



Exposing and diminishing the political power of fossil fuel companies to block climate action has been the goal of the divest movement since its inception a decade ago by college students.

## The Divest-Invest Movement Exceeds Expectations

### Fossil Fuel Free Investing's Impact

The movement has inspired individuals to not only divest from fossil fuels but also pressure their institutions -- from Harvard University to the New York Pension Fund -- to move their money.

Changing the Conversation: In a recent Forbes article, the divestment movement is credited with reframing the discussion around fossil fuel finance and pushing investors to question the long-term viability of the entire sector.

Exposing Dirty Energy Corporations: In 2020, the S&P 500 dropped ExxonMobil\* -- a change that would almost have been unthinkable 10 years ago when the fossil fuel divestment movement began.

Halting Fossil Fuel Projects: When the divestment started, one goal was to stop the construction of new, dirty energy projects by increasing the cost of capital. Ten years ago, the "cost of capital" for developing oil and gas and renewable projects was about the same (8%) for each. Now, according to analysis from the Goldman Sachs Group, the projected return that can financially justify a new oil project is 20% for long-cycle developments while the cost has dropped to between 3%-5% for renewables.



*Divestment from oil, gas and other fossil fuels have made an impact as increasing numbers of small and large investors move their money into clean, more environmentally responsible industries.*

*A sustainable investment strategy which incorporates environmental, social and governance criteria may result in lower or higher returns than an investment strategy that does not include such criteria.*

## Fossil Fuel Free Investments Make a Difference



More Clean Energy: When individuals stop financially backing fossil fuel corporations, they can signal support for clean energy. In 2002, annual renewable capacity additions increased 45% to almost 280 gigawatts (GW). That's the highest year-on-year increase since 1999.



Divestment Helps Manage Risks in the Fossil Fuel Industry: We believe the moral case to avoid fossil fuel companies has always been strong but making this shift may also improve investors' financial bottom line. In the last decade, some of our predictions have come to pass.



Performance: Some investors were concerned about the financial implications of divestment and studies emerged on their effects. One example from the Institute for Energy Economics and Financial Analysis demonstrated that the "financial case for fossil fuel divestment is strong."

Stranded Assets: When the movement started, we warned that if companies were unable to extract and sell their reserves, corporations could write off those assets and these "stranded assets" could negatively affect a company's share price. We did not predict how quickly this would happen. In 2020, Shell\* wrote off \$22 billion and BP wrote off \$17.5 billion.

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