

Divestment for health

Fossil fuels, climate change and health

In 2009, a UCL-Lancet commission report described climate change as “the greatest global health threat of the 21st century”,¹ a concern echoed by medical organisations worldwide.² The degree of warming projected under business-as-usual emissions scenarios will lead to severe and widespread health impacts in both developing and developed countries.³ Fossil fuel use also harms health directly, particularly through its contribution to air pollution. This was responsible for 1 in 8 deaths worldwide in 2012,⁴ and approximately 5% of all UK deaths.⁵

In order to remain under two degrees of warming – a level climate scientists consider comparatively safe, though there would still be some health impacts – cumulative emissions must remain within a global “carbon budget” of 990 GtCO₂e until 2050, meaning that we need to leave up to 80% of currently listed fossil fuel reserves in the ground.⁶ The transition to clean energy and active and low-carbon transport which are needed in order to stay within this budget could help to prevent millions of deaths worldwide, from conditions

including COPD, heart attack, stroke and lower respiratory infections,⁷ in addition to mitigating the worst extremes of the health impacts of climate change, including heat waves, natural disasters, and indirect impacts as a driver of conflict and food insecurity.³

Why divest from fossil fuels?

In spite of the social imperative to decarbonise, the fossil fuel industry plans not only to consume all reserves at their disposal – taking us far beyond a safe carbon budget –but also to continue to seek new ones. In order to maintain the viability of their business model, many fossil fuel companies have spent considerable sums attempting to undermine public understanding of climate science and lobbying policy-makers to prevent adoption of effective legislation,⁸ using tactics developed by the tobacco industry over decades (in some cases even employing the same organisations).⁹ Shareholders’ and customers’ continued investment in and support of these companies, along with inadequate public policy, licenses such a strategy and its damaging consequences.

5 reasons for the health sector to divest

1. The role of the health sector is to protect and promote the health of patients and the public; by investing in the fossil fuel industry, it instead funds the ‘greatest global health threat of the 21st century’, and is contributing to millions of deaths annually from pollution.
2. A transition to a less carbon-intensive society, meanwhile, promotes health ‘co-benefits’ including cleaner air, increased active transport, healthier diets and many others.
3. The global carbon budget means that the majority of the industry’s assets will become stranded if international climate change mitigation policy is enacted, making divestment a sensible long-term risk management strategy.
4. Fossil free portfolios have had similar performance to those including fossil fuels in recent years, sometimes outperforming them.
5. This is an opportunity to demonstrate the health profession’s commitment to a sustainable future, enabling it to advocate more effectively on issues related to climate change and sustainability.

Divestment involves systematically selling off holdings in companies deemed to act unethically or in a way that runs counter to the investor's goals – as with the mass divestment of health sector organisations from tobacco in the 1980s. In the context of the growing threat posed by unmitigated climate change, calls for fossil fuel divestment, and re-investment in clean alternatives, have been made by influential figures including: Archbishop Desmond Tutu;¹⁰ Dr Jim Kim, President of the World Bank;¹¹ and Christiana Figueres, Executive Secretary of the UNFCCC.¹²

Responding to this call, in June 2014 the British Medical Association chose to reinforce its advocacy for climate action by voting to divest its holdings in the fossil fuel industry, becoming the first health sector organisation to join the many universities, churches and pension funds to have already made the decision to move their investments away from fossil fuel companies.¹³ Weeks later, an international alliance of health workers

at the World Health Organisation's Climate and Health Summit called upon other organisations involved in health and healthcare to follow their example, strengthening the medical profession's ability to advocate for a transition to a healthier and more sustainable economy.¹⁴

The financial case for divestment

Another reason to divest from fossil fuel companies is that such investments may be systematically overvalued, since the enactment of adequate climate policy – which is becoming more likely as climate impacts become increasingly severe – would severely threaten the industry's market value. In essence, to continue to invest in fossil fuels is to bet against substantive action on climate change.¹⁵

Additionally, fossil-free portfolios perform as well as benchmarks which include fossil fuels, with similar or lower levels of risk.¹⁶ Divestment also creates an opportunity to increase investment in the fast-growing renewable energy sector, building energy efficiency and/or on-site energy generation.¹⁷

\$647bn

Amount spent by the 200 biggest coal, oil and gas companies on finding and developing new fossil fuel reserves in 2012⁸

\$254bn

Total global renewable energy investment in 2012⁸

“You need to invest in what helps and divest from what harms” - Barack Obama, June 2014

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