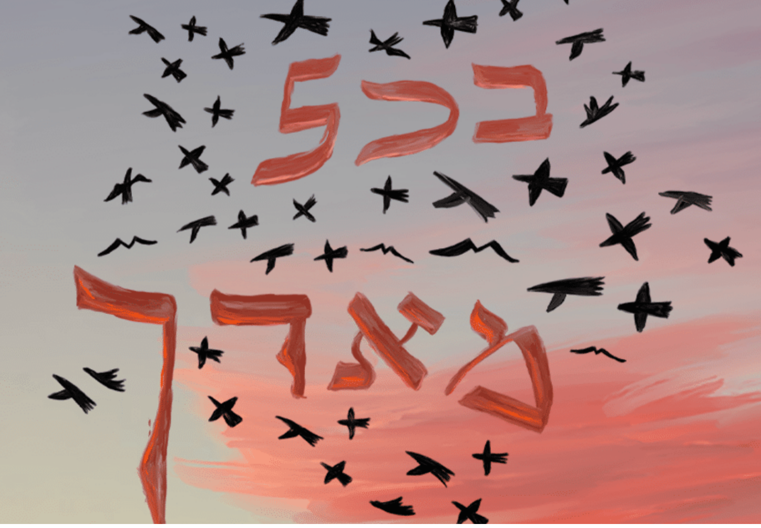

DAYENU

WITH ALL OUR MIGHT BECHOL M'ODECHA

How the Jewish Community Can Invest in a Just, Livable Future

Frequently Asked Questions (FAQS)

1. What is the power of pledging to move money from fossil fuels to clean energy and climate solutions?

The world's leading energy analysts at the International Energy Agency (IEA) estimate that in order to avert the most harmful impacts of the climate crisis and meet our obligations in the Paris Climate Agreement, we must [immediately stop funding any new fossil fuel projects and triple our investments in clean energy](). By moving our institutions' money from fossil fuels to clean energy, not only are we aligning our investments with our values, we're also funding the clean energy transition. Furthermore, our collective impact can be orders of magnitude greater than acting as individuals or as institutions on our own. By demonstrating to our banks and asset managers – financial institutions with trillions of dollars in investments – that we expect them to stop funding fossil fuels, we're helping to shift capital towards the climate solutions we need.

2. What do you mean by screening out fossil fuels and investing in clean energy and climate solutions?

Most of us are funding the coal, oil, and gas companies driving the climate crisis without even knowing it. That's because the banks and asset managers handling our institutions' money are channeling a portion of our investments toward polluting industries (typically at least 5% or as high as 10%). But we have the power to change this! First, by examining where our institutions' accounts, stocks, bonds, mutual funds, retirement savings, and other investments are going. Then, by working with our colleagues, financial advisors, asset managers, and banks to make a plan for phasing out fossil fuel investments and identifying new opportunities to invest in the climate solutions – sustainable transportation, agriculture, industry, etc. – powering the clean energy economy.

3. Why is Dayenu asking Jewish institutions to screen out fossil fuels?

Guided by our communal commitment to current and future generations, lifted by our moral voice, and delivered by our people power as customers and clients of the leading investors in dirty energy, the American Jewish community is poised to play an important role in keeping fossil fuels in the ground. We join with multi-faith and secular partners who have been involved in this effort for decades, but we start with our own American Jewish community – a community that is alarmed by climate change, and needs to fully reckon with its role in backing the fossil fuel companies driving us down the path of destruction.

By joining together in a collective effort to move money away from fossil fuels and toward clean energy, Jewish institutions, alongside many others calling for change, can use finance to help turn the tide of the climate crisis.

4. What is the distinction between a bank and asset manager, and how do they invest in fossil fuels?

Banks are where we deposit our personal or institutional money for safekeeping. Most banks take the money we deposit and lend it out to multinational corporations, local businesses, and others. Every major U.S. bank includes coal, oil, and gas companies in their lending portfolio.

Asset Managers are companies that many institutions use to invest in stocks, bonds, mutual funds, exchange-traded funds (ETFs), and other assets. The biggest names in investment – BlackRock, Vanguard, and Fidelity – are asset managers, managing trillions of dollars in hundreds of funds, most of which include fossil fuel stocks and bonds. For institutions or high-net-worth individuals, asset managers can also manage customized portfolios. Collectively, asset managers control nearly a quarter of the publicly-traded coal, oil, and gas market.

5. Who are the *Schmutzy Sheva* (Dirty Seven)?

The *Schmutzy Sheva* or "Dirty Seven" are the four largest U.S. banks – JPMorgan Chase, Citi, Bank of America, and Wells Fargo – and three largest U.S. asset managers – BlackRock, Vanguard, and Fidelity – that invest in fossil fuels. These institutions, along with RBC, the largest Canadian bank, have outsized influence, which is why through the *All Our Might* campaign, we're keeping the pressure on them to leave behind coal, oil, and gas companies . Learn more about their fossil fuel exposure and record on climate action here.

6. Wouldn't it be irresponsible to flip the switch and cut off fossil fuels immediately?

We support a responsible phaseout of fossil fuels aligned with what experts tell us is needed to meet the Paris Agreement goal of keeping global warming below 1.5°C/2.7 °F:

1. No new development of oil and gas fields and no new coal-fired power stations or coal mines.
2. Setting an aggressive timeline to sunset existing fossil fuels in order to halve global greenhouse emissions by 2030 and reach zero emissions well before 2050.
3. Ensuring that developing countries receive the resources they need to bring their populations out of poverty without increasing emissions.

It's important to remember that moving our investments from fossil fuels to clean energy is not the same as immediately ceasing fossil fuel production. Alarmist claims are hallmarks of the fossil fuel industry PR strategy of denial and delay. Instead, we're holding financial institutions to their own climate pledges.

7. How will I know when my institution has fully screened out fossil fuels/eliminated our exposure to fossil fuels?

You are in the driver's seat. You'll work with your investment committee, CFO, investment advisor, and/or bank representative to make a thorough accounting of your investments. You'll work through them one-by-one to identify where exactly your money is invested, develop a phased plan for moving any money invested in fossil fuels to funds or products that screen out fossil fuels, and consider investing in clean energy solutions.

The good news: There are a lot of resources out there. Visit the dayenu.org/climateinvest for additional information. There are also plenty of organizations – some of which are profiled in the report – that have already embarked on or completed this journey and can share what they've learned along the way. Your financial advisor or asset manager can also help. And if you're looking for more assistance, reach-out to info@dayenu.org for recommended financial experts who have experience in fossil-free investing.

8. Can I keep my asset manager(s) and still screen out fossil fuels?

It's your choice. Asset managers are gaining fluency with socially responsible investing (SRI), including investing with climate in mind. In fact, some estimate that a third of all investment dollars are now invested with an eye toward social responsibility. Just as your financial advisor or asset manager should take the time to understand your institution's financial needs, they can also help ensure your institution's values and investment decisions are aligned. A growing number of asset managers do exactly that, and have even built teams to help develop climate-safe investment funds that screen out fossil fuels, and funds that expressly invest in clean energy and climate solutions.

Your institution's financial advisor or asset manager might already offer access to a number of fossil-fuel-free funds that are similar in profile to your current investments. You can also help advocate for them to offer more fossil-free funds.

If you are not getting the support you need, you can always take your business elsewhere. In fact, our education and advocacy efforts can take on greater urgency if our asset managers know we would consider switching financial institutions to ensure our needs are met.

9. If my institution aims to be fossil fuel-free, should we leave our bank?

When it comes to banks, you have less of a say in where your money goes. Most of the biggest banks continue to loan out the money your institution deposits to fund or underwrite fossil fuel projects or provide general operating support to coal, oil, and gas companies. Many of these banks do this despite pledging meaningful climate action.

Working with Dayenu, you can pressure your bank to take three key actions: 1) Immediately stop funding new fossil fuel projects; 2) Adopt "absolute emissions reductions targets" to honestly measure and report how their money is fueling the climate crisis; and 3) Release a transition plan for how they will phase out investing their money in fossil fuels. If your institution is exploring moving to a different bank, let us know at info@dayenu.org, so we can offer support.

10. My institution is not directly invested in fossil fuel companies, but it is invested in funds run by a top asset manager and/or banking institutions that may invest in fossil fuels. What can I do?

The number of fossil fuel-free investment options has grown in recent years, and some major banks and asset managers now offer a range of options for investors. Any financial advisor or asset manager should be able to deliver fossil-free investment options that serve your institution's financial needs and risk profile. And if they don't yet, you can help by asking for better investment options. We have sample letters and talking points you can use when approaching and engaging them.

By making the ask directly to your investment advisor or asset manager, you're ensuring your actions have an even greater impact. When we demonstrate demand for more clean energy investment opportunities, we can help shift capital away from fossil fuels and towards clean energy and climate solutions that are needed to fund a just and livable future for generations to come.

Change is never easy, and you might encounter some initial resistance from financial professionals who are less familiar with fossil-free investing. But screening out fossil fuels is becoming more understood as a critical way to address the climate crisis. Mainstream institutions, from Harvard University to many of the New York City Pension Funds have made this move. Be persistent and use the discussion guide to bolster your case.

11. How do I find out what my bank and/or asset manager's orientation and record is on climate action?

Major Banks: Dayenu recommends reviewing the "Banking on Climate Chaos" report (or watching Dayenu's teach-in with the report researchers). For a more technical read, see "Leaders or Laggards? Analyzing US Banks' Net Zero Commitments" from the Sierra Club. For smaller banks, you may need to ask your bank rep directly about their lending policies on fossil fuels.

Asset Managers: Dayenu recommends checking out the 2022 Asset Managers report card from our partners at Reclaim Finance and the major fund managers' portfolios at Fossil Free Funds. You can also take a look at each asset manager's record of climate voting on shareholder proposals, which are an indicator of how serious they are about achieving ambitious climate goals.

Many financial institutions publish their own reports highlighting what funds they have available and whether they offer fossil-free funds. But review these documents with a critical eye to avoid falling prey to greenwashing. *Bloomberg* compiled a checklist to help.

12. I'm already impact investing. Isn't that enough?

Investing in climate solutions – renewable energy, electric vehicles, sustainable transit, etc. – is a great start. But experts estimate that for every $1 we invest in fossil fuels, we need $4 dollars in clean energy investments to make up for it. To have the impact we need in the time we have left to turn the tide of the climate crisis, we must also turn off the flow of money to fossil fuel companies.
To put it simply: Impact investing in climate without also screening out fossil fuel companies is like undergoing lung cancer treatment while continuing to smoke. For the health and future of our planet, our institutions need to leave fossil fuels behind once and for all.

13. Why not focus on shareholder activism?

Shareholder activism is a strategy whereby investors use their stake in a company in order to advocate with management to change the company's business practices.

Coal, oil, and gas companies whose core business model is the extraction and distribution of polluting fossil fuels have little incentive to change, so shareholder activism with these companies has been and continues to be a dead end.

However, publicly-traded banks and asset managers, many of which just last year pledged meaningful climate action, are useful venues for shareholder activism to hold them to their commitments. Dayenu's allies at the Interfaith Center for Corporate Responsibility, Sierra Club, Majority Action, and elsewhere deploy this strategy. But this engagement is only impactful if the executives at these financial institutions feel pressured to change. That's where we come in. Jewish institutions can help provide much-needed pressure as financial institutions' customers and clients.

14. Is screening out fossil fuels and investing in clean energy the same as moving to environmental, social, governance (ESG) funds?

In short, no. ESG funds rate companies on their performance on Environmental, Social, and Governance issues, and buy shares in the best-scoring companies (or sometimes the "most-improved companies"). You might think an ESG fund would exclude the leading contributors to global climate change, but some ESG funds include fossil fuel companies like BP and Exxon because of their scores on other issues.

While it is possible to do both – some fossil fuel-free funds do also consider ESG factors in evaluating their other holdings – whether or not to invest in ESG is a separate question. To take climate action at the level that science and justice demand, we must screen out the companies whose core business model is the extraction and distribution of the fossil fuels driving the climate crisis.

15. I've seen a number of critiques about environmental, social, governance (ESG) investing. Is ESG meaningful or greenwashing?

ESG investing as a strategy has lately come under increased scrutiny. There may be contexts in which ESG investing makes sense for an institution or an individual. But the most important action institutional investors can take right now to combat the climate crisis is to stop investing in fossil fuels, whether choosing to engage with ESG or not.

16. Isn't selling stocks to less ethical investors a bigger problem?

When investors move their money en masse, fossil fuel companies face reputational and brand risk that can have knock-on effects, including lower credit ratings and challenges with securing financing for projects and operations. By moving our own investments, we can help make owning stocks in fossil fuel companies less desirable for many investors, and we have the research to back it up: The publicity around the Republic of Ireland's decision to screen out fossil fuels raised concerns for other investors, leading the value of U.S. coal, oil, and gas companies to drop.

Even investors who consider themselves "ethical" often don't leverage their ownership stake in fossil fuel companies by voting on climate-related shareholder resolutions. And it's clear that companies like Exxon and Chevron don't take shareholder concerns about their polluting practices seriously. In 2021, activist investors managed to replace a quarter of Exxon's board, the highest possible level of escalation for climate-concerned investors. Yet the company continues with business as usual – drilling, mining, and polluting communities across the globe.

17. Oil and gas companies are currently raking in record profits, and in turn, offering record returns to investors. Isn't now a bad time to move our money?

There's no denying that fossil fuels are volatile and risky investments both for our portfolios and for the world.

Right now, oil and gas are raking in record profits by profiteering off the energy crisis Russia triggered when it invaded Ukraine, and doing so on the backs of working families. These ill-gotten gains, which go against our Jewish values, are also fleeting.

In the long-term, continued investment in fossil fuels is a losing bet as renewable energy continues to get more affordable. In fact, the leading energy experts in the world expect fossil fuel demand to drastically fall in the next decade. The stock buy-backs and record returns to shareholders are viewed by many analysts as the last gasps of a dying industry.

18. What is "fiduciary duty" and how does it relate to fossil fuel finance?

Fiduciary duty refers to a person or group's responsibility to act in their members' best interest when making investment or other financial decisions. Investment managers have a legal duty to their clients; pension fund directors have a responsibility to their pension's participants; board members have a responsibility to their non-profit organizations; and so on.

Investment or asset managers may claim that their fiduciary duty prevents them from screening out fossil fuels, but the math doesn't hold up. Transitioning away from fossil fuels isn't only good for the planet – it also makes financial sense, will save investors and consumers money, and will create millions of jobs. In recent years, fossil fuels have underperformed the market. As the price of renewable energy continues to drop, investors can expect to see diminishing returns or even significant losses. Further, we know that fossil fuel companies increase overall portfolio risk through the climate damage they cause, such as more frequent and intense extreme weather events. Researchers found that the world economy could lose 10% of its value by 2050 if the global community fails to address the climate crisis.

To avoid risk and align our investments with our values, we encourage Jewish institutions to consider screening out fossil fuel and investing in clean energy and climate solutions as adhering to their fiduciary duty.

19. Aren't fossil fuel companies investing heavily in solar and wind, which we want to be investing in?

Despite fossil fuel companies' messaging, oil and gas company spending on renewables remains less than 5% of total capital expenditure. The numbers indicate that when it was profitable and politically expedient to do so, fossil fuel companies named future aspirations to reduce their greenhouse gas emissions, including more investments in renewables. As soon as energy prices rose, these climate commitments evaporated. Fossil fuel companies pulled back on renewables investments, and instead increased oil and gas production, making clear they had zero intention of changing their core business model of extraction and pollution.