

A crowd of people at a climate protest, some holding signs and clapping. The background is a blurred outdoor setting with greenery. A person in the background holds a sign that says "THERE IS NO PLANET B".

**DIVEST STU**

*RAVEN RESEARCH PROJECT*



# **A GUIDE TO FOSSIL FUEL DIVESTMENT**



NOVEMBER 2021 EDITION

<http://www.stusu.ca/divest-stu>

# A Guide to Fossil Fuel Divestment

Fourth version, November 2021

'A Guide to Fossil Fuel Divestment' is part of STU Sustainability's 'Divest STU' campaign. Divest STU is a partner with the RAVEN research project at the University of New Brunswick and St. Thomas University. The campaign is sponsored by STU Sustainability and endorsed by STUSU and FAUST. The views here expressed are those of the research team.

Cover/last page photograph: Courtesy of the Conservation Council of New Brunswick: Launch of the Orange Square Campaign at the Climate Strike, Sept. 20, 2019

Suggested reference for this report: Green, K, Moore, H, & Harvey, J. (2021) A Guide to Fossil Fuel Divestment. RAVEN Project, University of New Brunswick Fredericton..

<http://www.stusu.ca/divest-stu>

## Campaign Coordinators:

Kelly Green, St. Thomas University  
Rose He, University of New Brunswick

## Faculty Advisors:

Dr. Janice Harvey, St. Thomas University  
Dr. Susan O'Donnell, University of New Brunswick

## Contact information:

Kelly Green  
Student Coordinator  
Divest STU

[divestunbstu@gmail.com](mailto:divestunbstu@gmail.com)

[www.instagram.com/divest.stu](https://www.instagram.com/divest.stu)

[www.facebook.com/divestunbstu](https://www.facebook.com/divestunbstu)

RAVEN (Rural Action and Voices for the Environment) is an activist research project working with rural champions for the environment in New Brunswick. The RAVEN research team is based at the University of New Brunswick and is working in partnership with St. Thomas University.



# 1. THE CLIMATE CRISIS

The science is clear and documented in the Intergovernmental Panel on Climate Change reports. The extraction, production, transportation, storage, and burning of fossil fuels is the primary cause of the climate crisis. In order to avoid catastrophic climate change, global heating must not exceed 1.5C. Meeting this target requires that the world cut greenhouse gas emissions by 50 percent by 2030, and reach a net-zero emissions target by 2050, ideally much earlier. [1]

On August 9, 2021, the IPCC released the report “Climate Change 2021: The Physical Science Basis,” which documented the changes in the Earth’s climate. Many of the observed changes, from extreme climate events such as drought, heatwaves, sea-level rise, and ocean acidification, which would have been previously unprecedented for thousands of years without human influence, have increased in frequency. Many of these changes are irreversible over hundreds to thousands of years. [2] As the UN states, this report is “...**a code red for humanity**. The alarm bells are deafening, and the evidence is irrefutable: **greenhouse gas emissions from fossil fuel burning and deforestation are choking our planet and putting billions of people at immediate risk.**” [3]

Given the current rate at which the world is releasing carbon emissions, humanity is expected to far exceed the climate limits outlined by the Paris Agreement. As a result, the existing change in the climate will accelerate: increasing the intensity and frequency of natural disasters, rising sea levels, killing ecosystems and entire species, as well as many other extreme impacts.

Carbon gas emissions contribute to growing changes in the climate and the global temperature rise. Specifically, carbon emissions contribute to the 'greenhouse effect'; the trapping of heat within the earth's atmosphere due to an increase in greenhouse gases. Reaching the essential net zero emissions target will require a complete transformation of the energy systems and industry in Canada.

**We must immediately end the development of new fossil fuel infrastructure and keep existing fossil fuel resources in the ground.**

1. “Global Warming of 1.5 oC.” Accessed October 17, 2021. <https://www.ipcc.ch/sr15/>.

2. Masson-Delmotte, Valérie, Panmao Zhai, Anna Pirani, Sarah L. Connors, C. Péan, Sophie Berger, Nada Caud, et al., eds. Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. Cambridge University Press, 2021.

[https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC\\_AR6\\_WGI\\_SPM\\_final.pdf](https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_SPM_final.pdf)

3. “Secretary-General’s Statement on the IPCC Working Group 1 Report on the Physical Science Basis of the Sixth Assessment | United Nations Secretary-General.” <https://www.un.org/sg/en/content/secretary-generals-statement-the-ipcc-working-group-1-report-the-physical-science-basis-of-the-sixth-assessment>.

## 2. WHAT IS DIVESTMENT

Divestment, in short, is the opposite of investment. Fossil fuel divestment campaigns call for the removal of investments in the fossil fuel industry, and reinvestment into sustainable holdings.

Climate change presents a clear and present danger to current and future generations, as well as to the ecosystems that support all life. Taking action on climate change is the responsibility of all sectors of society, including post-secondary institutions.

Divestment is one of the most powerful steps an educational institution can take to push the national and international public discourse on climate change.

Fossil Fuel Divestment campaigns began as an effort to stigmatize the fossil fuel industry for socio-political reasons, but there is now a strong argument for the financial side as well, as fossil fuel stocks are not as profitable as they once were. Divesting is a well-rounded, future-orientated financial decision. Calling for divestment means calling upon the integrity, ethics, social responsibility, and financial stability of institutions in regard to their investments.

Therefore, Divest STU is calling on St. Thomas University to **immediately divest its fossil fuel holdings, reallocate the funds into renewable energy research** and, as an academic institution, **set an example by addressing their financial role in climate destruction.**

It is time for St. Thomas to become part of the **solution**, not be part of the **problem**.

## 3. WHY DIVEST?

For many organizations, the climate impact alone is not enough motivation to divest. Internationally, universities are divesting from fossil fuels for one shared reason: investment in the fossil fuel industry is also no longer a fiscally responsible decision.

As an institution of higher learning, responsible for preparing students to assume roles as citizens and future leaders, it is no longer morally, environmentally, or fiscally defensible to invest endowment funds in the fossil fuel industry. As students, we recognize that that the climate crisis is the biggest challenge facing our generation, one that courses at St. Thomas thoroughly teach about. We learn about its social, cultural, socio-economic, psychological, and physical impacts on people and the planet. **All while the very institution educating us on the matter, is directly funding it.**

## ETHICAL RESPONSIBILITY

By divesting, universities set an example as an academic institution and demonstrate acknowledgement of their financial role in climate destruction.

They become an environmental leader by taking the step to acknowledge their ethical responsibility. Academic institutions are based upon educating future leaders and encouraging innovation through research, and divestment acknowledges the role of fossil fuel industries in the climate crisis.

## FINANCIAL RESPONSIBILITY

There is undeniably an excess of carbon beyond climate limits, this has been termed unburnable carbon. [4] Only 20% of the total reserves can be burned, leaving up to 80% of assets technically unburnable. [5] This brings into question the financial implications of this carbon, including the potential to create stranded assets and destroy significant shareholder value.

Evidence is showing that fossil fuels are becoming a poor long-term investment choice. In fact, two major financial management firms, BlackRock and Meketa, have separately concluded that investment funds did not experience negative impacts from fossil fuel divestment, and in fact, experienced modest improvement in fund return. [6] These reports also determined that fossil fuel stocks have well underperformed for the last 5 years.

4. Terms List: Unburnable Carbon, Carbon Tracker, (n.d). Retrieved from:

<https://carbontracker.org/resources/terms-list/#unburnable-carbon>

5. Unburnable Carbon: Are the World's Financial Markets Carrying a Carbon Bubble?, Carbon Tracker, (2011). Retrieved from: <https://carbontracker.org/reports/carbon-bubble/>

6. Institute for Energy Economics & Financial Analysis. "IEEFA: Major Investment Advisors BlackRock and Meketa Provide a Fiduciary Path through the Energy Transition," March 22, 2021. <http://ieefa.org/major-investment-advisors-blackrock-and-meketa-provide-a-fiduciary-path-through-the-energy-transition/>.

*"If it is wrong to  
wreck the  
climate, it is  
wrong to profit  
from that  
wreckage"*

- Bill McKibben, Founder,  
350.org

### CURRENT STU INVESTMENT

~ \$ 884,000

STU currently invests about **\$884 thousand**, or (roughly) 4% of STU's Long-term Investment Fund in **oil, gas and coal companies**.

### CURRENT GLOBAL DIVESTMENT

**\$ 39.88 TRILLION**

To date, **\$39.88 trillion** dollars have been divested **globally**. Educational institutions are the second largest sector of divestors, comprising **14.8% of all divested organizations**.

## 4. DIVEST STU

It is becoming increasingly clear that climate change is no longer a future threat, but a present danger already affecting the natural world and tens of millions of people, especially in the most marginalized communities. **Immediate action must be taken to address this growing threat that is causing irreversible damage to our planet.**

In the 2019-2020 academic year, the **St. Thomas University Students' Union** and **FAUST** voted unanimously in favour of divesting STU's endowment funds from fossil fuels. In addition, Divest STU has accumulated **more than 300 signatures** from students, staff, faculty, alumni and interested community members on our ongoing petition calling for divestment. **The STU community is clearly interested in seeing progressive change in the university's investments.**

As of March 2021, **STU currently invests about \$884 thousand**, (or roughly 4% of STU's Long-term Investment Fund) **directly into oil, gas and coal companies.**

Divest STU does not see it as an onerous task for the university to redirect that 4% to companies that are contributing to climate change *solutions*; alternative investments are becoming more available and are realizing equal or better returns than fossil fuel stocks.

**St. Thomas vows to create community and societal leaders out of their students - we expect the St. Thomas University administration to display the same rigour.** Certain industries in the STU investment portfolio compromise the very future of their current students, and those to come.

From renewable energy to sustainable developments in agriculture and design, there are many well-rounded options for sustainable investing. This is not only in the interest of sustainability, and a concrete display of institutional leadership on climate action, but it is also in the interest of investors. **Taking a future-orientated, green approach to investments is in St. Thomas University's best interest socially, financially, and ethically.**

We endorse the reinvestment principles recommended by [gofossilfree.org](http://gofossilfree.org) which increase community empowerment and prosperity, shift economic control, drive social equity, promote ecological wellbeing and resilience, and shift trends in production and consumption.

As St. Thomas University's fiscal decisions impact everyone involved with the university, any STU student, staff, faculty member, and alumnus, or interested community member can support the divestment campaign!

## 5. DIVESTMENT ACROSS CANADA

To date, **1497 institutions** worldwide have divested a total of **\$39.88 trillion** from the fossil fuel industry. At STU, our divestment campaign began in 2019.

Divestment campaigns like Divest STU are happening all across Canada. Here in New Brunswick, campaigns are active at **Mount Allison University, St. Thomas University,** and the **University of New Brunswick.**

Across Canada, campaigns are active at McGill University, Queens University, University of Toronto, McMaster University, University of Winnipeg, Concordia University, Guelph University, Lakehead University, University of Saskatoon, Simon Fraser University, University of British Columbia, University of Victoria, Dalhousie University, Carleton University, University of Waterloo, University of Ottawa, Université de Montréal, Western University, University of Alberta, University of Calgary, and York University.

Many of these universities have already committed to partial or full divestment **setting the standard high for STU.**

### DIVESTED CANADIAN UNIVERSITIES

- University of British Columbia
- University of Toronto
- Simon Fraser University
- Concordia University
- Lakehead University
- University of Guelph
- Université de Laval
- University of Quebec in Montreal

### OTHER DIVESTED UNIVERSITIES

- Harvard University
- Oxford University
- University of Cambridge
- Brown University
- Columbia University

**& MANY MORE**

Institutions are recognizing their duty to play a significant role in addressing the climate crisis all over the globe. Divestment is not a new or unfavourable choice.

With the ever-expanding knowledge and research surrounding divestment, coupled with the multitude of fossil-free campaigns in Canada, we have growing confidence in the capacity of STU to pursue our recommended divestment and reinvestment strategies.

ST. THOMAS  
UNIVERSITY

