RESOLUTION:

The Divestment of Public Funding from Fossil Fuels

Adopted at the YEPP Council Meeting in Zürich on 23rd September 2017

Recognizing that:

- Fossil fuels are carbon-based energy sources that include coal, oil and natural gas, and account for approximately 48% of net electricity produced in the European Union[1].
- Oil and gas stocks have been a major contributor to pension funds for decades[2].
- The Renewable Energy Directive COM (2016/767) requires EU Member States to fulfil their energy needs with 27% renewable energy by 2030.
- The withdrawal of the United States of America from the Paris Agreement poses a fundamental threat to global efforts to combat climate change.
- The increased level of risk associated with fossil fuel based investments as sterner climate change policy takes shape globally and clean energy deployment growth continues.

Acknowledging that:

- YEPP adopted the 2006 resolution on Climate Change at the Council Meeting in Moldova, the 2009 resolution on the UN Climate Change Negotiations at the Council Meeting in Copenhagen, the 2010 resolution on the Development of Renewable Energy at the Council Meeting in Sofia and the 2012 resolution on Europe and Renewable Energy at the Council Meeting in Budapest.

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[1] 'Electricity production, consumption and market overview', Eurostat (2017) http://ec.europa.eu/eurostat/statistics-explained/index.php/Electricity_production,_consumption_and_market_overview

[2] 'Growing number of pension funds divest from fossil fuels', Mooney, A. (2017) https://www.ft.com/content/fe88b788-29ad-11e7-9ec8-168383da43b7

- In 2014, the European Council further developed their framework for climate change and energy policies, which set a target to reduce greenhouse gas emissions by 40% of 1990 levels by 2030 and for Member States to also fulfil their energy needs with 30% renewable energy sources.
- Ireland became the first country in the world to fully divest public funding from fossil fuels in 2017 after passing legislation that drops coal, oil and gas investments from Ireland's Strategic Investment Fund, managed by the National Treasury Management Agency[3].
- The Norwegian pension fund, the world's largest sovereign wealth fund, reported a 0.78 per cent gain in returns in the decade to the end of 2016 due to its decision to exclude companies that cause severe environmental damage, such as coal miners.
- The economic argument to divest is growing in weighting for fund managers as global initiatives are leading to increased taxes and costs for high pollutant producing industries, leaving them less profitable and hurting returns for shareholders[4].
- The best way to tackle the externality of carbon pollution from fossil fuels and enable divestment is to attach a price tag to carbon so that it can be more smoothly integrated into the routine assessment of asset values.

YEPP calls on:

- All EU Member States to publish annual figures relating to the level of public investment in fossil fuel industries and produce a forecast for future periods.
- EU Member States and others to follow the example of Ireland and Norway by committing to a 30% reduction in public investments and other funding to fossil fuel industries by 2025, increasing to 50% by 2035.
- Member States to legislate for required disclosure of greenhouse gas emissions by all listed companies, ensuring climate risks are recognised as material in financial evaluations and company reports.
- The EU to establish a comparable standard framework for the aforementioned disclosure laws that will aid in identifying any free riders or concentrations of systemic risk.

[3] 'Ireland votes in favour of law to become world's first country to fully divest from fossil fuels', Osbourne, S. (2017). http://www.independent.co.uk/news/world/europe/ireland-votes-divest-fossil-fuels-climate-change-world-first-country-parliament-renewable-energy-a7549121.html
[4] 'The cost of inaction: Recognising the value at risk from climate change', The Economist Intelligence Unit (2015) https://www.eiuperspectives.economist.com/sites/default/files/The%20cost%20of%20inaction_0.pdf