**Money Matters: CAEL Public Event 12/6/23**

Notes taken by R. Pirrie

**INTRODUCTION**

Jo Gibb

“Pension funds account for 21 tons per year of equivalent carbon emissions.”

If you don’t think you invest, you do—through your insurance policies, credit cards and banks. Where do they put our money? Our money is used to make more money, so we have much more influence than we think. We will hear from 3 speakers on three different ways to influence :

* Engagement with fossil fuel companies,
* Divestment from fossil fuels
* Other positive directions for money (impact investments)

We start with an overall query: What questions do we ask of institutions on these matters?

**SPEAKERS**

Speaker one: Petra Deavall on Engagement

Her agency St James’ Place works to engage with fossil fuel companies to try to steer them towards wiser decisions and to try to hold them to promises made.

Example: Danish Oil and Natural Gas, who after discussions are now a renewables provider. “Change is possible” by introducing new ideas on business models that consider the environment. Expertise is leant to encourage these new models. Second example: work with John Deere Corporation to try to have them be more sustainable. Programs piloted in India with small land holders. Work is guided by what is known as the “Stewardship Code”.

Speaker two: Andrew Watson on Divestment

His organization is Climate Talks.

“Divestment is encouraging organizations and institutions to sell any investments in fossil fuels to bring the industry to a soft landing.” These funds are to be re-invested in sustainability. “Engagement can’t work with fossil fuel companies who exist to sell fossil fuels”. Two main arguments in support of divestment:

1. Financial—fossil fuel investment is risky at this juncture because the companies are worth less if fossil fuels stay in the ground. Renewables are becoming the better investment.
2. Morality—the issues are not just with climate change but with the environment overall, and with human rights issues.

“Divestment is 21 times more effective than usual climate actions.” To “clean up” a pension fund, the provider should be asked for a list of investments and encouraged to remove fossil fuels from portfolios. Risks to one’s personal pension should be taken into account.

On the topic of banks there are several that do not invest in fossil fuels—some examples are Triodos, Co-op and Nationwide building society. Triodos actively invests in energy alternatives.

Speaker three: Andrew Shannon speaking on Impact Investments (investing positively in solutions)

His organization is Circularity Capital, based in Edinburgh. The goal of his company is to look for investments with positive impact.

One method is through promoting investment in firms that work through the “circular economy” concept. Circular economy examples: Recycling (including repair and refurbishing of items such as through repair cafes), product access (not purchase) such as bike clubs that allow parents to subscribe to bikes for their children (who continually outgrow their bikes). This has the benefit of discouraging “planned obsolescence”—companies selling to organizations that want to lend out products are motivated to make the product last longer.

There is also the enablement of the circular economy—one company has created software that helps the food industry track food waste.

More information on impact investing can be found by starting with Toniic (spelled with two letter I’s) : <https://www.toniic.com>

**QUESTION SESSION**

**Andrew Watson on divestment.**

*What is the best divestment strategy?*

Join a campaign (audience member finds an example: Money Movers (<https://www.wearemoneymovers.com/)>)

**Petra Deavall on engagement.**

*Is engagement with state-owned energy companies useful?*

Danish Oil and Natural Gas is used as an example of successful engagement with a state-owned company moving away from fossil fuels.

*How stringent are the criteria for the companies in their investments?*

An explanation of Environmental Social Governance is given:

Environmental Social Governance (ESG) investing: for eg see here for an explanation: <https://www.oecd.org/finance/esg-investing.htm>

And information here on Stewardship Code: <https://www.frc.org.uk/investors/uk-stewardship-code#the-uk-stewardship-code>

*If at an annual general meeting (of a fossil fuel company) the company votes down sustainable goals what does your group do?*

Our group voted with the majority at the A.G.M. for Shell Corporation to try to make transition “smooth”.

“Engagement must be part of the mix to impact most of the ££ invested.”

**Andrew Shannon on impact investment.**

*Are there local circular economy companies that have been invested in?*

Yes, a local clothing company that makes kilts as well as the above-mentioned bike company.

As an aside, Andrew mentions the Ellen MacArthur Foundation as a good source for a definition of the circular economy.

*Aren’t there clashes between growth economics and circular in your investment strategy? Isn’t growth still going to be part of the mix?*

“We invest in companies that already do circular well.”

*How do you regulate the impetus towards growth?*

“We redefine “Growth”—the bike company wants to reach more families and “grow” in this way but it is still a circular idea.”

*Can individuals invest with you?*

“Not at this time but there are other places that allow individuals to invest, such as the above-mentioned Toniic.”

**GENERAL DISCUSSION**

Info on pension experience will be later shared by Margot Morton.

Other resources are available:

* Divest East Lothian
* Friends of The Earth East Lothian

“Whether we have pensions to divest or not, questions get them thinking.”

Other areas of investment should be considered, like banks but also trust funds and (importantly) day-to-day products. A good resource on this is Ethical Consumer

<https://www.ethicalconsumer.org/>

Reiteration—experiences in “money changeover” can be sent to CAEL who can post them on the CAEL website.