

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 16th 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.¹ 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.

¹ See 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 Automía 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