

Proposal for Divestment from Direct Holdings in Fossil Fuel Companies Vassar College Fossil Fuel Divestment Campaign

We propose that Vassar College publically divest its endowment from all direct investments in the top one hundred coal companies and the top one hundred oil and gas companies, ranked by potential carbon emissions from their reported reserves. These are listed in the Fossil Free Indexes Carbon Underground 200 2014 report (Appendix C). We request that the Board of Trustees of Vassar College commit to the following plan before the end of the February 2015 trustee meeting:

- Make an immediate announcement that the college will divest its direct holdings from the listed corporations.
- By three years from the date that divestment is announced, completely withdrawal direct investments in the two hundred companies listed in Appendix C.
- Make sure that this divestment remains permanent, and that assets divested from direct holdings in fossil fuel companies are not moved into commingled funds known to be primarily composed of holdings in the two hundred listed companies.
- Create a working group including students, faculty, alumnae/i, and administrators tasked with researching fiscally responsible strategies for investment in the green economy.

The Governance of Vassar College requires that “the investor responsibility committee shall review issues of ‘overriding social concern,’” and there is broad agreement that climate change is one of the greatest issues of social concern in the 21st century, disproportionately impacting socially oppressed groups.

Vassar’s stated mission, and its longstanding tradition, includes promoting “analytical, informed and independent thinking and sound judgment” (Vassar College). Fossil fuel companies have funded an incredibly successful campaign aimed at reducing scientific literacy and denying the validity of the scientific process. They have done this by sponsoring fake science and promoting self-serving controversy about climate change that has no scientific basis (Gelbspan, 35).

Therefore, continued direct investment in fossil fuel companies lends Vassar College’s tacit moral and political support to their campaign to reduce scientific literacy and to deny the validity of the scientific process. Continued direct investment in fossil fuel companies is in direct contradiction to Vassar’s mission and tradition. Furthermore, the Vassar community strongly supports divestment. The Vassar Student Administration, representing the student body, passed a resolution in favor of divestment, faculty members have sent letters calling for an explanation for lack of action on divestment, and over eight hundred people so far have signed our petition calling on the trustees to divest. Giving fossil fuel companies social and political license through continued investment threatens the welfare and future of Vassar students, alumni, faculty, and administrators.

Sincerely,
The Fossil Fuel Divestment Campaign and the Vassar Greens

Appendix A

Common arguments against divestment re-examined

Argument 1: Divestment would have no direct economic impact on fossil fuel companies, so it is a useless strategy.

Examination: It is true that divestment would not directly harm fossil fuel corporations' bottom lines. However, as an institution of higher learning, our current investments in fossil fuel companies lend tacit political, moral, and intellectual support to their business model of spreading ignorance and causing ever-worsening climate change. Divestment would make a strong political statement that these companies' strategies are no longer acceptable, especially as part of a growing national movement.

Argument 2: There is currently no economically viable alternative to using fossil fuel companies to power our electrical and transport systems, so divestment is a futile action.

Examination: This claim does not bear serious scrutiny. The National Renewable Energy Laboratory (NREL) found in their Renewable Energy Futures Study that, Renewable electricity generation from technologies that are commercially available today, in combination with a more flexible electric system, is more than adequate to supply 80% of total U.S. electricity generation in 2050 while meeting electricity demand on an hourly basis in every region of the country (NREL). In addition, Rocky Mountain Institute's Amory Lovins book *Reinventing Fire* shows how transportation could be powered by one hundred percent renewable energy. In contrast, the economic costs of continuing to perpetuate the climate disaster are incalculably huge, diverse, and world wide in scope. They include damage to infrastructure and property, productivity loss due to extreme weather and pollution, refugee crises, and increased security threats due to civil unrest (Union of Concerned Scientists). Given the fact that renewable energy is a viable alternative, these costs of continued fossil fuel use are unacceptable. Divestment will prompt a transition away from fossil fuels that will be gradual enough to give our energy and transportation systems time to adapt.

Argument 3: The endowment is not a political instrument, but rather a tool that Vassar uses to generate enough income to continue the project of higher education, so divestment is not an appropriate action.

Examination: Vassar is not disconnected from the rest of the world. Its actions, even when purely self-interested, have political, social, and climate consequences. Ignoring this fact is both shortsighted and irresponsible. In the case of the fossil fuel industry, Vassar's choice to continue investing in these companies lends tacit intellectual support to their campaign of misinformation, lies, and mis-education. As was discussed above, this runs directly counter to Vassar mission to promote "analytical, informed and independent thinking and sound judgment," and works to undermine the tradition of education for which the college has been working for over one hundred and fifty years.

Argument 4: Divestment from two hundred of the biggest corporations in the energy sector is a fiscal impossibility because it would have disastrous impacts on the endowment, seriously compromising Vassar's mission. One potential result would be a discontinuation of the need-blind admissions policy.

Examination: Maintaining a diverse, healthy endowment is absolutely critical to Vassar's efforts to increase social equality through affordable, high-quality education. However, it is not true that divestment would be economically disastrous for the college. First of all, the financially strong past performance of fossil fuel investments is not a guarantee or predictor of future performance. The market crash of 2008 shows that investment managers are not infallible, and while national and global-scale political action takes a long time and so is easy for investors to forecast, local-level action and changes in individual industries with implications for the profitability of the fossil fuel industry can happen more quickly, potentially leading to investment risks that are hard to foresee.

Even if the fossil fuel industry continues to be profitable, Steve Dahnert has estimated that Vassar's direct investments in the energy sector comprise just one to two percent of our total endowment. Divest VC has worked with economics professors on a set of equations to model potential impacts of divestment from direct holdings on the College's endowment, and we expect to find that the impacts will be minimal. Another study found that excluding fossil fuel companies from a global benchmark index would have actually slightly increased returns over the past seven years (Impax Asset Management). If CIRC is worried that divesting from all two hundred companies on the list could be harmful, you can and should still recommend divestment from a smaller number of companies to the Trustee Investment Responsibility Committee. This would reduce the perceived risk of divestment while still making a political statement against the fossil fuel industry.

Argument 5: Vassar still relies on fossil fuels to run, so divestment from the companies that extract them would be hypocritical.

Examination: The reason Vassar still relies on these companies, and will continue to do so until significant political change occurs, is that they have unethically manipulated public opinion and the political landscape. Becoming much more energy efficient would save, not cost, Vassar money. Phasing in clean energy resources to meet Vassar's demand for energy would put Vassar's energy money where its sustainability mouth is. Vassar should take strong action to reduce our reliance on fossil fuels, but without sweeping political reforms this action alone will not be enough to have any significant impact on global climate. Divestment would put Vassar at the forefront of a rapidly growing movement to pressure our governments into making the necessary changes.

Hypocrisy involves saying one thing and doing another. Doing as much as one can feasibly do to support a cause is not hypocritical, as long as one is honest about one's own limitations. Divestment from direct holdings in fossil fuel companies would only be hypocritical if Vassar subsequently abdicated all responsibility for the climate crisis and failed to continue moving toward on-campus sustainability.

If the only logically consistent way to fight climate change were to immediately and completely disengage oneself from all systems that depend on fossil fuels, fighting against climate change would be impossible. This would doom communities and

ecosystems around the world to a radically altered future. Vassar can and should strive for something better within the confines of the current system.

Argument 6: Most of Vassar's endowment is invested indirectly, so divestment from only direct holdings would be incomplete and therefore ineffective.

Examination: It is true that full divestment would make a stronger statement than direct divestment alone. However, direct divestment would still make a powerful statement that Vassar is attempting, as much as fiscally possible, to align its investment strategy with its ideals and mission.

Argument 7: There are more effective tactics we can take than divestment, so we should pursue those rather than divesting.

Examination: The Fossil Fuel Divestment Campaign is just one part of the Vassar Greens student organization, which takes many different types of action to fight climate change, from maintaining a Free Store where people can take items and leave unwanted ones for free, and thereby reducing waste and energy expenditure in production of goods, to working with other student groups, faculty, and staff to increase the presence and visibility of solar panels on campus, to organizing over eighty Vassar community members to travel to the People's Climate March this past September. If you have ideas for an effective tactic against fossil fuel companies, please join us at our meetings every Wednesday at 7:30 PM in the Rose Parlor; we would be excited to discuss them with you. We have found that divestment does not detract attention from other tactics, but rather it brings more attention and excitement to the climate movement. This excitement was apparent at the People's Climate March, where fifty thousand students traveled from all over the country to join the march. Many of these students, and many of the students who helped organize the youth contingent of the March, were first activated by on-campus divestment campaigns. Activism is not a zero-sum game, and no single tactic is a panacea. Divestment should be one action among many, allowing synchronization and cross-pollination among different approaches to lead to a higher chance of positive change occurring.

Argument 8: Divestment from fossil fuel corporations will lead to a "slippery slope" where Vassar is forced to divest from so many industries that the endowment becomes significantly less diversified and profitable.

Examination: The Fossil Fuel Divestment Campaign sees climate change as a social justice issue, which intersects with other systems of oppression including, but not limited to, colonialism, racism, patriarchy, heteronormativity, the military-industrial and prison-industrial complexes, and industrialized animal agriculture. None of these issues can be picked out as more important to confront than the others, because their respective impacts and causes are so deeply intertwined. However, this does not necessarily mean that college divestment is a tactic equally suited for application to all of these issues in all cases.

College fossil fuel divestment campaigns are an especially, perhaps uniquely, strong tactic for the climate movement because of the stance that the fossil fuel industry

has taken against science and knowledge. Moreover, the explosive growth that the climate movement in general and the fossil fuel divestment movement in particular have seen in the past few years, and the ever-increasing signs that climate change is already hurting people in our own communities, show that fossil fuel divestment is a movement whose time has come. Additionally it is a coordinated national movement and the fact that divestment campaigns are underway at hundreds of colleges and other institutions worldwide means that any individual decision to divest will create additional global momentum. Given these facts and circumstances, divestment from direct holdings in fossil fuel companies does not necessarily need to be seen as ethically requiring Vassar to divest from all other industries with oppressive impacts. Other divestment campaigns should continue to be evaluated on a case-by-case basis.

Argument 9: Individuals and corporations that burn fossil fuels are the ones causing climate change, not corporations focused on fossil fuel extraction.

Examination: This argument ignores the role that fossil fuel extraction companies have played in shifting public opinion away from combating climate change, as well as the political support that they have given to politicians opposing cleaner technologies. Everyone who uses fossil fuels shares part of the blame for climate change, but because fossil fuel companies have deliberately kept society from moving forward, they are the real culprits.

Argument 10: Divestment should only be considered as an extreme option of last resort. We must consider other options for stopping climate change before we talk about divestment.

Examination: Scientists have known about the perils of climate change for decades, but we have still not made the deep systemic changes needed to avoid catastrophe. This delay has already gone on for far too long. According to the Intergovernmental Panel on Climate Change,

Continued emission of greenhouse gases will cause further warming and long-lasting changes in all components of the climate system, increasing the likelihood of severe, pervasive and irreversible impacts for people and ecosystems (Gillis).

It is already too late to avoid many negative impacts of climate change. If institutions like Vassar continue to put off fighting climate change, the world will continue to change for the worse. Currently, six hundred billion dollars are spent each year looking for new sources of fossil fuels, despite the fact that most of the fossil fuels that have already been found must stay in the ground to keep temperature increase from reaching catastrophic levels (Gillis). Meanwhile, worldwide just four hundred billion dollars are spent to reduce carbon emissions or cope with changing climate (Gillis). These numbers combined with the IPCC analysis show how deeply flawed our current system is, and how urgent the issue of climate change has become. The time is now for decisive action to stop climate change, through on-campus sustainability efforts as well as political action against fossil fuel companies, including divestment.

Appendix B

Divestment in Relation to the CIRC Voting Principles

While the CIRC voting guidelines (shared with the Divestment Campaign by Professor Begemann) seem tailored toward voting shareholder proxies for corporate governance related to social concerns rather than voting on divestment, the principles underlying them can still apply to this discussion. How does divestment measure up to the principles?

1) Conformity with Vassar's own policies and practices: for example, equal opportunity, discrimination, fair labor practices, animal testing, [and] sustainability.

Divestment in relation to the principle: Divestment from fossil fuel companies clearly conforms to Vassar's own efforts to be sustainable. Another practice not mentioned in this list is education. As discussed above, the fossil fuel industry spreads lies and ignorance, so in order to conform with Vassar's mission of education, the CIRC and the Board of Trustees must take all reasonable action to put political pressure on fossil fuel companies, including divesting as much of our endowment as possible from the industry.

2) Transparency: Appropriate information should be made available to shareholders in an easily accessible form concerning, for example, corporations' philosophy, policies, and business practices.

Divestment in relation to the principle: This principle seems to be focused on assuring that proxies contain information about the corporations in question so that shareholders can make informed judgments about whether or not a decision is valid. Knowledge about fossil fuel corporations' business practices, philosophy, and policies is helpful in making a decision about divestment as well. Fossil fuel companies' business practices are having profoundly negative impacts on people, communities, and ecosystems worldwide. Their philosophy only values short-term profit, regardless of social and environmental impact. Their policy is spreading lies and misinformation to maintain the political will needed to suppress popular support for transitioning to renewable energy. Divestment will counter the political support that fossil fuel companies need to continue their destructive business practices, making a transition to sustainable energy systems more achievable.

3) Consistency: The committees' past actions on an issue and the reasoning behind those decisions will be taken into account when determining the vote.

Divestment in relation to the principle: It is true that CIRC has voted against different fossil fuel divestment proposals in the past. However, we have worked with CIRC members to revise and improve our requests. We amended our proposal according to the committee's requests, yet our proposal has still not been accepted. Additionally, the continued inability of global leaders to take strong action on climate change and the growth of the climate movement exemplified by the People's Climate March should be taken into account as factors influencing CIRC's decision.

4) Accountability: Corporations should be held accountable for acting in conformity with their own stated policies

Divestment in relation to the principle: Vassar should be held accountable for its stated mission of promoting education, rather than supporting companies that oppose it.

5) Necessity and Effectiveness: The resolution should be necessary and effective in addressing the issue concerned and add value in relation to its cost.

Divestment in relation to the principle: Climate change is an increasingly immediate and stark issue, and any realistic proposal to challenge political inaction on climate change should be seriously considered. Responsible divestment that adds value to the climate movement without major costs to Vassar's endowment is one tactic among many that should be taken as soon as possible.

6) Appropriate Responsibility: The resolution should appropriately allocate responsibility between the corporation and the Government and between management and shareholders.

Divestment in relation to the principle: Fossil fuel divestment makes the argument that fossil fuel companies, not just consumers of energy, are responsible for climate change. Additionally, divestment would represent Vassar taking responsibility for the impacts of its own self-interested actions on communities around the world.

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