



WE CAN
Women's Earth & Climate Action Network, International

350JUNEAU
Climate Action for Alaska

September 4th, 2019

To the Secretariat and Membership of the International Forum of Sovereign Wealth Funds,

At the commencement of your meeting in Juneau, Alaska, we as affected citizens are writing to address urgent concerns we have about the escalating climate crisis and investments and guiding principles of the International Forum of Sovereign Wealth Funds (IFSWF).

The climate crisis is no longer a distant threat and is now part of our everyday lives globally. We all live in countries affected by climate impacts from heat waves and fires; droughts and water shortages; floods and hurricanes; failing crops and shifting seasons; rising sea levels and warming oceans; the extinction of plant and animal species; and forced migration and other climate-related disruptions of communities and livelihoods. Given current rates of increased global warming, these deadly conditions will only worsen if we do not take immediate action.

In 2015, most of the world's governments responded to the climate crisis by signing the Paris Agreement, with a central objective of "keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius".¹ To meet this target, it is necessary to operationalize an immediate managed and just transition away from fossil fuels and towards renewable, regenerative energy sources. Continued investments in the fossil fuel sector and in the development of new fossil fuel projects are irreconcilable with this goal². Furthermore, we must act with haste as indicated by the IPCC report that was released in the autumn of 2018, giving us approximately 12 years to change our current trajectory to avoid catastrophic, irreversible ecological tipping points.³

We question how IFSWF members can benefit their respective country's economies and citizens unless they take into account the need to address efforts to make financial decisions and investments in accordance to science and international climate agreements?

¹ <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

² See: <http://priceofoil.org/2016/09/22/the-skys-limit-report/>

³ See: <https://www.un.org/press/en/2019/ga12131.doc.htm>

Though we are addressing our grave concerns to all the members of the IFSWF, we as Alaska residents or concerned U.S. citizens will comment specifically on the Alaska Permanent Fund Corporation (APFC). According to a recent public records request, APFC is invested in a market basket of 589 fossil fuel equities, including BP, Chevron, Conoco Phillips, Exxon, Gazprom, Marathon, Occidental Petroleum, and Phillips Petroleum. APFC also has invested in 79 bonds and notes to companies to finance fossil fuel production. Including private investments, fossil fuel holdings account for 7.21% of all APFC investments or about \$4 billion. We believe that the Alaskan Permanent Fund Corporation should immediately divest from these companies for the sake of our children, our planet, and future generations.

We also question the fiduciary risks and responsibilities of fossil fuel investments given the risk of stranded assets and uncertain changes in policies and markets—and it should be noted that Norway's Government Pension Fund Global (GPF), one of the largest SWF's in the world, is phasing out oil and gas from its investment universe.

Regarding the IFSWF as a whole, we are concerned that your guiding document, the Santiago Principles (SP) primarily addresses risks and management of investments, but not risks to citizens who the funds are to benefit, nor risks to the environment upon which we all depend. Given that the social and environmental landscape has changed considerably since 2008 when the SP's were established, it seems prudent to consider revising the SP's to meet a more holistic approach that could include a full spectrum of risks. There are various international guidance documents that could be referred to in this revision for example the UN Guiding Principles on Business and Human Rights, the UN Paris Climate Agreement, the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), and many ESG corporate guidelines.

We would also suggest that consultations with communities affected by investments of IFSWF would be beneficial in order to inform members and better assess both social and ecological risks of investments—particularly in the case of investments related to extractive industries. Improving internal investment standards, guidelines and principles can provide a framework to properly address issues of human rights, Indigenous rights, the climate crisis, and reputational risks. For instance, UNDRIP urges Free, Prior and Informed Consent (FPIC) regarding any projects affecting Indigenous peoples and their traditional territories. It must ensure that projects that have not obtained such consent do not receive financing or permitting to move forward. FPIC also requires strengthened due diligence and consultation processes to ensure that Indigenous Peoples' rights are fully respected. It is additionally important for Indigenous Peoples to have full access to grievance channels with project sponsors and financing banks when their rights and interests are violated.

We also appreciatively note that two IFSWF members, New Zealand and Ireland, are divesting their funds from fossil fuel holdings, and hope this is a trend that will be uplifted by all members. We recognize there is still a great deal of work to be done but are encouraged by institutional investors becoming more involved with the topic of respect for human rights

and environmentally friendly investment practices either by reshaping their equity portfolio's asset allocation towards companies following environmental best practices or by directly investing in assets focused on solving the climate change crisis.

We look forward to hearing from you about these concerns and about how we might have a productive dialogue with the IFSWF either during your meeting in Juneau or in the near future.

Thank you,

Doug Woodby and Elaine Schroeder

Co-Chairs, 350Juneau—Climate Action for Alaska

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