Carbon is a novel commodity:"…one whose value lies entirely in its absence."

4/5/2016

Undue Influence - Markets Skewed

How "Carbon-risk" (CO2) Groups Pressure Institutional Investing Decisions

Friends of Science Society

FRIENDS OF SCIENCE
Providing Insight into Climate Science

Undue Influence - Markets Skewed

Executive Summary

The global focus on climate change has led to significant changes in investment patterns and corporate 'carbon risk' considerations, resulting in skewed markets and investor uncertainty.

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A number of private agencies with undue influence and ambitious governmental organizations are systematically trying to alter the investment playing field to advance various so-called "green investments" and to discourage investments in fossil fuels. This approach is badly misplaced, indeed harmful to the world economy and consumers

Layered on top of this are international agreements that could force sweeping changes in trade and the transfer of wealth. The latest being a meeting of the UN Environment Program (UNEP) and G-20 Finance Ministers and Bank Governors[1] of Feb. 27, 2016. The G20 Finance Ministers and Central Banks committed to try to mobilize $90 trillion over 15 years. Is this justified on economic and scientific grounds?

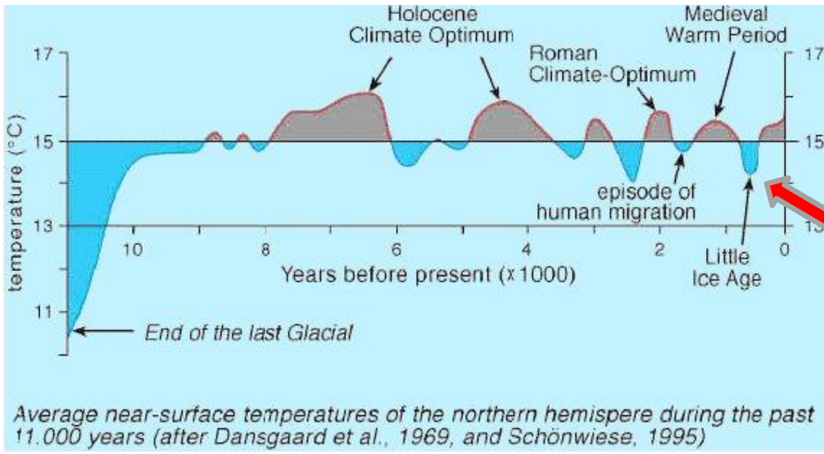
Climate change initiatives tend to expand over time. Imagine if the G20 Finance Ministers' efforts are successful and *if* they are continued at the same rate to 2100, the world would spend $510 trillion pursuing climate change objectives. The GDP of Germany, Europe's highest income country, was about $3.9 trillion in 2015. **Global spending on climate initiatives to 2100 would thus equal 131 years of German national income.**

These are our opinions based on available market information.

[1] http://www.unep.org/NewsCentre/default.aspx?DocumentID=27058&ArticleID=36081

1 THE WORLD WARMED SINCE 1850

END OF THE LITTLE ICE AGE.



Average near-surface temperatures of the northern hemispere during the past 11.000 years (after Dansgaard et al., 1969, and Schönwiese, 1995)

We are here.

We were here during French Revolution… 'let them eat cake'…

Despite early fears of an ice-age in 1958,[2] by the 1990's fear of global warming became a public mantra. Carbon dioxide (CO_2) was assumed to be the cause because of a parallel between rapid industrialization and a short-term correlation to temperature rise, though many earth scientists, astrophysicists and physicists questioned this view. Their questioning relied on evidence of previous cyclical changes in earth's climate, due to natural cycles – mainly those of ocean currents, atmospheric oscillations and solar cycles.

As a financial incentive to encourage the reduction of carbon dioxide, the UN established Certified Emissions Reduction (CER) through the Clean Development Mechanism (CDM) as a way to create a carbon reduction trading market.   This became very lucrative, for some.

2 LUCRATIVE CARBON TRADING

This excerpt of a 2007 Baker McKenzie (New Zealand) power point indicates that the World Bank and a private fund (unnamed) raised $1.2

[2] http://harpers.org/archive/1958/09/the-coming-ice-age/

Billion USD in 23 minutes, through the UN Clean Development Mechanism.

Carbon markets entail

"the lack of delivery of an invisible substance to no one."

- *Mark Schapiro, Harper's Feb. 2010 "Conning the Climate"*[3]

3 Going Green Not Lucrative for Others

In the fall of 2012, "Accountants for Business – Canada and the Green Economy" called for more 'sustainable' investments and deemed the electric car company known as "Better Place" to be a successful, sustainable investment. Months later in the spring, Better Place went from an **asset value of $2 Billion in 2012** to a 'broken place' bankruptcy value of **$12 million** by 2013. Some of Wall Street's expert investors lost a **spectacular $900 million.** This is but one example of heavily subsidized "green/clean" companies which have gone under.

[3] http://citizensclimatelobby.org/files/Conning-the-Climate.pdf

4 MARKET FORCES SKEWED

Institutional investors, like pension funds, hold trillions of dollars of investment capital. One reporting group of some 850 institutional investors holds about USD $95 Trillion in assets. Their trillions in capital continue to be invested in "Blue Chip" energy stocks, but some are divesting. However, as of 2005, the UN orchestrated the "Principles for Responsible Investment" (UNPRI) which was adopted in 2006 by a number of signatory pension funds and institutions.

The purpose was to enforce support for their Ethical/Environmental, Social and Governance principles through channeling institutional investments through compliant corporations.

4.1 INSTITUTIONAL INVESTORS SIGNATORY TO UN PRINCIPLES FOR RESPONSIBLE INVESTMENT (UNPRI)

Principle 1: We will incorporate ESG – Ethical, Social, Governance issues into investment analysis and decision-making processes.
Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
Principle 6: We will each report on our activities and progress towards implementing the Principles.

- Report on progress and/or achievements relating to the Principles using a 'Comply or Explain'[1] approach

- *[1]The Comply or Explain approach requires signatories to report on how they implement the Principles, or provide an explanation where they do not comply with them.*

This initiative was strengthened through a partnership[4] with banks and other financial institutions through the related United Nations Environmental Programme Financial Initiative – UNEP FI.

Another partner is the UN Global Compact,[5] formed in 2000 by a group of some 12,000 signatories in 170 countries "to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals." While these guidelines and objectives are admirable, they appear to have been hijacked to be focused on environmental elements in OECD countries, which are progressively clean, while other important needs world-wide are ignored.

5 VOLUNTARY REPORTING OR LACK OF REPORTING CREATES A WHITE AND BLACK LIST OF INVESTMENTS

CARBON DISCLOSURE PROJECT (CDP) is a Rockefeller non-Profit (*Rockefeller Philanthropy Advisors)* that elicits voluntary disclosure of carbon footprints and climate change 'events' – " to prevent dangerous climate change "

CDP sends 'voluntary' requests to corporations and cities to report on carbon footprint of company, carbon reduction policies, ethical, social and governance initiatives and local 'climate change' events that year.[6] [7]

[4] http://www.unpri.org/about-pri/un-partners/
[5] https://www.unglobalcompact.org/
[6] https://www.cdp.net/en-US/Pages/HomePage.aspx
[7] *Note: "climate change" is a long-term pattern in climate over 30-50 years. An event, even like Calgary's flood of 2013 is a 'weather' event,[7] not climate change, but has repeatedly been reported as 'evidence of climate change' in the mainstream media, and would likely appear as a climate change event in such voluntary corporate reporting*.

A management/accounting firm like Accenture or PwC aggregate these ‘opinions’ into ‘fact’ in a report designed for institutional investors on the greatest ‘carbon risk.’

This aggregated information forms a report sent to institutional investors and is thus used to ‘prove’ the case of climate change, and evaluate the ‘carbon risk’ of that firm for institutional investors.

5.1 VOLUNTARY BECOMES MANDATORY WHEN IT MEANS ACCESS TO INSTITUTIONAL INVESTORS WITH ~$95 TRILLION IN ASSETS

So continues an irrational economic and ideological attack on reason and modern energy supply.

Institutional investors are swayed away from conventional energy stocks that have eternal, inherent value in terms of power generation by UNPRI rules and CDP reports that highlight ‘carbon risk.’ Major pension fund holders (i.e. universities) are met with noisy campaigns to divest of fossil fuel stocks by misinformed activist student eco-groups and demands by those participants to ‘save the planet.’ Conventional thermal (coal, oil & gas, oil sands) are demonized by Environmental Non-Governmental Organizations - ENGOs.

BankTrack of Holland[8] and Rainforest Action Network[9] attack banks for financing or investing in energy or resource industries.

In Canada, in the last few months, IISD, a Canadian government supported charity, backed attacks on EDC, a self-financing Federal Crown Corporation, for lending to the energy industry as a ‘fossil fuel subsidy.’ Loans are repaid and are not subsidies.

[8] http://www.banktrack.org/

[9] http://d3n8a8pro7vhmx.cloudfront.net/rainforestactionnetwork/legacy_url/246/financing_global_warming.pdf?1402698075

UNFI financial institution(s) "carries out its mission to identify, promote, and realize the adoption of best environmental and sustainability practice at all levels of financial institution operations."

Global Compact signatories agree to these 3 environmental principles (of 10 principles)

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Ironically **divested stocks (whose share values typically drop drastically) are snapped up by**…. **Private funds** which are not signatory to UN PRI, creating additional, significant market distortions.

Reporting or not reporting to the CDP creates a 'white' and 'black' list. Markets are now driven by 'carbon risk' and 'carbon disclosure.'

6 Financial and Investment Markets Operate on an Old Scientific Premise

The original premise of the United Nations Framework Convention on Climate Change (UNFCCC),[10] put together in 1994, was that human emissions of greenhouse gases were the sole driving force causing 'dangerous climate change' also known as Catastrophic Anthropogenic Global Warming.

Financial and investment markets are still operating as if that premise is true. It is not.

By September 2013, the IPCC's AR5 Working Group I report by the physical scientists also acknowledged that global warming had stagnated for some 15 years (to 2012) – before the Kyoto Accord was ever ratified.

[10] http://unfccc.int/essential_background/convention/items/6036.php

Evaluation of Climate Models Chapter 9

Box 9.2 | Climate Models and the Hiatus in Global Mean Surface Warming of the Past 15 Years

The observed global mean surface temperature (GMST) has shown a much smaller increasing linear trend over the past 15 years than over the past 30 to 60 years (Section 2.4.3, Figure 2.20, Table 2.7; Figure 9.8; Box 9.2 Figure 1a, c). Depending on the observational data set, the GMST trend over 1998–2012 is estimated to be around one-third to one-half of the trend over 1951–2012 (Section 2.4.3, Table 2.7; Box 9.2 Figure 1a, c). For example, in HadCRUT4 the trend is 0.04°C per decade over 1998–2012, compared to 0.11°C per decade over 1951–2012. The reduction in observed GMST trend is most marked in Northern Hemisphere winter (Section 2.4.3; Cohen et al., 2012). Even with this "hiatus" in GMST trend, the decade of the 2000s has been the warmest in the instrumental record of GMST (Section 2.4.3, Figure 2.19). Nevertheless, the occurrence of the hiatus in GMST trend during the past 15 years raises the two related questions of what has caused it and whether climate models are able to reproduce it.

However, financial markets, carbon traders, institutional investors, and corporate climate change consultants have created their own kind of 'carbon bubble' where they operate on the original UNFCCC human-caused theory of global warming, along with the creation of:

- various layers of carbon 'instruments' trading, subsidies, taxes
- the UN Clean Development Mechanism[11]
- Green Bond investing
- promotion of unreliable, uneconomic and subsidized renewables like wind and solar as 'the' solution
- corporate GHG footprint reporting
- compliance laws and the threat of future increases in costs and regulation
- specific investment requirements for institutional investors and bank financing

all related to whether or not a corporation/investment complies with an out-of-date scientific premise, and now known-to-be-invalid 'solutions' such as 'renewable energy' like wind and solar.

Today we know that wind and solar do not address emissions reduction or climate change targets, and cannot provide appropriate reliable, on-demand power for modern societal needs.[12] In Europe, there is no correlation between installed wind plus solar capacity and CO_2 emission reduction in

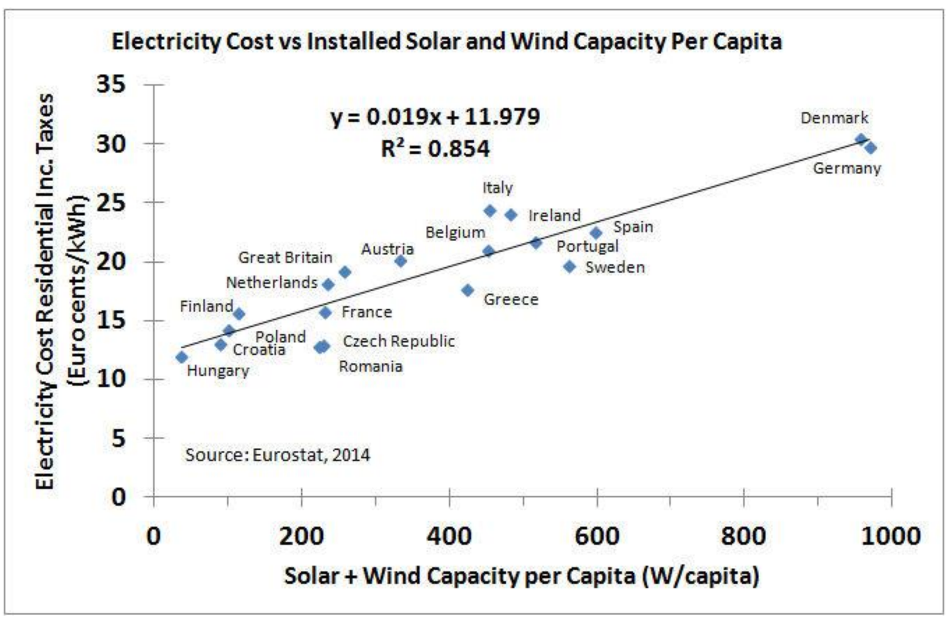
[11] http://unfccc.int/kyoto_protocol/mechanisms/clean_development_mechanism/items/2718.php

[12] http://www.theregister.co.uk/2014/11/21/renewable_energy_simply_wont_work_google_renewables_engineers/

each country between 2008 and 2014 as shown at "Energy Matters" here, graph here.

Installing wind and solar devices appears to make no difference to CO_2 emissions reduction. This is because the enormous variability of wind and solar energy requires conventional power plants to rapidly vary their output to meet total electrical demand, which greatly reduces their generating efficiency and increases CO_2 emissions per unit of electricity generated. Germany has the highest installed wind and solar capacity in Europe but is one of the worst performers in CO_2 emissions reduction. They are supplementary at best and drive up the cost of power due to grid enhancements and the need for 'peaking' power of any conventional backup.

In European countries with the highest installed wind plus solar capacity have the highest electricity costs. Electricity prices in Germany, which has the highest wind and solar capacity, are 2.5 times as high as in Hungary, which has the lowest capacity. See graph here. Far from aiding the "poor and most vulnerable", they harm these groups with higher cost, unreliable power.



Aside from 'carbon' trading and the UNCDM being ways to make money from thin air with no overhead and no infrastructure of your own, "Big Climate" has also developed into a USD $1.5 trillion a year climate industry sector of its own.[13] Again, the current scientific assessment seems irrelevant.

The Climate Change gravy train has departed without the baggage of the necessary current scientific evidence.

Alongside it has been the development of hundreds of ESG investment funds which seek only 'Environmental/Ethical-Social-Governance' (ESG) investments, where many have sunk millions…billions of dollars into renewables. Now it seems these fund managers are trying to figure out how to force a return on investment or face consequences.

This became more evident recently when Mark Carney, Governor of the Bank of England, gave a speech to Lloyd's of London.[14] Day's later, analyst Steve Kopits issued a stinging rebuke, stating Carney's climate claims were not supported by evidence.[15] While most pundits and investment advisors were relying on statements about 'decarbonization'[16] by the IPCC to guide them, the IPCC spokesperson clarified that the "IPCC does not make recommendations on any topic and you will not find any recommendations in any of our reports." [17]

7 CLEAN-TECH "A NOBLE WAY TO LOSE MONEY"

Despite glowing reports of the 'low carbon economy' and the need to 'catch the wave' of renewables investing, Joseph Dear, chief investment officer of CalPERS, then the world's sixth-largest pension fund, in a 2013 interview with the Wall Street Journal[18] described clean-tech investment as a *"noble way to lose money."*

CalPERS suffered **annualized losses of 9.7 percent in the sector**.

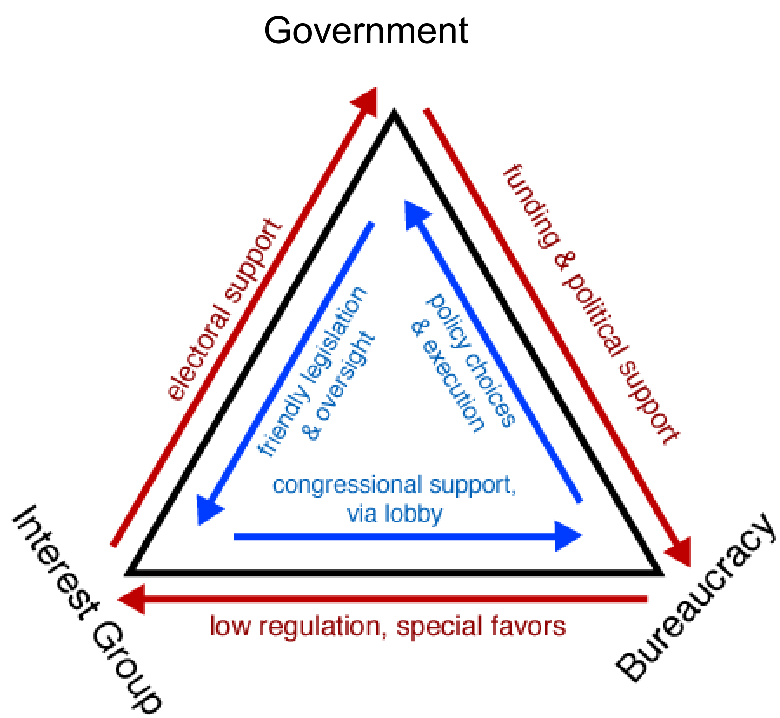
"We are all familiar with the J-curve in private equity. Well, for CalPERS, clean-tech investing has got an L-curve for 'loser'" added Dear. "If it takes

[13] http://www.insurancejournal.com/news/national/2015/07/30/377086.htm
[14] http://www.bankofengland.co.uk/publications/Pages/speeches/2015/844.aspx
[15] http://www.prienga.com/blog/2015/10/9/fact-checking-mark-carneys-climate-claims
[16] http://www.ipcc.ch/pdf/assessment-report/ar5/wg3/ipcc_wg3_ar5_summary-for-policymakers.pdf
[17] https://friendsofsciencecalgary.wordpress.com/2015/11/05/a-matter-of-public-interest-on-the-ipcc-does-it-recommend-or-not-recommend-that-is-the-question/
[18] http://www.wsj.com/articles/SB10001424127887324557804578374980641257340

12 years to get the money out, the internal rate of return is not going to be very good, even if the investment is reasonably successful."

Financial Times, "Private equity retreats from renewables 'fad'" 16th February 2014. [19]

8 THE IRON TRIANGLE OF "STOP DANGEROUS CLIMATE CHANGE"



[19] http://www.ft.com/cms/s/0/ef1b2248-94bb-11e3-9146-00144feab7de.html

Institutional investors also have many constituents who can ramp up the pressure on governments

Canadian examples:

Ontario Teachers Pension Plan ~$140.8 Billion in net assets – invests on behalf of 307,000 teachers

Public Sector Pension Investment ~$99.5 Billion - Canadian Forces, the Reserve Force, the Public Service and the Royal Canadian Mounted Police – many thousands of constituents

AIMCo – Alberta Investment Management Corporation ~$75 Billion in assets on behalf of 27 pension, endowment and government fund clients.

ENGOS BEAT THE DRUM FOR CARBON TRADING AND Decarbonization by pushing climate catastrophe …and renewables as the 'solution'

Social license – ENGOs and 'charities' funded by offshore foundations; ENGOs attack banks and investors for fossil fuel investments (see "BankTrack"); use climate catastrophe to raise funds and drive public opinion, and fuels media stories of "weather-events-are-evidence-of-climate-change" which in turn drives public policy; pension participants support renewables – because they believe their future is invested there. Despite long-term evidence of large naturally influenced changes on climate, they hold a fundamental **belief** that these activities will have some kind of impact on climate.

Foundations provide millions to ENGOs world-wide to drive the 'social license' and through various means, pushes to establish a carbon trading system and divest from fossil fuels

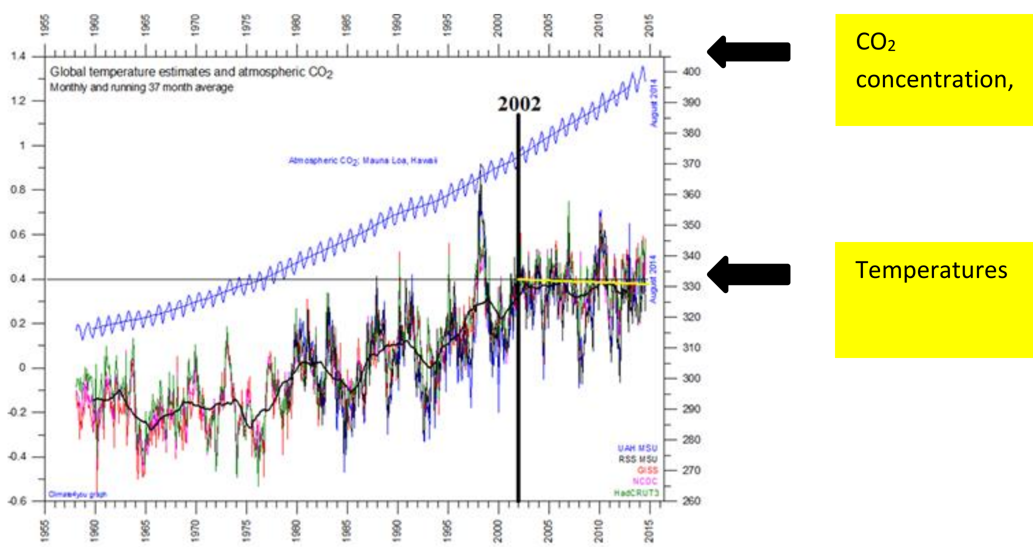
Principle methods of funded ENGOs are demonizing and demarketing 'dirty' energy – coal, oil, natural gas, oil sands while pushing renewables which generate tradable RECs (Renewable Energy Credits/Certificates) for carbon market trading.

Banks fall victim to ENGO harassment. Some ~40 ENGOs band together through BANKTRACK to harass banks and corporate shareholders.

9 Undue Influence and The Snowball Effect on Investment

The Rockefeller CDP proposes to obtain public pledges to decarbonize some US$100 billion. [20] The Portfolio Decarbonization Coalition (PDC), led by CDP and UNEP-FI, aims to mobilize investors to commit to decarbonize US$100 billion in assets. Ten asset owners, along with 10 supporting asset managers, had joined the PDC as of September 2015.

After almost twenty years of Kyoto-style efforts to reduce carbon dioxide to 'stop global warming/climate change,' CO_2 concentrations have gone up, but temperatures have not.



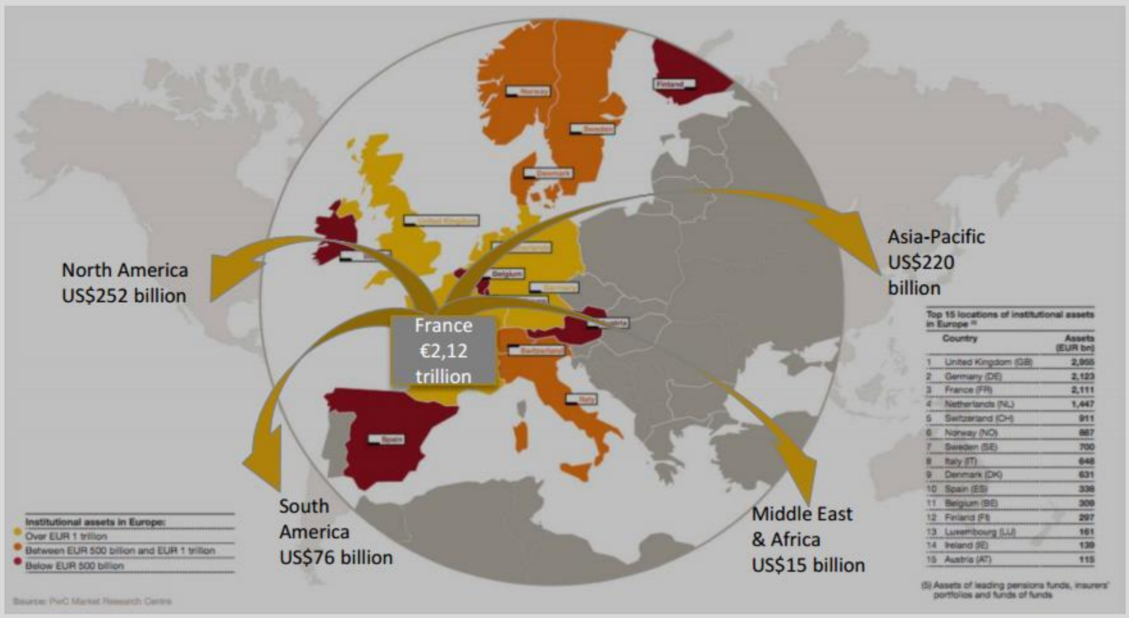
According to geological evidence, a rise in temperature ***results*** *in a release of more CO2 from the earth and oceans. Human contributions to CO_2 are relatively small in the scope of the planet. According to Solanki et al (2004) solar magnetic activity was at its highest of 11,000 years, during the 70 years prior to 2004,[21] it Is now in decline.*

[20] http://www.unepfi.org/fileadmin/documents/climate_strategies_metrics.pdf
[21] http://www.ncdc.noaa.gov/paleo/pubs/solanki2004/solanki2004.html

France Passes Law[22] on Requirement for Institutional Investors to report on both "Climate Risk" and "Climate Friendliness" of Portfolio

With more than €2 trillion of assets under management, and US$500 billion invested outside Europe (Fig. 1.4), French institutional investors will significantly boost the demand for climate metrics. This new market is likely to drive innovation in metrics globally and set the international standard. The GHG Protocol, the UNEP-FI and the 2° Investing Initiative will work closely with the French government to ensure the consistency of future international guidance with the French framework. 2° Investing Initiative has produced a summary of the law's requirements for investors and implications for implementing the law (2° Investing Initiative 2015a).

FIG 1.4: FRENCH INSTITUTIONAL ASSETS AND RELATED INVESTMENTS OUSIDE EUROPE (SOURCE: PwC 2014)



SOURCE: HTTP://WWW.UNEPFI.ORG/FILEADMIN/DOCUMENTS/CLIMATE_STRATEGIES_METRICS.PDF

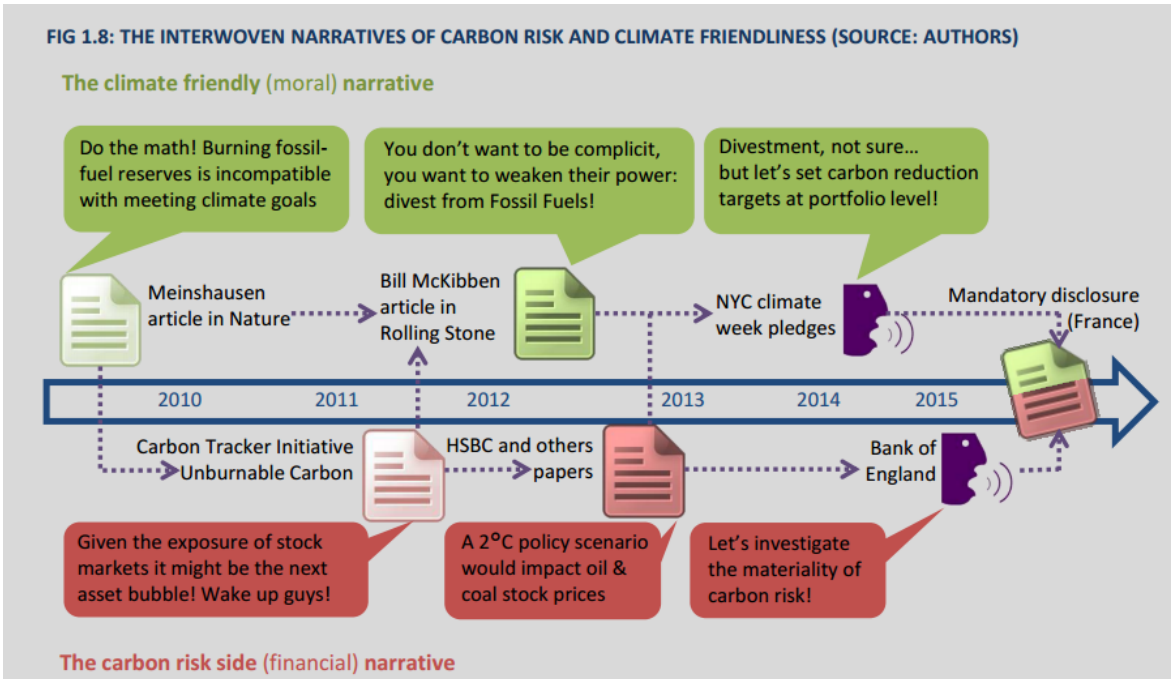
This will undoubtedly spur a dramatic "desire" to report, in order to retain investment dollars, but again, this appears to be a subtle trade war conducted against resource or labour-rich countries, to dim their

[22] http://www.unepfi.org/fileadmin/documents/climate_strategies_metrics.pdf pg 14

competitive advantage, as posited by William Kay in "Post Paris: Climate Talks and Geopolitics?"[23]

Canada Pension Plan (CPP) is reportedly asking mining companies for their long-range climate change plans, reported Feb. 1, 2016.[24]

Climate Science gains a new term – "Climate Friendly" – the moral narrative from the world of ENGOs and UNEP Finance Initiative.



[23] https://friendsofsciencecalgary.wordpress.com/2015/12/21/post-paris-climate-talks-and-geopolitics/
[24] http://www.ctvnews.ca/business/cpp-among-major-investors-asking-mining-companies-for-climate-change-plans-1.2760413

> **The climate-friendliness objective.** Climate change goes beyond the question of financial risk and is largely based on external pressure to contribute to the transition to a low-carbon economy. Climate change is increasingly seen as a norms-based issue among investors, and some see COP21 in Paris in 2015 as an opportunity to take a public stand. In addition, public pension investors with roughly US$10 trillion of AUM (Fig. 1.5) frequently include environmental, including climate, objectives in their mandates or core missions (Box 1.3). Investors increasingly feel public pressure through nongovernmental organizations (NGOs) like 350.org and the divestment movement, and the Asset Owner Disclosure Project (AODP).

Various influential climate activists, such as Al Gore, have gone on to financially rewarding careers in investment management, framed around climate change issues.[25] According to public documents and filings, he has also set up a number of ENGO's.

In effect, what began as a climate **science** question driven by scientists in peer-reviewed publications, has now become a **multi-billion/trillion** financial investment issue that is distorting energy investments, power generation, and industrial economies, all driven by ENGOs and reports in Rolling Stone magazine (recently challenged for ruining reputations of individuals,[26] perhaps also entire market sectors?)

These excerpts come from "Climate Strategies and Metrics" co-authored by the World Resources Institute (WRI), an organization apparently funded[27] by the Rockefellers and other foundations which have actively funded ENGO activity against Canadian resources.

On top of these initiatives, the World Bank is also issuing billions of dollars of Green Bonds:[28]

[25] http://www.theatlantic.com/magazine/archive/2015/11/the-planet-saving-capitalism-subverting-surprisingly-lucrative-investment-secrets-of-al-gore/407857/

[26] http://www.hollywoodreporter.com/thr-esq/rolling-stone-sued-25-million-838548
[27] http://www.discoverthenetworks.org/printgroupProfile.asp?grpid=7070
[28] http://treasury.worldbank.org/cmd/htm/WorldBankGreenBonds.html

"The World Bank Green Bond raises funds from fixed income investors to support World Bank lending for eligible projects that seek to mitigate climate change or help affected people adapt to it. The product was designed in partnership with Skandinaviska Enskilda Banken (SEB) to respond to specific investor demand for a triple-A rated fixed income product that supports projects that address the climate challenge. **Since 2008, the World Bank has now issued around USD 8.5 billion equivalent in Green Bonds through more than100 transactions in 18 currencies**.

World Bank Green Bonds are an opportunity to invest in climate solutions through a high quality credit fixed income product.

"The triple-A credit quality of the Green Bonds is the same as for any other World Bank bonds. Positive environmental returns by supporting World Bank projects addressing mitigation and adaptation solutions for climate change"

THE OTHER SIDE OF CLIMATE - JOANNE NOVA

https://youtu.be/L4-CMSu4yoE

Major banks and the World Bank are heavily invested in Green Bonds, renewables and the carbon trades. Carbon trading works if 'everyone's in' and best if everyone sees the climate as a catastrophic, imminent threat. **Catastrophic human-caused climate change, however, is not supported by the evidence OR the economics.** See this review of the Social Costs of Carbon and how they are calculated**:** here

THE INFLUENCE OF PHILANTHROPIC FUNDS

As early as 2007, global philanthropic funds were engaged in a concerted, joint effort to try and change world markets, as in "Designed to Win," [29] a

[29] http://www.climateworks.org/wp-content/uploads/2015/02/design_to_win_final_8_31_07.pdf

detailed strategy for how philanthropies will “Dethrone King Coal,” (page 21) push for renewables and carbon strategies by mobilizing millions of dollars. The strategy consisted of global funding for NGO agents familiar with local conditions to enact the targets outlined in “Designed to Win.” Indeed, in Canada, Vivian Krause has reported on the reality of these measures in numerous newspaper and magazine articles.[30]

Back in the 1950’s, the United States Republican Congress had instituted the Reece Committee to investigate undue influence of major foundations.[31] These tax exempt foundations with “huge fortunes built up by industrial giants as John D. Rockefeller, Andrew Carnagie and Henry Ford were today being used to destroy or discredit the free-enterprise system which gave them birth.”[32]

Author Rene A. Wormser wrote that these foundations, meant to solve death tax problems of wealthy people may “…become Frankenstein’s, though perhaps benevolent ones. It is possible that in fifty or a hundred years, a great part of American industry will be controlled by pension and profit-sharing trusts and *foundations* and a large part of the balance by insurance companies and labour unions.”

Indeed, it appears that has come to pass. Global philanthropic foundations are deeply engaged in climate change and all related policy matters, directly and indirectly through the numerous ENGOs that they fund.[33] As noted in Foundations: “Danger arises whenever any group with power in its hands, whether it be a state legislature, or the board of a university or of a foundation, believes it to be its business to use its power to direct opinion. Any such group is a dangerous group, regardless of the manner of its make-up, and regardless of whether its action is conscious or unconscious, and, if conscious, whether benign or sinister in its purpose.”[34]

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[30] http://www.albertaoilmagazine.com/2014/07/vivian-krause-great-green-trade-barrier/

[31] “Foundations: Their Power and Influence” by Rene A. Wormser

[32] Ibid pg vii Reece Committee coverage in New York Daily News Dec. 21, 1954 by John O’Donnell

[33] http://www.naro-us.org/Resources/NARO%20CA/NARO-CA,%20US%20Senate%20Minority%20Report,%20Billionaires%20Club%20(1).pdf

[34] “Foundations: Their Power and Influence” by Rene A. Wormser – att. Dr. Frederick P. Keppel, president, The Carnegie Corporation pg. 220

Wormser writes: “What eventual repercussions may come from such a development, one can only guess. It may be that we will in this manner reach some form of society similar to socialism, without consciously intending it. Or it may be, to protect ourselves against the strictures which such concentrations of power can effect, that we might have to enact legislation analogous to the Statutes of Mortmain[35] which, centuries ago, were deemed necessary in order to prevent all England’s wealth from passing into the hands of the church.”

“The Statutes of Mortmain, 1279 and 1290 were initiated by Edward I of England to re-establish the prohibition against donation of land to the Church, originally proscribed by the Great Charter of 1217.” Wikipedia [36]

[35] http://avalon.law.yale.edu/medieval/mortmain.asp

[36] By Unknown - Sedilia at Westminster Abbey, erected during the reign of Edward I (1272- 1307); see also the cover image and commentary from "Edward I", by Professor Michael Prestwich., Public Domain, https://commons.wikimedia.org/w/index.php?curid=4485214

10 ETHICS OF INVESTMENTS THAT IMPOVERISH TAXPAYERS – NEW STANDARDS

Chapter IX, Article 55 of the UN Charter states:

10.1.1.1 Article 55

With a view to the creation of conditions of stability and well-being which are necessary for peaceful and friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, the United Nations shall promote:

a. higher standards of living, full employment, and conditions of economic and social progress and development;

b. solutions of international economic, social, health, and related problems; and international cultural and educational cooperation; and

c. universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion.

UN Principles for Responsible Investment (UNPRI) have skewed investment markets. Countries attempting to follow the proposals of the UNFCCC's Intergovernmental Panel on Climate Change (IPCC) reports, such as the recommendation to 'decarbonize' by closing coal-fired power plants and moving to large-scale renewables, have resulted in economic devastation that would appear to conflict with Chapter IX, Article 55, 12.1.1.1 a.

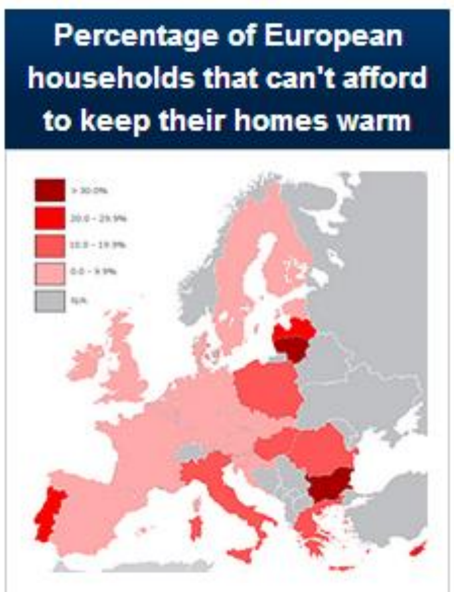
In Western nations, wherever such climate change policies have been enacted, standards of living have been reduced, joblessness has increased and health problems been exacerbated.

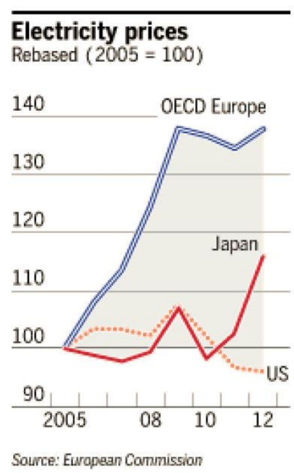
Accordingly, it would seem that many of the corporations and institutional investors involved in many of the investment decisions have not been following the mission, vision or ethical guidelines established by the

Chartered Financial Analysts - CFA Institute[37] whose mission statement reads:

"To lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society."[38]

It is difficult to imagine that professional investment guidance of an ethical nature could have resulted in wide-spread heat-or-eat poverty in the UK and the European Union, the loss of industry and jobs, the surge in power prices for consumers, the layers of taxes and subsidies to support investments in renewables, or that no due diligence was done to determine the effectiveness of wind and solar devices in producing power anywhere near the nameplate capacity or whether or not there was a reasonable return on energy invested in those devices.





[37] https://www.cfainstitute.org/about/vision/Pages/index.aspx
[38] https://www.cfainstitute.org/ethics/Documents/edm_framework.pdf

The aforementioned outcomes seem to be at odds with the UNPRI's Statement on "What is Responsible Investment" – which is co-sponsored by the European Union.[39]

"Responsible investment is an approach to investment that explicitly acknowledges the relevance to the investor of environmental, social and governance factors, and of the long-term health and stability of the market as a whole. It recognises that the generation of ***long-term sustainable returns is dependent on stable, well-functioning and well governed social, environmental and economic systems."*** *(bold emphasis added)*

The unintended consequences of recent investments driven by the UNPRI do not appear to support the outcomes expressed above.

One way vested interests in the market are addressing this apparent discrepancy is by starting a new standards agency dedicated to assessing sustainability. There is one called the Sustainability Accounting Standards Board (SASB) which is supported by a number of foundations and investors who are deeply invested in renewable energy.

SASB state their mission as:

"The mission of SASB is to develop and disseminate sustainability accounting standards that help public corporations disclose material, decision-useful information to investors.

That mission is accomplished through a rigorous process that includes evidence-based research and broad, balanced stakeholder participation."

It remains to be seen how this will affect investments and markets.

Short-termism versus Long termism – New accounting ideas

Various investment groups with interests in renewables have been making a pitch for a change in investment and corporate financial reporting, arguing that quarterly reporting results in a persistent demand for profits

[39] http://2xjmlj8428u1a2k5o34l1m71.wpengine.netdna-cdn.com/wp-content/uploads/1.Whatisresponsibleinvestment.pdf

whereas longer term reporting would allow for the integration of 'soft' elements like Environmental/Ethical, Social and Governance 'valuation.'

Influential investment group Generation Investment Management[40] (~$12 Billion under management)[41] advocates for "Sustainable Capitalism"[42] and the case is based on a similar long-term reporting and incorporating the alleged 'stranded assets' as a presently unaccounted for negative metric, while enhancing the intangible metrics of ESG in evaluating 'sustainability.'

"Stranded assets" are deemed to be valuable energy reserves of coal, oil or natural gas, which would be forced to be 'kept in the ground' if legislation is implemented to prevent the use of hydrocarbons.

Generation Investment Management is unique in that it is a product of Al Gore's collaboration with David Blood and several others. Though larger investment firms like BlackRock manage some $5 Trillion in assets, or 400 times as much as Al Gore's Generation Investments (as reported in The Atlantic), Mr. Gore's group offers clients other items of strategic value: "We provide business-building expertise, access to Generation's investment, corporate, NGO and sustainability networks and a long term strategic perspective and commitment to our portfolio companies."[43]

"Generation is proud of its close relationship with a number of leading organisations around the world working towards a more sustainable future:

- World Resources Institute
- Natural Resource Defense Council
- The Climate Reality Project
- Mistra Foundation
- Global Impact Investing Network"[44]

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[40] https://www.generationim.com/
[41] "Generation now invests a total of about $12 billion for its clients, which are mainly pension funds and other institutional investors, half U.S.-based and half overseas. For comparison, total assets under management by BlackRock, the world's largest asset-management firm, are about $5 trillion, or 400 times as much. But for investment strategies, the past decade has been a revealing one, with its bubbles, historic crashes, and dramatic shifts in economic circumstances in China, Europe, and every other part of the globe." http://www.theatlantic.com/magazine/archive/2015/11/the-planet-saving-capitalism-subverting-surprisingly-lucrative-investment-secrets-of-al-gore/407857/
[42] https://www.generationim.com/media/pdf-generation-sustainable-capitalism-v1.pdf
[43] https://www.generationim.com/strategy/climate-solutions.html
[44] https://www.generationim.com/sustainability/global-collaborations.html

Indeed, the World Resources Institute is extremely influential and reports on its website[45] that “WRI Informs National Climate Plans and Advances U.S. Climate Action”

“Key countries – some of which became catalysts in international negotiations culminating in the Paris climate conference – used WRI’s guidance, developed with the United Nations Development Programme (UNDP), and technical support in developing their INDCs. **WRI offered training about the guidance to three-quarters of the countries participating in the climate talks.”** (Bold emphasis added)

In addition to large influential ENGOs such as WRI, a review of US IRS filings by and research by the Foundation Center provides annual summary of US grantmaking activities (OpenSource)[46] indicates that some 173 grants totaling some $101,046.410.00 in funding since 1999 was distributed to dozens of foundations and small, medium and large ENGOs most in the “Alliance for Climate Protection” with the funding linked to Mr. Gore – much of it dedicated to Earth Day and community environmental activism groups. Far from being small ‘grass-roots’ groups, The Climate Reality Project (aka “Alliance for Climate Protection”) was registered in 2005 and to 2013 had revenues of some $160 million.

World Resources Institute (WRI) gross revenues from 2000-2013 were reportedly about $458 million. WRI is very influential, claiming success in influencing the White House on its climate plan: “When the President announced a Climate Action Plan, it included key elements of WRI’s “Four Point Plan” and other measures to reduce carbon dioxide pollution and prepare for the impacts of climate change.”[47] They state they were able to accomplish this by “A strong outreach and communications effort followed, resulting in extensive media coverage of the report. We also held briefings for high-level Administration officials and enlisted allies in the environmental and business worlds to echo our message and carry our work into the White House.”

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45 http://www.wri.org/our-work/top-outcome/wri-informs-national-climate-plans-and-advances-us-climate-action

46 http://foundationcenter.org/findfunders/foundation-stats.html

47 http://www.wri.org/our-work/top-outcome/%E2%80%9Cfour-point-plan%E2%80%9D-informs-president-obama%E2%80%99s-us-climate-action-plan

For US ENGOs listed in RevenuePerspectives, gross revenues 2000-2013 were $35.4 billion. The largest climate change focused ENGO was ClimateWorks with gross revenues of $1.5 billion.

These few examples suggest that a significant vocal, unregistered environmental lobby exists that is driving a certain ideological viewpoint, and that appears to be employed on behalf of certain business interests. These ENGOs are unelected and unaccountable – yet clearly very influential.[48] It is disturbing to read constant references to the Catastrophic Anthropogenic Global Warming claims in their materials which are not supported by the scientific evidence as we know it.

More recently banks, insurance and institutional investment firms met in London under the umbrella of a new group calling itself BankingFutures Group.[49] They are also advocating for long-term reporting.

However, it seems short-term reporting is still the norm for conventional oil and gas companies,[50] as well as all public companies. Despite much talk of 'stranded assets,' the so-called 'sustainable' renewable energy devices like wind turbines, solar panels or geothermal installations, dams and nuclear plants could not exist without the fossil fuels used for mining the necessary minerals, powering the manufacturing, transportation, installation and maintenance of these 'renewables.'

Questions without Answers

One has to question why and how these influential forces can advocate for penalties on 'stranded assets' and a push for a 'low-carbon economy' when the so-called 'sustainable' devices – like wind turbines - are mined in the least responsible and most environmentally devastating way in China. See: Note Or what of the production and disposal costs of spent solar panels which involves the handling of very toxic elements?[51] What should be the financial penalty on the non-performing 'Noble way to lose money' clean energy sector?

48 https://ep.probeinternational.org/2013/10/07/parker-gallant-who-really-sets-ontarios-energy-policies/
49 http://www.meteos.co.uk/projects/bankingfutures/
50 http://www.calgaryherald.com/business/bank+watch+lists+early+warning+sign+trouble+industry/11766228/story.html
51 http://news.nationalgeographic.com/news/energy/2014/11/141111-solar-panel-manufacturing-sustainability-ranking/

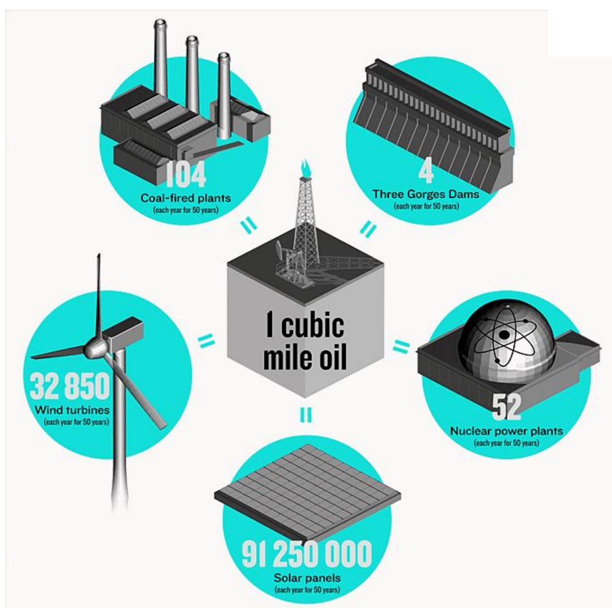
One has to question how it is ethical, or practical, to claim that fossil fuels must be "kept in the ground," when that would also mean the collapse of an integrated network of related industries that provide millions of jobs and valuable products[52] to people around the world. Likewise, such demand is only expected to grow.[53]

The world runs on three cubic miles of oil (CMO) equivalent energy every year. A transition to a 'low-carbon economy' will not be anytime soon, if ever.

1 cubic mile of oil to scale with Eiffel Tower

The Energy Challenge – Present Use

1.0 CMO = oil
0.8 CMO = coal
0.6 CMO = natural gas
0.2 CMO = wood
0.2 CMO = hydro
0.2 CMO = nuclear
0.01 CMO = wind+solar
http://www.forbes.com/2010/08/09/energy-policy-coal-technology-oil.html



Images from: http://energystandard.blogspot.com/2008/03/oil-in-pictures-cubic-mile-of-oil.html

[52] Page 10: http://www.nrel.gov/docs/fy04osti/35523.pdf
[53] https://friendsofsciencecalgary.wordpress.com/2016/03/06/about-that-low-carbon-economy/

A World at Risk

Proponents of the theory of catastrophic 'carbon-caused' global warming see a risk in every fossil fuel stock or corporate carbon footprint.

But the scientific evidence of the past 18+ years does not support that scenario. Even the IPCC scientists do not forecast imminent or likely climate catastrophe; investments in renewable power capacity to reduce greenhouse gas emissions have cost $US2.7 trillion since 2003 and resulted in no environmental benefit. Note

The likely 'benefit' of the Paris agreement might result in a global average of 0.17 degrees C temperature reduction in warming by 2100[54] according to Bjorn Lomborg's calculations, but the costs would be astronomical.[55]

There is clear evidence of substantial influence on political, social and economic levels by unelected, unaccountable ENGOs, some of which appear to be acting as vocal, unregistered lobbyists for vested interests.

Institutional investors and pension funds have divested qualitative energy and resource stocks on the theory of 'sustainability' and 'lower carbon risk' but have ended up holding questionable renewable energy stocks of limited value. By contrast, fossil fuels are energy dense and create vast streams of value-added products and jobs.

On Feb. 27, 2016, the G20 Finance Leaders met and agreed to try and mobilize $6 trillion per year[56] ($90 trillion over 15 years). If that rate were projected beyond 2030 until 2100, it would be $510 trillion, or over *half a quadrillion dollars.*

[54] https://friendsofsciencecalgary.wordpress.com/2016/03/13/reality-bites-the-likely-effect-of-ghg-emissions-reduction-is-next-to-nothing/
[55] https://friendsofsciencecalgary.wordpress.com/2016/03/15/what-will-the-climate-agreement-cost-the-world-economy/
[56] http://www.unep.org/NewsCentre/default.aspx?DocumentID=27058&ArticleID=36081

How much is $500 trillion? If you can imagine a million dollars, and multiplied it one million times, then took that sum and multiplied it 500 times, that would be $500 trillion.

This amount of money is, by any standard, breathtaking. What is also breathtaking is the arrogance of those who would imagine that, in the name of addressing an alleged climate problem about which there remains significant controversy, governments would empower themselves to take this much money from their citizens (whether by regulation, taxation or imposing costs on industry that in turn are passed on to consumers) and then restructure every aspect of energy use and life to suit their vision.

Meantime, institutional investors are still being led to believe they should 'decarbonize' and invest in a 'noble way to lose money' in renewables, while Citibank is reporting a looming unfunded pension crisis.[57]

What will happen to that pension value of 'renewables' in the future? Is climate change really the biggest threat to society? What will be the global financial outcome when the carbon castle falls down? Perhaps we need to consider some alternatives to following this path.

Carbon (CO_2) is a novel commodity: "…one whose value lies entirely in its absence." *Mark Shapiro, Harper's Magazine Feb. 2010*

Image licensed from Shutterstock.

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[57] http://www.businessinsider.com/world-facing-pension-disaster-2016-3?utm_source=feedburner&amp%3Butm_medium=referral&utm_medium=feed&utm_campaign=Feed%3A+businessinsider+%28Business+Insider%29
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About

Friends of Science Society has spent a decade reviewing a broad spectrum of literature on climate change and have concluded the sun is the main driver of climate change, not carbon dioxide (CO_2). Friends of Science is made up of a growing group of earth, atmospheric and solar scientists, engineers, and citizens.

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