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Climate crisis: Wellcome sells some fossil fuel investments as climate leaders call for full divestment

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The Wellcome Trust, one of the world's top scientific research funders, has sold its stakes in a number of large fossil fuel companies, including BP and Shell, although it still retains some fossil fuel investments.

The sales follow years of pressure on the charity to divest from fossil fuels because of the industry's impact on human and planetary health. However, in a statement published on 19 July,[1] Wellcome said that the sale of the stock was part of a wider investment decision to concentrate its holdings in "non-cyclical industries" resulting in a move away from many commodities based businesses, rather than from pressure to divest. Wellcome is thought to have owned a stake of more than £300m (€356m; $364m) in BP and Shell.

Wellcome's statement said, "Our preference is to engage with companies to encourage and support them to decarbonise. However, as a last resort, we have previously sold positions where companies were not willing to take appropriate action on this issue. This was not the case with our sales of BP and Shell."

Last year *The BMJ* found that Wellcome, beyond being a shareholder in various fossil fuel companies, had reported more than $130m (£107m; €127m) in deductible "qualified expenses" in its US tax filings, related to "intangible drilling" costs from 2014 to 2018. Intangible drilling costs normally describe expenses involved in constructing new oil wells, while the related tax deductions function as government subsidies that prop up the fossil fuel industry.[2]

Commenting on Wellcome's latest decision, Robert Hughes, a London School of Hygiene and Tropical Medicine clinical research fellow and member of the Centre Management Group of the Centre on Climate Change and Planetary Health, told *The BMJ*, "It's always been utterly incongruous that the Wellcome Trust talks about planetary health and climate change being a priority for the foundation while making billions from vast shareholdings in the same companies who show such a disregard for the climate and our health.

"As such, this—albeit incomplete—divestment is both overdue and welcome. What is as interesting is that it's reportedly due to a financial, risk based, commercial decision, rather than an acknowledgment that their policy of 'constructive engagement' with fossil fuel companies was a dead end—notably, a policy for which they've never been able to provide any evidence of impact. Hopefully this commercial decision, made by a highly successful investment team, will lead others to ask when is the right time to divest."

Public conversation

In 2015 Wellcome's director, Jeremy Farrar, wrote in an open letter[3] that the organisation had chosen to stay invested in fossil fuel companies so that it could "engage actively as shareholders" and "press for more transparent and sustainable policies that support transition towards a low carbon economy."

Addressing questions around evidence that this approach was fruitful, he wrote that it was "rare for discussions with a single shareholder to lead directly and immediately to a clear outcome: our influence works over time, and most powerfully when boards hear similar messages from many shareholders." Farrar also argued that divestment would "remove a strong voice that takes climate seriously from these coalitions of persuasion."

Writing in *The BMJ*,[4] Rob Abrams, climate and health campaign and programme lead at Medact, said that Wellcome had "unfortunately missed a crucial opportunity to demonstrate serious leadership on the climate crisis."

"Had Wellcome decided to go public with the decision when it was made earlier this year, rather than choosing not to actively seek press coverage, it could have provoked a very useful public conversation on fossil fuel investments and the role of philanthropic bodies in embedding social values in their policies," he wrote.

Abrams added that, by still maintaining other fossil fuel investments, Wellcome had "failed to set a clear red line for the fossil fuel industry."

1 Wellcome Trust. Energy investments update. 19 Jul 2022. https://wellcome.org/news/energy-investments-update

2 Schwab T. How Wellcome's opaque fossil fuel investments harm its global health mission. *BMJ* 2021;373:. doi: 10.1136/bmj.n1202 pmid: 34011493

3 Farrar J. Director's update: Fossil fuel investments are a complex issue on which fair-minded people will disagree. Wellcome Trust. 15 Apr 2015. https://wellcome.org/news/directors-update-fossil-fuel-investments-are-complex-issue-which-fair-minded-people-will

4 Abrams R. Climate crisis: Wellcome has failed to set a clear red line for the fossil fuel industry. *BMJ* 2022;378:. doi: 10.1136/bmj.o1962