**Nov. 7, 2019 - BOG Deputation Speaking Notes**

**Slide 3 – The Climate Crisis & Global Action**

· The Intergovernmental Panel on Climate Change in 2018 warned of unprecedented climate-related risks if the earth surpasses 1.5 deg of warming, for human beings and for the diverse global ecosystems that sustain us.

· Many island nations have joined the rallying cry of “1.5 to stay alive”, literally to have their nations stay above water.

· The IPCC report, produced by scientists from around the world, states with a high degree of confidence that we are on track to surpass 1.5 degrees by 2030 - 2052 with business as usual practices.

· We are already beginning to see the impacts of a warming world here in Canada, as our country is warming faster than the global average.

· Worldwide, people are waking up to this reality and the necessity of taking action on climate change, as can be seen by the global climate strike movement.

o The photo on the left was the turnout at the global climate strike in Montreal in March of 2019.

o The photo to the right is the latest climate strike here in Thunder Bay, which had 600 people demonstrate that they know, they care, and they want to see this crisis treated like the emergency it is.

· All we are missing now is the political and economic will to put in place the changes we need to see.

· Our re-elected Liberal government was voted back into power on a platform of pledging to reach carbon neutrality by 2050; this is the bare edge of the kind of political leadership we need to see on climate action, but even it signals the imminent death of the fossil fuel era.

· Divestment sends a strong signal that economically, people are ready to make the shift as well.

· Divestment would send a strong signal that Lakehead’s actions align with its espoused values – that Lakehead stands for and with students in the fight for the future.

**Slide 5**

Led by students, divestment movements like these are built on the premise that university administrations should represent the moral and environmental interests of current and future students in the face of climate change. By taking a strong position and wielding their public and political clout, post-secondary institutions can give voice to their student bodies’ calls for change, empowering them to become the next generation of climate action leaders.

Of the universities on this list, all have committed to divesting, and claim it was not a difficult transition and that it was financially neutral or net-positive

Laval: After a 3-month student-led divestment campaign, Laval U became the first Canadian Uni to fully commit to divesting from the fossil fuel sector. Their goal is to switch its endowment fund investments in fossil fuel energy to other types of investments, such as renewable energy. They credit the speed with which they were able to accomplish their mandate in large part to the positive reception of their administration, which saw the benefits of divestment beyond the environmental and economic scope, to how it would enhance the University's image overall. *Since their commitment in 2017, students have not taken the pressure off of the university’s administration, insisting on widespread transparency throughout the divestment process.*

UQAM: The proposal to stop fossil fuel investments was first made by student activists two years ago, and was subsequently approved by the school's administration as they go against their educational mission. As of this year they have successfully sold all of their stocks invested in the fossil fuel industry. The head of the UQAM Foundation, Pierre Belanger, announced in May that investments in fossil fuels are "incompatible with a desire to preserve the environment especially when it comes to the battle against climate change." and that they “are not sound investments even for someone with no political inclinations in this regard”

Concordia

UBC

**Slides 6 - 8 Making the Case**

The intent of our ask today is not to debate the topic of climate change

Current public discourse already supports the acknowledgement that our climate is changing and that impacts are felt globally and locally

The University's Responsible Investment Policy states that its purpose is to ensure fiduciary duty with a view to the impact of governance, environmental and social factors or ESGs. The policy further states that Lakehead incorporates these factors through guidance received by the UNPRI (UN Principles for Responsible Investing)

If one were to visit the link included in the Policy, the first set of supports they would find, relate to clearing the obstacles for climate change to, and I quote: “prepare investors for the inevitable policy response to climate change”

We would submit that the University’s commitment to responsible investing requires they sufficiently investigate the advice provided by the UNPRI as per their policy directive.

Section 7 of the Policy titled Divestment Considerations makes a statement that options to divest may be more symbolic than effective, and carry the risk of unintended consequences. We assert that these “consequences” as are wholly positive (better performance of the endowment; more alumni donations; national attention) and that making a progressive investment decision, by moving away for fossil fuel holdings, is to be embraced as a symbolic gesture thats falls in line with Lakehead being viewed as “exceptional and unconventional”.

The Policy also cites the Canadian Coalition for Good Governance as a source of guidance.

The CCGGs 2018 Best Practices document state that in the interest of ensuring their own long-term sustainability, climate and energy investing has been identified as one of their most important ESG factors for consideration. The document further states they are closely monitoring the potential vulnerability of current financial conditions stemming from the long-term risks associated with climate change and climate policy.

Given that Lakehead’s Responsible Investment Policy is not scheduled for review for another 5 years we would submit that in the area of Divestment, not only is the Board not adequately exploring or taking advantage of supports from their cited guidance material, they are straying from their responsibility to ensure effective and efficient policy implementation.

For the University to uphold its endorsement of ESG principles in their investment policy, we see the divestment from fossil fuel as necessary and not just an act of tokenism

Using the above criteria listed under Section 7 of the Policy we will make our case

Case studies of divestment are not just happening at the post-secondary level.

The economic implications of divestment gaining traction are exemplified by major professional bodies such at the Canadian Medical Association and the Canadian Federation of Nurses.

In 2015 the CMA general council delegates agreed to divest its holdings in fossil-fuel companies and further a re-exploration into renewable energy investment options. The CMA is cited as recognizing their decision reflects changes in culture and education that will continue to center on climate related policy and their influence on investment practices.

This past spring the Canadian Federation of Nurses published a discussion paper detailing the health impacts attributed to climate change and encouraging new green workplace practices including the divestment of their pension plan from the high-emission sector.

The Canadian government has set a carbon neutrality target for 2050, but meeting that goal is going to require some heavy lifting.

Institutional reform policies that talk one way on climate, while behind the scenes the industry associations they fund walk the other way, subsequently undermining climate action, are increasingly facing public challenge and questions over their social licence.

Divestment sends a strong message that Lakehead is ready to not only talk the talk, but also walk the walk as we proceed in advancing our sustainability objectives

**Slides 12 – 15: d) Consistency with the University’s legal obligations as trustee**

- 12. Fiduciary duty to act in the best interest of the University

o In 2019, investing in fossil fuels is not in the best interest of the university.

o Mark Carney (former Governor of the Bank of Canada, now Governor of the Bank of England) has warned about “stranded assets” in the oil, gas, and coal that is currently on fossil fuel companies’ balance sheets.

o These resources will have to stay in the ground as the world continues to take steps towards the dramatic actions that are needed, meaning they will need to come off those balance sheets.

o As soon as investors realize the markets are going down, there will be a huge decline in the value of fossil fuel stocks. Even though fossil fuel will be used in the next few decades, when 4/5 of their recoverable reserves are written off as unrecoverable, their value will drop sharply.

o Thus divesting now, before a major drop, is congruent with fiduciary responsibility.

- 13. Cities and countries are divesting

o The move towards divestment from a fiduciary standpoint is already beginning to happen; major urban epicenters like New York, and whole countries, such as Norway and Ireland, have made commitments to divest public funds from fossil fuel companies.

- 14. Lawsuits against fossil fuel companies

o Not only are major countries and cities divesting, but fossil fuel companies are facing significant lawsuits, some of them because they have defrauded investors by hiding climate change risks

o and others from cities like New York, that are currently in court with Exxon Mobil to recover costs from extreme weather caused by climate change. Potential damages may cost shareholders billions of dollars.

o Regardless of the outcome of the trial, one thing is for sure – fossil fuel companies are no longer a sure bet for high profits as the age of climate action is finally upon us.

- 15. Kodak share price from 1990 -2009

o This snapshot of the film company Kodak’s stock prices from 1990 – 2009 gives a powerful reminder of what happens when a product reaches the end of it’s rampant consumer life cycle – it’s stock prices plummet.

o The change is coming; divestment is on it’s way. Oil companies and oil producing regions have known this for decades and have spent tons of money fighting it, but it is an inevitable shift, backed by hard science.

o Will the endowment own rapidly falling fossil fuel companies’ stock in the not too distant future? Divestment is the answer if we don’t want LU to have it’s own “Kodak” moment.

o The decline is inevitable; to divest is most certainly consistent with the university’s legal obligations as trustee.