

# **Purple Paper**

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Divest Western University From Fossil Fuels

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## *The Problem*

The science of climate change and the devastating effects that accompany it can no longer be ignored. We need to, and can, do something about climate change at Western University by 'speaking with our money.' Current science tells us that a global temperature rise above 2°C is extremely unsafe. Almost every government in the world - including those of the most oil abundant countries - has pledged not to let the world temperature rise above 2°C. As of today, we have already raised the global temperature .8°C, and that has caused more damage than most scientists had expected. Scientists estimate that humans can pour roughly 565 more gigatons (Gt) of carbon dioxide into the atmosphere and still have a reasonable chance of staying below the two degree warming limit. At current rates, we will burn this amount of carbon in just 16 years. Computer models calculate that even if we stopped increasing CO<sub>2</sub> levels now, the temperature would still rise another .8° above the .8° we have already warmed, which means that we are already ¾ of the way to the two degree maximum. Scariest of all is that the proven coal, oil, and gas reserves of fossil fuel companies are currently holding about 2,795 Gt of CO<sub>2</sub>, which they intend to burn into the atmosphere, and they are looking for more every day. That's five times the amount that is safe in order to stay below the 2°C maximum warming. Once you understand that number, then you understand the gravity of this problem.

We have all witnessed first hand the sobering effects of global warming. Almost half of the ice sheets in the Arctic have melted,<sup>i</sup> and the oceans are 30% more acidic<sup>ii</sup>. Consider the devastating effects of Typhoons Haiyan and Man-yi, Hurricanes Sandy and Katrina, or the floods, droughts, and wildfires that are destroying our planet. Extreme weather events around the globe have made it unmistakable that climate change is a clear and present danger, and not a future threat. However, this is not just an environmental problem. This is an issue of social justice. Those most likely to be affected by climate change are the ones who contributed least to the problem in the first place. The biggest threat facing our generation is climate change. It's time to take a stand.

## *The Causes*

The cause is clear. The fossil fuel industry has a vested interest in increasing our consumption of and keeping us addicted to fossil fuels. Every year they spend millions of dollars interfering with the democracy of our governments as well as our economy. Fossil fuel companies are the antithesis of a safe climate future. They continually block the rate and scale of progress necessary to avert total climate disaster. The only way to prevent climate catastrophe is to weaken their influence by calling for the action that science and justice demand.

The tar sands alone are being put on a track to grow at least three times the size of the upper limit of a 2°C warming threshold. In order to avoid catastrophic climate disruption, *80% of the coal, oil, and gas on our planet needs to stay underground.*<sup>iii</sup>

We cannot count on our politicians to enact the change necessary to step forward toward clean energy because fossil fuel companies are some of the most profitable and powerful enterprises in the world. Their immense wealth allows them to undertake lobbying practices and provide substantial campaign donations to their political allies. In return, the politicians work to protect the economic superiority of fossil fuels over clean energy alternatives. The disturbing degree of influence over our politicians and economy that they impose remains the greatest obstacle to meaningful progress against climate change.

Western University is heavily invested in fossil fuel companies that make their money by burning dangerous fossil fuels, and thereby emit billions of tons of carbon into our atmosphere. This is a business model that aims to destroy our planet. Western's endowment for the year ended April 30, 2012 was \$371,732,000.<sup>iv</sup> Upon examination of the school's investment holdings reports of those funds, from the periods September 1, 2012 until August 31, 2013, it has become evident

that Western has, in fact, *tens of millions* of dollars invested in the fossil fuel industry. A further disturbing discovery is that the amount of funds Western has invested in companies that focus on sustainable forms of energy is negligible in comparison to their investments in fossil fuels. Please see [Appendix A](#) for a list of the fossil fuel companies in which Western had investments with at any time during the period from September 1, 2012 until August 31, 2013, released by request under Ontario's Freedom of Information and Protection of Privacy Act.

### ***Recommendation***

We can use methods such as divestment to work within our free market system as a means to shape the world in which we live. Divestment is the deliberate removal of financial investments from corporations that contribute to climate change as a way of diminishing their financial power. Divestment has been used to combat the apartheid in South Africa, the power of the tobacco industry in the USA, and genocide in Darfur. Although there may be other ways to address climate change, divestment is the most simple, and easiest, first step to take.

Western, as an institution that serves the public good, should divest itself from all fossil fuel companies. As students at Western we have the power and the responsibility to call on our university leaders to invest that money in a manner that is both environmentally and socially responsible.<sup>v</sup>

The easiest way to convince our university officials to alter their investment strategy is to lead by example, and to alter our own. Adopting a fossil free investment strategy will also demonstrate that the University Students Council (USC) is transparent in its operations and encourage administration to do the same.

This paper thereby recommends for Western University Students Council to divest its endowment from the 200 publically traded companies that hold the largest carbon reserves in the world within their coal, oil and, gas reservoirs<sup>vi</sup>, and subsequently lobby university administration to do the same. There are three simple criteria that must be met in order to adopt a fossil free investment strategy that reflects the stark truth of climate science.

The University Students Council of Western University must respond to the seriousness of climate change by:

1. Making a statement of principle immediately affirming their intention to divest from fossil fuel companies
2. To immediately stop investing new money in the fossil fuel industry
3. To spend the next 5 years winding down existing fossil fuel holdings

This is by no means an unreasonable request. Western claims to be committed to ensuring sustainable education and promotion as an integral part of student's daily lives.<sup>vii</sup> Moreover, they have recently enshrined "sustainability" and "social responsibility" as institutional values and principles within their new strategic plan. Yet, they continue to financially supporting an industry that is the antithesis of sustainability. It is a conflict of interest for a school that claims to be sustainable to profit off of the extraction of fossil fuels, the warming of the planet, and the displacement of millions of people.

Divestment is also a wise move for economic reasons. According to HSBC, major oil companies could see up to two thirds of their market value lost because of unburnable carbon, especially in high carbon reserves like the tar sands.<sup>viii</sup> Moreover, a high likelihood for spills coupled with growing concern regarding the environmental impacts of coal, oil and gas, make oil markets particularly volatile. Thus, although fossil fuel companies are extremely profitable, they are also extremely risky investments.<sup>ix</sup>

There have been a multitude of reports indicating investing in sustainable forms of energy, energy efficiency, and sustainability can be more profitable than investing in fossil fuels.<sup>x</sup> With the clean energy market reaping in over \$260 billion in investments in 2011, it is a growing market and a safe place for Western to invest.<sup>xi</sup> Thus, there are copious other options for Western to invest in that do not involve fossil fuel companies, while also still serving to fulfill the principle objective of keeping Western's cash reserves growing.

*If it is wrong to wreck the climate then it is wrong to profit off that wreckage.* Western is an institution of higher education, an institution shaped around serving the public good. It is inconsistent with the reasons these types of institutions exist for them to continue to invest in something that is dedicated to the destruction of civilization. It is our moral obligation to pressure institutions that serve the public good to divest from fossil fuels. This is a matter of our future. This is a matter of our quality of life. This is a matter of the world our generation - and our children's generation - is going to inherit. We have a duty to show our discontent, and our university officials should stand with us and for us.

The risk of not acting far outweighs the risk of acting. Consider the worst-case scenarios regarding what could happen if we don't do anything about climate change versus if we do. If we decide to take action and climate change ends up not being so bad, then the costs we incur attempting to prevent it may send us into an economic recession. However, if we decide to take action and the devastating effects of climate change as scientists predict it are real, then we still incur the costs but we are able to maintain a planet that is livable. But if we decide not to take action and the predicted effects of climate change are real, then we could suffer economic, political, societal, and public health catastrophes on a global scale. When faced with a decision about our future, the only sensible choice is to choose action.

Divestment is a powerful yet simple way to express ourselves. The fossil fuel industry has spent millions over the last decade to block any political action on climate change. Now, we know they plan on burning five times more CO<sub>2</sub> than scientists say is safe. This is a rogue industry and it is immoral for our university to continue to invest in it.

As an individual we have only limited influence, but in solidarity we hold the power to make real change. Cities, schools and religious denominations around the globe are taking their funds out of fossil fuels. Indeed, entire cities have committed to divesting tens of billions of dollars from the fossil fuel industry including, Seattle, San Francisco, and Portland.<sup>xii</sup> Just this week, a group of philanthropic institutions divested a combined \$2 billion from the industry.<sup>xiii</sup> Rolling Stone has called this the "largest student movement in decades."<sup>xiv</sup> We need to send the message to big companies that we will hold them liable and we will divest until they change. We need to ask ourselves what kind of economy we want in Canada, for we cannot be both a petro-power *and* a leader in green industry and technology. It took months to restructure the industrial economy; surely we can restructure the world energy economy in the next decade. With over \$415 billion in the endowments of North American colleges and universities,<sup>xv</sup> divestment holds the power to take a lot of resources out of dirty energy and into a sustainable and just energy economy. This student-led climate movement has powerful allies. Indeed, the UN climate chief has publically called on investors to take their money out of fossil fuel-backed funds, as to "ignore the scientific evidence" of climate change would be in blatant violation of their fiduciary duties.<sup>xvi</sup> Our university should not continue to invest in companies that are causing the climate crisis. Divestment from fossil fuels will help take away the social license of the fossil fuel industry, weakening their political power. It will also start an important discussion in the market about the long-term viability of fossil fuels and the need to transition to a clean energy economy. The more we can reveal just how irresponsible these companies are, the better chance we have of preventing our planet from reaching or surpassing the two degree threshold for dangerous global temperature. As the leaders of tomorrow, Western students must do their part in the fight for a safe climate future and divest Western from fossil fuels!

## Endnotes

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- <sup>i</sup> <http://www.nasa.gov/content/goddard/arctic-sea-ice-minimum-in-2013-is-sixth-lowest-on-record/#.UvBWX2RdVIg>
- <sup>ii</sup> [http://www.unep.org/dewa/Portals/67/pdf/Ocean\\_Acidification.pdf](http://www.unep.org/dewa/Portals/67/pdf/Ocean_Acidification.pdf)
- <sup>iii</sup> <http://www.carbontracker.org/wp-content/uploads/downloads/2012/08/Unburnable-Carbon-Full1.pdf>
- <sup>iv</sup> <http://www.uwo.ca/finance/reports/docs/2012.pdf>
- <sup>v</sup> <http://www.unpri.org/>
- <sup>vi</sup> <http://gofossilfree.org/companies/>
- <sup>vii</sup> [http://sustainability.uwo.ca/about\\_us/index.html](http://sustainability.uwo.ca/about_us/index.html)
- <sup>viii</sup> <http://gofossilfree.org/files/2013/02/HSBCOilJan13.pdf>
- <sup>ix</sup> <https://www.ceres.org/resources/reports/sustainable-extraction-an-analysis-of-sec-disclosure-by-major-oil-gas-companies-on-climate-risk-and-deepwater-drilling-risk/view>
- <sup>x</sup> <http://www.forbes.com/sites/mindylubber/2012/03/20/investors-are-making-money-on-renewable-energy/>
- <sup>xi</sup> <http://www.reuters.com/article/2012/01/12/us-clean-tech-investment-idUSTRE80B1NX20120112>
- <sup>xii</sup> <http://gofossilfree.org/commitments/>
- <sup>xiii</sup> [http://www.huffingtonpost.com/ellen-dorsey/philanthropy-rises-to-the\\_b\\_4690774.html](http://www.huffingtonpost.com/ellen-dorsey/philanthropy-rises-to-the_b_4690774.html)
- <sup>xiv</sup> <http://www.rollingstone.com/politics/news/the-case-for-fossil-fuel-divestment-20130222>
- <sup>xv</sup> <http://usatoday30.usatoday.com/news/education/story/2012-09-09/college-endowments-grow/57704434/1>
- <sup>xvi</sup> <http://www.canada.com/topics/news/national/story.html?id=fcabcfec-0d12-49b5-938b-7a4e565bb74f>
- <sup>xvii</sup> <http://www.bbc.co.uk/news/science-environment-25743457>
- <sup>18</sup> [https://www.uwo.ca/hr/form\\_doc/pension/doc/investment/annual\\_report.pdf](https://www.uwo.ca/hr/form_doc/pension/doc/investment/annual_report.pdf)

## **APPENDIX A:**

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**Western University**  
**Equity Holdings for the University's Operating & Endowment Fund**  
**Period from September 2012 to August 2013**

- \*ANADARKO PETROLEUM CORP
  - One of the world's largest oil and gas exploration and production companies based out of Texas. Anadarko was partly responsible for part of the Deepwater Horizon oil spill.
- \*BG GROUP PLC
  - Multinational oil and gas company.
- \*BP PLC-ORD 25
  - One of the six "supermajor" multinational oil and gas companies with operations in over 80 countries and notoriously known for being primarily responsible for one of the worst oil disasters in history.
- BAYTEXT ENERGY CORP
  - A Canadian producer, developer and explorer of oil and natural gas
- \*CANADIAN NATURAL RESOURCES LTD
  - One of the largest crude oil and natural gas producers in the world, with its head office in Calgary, Alberta.
- CAMERON INTERNATIONAL CORP
  - A global provider of pressure control, processing, flow control and compression systems as well as project management and aftermarket services for the oil and gas and process industries.
- \*CENOVUS ENERGY
  - An integrated oil company with its main projects within the oil sands and heavy oil.
- \*CHEVRON CORP
  - An American multinational energy corporation and one of the six "supermajor" oil companies. Headquartered in Sam Ramon, California, and active in more than 180 countries, it is engaged in every aspect of the oil, gas, and geothermal energy industries, including exploration and production; refining, marketing and transport; chemicals manufacturing and sales; and power generation.
- \*CHINA COAL ENERGY CO LTD
  - The third largest coal mining company in the world with its headquarters in Beijing, China
- \*CHINA SHENHUA ENERGY CO LTD
  - The largest coal mining enterprise in the world. It is engaged in the production and sale of coal, and the generation and sale of coal based power.
- \*CLIFFS NATURAL RESOURCES INC
  - Specializes in the mining and beneficiation of iron, ore, and the mining of coal.
- \*CONOCOPHILLIPS
  - An American multinational energy corporation with its headquarters located in the Energy Corridor district in Houston, Texas in the United States. It is the world's largest independent pure-play exploration & production oil company and one of the six "supermajors."

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- \*CONSOL ENERGY INC
    - An American energy company with interests in coal and natural gas production.
  - \*CRESCENT POINT ENERGY
    - An oil and gas company based in Calgary, Alberta. The company focuses primarily on crude oil production in southern Saskatchewan.
  - DIAMOND OFFSHORE DRILLING
    - Diamond Offshore Drilling, Inc. is a deep water drilling contractor which provides drilling services to the oil and gas industry.
  - \*ENI S.P.A.
    - An Italian multinational oil and gas company with operations in 19 countries, headquartered in Rome.
  - \*ENCANA CORP
    - A North American energy producer of oil, natural gas, and natural gas liquids with an all-but-perfect environmental track record.
  - ENBRIDGE INC
    - An energy company based in Calgary, Alberta, focused on transporting and distributing crude oil, natural gas, and other liquids. More recently, Enbridge has reached the mainstream media due to its controversial pipeline proposal to move gas and bitumen between Alberta and British Columbia.
  - \*EOG RESOURCES INC
    - The company is one of the largest independent oil and natural gas exploration and production companies in the United States with proven reserves in the United States, Canada, Trinidad and Tobago, the United Kingdom, and China.
  - \*EXXON MOBIL CORP
    - Multinational oil and gas corporation, the largest of the world's six "supermajors," and the largest refiner in the world. They are also the company responsible for the Exxon Valdez oil spill, which is considered to be one of the worst oil spills in the world, in terms to its damage to the environment.
  - GALP ENERGIA SGPS SA
    - Natural gas supply, regasification, transport, storage, and distribution; petroleum products exploration, production, refining, trading, logistics and retailing.
  - \*GAZPROM OAO
    - The largest extractor of natural gas and one of the largest companies in the world.
  - HALLIBURTON CO
    - A multinational corporation and currently one of the world's largest oilfield services companies with operations in more than 80 countries.
  - \*HUSKEY ENERGY INC
    - Large multinational oil and gas company involved with conventional and heavy oil, pipelines, and refinement.
  - \*INPEX CORP
    - A Japanese multinational oil company with interests in offshore petroleum exploration, development, and production and sales.
  - \*MARATHON PETROLEUM CORP
    - A U.S. based oil refining, marketing, and pipeline transport company.

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- \*OCCIDENTAL PETROLEUM
    - Oil and gas exploration and production company with operations in the United States, the Middle East, North Africa, and South America.
  - \*PETROLEO BRASILEIRO SA (PETROBRAS)
    - A Brazilian multinational oil and gas company involved in the extraction and distribution of oil and natural gas, and is known for exploration of deep-water oil fields.
  - \*ROYAL DUTCH SHELL
    - Another of the “Super Major” multinational oil and gas companies, incorporated in the United Kingdom and headquartered in the Netherlands.
  - \*REPSOL YPF S.A.
    - A Spanish multinational oil and gas company that operates in all areas of the oil and gas industry, including exploration and production, refining, distributing and marketing.
  - \*SUNCORE ENERGY INC
    - A Canadian integrated energy company based in Calgary, Alberta. It specializes in the production of synthetic crude from oil sands.
  - \*STATOIL ASA
    - A Norwegian multinational oil and gas company, with operations in 36 countries. Statoil ASA is the eleventh largest oil and gas company in the world.
  - \*TALISMAN ENERGY INC
    - A global oil and gas exploration and production company headquartered in Calgary, Alberta. It is one of Canada’s largest independent oil and gas company, and was founded in 1992 by the renaming of BP Canada Ltd.
  - \*TOTAL SA
    - A French multinational integrated oil and gas company, and one of the six “Super Major” oil companies in the world.
  - TRANSCANADA CORP
    - A major North American energy infrastructure company that specializes in pipelines. They are perhaps most notoriously known for as the company behind the controversial proposed Keystone XL pipeline.

*All company descriptions were extracted from Wikipedia on Friday, January 31, 2014.*

\* Indicates the company is on the list of the top 200 companies with the largest carbon reserves in the world. <sup>4</sup>