warnings and perpetuate climate change, then it’s also wrong to profit from those actions. At the same time, divestment builds political power by forcing institutions and individuals (many of whom sit on institutional boards) to choose which side of the issue they are on.

Divestment sparks a big discussion and — as we’re already seeing in the climate change campaign — gets prominent media attention, moving the case for action forward.

Divestment does have economic impacts as well. The largest zoo, aquarium and zoo and aquarium association endowments together hold nearly \$1 billion. While that’s not a huge number, when combined with endowments from colleges and universities, state pension funds, and church, synagogue and mosque investments, we’re well on our way to making a significant statement.

While sale of stock might not have an immediate impact on these large fossil fuel companies, what it does do is start to sow uncertainty about the viability of the fossil fuel industry’s business model. In order to keep warming below 2°C, a target that the United States and nearly every other country on Earth has agreed to, the International Energy Agency calculates that the fossil fuel industry will need to leave approximately 80% of their reserves of coal, oil, and gas in the ground. But as long as it’s economically feasible to mine fossil fuels, the companies will keep doing it. The only way to make it economically unfeasible is to impose the kind of regulations and fees that will make it prohibitively expensive to extract these resources.

On the flip side of that coin, divestment also starts to build momentum for moving money into clean energy, community development, and other more sustainable investments. More importantly, when other investors, be they individuals or pension funds, see their local zoos and aquariums begin to move in this direction with other institutions, they’ll also look into it. Zoo endowments won’t be enough to fuel a clean energy revolution — that’s why we’re still pushing for government action — but they build the case for investment in important ways.

Selling stocks does not diminish stock value, but simply redistributes ownership to another shareholder. Instead of divesting stocks, should organizations seeking to combat

climate change use their voting power to enact change from within through shareholder resolutions? Shareholder action can be an effective tool to make small reforms at a company. Over the last decade, there has been an attempt to use shareholder action to change the behavior of the fossil fuel industry as well. While there have been some limited successes — instituting sustainability practices inside the company, for instance — there haven’t been any resolutions that have been able to address the core problem with the industry: the massive amounts of carbon they dump into the atmosphere for free.

Voting for climate friendly resolutions is a good thing to do, but it’s not going to solve the problem. The goal of leaving 80% of current fossil fuel reserves in the ground is achievable, but it’s the type of move that no group of shareholders would ever vote for willingly. Make no mistake, Exxon could still make a profit as an energy company if it transitioned its massive wealth and expertise over to renewables, but they’ll do it because of government regulation, not because they willingly decide to make the move.

Divestment should be a rarely used option. But with Big Oil, there is no fixable flaw in business plan — the flaw IS the business plan.

If this campaign had started 30 years ago, then shareholder action would make more sense, but with the rapidly closing window for action, we need to act swiftly and boldly.

Divestment can be an uncomfortable step to take, but it’s the right thing to do — and it will make a far greater impact than any shareholder resolution we could ever pass.

**Can we still make a reasonable return without investing in Exxon or Peabody Coal?**

While it’s true that fossil fuel companies are extremely profitable (the top five oil companies, last year, made \$137 billion in profit—that’s \$375 million per day), they’re also very risky investments (1). Coal, oil and gas companies’ business models rest on emitting five times more carbon into the atmosphere than civilization can handle, which makes their share price five times higher than it should be in reality. In addition, disasters like Exxon Valdez, the BP oil spill, along with massive fluctuations in supply and demand of coal, oil and gas, make energy markets particularly volatile, and therefore risky.

Report after report has shown that investing in clean energy, efficiency and other sustainable technologies can be even more profitable than fossil fuels (2). It’s a growing market, with over \$260 billion invested globally last year, and a safe place for your institution to invest (3).

Endowment return is not the only financial consideration. Unity College reported increased donations after their divestment announcement. Zoo donors, when approached with the correct information, may realize that they want to invest their money in a clean future.

- (1) <http://www.ceres.org/resources/reports/sustainable-extraction-an-analysis-of-sec-disclosure-by-major-oil-gas-companies-on-climate-risk-and-deepwater-drilling-risk/view>
- (2) <http://www.forbes.com/sites/mindylubber/2012/03/20/investors-are-making-money-on-renewable-energy/>
- (3) <http://www.reuters.com/article/2012/01/12/us-clean-tech-investment-idUSTRE80B1NX20120112>

**What about fiduciary responsibility of our boards to act in the best interest of our organization?**

College administrators argue that fiduciary duty compels them to maximize returns, a position that ignores the social impacts of corporate externalizing of costs as well as the crisis of climate change.

There is no one single definition or interpretation of fiduciary responsibility, but it should not mean maximizing profits at the expense of the environment and the zoo community's own policies or values. The fiduciary responsibility to act in the interests of stakeholders, for example, makes little sense without a commitment to intergenerational equity – a cornerstone of sustainable investment. Your zoo has the opportunity to look beyond immediate, short-term, and unsustainable ways of generating profits and returns.

According to a recent analysis by Patrick Geddes of Aperio Group, even a portfolio that excluded all fossil fuel companies would incur significantly less financial risk than would the practice of active stock selection. (1) A report by the world's third largest law firm emphasizes the importance of environmental, social, and governance (ESG) issues to the investment decision-making process. The 2005 report (2) was prepared for the United Nations Environment Programme Finance Initiative. Paul Watchman, senior author of the study, commented: "The report confirms that a number of the perceived limitations on the integration of ESG issues into investment decision-making are illusory. Far from preventing the integration of ESG considerations, the law clearly permits and, in certain circumstances, requires that this be done." This legal interpretation has far-reaching implications for the institutional investment community worldwide.

Also, don't underestimate your donors and members. Many donors are now restricting their gifts to funds that are socially responsible. Colleges and universities in the US that are leaders in the divestment movement are finding donors and applicants seeking them out explicitly because of their refusal to include fossil fuels in their portfolio investments. (1) <http://www.socialfunds.com/news/article.cgi/3737.html> (2) <http://www.unepfi.org/events/2005/roundtable/press/index.html?&0=>

**Shouldn't we wait to get started until after we've done additional research to determine how best to position a divestment initiative and what messages will resonate with our visitors?**

This work will certainly need to be completed and will be an important component of this movement. But the urgency of this crisis requires that we act now. Your best message will be the one you tell through your bold, morally correct and mission-consistent action. Before zoos can encourage local government and your community to join you in this movement, they need to lead by beginning the divestment process themselves. In most cases this will not be easy or quick. You don't have to wait until you have all your communication tools and messages in place before you begin. Get started on greening your own portfolio now.

**Okay, so how does my zoo go about finding a clean place to invest our money and still get good returns?**

First, find out where your money is currently invested. Even zoos and aquariums with ethical investment policies are likely invested in one or more of the top 200 fossil fuel companies. Investment products that exclude fossil fuel industries are available to investors and, just like for any

investment product, there is help available for identifying fossil fuel free funds. For example:

☑ The Forum for Sustainable and Responsible Investment ([ussif.org/](http://ussif.org/)) is a group made up of financial professionals with a focus on Sustainable and Responsible Investment (SRI). Though geared toward professional investors, the site does provide a section for individual investors, with a good FAQ section and research tools. SocialFunds.com provides an individual company lookup tool as well as a free mutual fund guide in PDF format via email. The Interfaith Center on Corporate Responsibility is a group of several hundred institutional investors with a focus on SRI.

☑ Responsible Endowments Coalition's goal is to foster social and environmental change by making responsible investment common practice (<http://www.endowmentethics.org/>)

☑ MSCI (<http://www.msci.com/>) specializes in research on SRI companies and funds, and has maintained the MSCI KLD Social Index 400 for the past 20 years to keep track of SRI companies and funds. When comparing the Social Index with others, it matches up rather favorably over the past two decades.

☑ The Green Century Balanced Fund does not invest in fossil fuel or nuclear power companies, but focuses on companies committed to protecting the environment and disclosing their sustainability performances. Nearly seven percent of the Fund's assets are in the Renewable Energy and Efficiency sector. The Fund is managed by Trillium Asset Management, whose Sustainable Opportunities investment strategy avoids oil and gas investment.

☑ Portfolio 21 Investments recognizes environmental sustainability as a fundamental human challenge and a tremendous business opportunity. The Portfolio 21 global equity mutual fund, launched in 1999, is managed as a low-turnover, multi-cap, core portfolio. The fund invests in companies designing ecologically superior products, using renewable energy, and developing efficient production methods.

Once armed with a sufficient amount of due diligence, meet with your financial planner if you have one. Most likely, they will be familiar with some type of socially responsible investment (SRI). Don't be too concerned if they steer you away from a certain company or fund due to performance or risk factors, but if they suggest you avoid any type of SRI product, you might consider another financial planner. Changing planners may be necessary if the individual who manages your endowment works only with that single product. This can be a difficult decision to make, as the relationship with your investment manager is an important one. You must be committed to the fact that more important is your belief in being consistent with your institution's mission, your dedication to wildlife conservation, and to a livable future for the children you educate every day. As with any other investment, it is a good idea to keep track of it, and follow your normal practices for investing, reinvesting, buying, selling *et al.* This applies not only to the financial success of the investment product, but also its social responsibility aspect. Make sure the investment is meeting your social responsibility—as well as financial—goals over time.

Additional sources: 350.org, [gofossilfree.org](http://gofossilfree.org), and The New York Times