

March 2017

Dear Members and Alternate Members of the Board:

We write to urge you to develop and adopt an investment policy for the treasury of the United Nations Green Climate Fund that maintains its current fossil fuel-free status and is consistent with international best practice for environmental, social, and governance (ESG) standards. To that end, in approving a competitive process for the selection of the Permanent Trustee at its 16<sup>th</sup> meeting next month, the Board should require that the Permanent Trustee be able to implement the GCF's investment policy.

Ensuring that GCF assets do not cause climate change, do no harm, and contribute to the global public good is essential to the mandate of the GCF itself. The Review of the Interim Trustee presented at B.15 noted that the Fund should explore means to maintain a de-carbonized investment portfolio with income generated through green investments. Such an investment policy is equally necessary to ensure compliance with the Paris Agreement, specifically Article 2, which, among others, calls for "making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development." Further, in an age of climate crisis, exposure to investments in high-carbon, environmentally unsustainable sectors and practices poses systemic financial risk to the GCF, not to mention reputational and physical risk.

Increasingly, institutional investors are shifting their investments in recognition of these risks. As of December 2016, 688 institutions and nearly 60,000 individuals have committed to fossil fuel divestment, reaching an asset value conservatively estimated at USD \$5 trillion. The largest sectors committing to divestment are pension funds and insurance companies.<sup>1</sup> This includes divestment from all fossil fuels by the city of Oslo and the divestment of \$4 billion in commercial bank assets by Amalgamated Bank in the United States.

In addition, many investors are also investing in climate solutions, such as renewable energy and clean tech. For instance, the 155 foundations of DivestInvest Philanthropy have committed to divest from fossil fuels and invest in the clean energy economy. The GCF should be at the forefront of this increasingly mainstream paradigm shift in investment, rather than lagging behind it.

The GCF currently has the advantage of not having invested its assets in fossil fuels, so disentanglement from fossil fuel investment is not necessary. However, the Board must not only ensure that this fossil fuel-free status is maintained, it must go a step further. We therefore request that the Board's decision at B. 16 on a competitive process for the selection of the Permanent Trustee:

- Requires institutions that seek to become the Permanent Trustee to manage the investment of GCF financial assets according to the mandate of the GCF and Paris Agreement. To be considered, candidates must commit to implementing an ethical, fossil-free investment policy, and preferably be able to demonstrate socially and environmentally responsible asset management.
- Requests the Secretariat to develop an investment policy, in consultation with civil society and other stakeholders, that prohibits investments in fossil fuels and is consistent with the UN Principles for Responsible Investment.

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<sup>1</sup> See [https://www.arabellaadvisors.com/wp-content/uploads/2016/12/Global\\_Divestment\\_Report\\_2016.pdf](https://www.arabellaadvisors.com/wp-content/uploads/2016/12/Global_Divestment_Report_2016.pdf)

We look forward to working with you on this important matter and welcome the opportunity to showcase the GCF as a world leader in environmentally and socially responsible asset management.

Sincerely,

11.11.11, Belgium  
350.org Australia  
350 Ghana Reducing our Carbon (G-ROC),  
Ghana  
350.org, USA  
3BL Associates, Bahrain  
Abibimman Foundation-Tema, Ghana  
ActionAid International  
Adivasi Mulvasi Astitva Raksha manch, India  
Aksi! for gender, social and ecological justice,  
Indonesia  
All Nepal Peasant's Federation (ANPFa), Nepal  
All Nepal Womens Association, Nepal  
Alliance Sud, Switzerland  
American University Washington College of  
Law, USA  
ARENA, Regional  
Asia Pacific Forum on Women, Law and  
Development (APWLD), Asia-Pacific  
Asian Peoples Movement on Debt and  
Development, Regional  
Asociación Ambiente y Sociedad, Colombia  
Ballina Coastcare Inc., Australia  
Bangladesh Jatiyo Sramik Jote (Trade Union),  
Bangladesh  
Bangladesh Krishok Federation (Farmers),  
Bangladesh  
Bank Information Center, USA  
BankTrack, Netherlands  
Bankwatch Romania Association, Romania  
Both ENDS, The Netherlands  
Bulig Visayas, Philippines  
Bürgerinitiative Umweltschutz Lüchow-  
Dannenberg, Germany  
Campaign for a Life of Dignity (KAMP),  
Philippines  
Campaign for Climate Justice Nepal  
Carbon Market Watch, Austria  
CARE International  
Caritas Norway  
CEE Bankwatch, Czech Republic  
Center for Biological Diversity, USA  
Center for Environment, Bosnia and  
Herzegovina  
Center for Environmental Justice (CEJ), Sri Lanka  
Center for Indigenous Peoples' Culture of Peru  
(CHIRAPAQ), Peru  
Center for International Environmental Law,  
USA  
Centre for Natural Resource Governance,  
Zimbabwe  
Centre for Transport and Energy, Czech  
Republic  
Centre of Research and Development in Upland  
Area, Vietnam  
Centro para la Autómia y Desarrollo de los  
Pueblos Indígenas CADPI, Nicaragua  
CESTA, El Salvador  
Change Partnership, Belgium  
Changemaker, Norway  
CHIRAPAQ Centro de Culturas Indígenas del  
Perú  
Church of Norway Council on Ecumenical and  
International Relations, Norway  
Church World Service, USA  
Climate Action Network (CAN) Europe  
Climate Action Network Canada  
Climate Action Now, Canada  
CliMates, France  
CNCD-11.11.11, Belgium  
Coal Action Network, UK  
Community Development Library (CDL-  
Bangladesh)  
Corporate Europe Observatory, EU  
Croatan Institute, USA  
Crude Accountability, USA  
Debt Watch, Indonesia  
Derecho, Ambiente y Recursos Naturales, Peru  
DIGNIDAD Alliance, Philippines  
DivestInvest Individual, USA  
Divest-Invest Network, USA  
DivestInvest Philanthropy, USA  
Earth Action, Inc., USA  
Earth in Brackets, USA  
Ecological Society of the Philippines

EEECHO, USA  
EquityBD, Bangladesh  
Ethiopian Charities and Societies Forum,  
Ethiopia  
Finance & Trade Watch, Austria  
Focus Association for Sustainable Development,  
Slovenia  
Focus on the Global South, Regional  
Forest Peoples Programme, UK  
Forests of the World, Denmark  
ForUM for Development and Environment,  
Norway  
Freedom from Debt Coalition (FDC), Philippines  
Friends of the Earth Canada  
Friends of the Earth-CEPA, Slovakia  
Friends of the Earth Finland  
Friends of the Earth-Ghana  
Friends of the Earth Japan  
Friends of the Earth Malaysia  
Friends of the Earth Sweden  
Friends of the Earth US  
Fundar, Centro de Análisis e Investigación,  
Mexico  
Future Super, Australia  
GEFONT - trade union federation, Nepal  
GegenStromung – CounterCurrent, Germany  
GenderCC - Women for Climate Justice,  
Germany  
Germanwatch, Germany  
Gitib, Philippines  
GLOBAL 2000, Austria  
Global Justice Now, UK  
Green 13, Canada  
Green America, USA  
GreenFaith, USA  
Greenpeace, Global  
Heinrich Böll Stiftung North America  
HELVETAS Swiss Intercooperation, Switzerland  
Himalaya Niti Abhiyan, India  
Human Rights Alliance Nepal  
Indian Social Action Forum, India  
Institute for Agriculture and Trade Policy, USA  
Institute for Essential Services and Resources,  
Indonesia  
Institute for Policy Studies, USA  
Interamerican Association for Environmental  
Defense (AIDA), Regional

International Climate Development Institute  
(ICDI), Taiwan  
International Rivers, Global  
International Work Group for Indigenous Affairs  
(IWGIA), Denmark  
International-Lawyers.Org, Switzerland  
Iowa Interfaith Power & Light, USA  
Jagaran Nepal  
Janathakshan, Sri Lanka  
Japan Center for a Sustainable Environment and  
Society (JACSES), Japan  
Jatam Indonesia  
KAU - Anti Debt Coalition, Indonesia  
Kerala Independent Fishworkers Federation,  
India  
KRUHA - Peoples Right to Water Coalition,  
Indonesia  
KyotoUSA  
Labour, Health and Human Rights Development  
Centre, Nigeria  
LDC Watch, Global  
Les Amis de la Terre France  
Les Amis de la Terre Togo  
Maleya Foundation, Bangladesh  
Market Forces, Australia  
Maryknoll Office for Global Concerns, USA  
Micronesia Conservation Trust, Federated  
States of Micronesia  
Migrant Forum in Asia (MFA), Regional  
Milieudefensie, Netherlands  
mines, minerals & PEOPLE (mm&P), India  
Mom Loves Taiwan Association, Taiwan  
Monitoring Sustainability of Globalisation  
(MSN), Malaysia  
Mormon Environmental Stewardship Alliance  
("MESA"), USA  
Nadi Gati Morcha, India  
National Federation of Hawkers Bangladesh  
National Federation of Women Hawkers, India  
National Hawkers Federation, India  
North Queensland Conservation Council,  
Australia  
Norwegian Church Aid, Norway  
Nuclear Information and Resource Service, USA  
Oil Change International, USA  
Our Rivers Our Life, Philippines  
Overseas Development Institute, UK  
Oxfam, Global

Pacific Environment, USA  
Pakistan Fisherfolk Forum, Pakistan  
Pakistan Kissan Rabita Committee (Farmers),  
Pakistan  
Pan African Climate Justice (PACJA), Africa  
PANDOS, USA  
ParyavaranMitra, India  
PHE Ethiopia Consortium, Ethiopia  
Philippine Movement for Climate Justice  
(PMCJ), Philippines  
Physicians for Social Responsibility-  
Philadelphia, USA  
Polski Klub Ekologiczny-FoE Poland  
Population and Sustainable Development  
Alliance, Denmark  
Pro Natura - Friends of the Earth Switzerland  
Rainforest Foundation Norway  
Reacción Climática, Bolivia  
River Basin Friends, India  
Rural Reconstruction Nepal  
Russian Social-Ecological Union / Friends of the  
Earth Russia  
Sagip Sierra Madre Environmental Society, Inc.  
(SSMESI), Philippines  
Sanlakas Philippines  
Save Lamu, Kenya  
Save the Children Australia  
Sawit Watch, Indonesia  
SEAFISH for Justice, Regional  
Sierra Club, USA  
Society for Development Alternatives, India  
Solidaritas Perempuan (Women), Indonesia  
South Asian Alliance for Poverty Eradication  
(SAAPE), Regional  
Spire, Norway  
Students for a Just and Stable Future, USA  
SUPRO, Bangladesh  
Sustainable Population Australia  
Taiwan Youth Climate Coalition, Taiwan  
Task Force Detainees of the Philippines (TFDP)  
Tebtebba (Indigenous Peoples' International  
Centre for Policy Research and Education),  
Philippines  
The Climate Justice Project, USA  
The Development Fund, Norway  
The Environment Council of Central  
Queensland, Australia

The Norwegian Grandparents Climate  
Campaign, Norway  
Third World Network, Malaysia  
Trade Union Policy Institute (TUPI), Nepal  
Umeedenoo, Pakistan  
Unitarian Universalist Service Committee, USA  
University of Waterloo, Canada  
Unnayan Onneshan, Bangladesh  
Urgewald, Germany  
Utah Moms for Clean Air, USA  
VOICE, Bangladesh  
WALHI Wahana Lingkungan Hidup Indonesia  
Wetlands International, Global  
WILPF -Norway  
WISE, World Information Service on Energy,  
Netherlands  
WomanHealth Philippines  
Women's Environment and Development  
Organization (WEDO), USA  
Worldview-The Gambia  
WWF International  
Zambia Climate Change Network, Zambia  
Zero Carbon Ontario, Canada