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Global Fossil Free Movement Celebrates Amalgamated Bank for Becoming First US Bank to Divest from Fossil Fuels

The bank leads with divestment of its \$4B in commercial bank assets, as legal scholars from US, UK, and Canada advise mission-driven organizations and pension funds on fiduciary duty to assess climate risk.

NEW YORK, NY – September 21, 2016: Citing climate risk to clients and the communities it serves, Amalgamated Bank recently [committed to divest itself from carbon risks](#) across its own lending and investment holdings, and deepened its investment in an energy transition that builds a just and fair economy for all. Amalgamated Bank is the first U.S. bank to take such a step and sets a new standard among its peers in the financial services industry.

Amalgamated Bank is a chartered commercial bank whose clients include pensions, nonprofits, foundations, political organizations, unions, and individuals. It has provided mission-driven, affordable, and accessible banking for nearly 100 years, aiming to work with its clients to protect their financial assets and to create a just and sustainable, world for all. The Bank is a founding signatory of the United Nations Principles of Responsible Investment and the Global Alliance for Banking on Values.

“We welcome Amalgamated Bank to the DivestInvest movement. By choosing to divest from climate risk and invest in the clean, renewable energy revolution in a way that will create jobs and a build a fair economy, Amalgamated Bank is building on its progressive legacy through bold climate leadership in a week when we have seen deplorable actions by big banks like Wells Fargo that have defrauded millions and continue to fund pipelines to climate chaos. We look forward to others in the financial industry following their lead,” Denise Patel, Coordinator of the DivestInvest Network.

From its beginning on college campuses, the fossil fuel divestment movement has grown exponentially over the past few years to over 500 institutions and 50,000 individuals representing \$3.4 trillion in assets, including universities, foundations, religious institutions, health care systems and hospitals, pension funds, municipalities, and now banking. The DivestInvest Network is committed to divestment from fossil fuels and investment in a clean, renewable, equitable energy economy.

“Through its commitment to divest from climate risk, Amalgamated Bank is illustrating true leadership when it comes to climate action. The last 16 months have been the hottest in history, and our institutions must use every tool in their arsenal if we’re serious about curbing the worst impacts of climate change. The financial sector has the ability, not to mention a massive responsibility, when it comes to shifting our society away from the dangerous fossil fuel economy. Amalgamated Bank’s decision to reinvest in an economy that prioritizes people and planet will reverberate around the world, and other banks would be wise to follow their lead,” said May Boeve, Executive Director of 350.org.

Senior leadership from Amalgamated Bank discussed their decision on Wednesday at a high-level forum on fiduciary duty -- “The Trillion Dollar Transformation,” hosted at the Rockefeller Brothers Fund. The forum showcased global and growing legal scholarship that suggests a reconsideration of traditional notions of fiduciary duty is required now, in a time of climate change.

“Trustees are increasingly expected to look beyond portfolio performance to the intentional management of systemic risks and rewards, reflecting the longer term interests of their beneficiaries. Over time, this will likely become an enforceable obligation,” said Canadian legal scholar Ed Waitzer, Professor and Jarislowsky Dimma Mooney Chair at the Osgoode Hall Law School of York University.

While modern portfolio theory and related standards of fiduciary prudence require maximum diversification to spread financial risk, this tenet does not hold in the context of an industry in transition, i.e., the fossil fuel industry. Coal stocks are widely recognized to be in terminal decline, and oil and gas remain grossly volatile. Meanwhile clean energy technologies continue to sweep down their cost curves, outcompeting fossils on an apples-to-apples basis.

“Old guard investment managers claim divestment violates fiduciary duty because it constrains diversification. But independent analyses from prominent legal scholars in the [United States](#), [United Kingdom](#) and [Canada](#) flips this idea on its head. Today, at this brink of climate chaos, it is a nonprofit fiduciary’s duty to *divest* from fossil fuels and sidestep the carbon bubble,” said Clara Vondrich, Global Director of DivestInvest Philanthropy.

The Center for International Environmental Law and Mercer Consulting also previewed two upcoming reports on fiduciary duty at the event: One on the legal requirements facing pension

fund trustees as fiduciaries regarding the assessment of climate risk; and the other on the financial case in support of assessing climate risk in institutional investor portfolios.

This comes on the heels of [similar work by BlackRock](#), the world's largest asset manager, noting that investment managers have a duty now to consider a host of climate-related risks in their investment decisions, including the physical impacts of a disrupted climate, regulatory risk as countries work to meet their Paris climate treaty obligations, technological risk as renewables and other clean innovations disrupt the market, as well as social risk as the global climate movement continues to hold leaders and corporations to account.

“The Trillion Dollar Transformation” was co-hosted by the Wallace Global Fund, Rockefeller Brothers Fund, DivestInvest Philanthropy and the DivestInvest Network.