

University of Oxford Divestment Motion

The evidence for anthropogenic climate change, and the fossil fuel industry's key role in it, is overwhelming. Climate change has already had disastrous effects on human communities -- often the most marginalized and vulnerable -- as well as ecosystems. The continued use of fossil fuels will lead to increased atmospheric CO₂ levels, and the further degradation of human and non-human life on the planet. In light of this, the University has a moral imperative to act, leading the way in revoking the social license and financial support of the fossil fuel industry. As such, **Congregation requires that the University's Endowment managers:**

Immediately implement a freeze on any new investments in the top 200 publicly traded fossil fuel companies: that is, those currently holding the vast majority of the world's proven coal, oil and gas reserves, as defined by the Carbon Underground 200 list.¹

Publicly commit to divest all endowment funds from direct ownership of fossil fuel holdings and from any commingled funds that include fossil fuel public equities and corporate bonds. The University's fund managers will require all managers of pooled funds to follow these restrictions wholly or offer investment portfolios which do so. The University will not renew contracts with any fund managers who are not able to follow these restrictions.

Ensure the divestment of these funds takes place as soon as is feasible, with a deadline for full divestment within 3 years after the initial commitment, allowing for fund managers to negotiate with pooled funds managers and evaluate reinvestment strategies, minimizing transaction costs or losses through a gradual process.

Engage with Non-Fossil Fuel Direct Investments through a process by which the University of Oxford requires all companies in which it holds direct investments to evidence a plan for net zero operations, with near term targets aligned with the **Paris Agreement** as a minimum, as per the [Oxford Martin Principles](#). The University shall engage with these companies over a five year period, and look for evidence of success through companies' annual reports. If after this five year period, in 2025, companies have failed to produce a profitable plan for net zero operations, the University will review its portfolio in order to divest from these companies,

Require that fund managers hold managers of pooled funds accountable by requesting regular general updates on their progress towards full divestment, in so far as is possible within the constraints of confidentiality, and that they themselves regularly report back to the University community.

¹ <http://fossilfreeindexes.com/research/the-carbon-underground/>

RATIONALE

Climate change is a threat like no other our societies have faced before. According to the best available science, if carbon emissions continue along current trends, the planet's very ability to sustain human life will be irreversibly compromised.² While the most drastic consequences of anthropogenic carbon emissions are still to come, for many communities these changes are already palpable and destructive. The UN High Commissioner for Refugees already recognizes natural disasters, environmental degradation and climate change as a major cause of human migration, and exacerbator of other existing causes.³ The US Pentagon has begun planning for the threats to global security that are expected to accompany environmental changes in the coming half-century: reduced food security, increased droughts, loss of coastal areas, mass migrations, increased spread of disease, and many others for which governments are woefully underprepared.⁴

As such a widespread and complex phenomenon, climate change also poses a unique time-bound challenge in terms of the scale of the reforms required to halt it. According to the Intergovernmental Panel on Climate Change (IPCC), in order to keep global temperature elevation within a manageable 1.5°C increase over pre-industrial levels, anthropogenic CO₂ emissions need to fall to 45% of 2010 levels by 2030, and then rapidly reach net zero by 2050.⁵ While there can and should be debate on the mechanisms to tackle this crisis, one thing is clear: the majority of the planet's fossil fuel reserves must remain unburned.

A Political Issue

The climate crisis springs partially from limited scientific knowledge and technology potential, but mainly from lagging political will, worsened by multiple misinformation campaigns by the fossil fuel industry to prevent or dilute climate action. We already have sufficient technology to create more efficient and sustainable modes of energy production, transportation networks, industries and factories, buildings and cities. Of course, many physical processes still need to be better understood, but we already have the tools at hand

² "Global Warming of 1.5°C." IPCC, *An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty* [Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.)]. *World Meteorological Organization, Geneva, Switzerland, 32 pp 2018* <https://www.ipcc.ch/sr15/>

³ "Climate change and disaster displacement in the Global Compact on Refugees" UNHCR, 17 Dec 2018 <https://www.unhcr.org/uk/protection/environment/5c9e13297/climate-change-disaster-displacement-global-compact-refugees.html>

⁴ "Implications of Climate Change for the U.S. Army" Colonel Max Brosig et al., United States Army War College, August 2019 https://climateandsecurity.files.wordpress.com/2019/07/implications-of-climate-change-for-us-army_army-war-college_2019.pdf

⁵ "Global Warming of 1.5°C." IPCC, 2018

for the necessary upsurge in initiatives aiming at a net-zero carbon world. The reality, however, is that fossil fuel emissions continue to grow, and fossil fuel companies continue to profit while our shared carbon budget dwindles. In fact, it was recently revealed that fossil fuel companies actively hid evidence that their activities would wreak irrevocable havoc on the climate. As early as 1977, ExxonMobil was warned by its own scientists that increased carbon dioxide concentrations in the atmosphere would warm the planet, and that their business model had already contributed to noticeable environmental challenges. Instead of making this critical information public and curbing their activities, Exxon instead continued to expand, exploring and selling more and more carbon reserves, while spending an estimated 30 million dollars to promote climate change denial and lobby governments against environmental regulations.⁶

Divestment as a tactic

It is clear that the fossil fuel industry will not act of its own accord, and instead legislation and policies need to be put in place to limit carbon emissions to within the IPCC carbon budget. Divestment is a dual tactic, not only to remove financial incentives for the fossil fuel industry, but also to revoke the social license that is given to these companies to pursue their destructive “business as usual”. Though the University of Oxford’s endowment is small relative to the scale of worldwide finance, its size dwarfs all other UK universities other than Cambridge. Furthermore, the University of Oxford’s role as a world-renowned education institution and research leader means that its recognition of the moral imperative to divest would help sway public perception on the issue and build on existing movements towards decarbonizing our economy. The university would be joining a growing chorus of institutions that have already committed to divestment — universities from Canada to Australia, cities like London and New York, the Norwegian Sovereign Fund and the Republic of Ireland, and numerous religious institutions.⁷

More importantly, evidence suggests that divestment is working. It is estimated that in December 2018 over 6.4 trillion pounds had already been divested from the fossil fuel industry⁸ by more than 890 institutions.⁹ In 2018 Shell’s annual report identified divestment as a major threat, stating that “some groups are pressuring certain investors to divest their

⁶ “Exxon Knew about Climate Change almost 40 years ago” Shannon Hall, Scientific American, October 26, 2015

<https://www.scientificamerican.com/article/exxon-knew-about-climate-change-almost-40-years-ago/>

⁷ “At last, divestment is hitting the fossil fuel industry where it hurts” Bill McKibben The Guardian, 16 Dec 2018,

<https://www.theguardian.com/commentisfree/2018/dec/16/divestment-fossil-fuel-industry-trillions-dollars-investments-carbon>

⁸ “At last, divestment is hitting the fossil fuel industry where it hurts” Bill McKibben The Guardian, 16 Dec 2018,

<https://www.theguardian.com/commentisfree/2018/dec/16/divestment-fossil-fuel-industry-trillions-dollars-investments-carbon>

⁹ “Shell Annual Report Acknowledges Impact of Divestment Campaign” June 22, 2018

<https://350.org/press-release/shell-report-impact-of-divestment/>

investments in fossil fuel companies. If this were to continue, it could have a material adverse effect on the price of our securities and our ability to access equity capital markets."

¹⁰ Furthermore, divestment was proven to be an effective tactic in the fight against Apartheid in South Africa, by refusing to carry on business as usual with the country while human rights violations were taking place, as well as in the fight against tobacco companies, demanding political action and fighting against science-denial¹¹.

The University's endowment

For the most part, the University of Oxford's endowment is not directly invested in fossil fuel companies, but instead through fund managers who redirect capital into diverse portfolios. The University can negotiate carbon-free portfolios with our current investment managers, or switch into managers that do offer such products. This, in and of itself, also generates an impact by creating demand for carbon-free investment products, encouraging other high-profile investors to commit to divestment.

Divestment is an effective tool to create a positive impact in the world, and shift public consciousness towards a carbon-neutral society. It is also a sound decision on purely financial grounds. Many measures show that portfolios which screen out fossil fuels have outperformed their unscreened peers, even when the recent collapse of the oil price is accounted for. For example the S&P [Fossil Free Index](#), which mirrors the S&P list of top 500 publicly traded companies, but excludes all the The Carbon Underground 200™, has consistently produced better returns. The Carbon Underground 200™ is a specific list of 200 publicly traded coal, oil and gas companies compiled by the Fossil Free Index and tracks the biggest potential emitters, based on their reported reserves of fossil fuels. In 2017, it was calculated that "the allocated carbon budget of the [200 companies] is currently at 80.8 [Gigatons of] CO₂. This means that the potential future reserves-based emissions from [these 200] companies are 608.8% of their allocated global carbon budget to the year 2050.

¹²

Conclusion

Divestment is ultimately a question of social justice and a moral imperative. While climate change is a global problem that will affect all of the planet's lifeforms, it will affect some more than others, and it is caused by a few rather than the many. Individuals in wealthy developed countries contribute far more towards global warming than those in the global south; and yet it is the most vulnerable communities who will be the hardest hit. The IPCC

¹⁰ "Shell Annual Report Acknowledges Impact of Divestment Campaign" June 22, 2018 <https://350.org/press-release/shell-report-impact-of-divestment/>

¹¹ R.K. Massie, *Loosing the Bonds*, 1998

¹² "FFI SHOWS THAT EMISSIONS OF THE CARBON UNDERGROUND 200 COMPANIES ARE NOW MORE THAN 600% OF THEIR ALLOCATED CARBON BUDGET" Press release, Fossil Free Index 26th October 2017 <http://fossilfreeindexes.com/2017/10/26/ffi-the-carbon-underground-200-2017/>

describes in frightening detail the ways in which the climate crisis will exacerbate already fragile food production, access to water, rural poverty, famine, and the spread of tropical disease. Minorities that are already deprived of political representation and resources will be even more vulnerable, as will rural populations, and subsistence farmers, most of which are women.¹³ We who have the ability to act to prevent the worsening of the crisis have a profound moral obligation to do as much as we can in order to preserve a liveable earth for the generations to come. System-wide changes and solutions are needed in order to solve the crisis; everything must change. While we may not have all the answers yet, it is clear that a handful of corporations cannot continue to pursue astronomical profits while condemning the entire planet. It is even more unreasonable that the University should seek income by investing in these companies, effectively helping them extract more fossil fuels.

¹³ *“Global Warming of 1.5°C.” IPCC, 2018*