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SYNTHESIS ARTICLE

Non-state governance and climate policy: the fossil fuel divestment movement

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ABSTRACT

This article charts the evolution of the divestment movement, a transnational advocacy network that uses a range of strategies to shame, pressure, facilitate, and encourage investors in general, and large institutional investors in particular, to relinquish their holdings of fossil fuel stocks in favour of climate-friendly alternatives. It describes the movement's central characteristics and the strategies it employs, it maps its basic architecture and the potential role it plays in the broader climate change regime complex, and shows how it represents a novel form of private investor-targeted climate change governance, operating primarily through symbolic political action and as a norm entrepreneur. Given the potential importance of the movement, the model it may provide for other forms of private governance, and the paucity of analysis of its implications for climate change mitigation, this article addresses an important descriptive and analytical gap in the climate policy literature.

POLICY RELEVANCE

The early success and rapid growth of the divestment movement suggests it may play a significant role within the broader sphere of climate change policy. This article shows how the movement has used the aggregation, packaging, and dissemination of scientific fact and moral argument, and local and international campaigning, direct action, lobbying, and knowledge construction to steer the actions of investors. More broadly it demonstrates how shaming, persuasion, and empowerment can be used as strategies to bring about economic and political change and to catalyse the 'energy revolution' that many see as the essence of effective climate change mitigation. In so doing, the article indicates how climate policy can be advanced by novel forms of private governance, and (so its proponents would argue) how more might be achieved by unconventional means and leveraging the private sector than governments have managed by conventional means in some two decades.

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1. Introduction

The failure of government and inter-governmental initiatives to deliver credible climate change mitigation has led NGOs and others to look elsewhere for viable strategies. Rather than pressuring governments to take climate action, NGOs have sought to engage with the private sector directly, using a plethora of strategies. One novel NGO initiative that has generated considerable interest and, within a relatively short period, has had an impressive impact on both the level and content of public discourse about climate change mitigation is the fossil fuel divestment movement. Indeed, so steep has been the movement's trajectory that it is now at the leading edge of this wave of non-state mitigation initiatives.

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In essence, the divestment movement uses a range of strategies to shame, pressure, facilitate, and encourage investors in general, and large institutional investors in particular, to divest their holdings of fossil fuel stocks in favour of other climate-friendly, or at least climate-neutral, alternatives. The movement is non-state in that it does not rely on conventional forms of law or regulation developed by either the nation state or agreed to at international level, but rather on informal action by climate change NGOs. It is investor-targeted in that persuading institutional investors to modify their portfolios is its principal focus. It involves transnational activist networks, as it is driven by activists from multiple interconnected organisations that cross borders. Finally, it involves governance, because these initiatives are very much a form of 'social steering' towards a collective goal (Andonova, Betsill, & Bulkeley, 2009; Bulkeley et al., 2014; see also Burris, Kempa, & Shearing, 2008).

A focus on divestment as a way of dealing with climate change is not new. Divestment has been part of the language of climate change campaigners since at least the early 1990s. Greenpeace, for example, attempted (albeit with little success) to convince the insurance industry that climate change posed a threat to the stability of future insurance markets and that its best interests lay in eschewing investments in fossil fuels and reinvesting in solar energy and energy efficiency (Leggett, 1993; Paterson, 2001). What is new, however, is the particular strategy used by the divestment movement (on which more below), its reliance on appealing primarily to moral principles rather than economic self-interests, and its substantial impact, judged in terms of publicity and support from influential institutions and powerful individuals, within a relatively short time.

The latest incarnation of the movement is of relatively recent origin and to date has barely been mentioned, let alone analysed, in the environmental policy and governance literature. It has, however, prompted a strong reaction from the fossil fuel industry and generated considerable attention in the media, including the financial press. Although it is too early to know whether or to what extent it will achieve its far-reaching aspirations, the movement has had some early successes. If it continues on its present trajectory, it will form a significant part of the broader 'regime complex for climate change' (Abbott, 2012, 2014), notwithstanding that it uses strategies that bypass the state (targeting investors, instead of directly confronting governments through lobbying and direct action), is more a moral crusade than an exercise in economic pragmatism, and involves no formal regulatory component. Indeed, according to its proponents, the movement holds the promise of achieving more by unconventional means than governments have managed by conventional ones in some two decades.

Given the potential importance of the divestment movement, the model it may provide for other forms of non-state governance, and the paucity of analysis of its implications for climate change mitigation and energy governance, this article fills an important descriptive and analytical gap. While it would be premature to evaluate the effectiveness of the divestment movement, it is possible to describe its central characteristics, the strategies it employs, and the principal obstacles to its success. It is equally important to chart the evolution of a novel and distinctive form of climate change governance and to map its basic architecture and potential role in the broader climate change regime complex.

In Section 2, this article first considers where the divestment movement is situated in the landscape of transnational governance relating to climate change mitigation. In Section 3 it then describes the movement in some detail, surveying its history, aims, protagonists, impacts, and geography. Section 4 explores in more depth the impact of the movement at this point in its evolution, its potential as a node of non-state climate governance, and its strengths and limitations. We conclude in Section 5 that the movement is already becoming a distinctive node within the climate change regime complex and that, as it evolves and strengthens through expanding its networks, it is also likely to play a significant role in social steering, particularly as a norm entrepreneur. The extent to which it will directly influence state climate policies is as yet unclear, but it undoubtedly has potential to act as an important catalyst for the fundamental restructuring that is required for an 'energy revolution' (International Energy Agency, 2009).

2. Divestment as a node of transnational non-state governance

In terms of governance, one of the most significant responses to climate change has been the proliferation of a constellation of state, non-state, and hybrid transnational networks engaged in multiple forms of social steering (Andonova et al., 2009). This proliferation has resulted from the vast complexity of the issue and the concomitant need for policy coordination 'vertically, horizontally and across sectors' (Andonova et al., 2009, p. 57), the diversity of affected interests, and the differing degrees of commitment to mitigation efforts by states.

While each of these types of transnational governance network has had 'significant political, economic and environmental impacts' (Bulkeley et al., 2014, p. 3), the roles played by networks established and managed by non-state actors have been particularly striking. These networks have contributed to climate change mitigation efforts in myriad ways, such as through direct action, government lobbying, participation in public–private partnerships, consumer education, shareholder advocacy and engagement, working towards corporate disclosure of emissions and responses to climate change, supply chain pressure (boycotts, shaming), and the setting of and commitment to standards, such as certification regimes and voluntary principles.

The divestment movement is fast becoming an important node in this constellation of transnational non-state governance initiatives, inhabiting a space only lightly touched upon by other initiatives. Whereas the large majority of transnational climate change initiatives are based on market liberal and institutional world-views (as Bulkeley et al.'s (2014) survey of 60 transnational climate change initiatives amply demonstrates), the divestment movement is one of a small minority that take a more radical approach to what is required economically and environmentally to combat climate change.

Moreover, not only is the particular strategy that it has adopted different even from other 'deep green' movements, but its legitimacy claims are themselves distinctive, in that they rest primarily and very strongly on morality (i.e. the movement should be listened to because of the rightfulness of its position) rather than on any other basis (such as expertise[1]). As we will show, it appears that this particular strategy and its accompanying legitimacy claims have opened up a distinctive niche for the movement as a norm entrepreneur, which it is exploiting to the full. Although the movement's specific form of 'social steering' is still evolving, its capacity to catalyse public discourse and to motivate investors is already apparent, and the (at least rhetorical) adoption by other institutions of the idea of divestment as a means to approach mitigation, including institutions with their ideological feet firmly grounded in market liberalism, such as the World Bank, suggests that the movement is at the very least succeeding as a policy shaper, and in the longer term may have a more expansive role, particularly as a norm entrepreneur.[2]

3. Mapping the movement

3.1. *History*

Formally, the fossil fuel divestment movement is only three years old at the time of writing. Its beginnings are attributed to the American writer and activist Bill McKibben. Published in the summer of 2012, his article in *Rolling Stone* magazine, 'Global Warming's Terrifying New Math' (McKibben, 2012), set out the case for keeping most fossil fuel reserves in the ground in order to avoid catastrophic warming.[3] He argued that if the public understood that fossil fuel companies are intent on burning all identified reserves as well as any new ones they find, regardless of the effect on the climate,[4] then this might be sufficient to prompt a mass movement against fossil fuel use, but this could happen only if a vanguard movement was created capable of drawing these unpalatable facts to the attention of the public and galvanising widespread action.

In fact, earlier activism by McKibben and others had already precipitated such a movement, beginning with 'Step It Up', a campaign instituted by McKibben and his students that resulted in protests across the US during the 2007 presidential primary campaigns (McKibben, 2013). The movement was named 350.org (http://350.org/) in 2008, taking the idea from a paper by NASA's James Hansen and his colleagues that argued that 350 parts per million of CO_2 is the safe upper limit for atmospheric CO_2 and that beyond this we risk 'dangerous climate change' (Hansen et al., 2008).[5] As a subset of that movement, the 350.org divestment campaign began in 2012, joining an already existing push (dating from the summer of 2011) by students on North American campuses for divestment of coal stocks by colleges. By the spring of 2012 the campaign had spread to 50 campuses (Dorsey & Mott, 2014). McKibben's *Rolling Stone* article and 350.org participation expanded the reach of the campaign beyond coal to all of the 200 leading publicly traded fossil fuel companies, boosting the number of North American campuses involved and enabling the campaign to go global.

The top 200 public fossil fuel companies to which McKibben referred, made up of the top 100 listed coal and top 100 listed oil and gas companies ranked according to their fossil fuel reserves, were identified in the 2011 report 'Unburnable carbon: Are the world's financial markets carrying a carbon bubble?' produced by the Carbon Tracker Initiative (http://www.carbontracker.org/). Carbon Tracker then produced a second report, 'Unburnable carbon 2013: Wasted capital and stranded assets', also focused on the top 200 fossil fuel companies.[6] An arguably more refined approach is taken by Richard Heede of the Climate Accountability Institute, who points out that nearly two-thirds of CO_2 emitted since the 1750s is traceable to the 90 largest fossil fuel and cement producers (the 'carbon majors' – 83 fossil fuel and 7 cement producers), most of which still operate today. Half of those emissions have been emitted since 1986 (Heede, 2014). Heede argues that these majors, whether state- or investor-owned, therefore have an ethical obligation to help address climate change. He concludes that '[r]edoubling international efforts to secure an effective climate agreement will likely prove insufficient unless some means can be found to involve the carbon majors in the effort to keep their reserves in the ground or commensurate efforts to prevent or offset their emission to the atmosphere' (2014, p. 238). It is the first of these two options to which the divestment movement is directed.

3.2. *Aims*

The ultimate aim of the movement is to bring about a complete break with fossil fuels and disruptive technological change, resulting in a radical and rapid structural shift in the economy, consistent with the 'energy revolution' advocated by the International Energy Agency (International Energy Agency, 2009). To achieve this it seeks (according to Ansar, Caldecott, & Tilbury, 2013, p. 9) (1) to 'force the hand' of the fossil fuel companies to leave the oil, gas, and coal reserves in the ground; (2) to pressure those companies to undergo 'transformative change that can cause a drastic reduction in carbon emissions (for instance, by switching to less carbon-intensive forms of energy supply); and (3) to pressure governments to enact legislation such as a ban on further drilling or a carbon tax.

While these may be the movement's ultimate aims, they are not its immediate focus. Initially, the movement seeks to raise awareness of climate change and of the role of the fossil fuel extracting companies in it, especially among investors in those companies. The catch-cry of 'Go Fossil Free', the divestment campaign led by 350.org – 'If it's wrong to wreck the climate, then surely it's wrong to profit from that wreckage' – is clearly designed to appeal to the ethics or morals of investors. So the pressure is directed particularly towards investing institutions designed to serve the public good, such as pension funds and university endowments. Both have social roles that leave them open to shaming if they do not approach investment ethically. Universities also tend to have governance structures that give students and staff at least a partial role in decision making, and of course, a ready supply of young and enthusiastic activists.

Off the back of climate change awareness and its associated moral claims is another goal of the movement, that of breeding uncertainty among investors (whether they are ethical or not) about the future stability of the fossil fuel industry and its reliability as a continuing source of profitable investment. This is based on the Carbon Tracker Initiative's argument that there currently exists a 'carbon bubble'; in other words, that the value of fossil fuel shares is inflated because it is based on both a false assumption about the market, namely, that all reserves will be consumed, and an unwillingness to factor in the true costs of fossil fuels in terms of carbon emissions. This, it is argued, is a bubble likely to burst when the realisation hits that most of those reserves (around 80% according to Carbon Tracker's first report) must stay in the ground in order to avoid catastrophic warming. The bubble bursting scenario raises the prospect that those fossil fuel reserves will become 'stranded assets', i.e. assets that will be written off, revalued downward, or converted to liabilities (Ansar et al., 2013, p. 9).[7] Accordingly, the movement seeks to raise the spectre of asset stranding while at the same time, by encouraging divestment, trying to increase the likelihood of that stranding – in other words, to make asset stranding a self-fulfilling prophecy.[8]

Divestment protagonists are fully aware that the divestment of holdings in fossil fuels by the main institutional targets of the campaign is unlikely to have much, if any, direct effect on the valuations of fossil fuel companies (Dorsey & Mott, 2014, fn. 5; Ansar et al., 2013).[9] The reasons are five-fold. First, a number of the biggest fossil fuel companies in the world are not public companies (many, for instance, are state owned)[10] and so are not vulnerable to divestment pressures (Thamotheram, 2014). Second, the percentage of the holdings of institutional investors that are invested in these public companies is small.[11] Third, previous divestment campaigns (e.g. in relation to apartheid in South Africa and tobacco) suggest that only a small proportion of divestible funds are likely to be withdrawn (Ansar et al., 2013, p. 60).[12] Fourth, divestment removes the opportunity for shareholders to voice their concerns and influence companies towards mitigation efforts (Hulme, 2015). Finally, divested holdings are likely to be bought by other investors with fewer scruples. The last is perhaps the most widely cited reason for disagreeing with divestment as a strategy for progressing climate change mitigation (see, e.g., Hulme, 2015; Saunders, 2015; Thamotheram, 2014).

However, the limited direct impact of the divestment movement on public companies is not a deterrent to campaigners, because the indirect effect of divestment could be significant. Removal of fossil fuel companies' social licence to operate, through a process of reputational damage and stigmatisation, is a fundamental aim of the divestment movement. In the words of one campaigner[13], '[t]he goal is to turn big oil into big tobacco – a pariah industry that politicians can't stand beside in good faith.' The causes and effects of stigmatisation are thoroughly discussed by Ansar et al. (2013, pp. 36–38). Reputational risk plays an important role in investors' assessments about the risk–return ratio of any investment. Stigmatisation of companies increases the uncertainty with which shareholders and potential investors view them as future profit-making ventures, the likelihood of a cessation of engagement by customers, contractors, and suppliers, and the possibility that governments will impose restrictive regulatory measures affecting the ability of companies to conduct business (Ansar et al., 2013), further increasing uncertainty in the market.

Even so, fund managers who make the day-to-day decisions about investment have strong incentives to maintain or increase asset value in the short term, and not promote climate change mitigation for non-market-related reasons (Harmes, 2011).[14] While organisations such as pension funds increasingly have 'sustainability' (including climate change) arms, these tend to be institutionally separate from fund managers, so 'there is a gap between the walk and the talk' (Raj Thamotheram, independent investment advisor, quoted in Sullivan, 2012). Directly countering the short-termism incentives of fund managers is accordingly difficult. Still, in recent years many financial intermediaries have rapidly developed new products and services to provide investors with fossil-free investment options (Humphreys, 2013).

3.3. *Protagonists and targets*

The main protagonists of the divestment movement are NGOs working on climate change and climate justice. Currently, these groups exist in 188 countries. The list of 'partners and allies' identified on 350.org's website includes organisations ranging from environmental NGOs to community, religious, and special interest groups. There are also a number of independent 'branches' or sister organisations of 350.org that have their own websites, partners, and supporters. Many of the groups campaigning for divestment are student organisations, but not all. Some are community-based groups, others are companies set up for this purpose, and yet others, such as Divest–Invest Philanthropy (http://divestinvest.org/philanthropy/), are coalitions of like-minded organisations and institutions.

The divestment movement began by targeting universities and encompasses campuses in 15 countries, but the movement has expanded and now also targets pension funds, religious organisations, banks and other financial institutions, city, county and regional governments, and public bodies (e.g. there is a campaign seeking divestment by New York Botanical Gardens). Even environmental NGOs (e.g. Hirundo Wildlife Refuge in Maine) have been regarded as targets (Klein, 2013a, 2013b).[15]

However, it would be a mistake to think of the divestment movement as being composed only of campaigners and targets. Those who decide to divest may be regarded as wielding an influence too, because their actions and public statements about the reasons for divesting can provide inspiration and a model for others. One of the arguments made by Oxford University academics in an open letter to the university urging it not to continue to invest in fossil fuels was that '[t]he University of Oxford has a responsibility to show leadership in tackling one of the greatest challenges we as a society currently face' (https://oxfordacademicsfordivestment.wordpress.com/signatories/).[16]

It would also be erroneous to regard the divestment movement as operating in a vacuum. First, a number of influential individuals and institutions have publicly supported divestment as a strategy. These include the Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC) Christiana Figueres (Figueres, 2014; McGrath, 2014), World Bank President Jim Yong Kim (King, 2014), European Commissioner for Climate Action in the European Commission Connie Hedegaard (Hedegaard, 2013), South African Archbishop Desmond Tutu (Tutu, 2014), and the UN Framework Convention on Climate Change (UNFCCC) (Carrington, 2015a). Moreover, these voices have been joined by others no less influential that flag fossil fuels as potential stranded assets or at least much less profitable investments in the future, such as the Secretary-General of the Organisation for Economic Co-operation and Development (OECD) (Gurria, 2013), the Governor of the Bank of England and Chairman of the G20's Financial Stability Board, Mark Carney (Shankleman, 2014), and Deutsche Bank (Bansal & Kirk, 2015). The UN Secretary-General has highlighted the responsibility of investors to take a lead in creating a low-carbon world (Ban Ki Moon, 2014). Accordingly, the divestment movement nests within the broader context of a fast-changing energy market and an environment of accelerating climate change awareness at an institutional level, and the endorsement of influential individuals and organisations in turn amplifies the impact of, and provides legitimacy to the movement.

3.4. *Impacts*

The movement has had some early success. Table 1 shows commitments to pursue divestment at the time of writing (August 2015). It should be noted that the impacts have so far only been felt in western countries.

By world standards, the numbers of divestment commitments are small, and most are only partial. However, some commitments come from major and influential institutions. For example, on 6 May 2014 Stanford University announced its decision to divest its endowment of coal shares and to make no new direct investments in companies for which coal extraction is the primary business. Stanford President John Hennessy stated that 'Stanford has a responsibility as a global citizen to promote sustainability for our planet, and we work intensively to do so through our research, our educational programs and our campus operations … Moving away from coal in the investment context is a small, but constructive, step while work continues, at Stanford and elsewhere, to develop broadly viable sustainable energy solutions for the future' (Stanford Report, 2014).[17] This commitment by Stanford fuelled the hopes of campaigners at the Australian National University (ANU), who, relying on an earlier statement by the university's administration that Stanford provides a 'gold standard'[18], argued that Stanford's divestment decision should be followed at the university. ANU's subsequent decision to divest from seven resources companies, amounting to just AUD 16 million (5% of the university's domestic equity), following a review by an independent firm of its investments against the university's socially responsible investments policy, was hailed as a success by campaigners but evoked 'an astonishingly intense response' from the Australian government (Jotzo, 2014).[19] Similarly, it is no small matter that large cities such as San Francisco, Portland, and Seattle have

Table 1. Divestment commitments

Divestor	Number			Examples
	Total	US	Other	
Universities	37	24	13	Stanford University; Pitzer College; University of Glasgow; Lund University; Australian National University
Municipal bodies (cities, counties, councils, etc.)	41	29	12	San Francisco; Boxtel (NL); Bristol (UK); Fremantle (Australia); Christchurch (NZ); Dane County WI; Marrickville Council, NSW
Foundations	116	73	43	Rockefeller Brothers Fund; Pace Foundation; Wallace Global Fund
Faith-based organisations	68	33	35	World Council of Churches; Church of England; Quakers Religious Society of Friends (Australia); Student Christian Movement
Financial institutions	9	1	8	Bendigo Bank (Australia); Norwegian Sovereign Wealth Fund; UniSuper (Australia)
Health institutions	6	3	3	British Medical Association; Royal Australasian College of Physicians
NGOs	4	4		The Wilderness Society
Other	7	4	3	The Council of Canadians; Union of Concerned Scientists; Guardian Media Group

Source: 350.org.

made divestment commitments, as a way to lead by example and 'send a message to the world that investment in fossil fuels is a losing proposition' (Giegerich, 2013). The Rockefeller Brothers Fund, the $860 million philanthropic organization built on oil profits, has also committed to divestment, explaining that 'You start with the symbolic gesture because you have to lead with your morals and your principles, and then you also build the financial case for doing it … it is increasingly risky not to be willing to make this sort of important gesture for our future' (ABC Radio National, 2015).

The movement also seems to be nipping at the heels of the industries themselves. In a speech in May 2014, the CEO of the Minerals Council of Australia (MCA) reportedly attacked superannuation funds that are offering investment options that exclude fossil fuels, suggesting that they are not maximising their investors' returns. This speech followed in the wake of decisions by big funds such as AMP, UniSuper, and Hunter Hall to offer such options (Ker, 2014). These decisions by Australian institutional investors should be seen against the background of events in other places such as the decision by London's FTSE Group in partnership with the world's biggest fund manager, BlackRock, to set up indices that exclude fossil fuel companies (Clark, 2014), and the decision in 2014 of Norway's sovereign wealth fund, Government Pension Fund Global[20], to sell all shares in companies in its portfolio that generate more than 30% of their output or revenues from coal-related activities, amounting to $9 to $10 billion worth of investments (Carrington, 2015b).

In addition, in 2014, both Royal Dutch Shell and Exxon Mobil published documents at the request of investors concerned about the carbon bubble and the risk of stranded assets. Despite acknowledging the reality of climate change, each of these documents defended the relevant company's business plans to continue to exploit reserves and search for new ones, stating that they did not believe their assets will become stranded because there will be a continued need for fossil fuels for decades to come (ExxonMobil, 2014; Royal Dutch Shell, 2014). That shareholders asked for, and these companies felt the need to fashion, detailed defences of their positions suggests that the divestment movement is increasingly having an impact.

3.5. *Resistance*

While there are many instances of success, there are more examples of indifference or of outright resistance to calls for divestment. Of the latter, perhaps the most well-known is that of Harvard, the US university with the largest endowment. There the debate over divestment was conducted in a very public way. The President of Harvard, Drew Faust, refused to commit to divestment (Faust, 2013), despite a well-orchestrated campaign by students supported by alumni and faculty members (http://divestharvard.com/). Faust described divestment as an inappropriate political act and one that would constrain investment returns and compromise the endowment, and stated that instead of divestment 'we should think about how we might use our voice not to ostracize such companies but to encourage them to be a positive force both in meeting society's long-term energy needs while addressing pressing environmental imperatives', a view supported by the Director of the Harvard Environmental Economics Program (Stavins, 2014), an advocate of climate change action. Both students and staff reacted by challenging the president's position, arguing that not divesting is also a political act and that engagement with fossil fuel companies by a minor shareholder like Harvard is unlikely to cause a fundamental shift in their business strategies (Harvard Faculty for Divestment, 2014; Stephenson, 2014). Harvard's response was to become a signatory to the UN-supported Principles for Responsible Investment (PRI) and the Carbon Disclosure Project's (CDP) climate change programme, as well as to commit to continued engagement in and funding of research into sustainability energy science and governance and to 'serve as a living laboratory for strategies and initiatives that reduce energy consumption and greenhouse gas (GHG) emissions in the ways we live and work' (Faust, 2014). However, it has not revised its stance on divestment, and there is no sign that it will.

In Australia, the MCA has publicly accused environmental activists engaged in the divestment movement of engaging in potentially illegal behaviour (anti-competitive secondary boycotts under Australian law) (Saunders, 2014). In a report commissioned by the MCA, an academic economist argues that the movement 'rests on false premises and unsubstantiated claims' and that it is in fact 'environmental activism dressed up as investment advice' (Davidson, 2014).

4. Discussion

As a transnational advocacy network (Keck & Sikkink, 1998), the divestment movement's main activities are the aggregation, packaging, and forceful and persuasive dissemination of both scientific fact and moral argument, and for that purpose it engages in local and international campaigning, direct action, lobbying, and knowledge construction (Gough & Shackley, 2001). As has been made clear, it aims to steer the actions of investors through shaming, persuading, and empowering them, as well as seeking to bring about economic and political change to catalyse the 'energy revolution' that many see as the essence of effective climate change mitigation.

Arguably this is just the kind of 'enlightened private behaviour' (Fullerton, 2014) that, in the absence of effective and coordinated state action on climate change, is needed in order to shift the world towards a much more sustainable future. But the movement is still evolving. It would be premature, and also inappropriate in a synthesis article, to come to firm conclusions about the extent of its current and potential contribution to climate change mitigation. Nevertheless, even at this relatively early stage in the movement's development, it is possible to identify the movement's distinctive features and capacities, the effectiveness or otherwise of its strategies, its role in non-state climate governance, and the contribution it may make to policy making at national and international levels.

In theoretical terms, the divestment movement forms one part of what has been termed the emerging 'transnational regime complex for climate change' (TRCCC) (Abbott, 2012, 2014). But where precisely does it fit within that complex? Although it clearly represents one node of a constellation of non-state initiatives that interact both with each other and with state, private, and hybrid nodes (Burris, Drahos, & Shearing, 2005), the more challenging question is 'what does it share with other non-state climate transnational climate change initiatives and what differentiates it from those initiatives?'

It has in common with many other such initiatives a focus on information sharing and capacity building, but it lacks target-setting and monitoring functions. Moreover, unlike 'investor-driven governance networks' (IGNs) (Macleod & Park, 2011), such as the CDP and the Investor Network on Climate Risk (INCR), which focus on 'softly, softly' change through investor–company engagement and shifting investment practices, the divestment movement is one of only a small number of initiatives that eschew engagement and posit the need for far more fundamental change to the global economy to bring about climate change mitigation.

This combative stance has set it at odds with the fossil fuel industry as well as parts of the finance industry. However, it is precisely this confrontational and uncompromising position (with little concern to reach common ground or to find 'win–win' solutions) that gives the movement its cutting edge. It aims to attack the fossil fuel industry directly, to stigmatise it and treat it as a moral pariah. By so doing, the movement gains considerable publicity. Even when the fossil fuel industry fights back, or the movement is condemned by News Corporation's organs, this is all grist to the mill. So, the movement's carefully staged investment days, its attacks on banks who lend to coal mining companies, and its various other colourful activities aim to put it in the limelight and to highlight the issue of climate change in the public consciousness. Whether this strategy will continue to prove effective as the media tires of reporting the movement's various events, or new divestments, remains to be seen.

Publicity for the movement is necessary to its success, but without a degree of authority and legitimacy the movement is unlikely to be able to turn its high profile into effective pressure on investors. Private authority has conventionally been defined as involving 'situations in which non state actors make rules or set standards that other actors in world politics adopt' (Green, 2013, p. 6). The divestment movement, however, is not engaged in developing private prescriptive rules monitored and verified by third parties, and in this it differs from many other non-state market-targeting initiatives (e.g. certification regimes) (Cashore, 2002; Cashore, Auld, & Renckens, 2011). It is also distinguishable from standard setting initiatives in that its main focus is a normative one: raising consciousness concerning climate change and of the need to transition to a low-carbon economy as a matter of urgency. Although it argues that institutional investors should divest fossil fuel, shareholdings it is under few illusions about the prospect of success, and it is well aware that others are likely to purchase divested stocks. Its primary role is therefore that of a moral entrepreneur (Becker, 1963) or norm entrepreneur (Sunstein, 1996), concerned with labelling a particular behaviour (carbon pollution) as morally reprehensible, and, by so doing, shifting attitudes about climate change mitigation.

So, how then does the movement go about achieving recognition for and institutionalising the norms and practices it is advocating so that they are perceived as authoritative? Its authority in this regard may be dependent on its capacity to build networks both between its own constituents (the various campaigns that comprise the movement) and with other legitimate actors outside the movement, forming 'legitimacy networks' that result in mutual legitimacy enhancement (Black, 2008, p. 147). It is arguable that the endorsement of many high-profile individuals and organisations, referred to earlier, has already begun a process of legitimating the movement, one that will continue as its networks expand.

That expansion is taking place as the 'node' that is 350.org's 'Go Fossil Free' campaign often works directly with other like-minded civil society organisations through both formal and informal relationships,[21] but does the network also encompass others who are less like-minded? Divestment campaigners often leverage the work of those working towards climate change mitigation, including those who have little sympathy with the divestment message and/or have different aims. Examples include the use made of analyses by the Carbon Tracker Initiative relating to the carbon bubble, unburnable carbon, and stranded assets and of the Oxford University Smith School of Enterprise and the Environment on the effects that stigmatisation of fossil fuel companies might have for their market valuation (Ansar et al., 2013). Neither of these organisations endorses divestment as a blanket solution, preferring instead to work towards corporate disclosure and encourage shareholder activism (Thamotheram, 2014).

While the current contours of the movement are important, a perhaps more significant issue is its capacity for creating or facilitating a broader web of influence that could bring about a normative shift in attitudes towards climate change and the fossil fuel industry. Braithwaite and Drahos's (2000) extensive empirical work suggests that NGOs (and weak countries) are unable to have much influence on regulation and governance unless they engage with business-dominated epistemic communities. The extent to which divestment campaigners succeed in building alliances with socially responsible investment funds and others within the broader Socially Responsible Investing (SRI) and Corporate Social Responsibility (CSR) spheres may therefore well be crucial.

It might, for example, be possible to develop 'clubs' of environmentally responsible institutional investors (Fiorino, 2009; Potoski & Prakash, 2013) or to build on existing investor-driven governance networks (IGNs) (MacLeod & Park, 2011), and seek to stigmatise or otherwise sanction those who refuse to join. Similarly, there is potential for divestment campaigners to engage with potentially sympathetic international environmental organisations (IEOs), such as the United Nations Global Compact (UNGC) (https://www.unglobalcompact.org/), the UN Sustainable Stock Exchanges initiative (SSE) (http://www.sseinitiative.org/), and the United Nations Environment Programme Finance Initiative (UNEP FI) (http://www.unepfi.org/).[22] Some states, too, might be well-disposed towards the divestment movement and willing to empower it by requiring greater corporate disclosure of carbon assets and regulating to overcome the short-term horizons of fund managers (Harmes, 2011; Richardson, 2013[23]).

The divestment movement is already networking with a range of climate stakeholders, from other climate-concerned NGOs (such as the Climate Coalition: http://www.theclimatecoalition.org/) to organisations involved in socially responsible investing (such as the Responsible Endowments Coalition: http://www.endowmentethics.org/ffdivestment), to international investment analysts advising investors on climate risks and opportunities (such as Fossil Free Indexes LLC: http://fossilfreeindexes.com/2015/01/22/2014-watershed-year-fossil-free-indexes/), and to *The Guardian* newspaper, with whom it partners in the latter's ongoing 'Keep it in the ground' campaign (see, e.g., http://www.theguardian.com/environment/2015/jul/16/five-lessons-from-the-fossil-fuel-divestment-movement).[24] At the time of writing, climate stakeholders were both pressuring and actively engaging in dialogue with banks, insurance companies, and international consultancy firms, as well as with all types of institutional investor. Depending on the outcomes, this engagement could result in an even greater expansion of their networks.

Finally, at the heart of any assessment of the divestment movement is the question of its effectiveness. As noted above, the redistribution of ownership that occurs through divestment action is unlikely to alter directly the fundamental economics of fossil fuel production or 'keep carbon in the ground' (Saunders, 2015). Yet it is clear that symbolic actions such as divestment can have material, potent consequences. The divestment movement's effectiveness in catalysing changes in investors' attitudes towards fossil fuel companies, motivating shareholders to use other implements in their toolkit (such as pressuring companies to return profits to shareholders instead of reinvesting them in exploration for new reserves), and encouraging a rethink of national and global climate change policies is potentially of great importance, but at this stage of the movement's evolution it is still an open question whether or to what extent it will be achieved. That its main impact has been in developed countries, although projected emission increases are greatest for developing countries, perhaps points to a weakness that will need to be addressed if the movement is to be as effective as its protagonists anticipate.

One possible result of the upswell in public discourse about divestment may be to spur governments to identify and remove the legal and organisational obstructions that currently make it difficult for investment professionals to take climate change imperatives into account in determining investment priorities. Legal and regulatory reforms to business laws at both national and international levels are required to reorient financial markets towards the long term, to improve consultation and transparency frameworks, and to enable business managers to reconcile their duties to serve their shareholders with public interests (Richardson, 2013). In addition, governments could facilitate SRI through legal reforms requiring disclosure by institutional investors of their SRI policies and resulting investment practices. However, whether the centring of investment in public discourse about mitigation will also cause states to impose new restrictive measures on fossil fuel use, as the divestment movement hopes, is as yet unclear. If enough investors turn away from fossil fuels and towards renewables, if high-level support for divestment continues, and if markets continue to respond by providing more low-carbon investment options and by devaluing fossil fuels (as is happening with coal), governments may have little choice but to follow with economically and politically responsive regulation.

5. Conclusions

The divestment movement is worthy of study by students of climate policy and governance for a variety of reasons. One is its rapid rise and considerable impact, at least as measured by the degree of controversy and public attention it has gained in a relatively short time. Another is that it represents a new variant of non-state climate governance, similar in some respects to certification and other standard setting initiatives, but in others strikingly different.

As we have argued, it is these differences that provide it with the potential to make a distinctive contribution to climate change mitigation. Not only does the focus on third parties (investors), as opposed to first (state) and second (business) parties, distinguish this movement from other forms of private climate change action, but so too do its distinctive claims to authority and legitimacy. Moreover, because it lies at the 'deep green' end of the spectrum, engaging in confrontational strategies far removed from those of the majority of climate NGOs and staging high-profile events attracting considerable media attention, it has gained a degree of prominence remarkable even to those closely involved with the movement. Of equal importance, though less well recognised, are its aims, which, in contrast to certification and other standards initiatives, are far more concerned with engaging in symbolic political action, raising consciousness, and shifting public opinion about climate change than they are with more pragmatic economic ends.

All these attributes suggest that it is already becoming a distinctive node within the evolving climate change regime complex, one that promises to play an important moral and political role. As its evolving networks and webs of influence expand and strengthen, it is likely to play a significant role in social steering, particularly as a norm entrepreneur whose message is that to continue burning fossil fuels is immoral and that the fossil fuel industry should be treated as a moral pariah and its social licence withdrawn. As such, it seeks to win 'hearts and minds' and to challenge the industry for failing to engage in an 'energy revolution' and for its long-standing campaign of spreading doubt, disinformation, and confusion about the scientific consensus on climate change.[25]

Finally, and above all else, the divestment movement is a transnational activist network that, if successful, may be, as others have been before it, 'among the most important sources of new ideas, norms, and identities in the international system' (Keck & Sikkink, 1998, p. x). Over 20 years ago, Keohane and his colleagues demonstrated from extensive empirical work that 'if there is one key variable accounting for policy change, it is the degree of domestic environmentalist pressure in major industrialised democracies' (Keohane, Haas, & Levy, 1993, p. 14). While the ultimate destiny of the divestment movement is unknown, the movement's progress to date already demonstrates how novel forms of non-state governance can become important nodes in the overall climate change regime complex and, as part of broader networks, come to play significant roles in social steering and in catalysing the 'energy revolution' that many see as the essence of effective climate change mitigation.

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Notes

1. The predominant source for legitimacy claims among the 60 transnational climate change initiatives studied by Bulkeley et al. (2014) was expertise. We are not suggesting that the divestment movement has no expertise, just that this is not its main claim to legitimacy.
2. The extent to which the movement is engaged in governance might be the subject of argument. There are many definitions of governance, some quite broad, others more demanding (Burris et al., 2008). For the purpose of this article we take a broad view of governance as 'the management of the course of events in the social system' (Burris et al., 2005, p. 30) towards a collective goal (Andonova et al., 2009).
3. An average temperature increase of not more than 2°C above pre-industrial levels has become international shorthand for what constitutes dangerous anthropogenic interference with the climate system, albeit there is increasing evidence that lower temperature increases may also cause extreme climate events. See Rogner et al. (2007).
4. For one company's statement of intentions, see 'Exxon Mobil says' in *The Guardian* (2014). For an overview of the disparity between the intentions of major fossil fuel companies and what the science suggests is necessary to avert dangerous climate change (and as to the former's history of deception in this regard), see Union of Concerned Scientists (2015).
5. April 2014 was the first month in recorded history where CO_2 concentrations exceeded 400 ppm every day. The last time this level was reached is estimated to be at least 800,000 years ago (see Thompson, 2014).
6. In a 2014 report, a group of financial analysts called Fossil Free Indexes (see http://fossilfreeindexes.com/) updated the top 200 list, revealing that the reserves of oil, gas, and coal owned by these companies had grown by an estimated 8.4% since year-end 2010.
7. Ansar et al. (2013, p. 2) list environment-related risks that can result in asset stranding: environmental challenges, changing resource landscapes, new government regulations, falling clean technology costs, evolving social norms and consumer behaviour, and litigation and changing statutory interpretations.
8. The need to keep carbon reserves unburned and 'in the ground' does not, of course, inevitably point to a strategy of divestment. A state-imposed carbon price, if sufficiently high, could have that effect. Similarly, it is not impossible that concerned shareholders could convince a company to return capital to shareholders in light of climate change risk, rather than make further investments in exploration (as Exxon shareholders recently requested), or even to abandon fossil fuels for renewables. Furthermore, claiming the existence of a carbon bubble strengthens the hand of divestment campaigners by raising the issue of asset stranding, but their moral arguments for not exploiting fossil fuel resources stand independently, whether or not there is credible evidence for a bubble.
9. Dorsey and Mott (2014) see divestment 'as a tool to confront the corporate powers that have taken our political system hostage.' Ansar et al. (2013) conclude that the direct impact of divestment on the valuation of a firm will depend on its market capitalisation and the size of divestment outflows. Divestment is unlikely to affect the long-term stock price, unless market norms also change to close down equity finance availability. However, some direct impact on coal stock prices may occur as coal stocks are less liquid than other fossil fuels and represent only a small part of market capitalisation. Moreover, if a divestment campaign influenced large banks, avenues for lending to fossil fuel companies might be constricted, particularly in developing countries.
10. Carbon Tracker (2014) reports that state-owned companies have 35% of the potential production of oil to 2050, with private companies having 52%, and another 13% being in the hands of part-listed part-state companies (see Carbon Tracker, 2014).
11. According to Humphreys (2013), college endowments have an average of less than 4% of their portfolios exposed to fossil fuel companies in public equity and fixed income options. The figures cited by Ansar et al. (2013, pp.58–59) are 2–3% for college endowments and 2–5% for public pension funds, with some extra exposure through debt instruments such as fossil fuel bonds.
12. It is difficult to estimate the impact that divestment of all fossil fuel holdings by endowments, pension funds, and other targets of the divestment campaign would have on the value of energy companies. The percentage of equity held by institutional investors in big energy companies can be large (e.g. ExxonMobil 51%; Peabody Energy 78%), but those figures relate to all institutional investors, including investment banks and investment management companies whose investments include pooled funds.
13. Cameron Fenton of the Canadian Youth Climate Coalition, quoted in Brooks (2013).

14. Harmes (2011) notes that the ability of fund managers to take longer-term climate risk into account is often limited by institutional structures that reinforce short-termism. Tracking error and high volatility against benchmark indices can result in the sacking of the responsible fund managers (Thamotheram, 2014).
15. Some of the biggest environmental NGOs, such as Conservation International, the Wildlife Conservation Society, the Nature Conservancy, and the World Wildlife Fund, still hold shares in fossil fuel companies through non-screened managed funds and mixed assets (Klein (2013a, 2013b).
16. See 'Oxford university academics … ' in BBC News Oxford (2014) and Vidal (2014). The open letter and a petition from staff, students, and alumni were submitted to the University administration on 1 June 2014 as part of a consultation by the university and were signed by many influential academics such as the former chief scientific adviser to the UK government. In March 2015, the University decided to defer a decision on divestment (Mathiesen, 2015), but just two months later ruled out future investments in coal and tar sands (Carrington, 2015c).
17. A few months later Stanford invested in three oil and gas companies, including one involved in fracking in the northeastern US. Campaigners from 350.org described this decision as not counter to Stanford's divestment decision, but not 'in the spirit' of it either (Streib, 2014).
18. This statement was made in October 2013 by the ANU's Chancellor about a University council decision to introduce a socially responsible investment policy (Macdonald, 2013).
19. This reaction provided a stark contrast to the response to Sydney University's earlier decision not to make further investments in the coal and consumable fuels subsector of the ASX (see Hannam, 2014; Vorrath, 2015).
20. Perhaps paradoxically, the wealth of the Fund comes from Norway's petroleum activities (Ministry of Finance Norway, n.d.).
21. These include collaborations for promoting and organising direct actions (such as the People's Climate Action March on 21 September 2014), partnerships to produce information, including research papers (Denniss, Pender, & Swann, 2014) and online resources for investors (such as Superswitch: see http://superswitch.org.au/super-fund/unisuper/) and joint public presentations.
22. See also the UN Principles for Responsible Investment (http://www.unpri.org/) and the London Principles of Sustainable Finance (https://www.forumforthefuture.org/sites/default/files/project/downloads/londonprinciplesexecutivesummary.pdf).
23. Richardson (2013) suggests that reforms targeting fiduciary duties are needed to ensure that investment managers take into account not only shareholders' interests but also public costs.
24. Former editor of *The Guardian* newspaper Alan Rusbridger established the 'Keep it in the ground' campaign in March 2015. It puts pressure on the Gates Foundation and Wellcome Trust, the largest and second largest charitable funds globally, to divest from the top 200 fossil fuel companies within five years and to immediately freeze any new investments in those companies.
25. For more about this campaign see Oreskes & Conway (2010) and Union of Concerned Scientists (2015).

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