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## **Launch of Environmental Laureates' Declaration on Climate Change Q&A Background Document**

### **Q1 Why are the signatories so concerned about global warming and its impacts?**

The warning that the Earth is currently on course for 4C to 6C of global warming with potentially devastating consequences is based on the work of the UN's Intergovernmental Panel on Climate Change. The policymakers' summaries of these reports are consensus statements of thousands of the world's best climate scientists.

However, laureates know world-class scientists, both within and outside the IPCC, who as individuals have opinions that are even more worrying than this consensus. Commonly their concerns involve natural feedbacks in the climate system - phenomena stimulated by warming that either amplify warming or suppress it. These are mostly known to be amplifiers of global warming (so-called 'positive' feedbacks), such as methane released by thawing permafrost. Because they are so difficult to quantify, they are often omitted from models of the climate system on which IPCC work hinges.

### **Q2 Have governments really been trying to slow the flow of greenhouse gases into the atmosphere for a quarter of a century, as referred to in the Declaration?**

They have. Most of the world's governments agreed to begin negotiating a treaty to cut greenhouse-gas emissions back in 1990, at the World Climate Conference in Geneva, and have been holding annual climate summits, and interim negotiating sessions, ever since.

In 1992 they negotiated a Framework Convention on Climate Change, at an Earth Summit in Rio. This treaty had an agreed purpose of cutting emissions to levels that pose no danger to economies or ecosystems, but no targets and timetables for so doing. A protocol to the treaty, negotiated at a climate summit in Kyoto in 1997, had some minimal targets and timetables. An effort to beef up that agreement, at a climate summit in Copenhagen in 2009, failed disastrously.

In 2010, at a climate summit in Cancun, governments agreed that they must negotiate the first meaningful targets and timetables in December 2015, at the climate summit to be held that year in Paris. Since then all the preparations, and much national policymaking, are aimed at that goal.

**Q3 Why don't we hear more about these climate negotiations? If they have failed for so long, why hope that they can ever work?**

Most governments take the negotiations seriously, despite the record of failure to date. This is in large measure because of the internal advice they get, from their own scientists, about the seriousness of the climate-change problem.

Key greenhouse-gas emitters have of late begun to show encouraging seriousness of intent in the buildup to Paris. In particular, the USA and China have been conferring, and making joint announcements about domestic climate-action initiatives, aiming to encourage others to do more so as to improve the prospects for success in Paris.

**Q4 Why might the Paris Climate Summit of December 2015 be the last chance to agree a treaty, as referred to in the Declaration?**

Many climate scientists, and negotiators, regard two degrees of global warming (above pre-industrial levels) as a danger ceiling we cannot exceed. Indeed, governments agreed a 2C target for the Paris treaty at the 2011 UN climate summit in Durban. Greenhouse-gas concentrations in the atmosphere are already worryingly close to a level that makes two degrees inevitable, according to the Intergovernmental Panel on Climate Change.

The failure of the Copenhagen Climate Summit put back prospects of a legally binding global treaty on climate change by six years. The longer we delay action the more difficult and expensive it will become to prevent damaging climate change. We clearly cannot afford another failed summit and the New York Summit next week is an important milestone in building political momentum for an agreement.

**Q5 Why and how would foundations hold the power to trigger a "survival reflex" in society, as referred to in the declaration?**

The world's philanthropic foundations own endowments equal to hundreds of billions of dollars. They invest their endowments to generate returns from which they can pay out grants or make loans. These grants and loans span a multitude of causes, and as things stand only a minority of foundations tackle climate change, either as part of their mission or as their major focus. Yet climate change is the issue that is arguably the single biggest threat to civilization if it goes on unabated for years to come.

A small shift in the collective focus of foundations, or acceleration by foundations already working on climate change, could make a big difference. Foundations often have brilliant teams of staff and advisors, and vast experience of what works and what doesn't. An accelerated broadening and deepening of their activities on climate change, consistent with the magnitude of the climate threat, could well create space for a tipping point in climate action of all kinds: the "survival reflex" the declaration speaks of.

**Q6 Why would an acceleration by foundations in this way help those negotiating the climate treaty, as suggested in the declaration?**

Evidence that markets are moving away from fossil fuels and towards clean energy will make it easier for climate change negotiators to agree meaningful targets and timetables.

The Carbon Tracker Initiative, funded by several US and European foundations including the Rockefeller Brothers Fund and Joseph Rowntree Charitable Trust, is an example of how foundations can build momentum for action on climate change. The international think tank argues that most fossil fuel reserves will have to stay in the ground, unburned, in order to limit global warming to 2C. Carbon Tracker warns that investors in fossil fuel companies risk losing money because they are valued on reserves which can never be exploited, and that this constitutes a dangerous “carbon bubble” which is not recognised in the financial system.

Last year, as a result of Carbon Tracker’s foundation-funded work, investors started putting pressure on fossil-fuel companies not to spend on expanding reserves which they might not ever be able to use, but to use their capital for other purposes. This work, and that of other foundation-funded initiatives like 350.org, also persuaded financial institutions, cities and universities to withdraw investments from fossil fuels completely in 2013 and 2014.

**Q7 Why would the work of foundations be “devalued or even destroyed” on a road to six degrees? Why would the foundations’ endowments become “stranded assets”?**

Global warming of 4C or more would have devastating effects throughout the world and the poorest countries would be hit hardest. The consequences of climate change would affect food production and health and force millions of people to leave their homes. It would have profoundly damaging effects on most of the major areas of philanthropic work.

We can think, for example, of the excellent work done by foundations on water, and the improvements foundation grants make to water provision in water-stressed parts of the world. Set against this are the proliferating droughts that climate scientists warn of if the world goes on warming, and indeed the evidence from parts of the world where deadly droughts are the new norm. Failure to cut greenhouse-gas emissions to the atmosphere will eventually create a snowballing overheating problem that swamps the advances made in water provision as a result of philanthropic work on the ground.

Most foundations’ endowments are invested in the range of conventional stocks, however global warming of 4C or more could see these become “stranded assets”, worth much less than their valuation. A carbon bubble (see Q7) could see the value of their fossil fuel investments fall significantly. However, damaging climate change poses a risk to a very wide range of businesses and the value of these investments could also fall.

**Q8 What does “deploying their endowments” mean, as referenced in the Declaration?**

Foundations have a number of options to use their financial resources to accelerate work to limit global warming. They can:

1. Invest in zero-or-low-carbon climate-solution companies and projects, as debt and/or equity, ideally relaxing normal interest rates, hurdle rates and exit timeframes;
2. Sell any fossil fuel investments, and reinvest in clean energy companies, or as a minimum stay invested in fossil-fuel companies and campaign as shareholders for those companies to switch spending away from exploration and development of new reserves;
3. Accelerate the development of zero-or-low-carbon markets, by giving grants - on a scale they have never before - to the multiplicity of projects that can make a difference across the greenhouse-gas emissions spectrum.

**Q9 Why is the declaration calling only on foundations to accelerate action on climate change? Isn't it vital that companies, investors, and governments do so?**

Companies, investors, and governments all have vital roles to play. However, we are focusing on foundations for three reasons:

1. Many of the laureates' prizes are sponsored by foundations, so they have a special relationship;
2. Foundations are motivated by philanthropy, the desire to make the world a better place, and climate change directly threatens their work;
3. Foundations' substantial financial resources, prestigious supporters and reputations make them well-placed to “trigger” further action by others including companies, investors and governments.

When the European Environment Foundation convened its annual meeting the “International Convention of Environmental Laureates” earlier this year in Freiburg, a feeling emerged that foundations could and should do much more on climate change.

**Q10 So more investment in clean energy, less investment in carbon energy, and more grants, you are saying. But the Paris climate summit will be only 16 months away when the declaration is published. That isn't much time for an acceleration of foundation work to gain traction. What about beyond Paris?**

It is vital that the campaign extends well beyond Paris. Here the options to build momentum involve a way to build a second pool of capital with which to fight climate change over the long term. Newly-created and existing companies benefiting from grants, debt, and equity investments from foundations could be asked to agree to do two vital things. First they would donate 5% of their pre-tax profits to social enterprises with climate-stability and - relatedly - development missions. Second they would agree to repay any grants awarded from profits, over time. This would enable both the creation of a second new, growing and potentially enormous pool of capital, in perpetuity, for social good extending well beyond

ensuring climate stability. It would also give foundations a way of rebuilding their endowments, other than from interest and returns on equity, from successful companies and projects in the renaissance they would be helping create in the world.

There is already an example which shows the potential of the 5% corporate profit pledge. Solarcentury, an international solar company (backed by venture capitalists, not foundations), pledges 5% of its annual profits to a charity of its own creation, SolarAid. With this money, and funding from foundations, governments and others, SolarAid has created a retail brand, SunnyMoney, that has quickly become Africa's lead solar lighting retailer, taking just four years to sell a million solar lanterns in Africa, 650,000 of those in the last year. With all profits recycled, SunnyMoney is helping to lead a mission to eradicate the kerosene lantern from the continent by 2020. Solar lighting in the developing world can save 3% of all global oil use. With many such incremental wins, the whole war on climate change can be won.