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Executive Summary

It is generally accepted that climate change is a critical issue of the 21st century. While there may be different perspectives about how quickly it’s happening and how different regions in the world could be affected, there is a general consensus at a scientific level as well as many political and social views that we need to act now to avoid potentially catastrophic effects. Divestment of ownership interests is one of the ways some groups and individuals suggest that attention be focused on a particular issue – in this case, climate change. A student group, Queen’s Backing Action on Climate Change (QBACC) submitted an Expression of Concern to Queen’s University asking the university to divest holdings in companies engaged in fossil fuel extraction and distribution. Having determined that QBACC’s submission met the requirements for consideration of the issue, an Advisory Committee was formed with the mandate outlined in Appendix 1.

The advisory committee hereby expresses its appreciation to QBACC for their willingness to take on a complex, multi-dimensional, global issue like climate change, above and beyond their normal academic work. Similarly the committee expresses its appreciation to all those taking the time to make their views known to the committee, for presenting to, and engaging in discussion with the committee. The passion with which so many hold their views on the questions of divestment, climate change, fossil fuels, and considerations related to ‘social injury’ was readily apparent. The depth of research and thoughtful consideration to the question at hand was also obvious.

The advisory committee also reviewed a wide range of materials from other organizations asked to consider divestment, as well as (potential) impact reports from advancement, research, finance and other units at Queen’s University. With this input and information at hand, the committee focused on the following main topics:

- Determination of ‘Social Injury’ as would be a prerequisite for Special Action
- Effectiveness of divestment and other ‘tools’ available to a post-secondary institution
- Specific recommendations to fulfill the committee’s mandate in reporting to the principal.

The committee reached three conclusions, which then formed the foundation of the recommendations to the principal:

- **There are interpretative difficulties associated with the term ‘social injury’** as contained in the Statement of Responsible Investing, particularly its application to a lawful industry operating within legislative and regulatory frameworks, rather than individual companies. Secondly, ‘social injury’ should be interpreted as an overall injurious impact on consumers, employees, and others. As defined, the term does not consider social benefits. As a result of the foregoing, the advisory committee does not agree with the QBACC statement that ‘companies involved in the extraction of coal, oil and gas necessarily and without exception causes social injury.’ (emphasis added).

- **Divestment is an ineffective tool for Queen’s to use in addressing issues associated with climate change.**
  As a relatively small investor in the energy sector, whatever moral suasion Queen’s University could exert would not likely come from the financial implications of divestment from the fossil fuel companies. Divestment would be a symbolic gesture. Individuals employed in the sector may interpret a decision
to divest as a repudiation of their life’s work, especially those who view their work as seeking to meet consumer demand for energy or petrochemical feedstocks. These are the corporate leaders the university would most want to engage in finding solutions, not push away. Further, the committee recognizes that it is the consumption of fossil fuels that is most closely linked to climate change. Divestment of companies involved in extraction and distribution (the ‘supply’ side) does not address consumption, nor the large reserves held by sovereign (state-owned) companies rather than publicly traded companies.

- **Other forms of engagement hold more promise for Queen’s to find solutions to climate change, energy and the environment, and related social or economic impacts.** The committee agrees with QBACC’s notation in its submission: “Queen’s can demonstrate that it values finding solutions to these social ills…” (italics added). As a university with a history of leadership on Canadian policy development and development of leaders for natural resource sectors, Queen’s has a responsibility to engage inside and outside the academy on matters related to the most important issues of our time – in this case, climate change, energy and the environment, and related social or economic impacts. The advisory committee believes that other forms of engagement (academic curriculum, research and institutional operations) hold more promise than divestment for Queen’s to contribute to solutions to climate change and related issues.

**Recommendations:**

The advisory committee hereby recommends and so advises the principal that, under the terms of the Statement on Responsible Investing of Queen’s University:

- **A** The advisory committee could not conclude that ‘social injury’ by the fossil fuels industries as a whole was established to support special action under the Statement on Responsible Investing. As a result, the advisory committee has no grounds for recommending divestment.

- **B** The advisory committee encourages the Investment Committee to review the definition of the term ‘social injury’ to determine its applicability to non-specific incidents of social injury such as sector-based phenomena.

- **C** As a general matter, beyond the question of social injury, the advisory committee does not view divestment of investments in the fossil fuels industries held in the Pooled Endowment Fund and the Pooled Investment Fund as an effective tool to address the issues of climate change.

- **D** The advisory committee encourages the Investment Committee to consider ways (to the extent possible given available resources) that Queen’s might be involved in shareholder engagement with oil, gas and coal companies related to mitigating both local impacts and broader climate change impacts from extraction and distribution of fossil fuels, through coalitions of like-minded investors (e.g. Carbon Disclosure Project).

- **E** The advisory committee encourages the principal to work with the vice-principals and deans to ensure that Queen’s is capitalizing on all opportunities for other forms of engagement through which Queen’s can educate the next generation of leaders, collaborate with industry and government on solutions, and ensure that we are doing all we can within the university itself to ‘walk the talk’ on climate change.
2

Introduction

Background

The Principal’s Advisory Committee on Divestment from Fossil Fuels was struck by the Principal of Queen's University in January 2015 to consider the case advanced for Queen's University to divest its Pooled Endowment Fund and Pooled Investment Fund from investments in the fossil fuels industries. This matter was brought forward to the Principal as an Expression of Concern in November 2014 by a Queen's University student group known as Queen's Backing Action on Climate Change (QBACC). The University’s Statement on Responsible Investing (SRI) requires that consideration be given to whether special action is required as a result of a series of investments causing “social injury” as defined, when an expression of concern is accompanied by a petition of at least 200 individual signatures, with a minimum of 20 signatures from each of three constituencies. QBACC has satisfied this requirement under the SRI, which then required the principal to form an advisory committee to consider the matters raised by QBACC and make a recommendation to the principal. The recommendation can include no action, shareholder engagement activities, or Special Action which can include divestiture. This report is submitted to the Principal for his consideration, following which he will refer the report to the Investment Committee of the Board of Trustees, for a final decision, in accordance with the Statement of Investment Policies & Procedures.

The membership of the advisory committee is set forth in Appendix 1. The QBACC submission entitled “The Case for Queen's University Divestment of the Pooled Endowment Fund from the Fossil Fuel Industry”, as supplemented by QBACC at a consultation meeting with the Committee in September of 2015, is attached as Appendix 2. The Statement of Responsible Investing is included as Appendix 3.

The Issue at Hand

The specific request of QBACC is “for Queen's University to divest its non-pension investments from the 200 public traded companies that hold the majority of the world's proven coal, oil and gas reserves as well as from Enbridge Inc., TransCanada Corporation and Kinder Morgan in light of those specific corporations' active and relentless efforts to expand Canada's tar sands”.

More particularly, QBACC proposes that Queen's University:

1. Publicly state its intention to divest from all companies involved in the extraction and distribution of oil – in particular, those operating within the Athabasca oil sands.
2. Publicly state its intention to divest from all companies involved solely in the extraction and distribution of coal – in particular, those operating within Canada.
3. Divest within five years from direct ownership and from any comingled funds that include coal, oil and gas public equities and corporate funds.

As an additional goal, QBACC also proposes that Queen's University stop all new investments in the fossil fuel industry.

The Committee notes that QBACC did not ask the university to initiate engagement with the fossil fuels
industry although that is a potential response under Queen's policy (Statement of Responsible Investing – Special Action).

Advisory Committee Process
In addition to the submissions made by QBACC to the principal, the committee:

• Reviewed extensive literature discussing the issues of climate change, the role that the fossil fuel industries play, and analysis for and against the effectiveness of divestment programs as a tool to address the issues of climate change. A list of the materials considered by the committee is attached as Appendix 4.

• Requested relevant information from university officials on the scale and scope of Queen's University's investments, as well as other non-investment relationships with the fossil fuel industry.

• Organized both an online method of gathering input from university stakeholders, and a series of consultation meetings where interested parties could meet directly with the committee to present their perspectives on the matters at hand.

Advisory Committee Mandate

1 Assess the submission of QBACC against the definition of social injury contained in the Statement on Responsible Investment.

2 Conduct a review of similar submissions for divestment from the fossil fuel industry received by other Canadian universities and any analysis and conclusions by those universities.

3 Make a recommendation or recommendations to the principal on what further action, if any, should be taken. Actions may include (but are not limited to):

   • No action

   • Shareholder engagement activities which may include some of the following actions:
     Letters to management
     Supporting shareholder resolutions
     Voting of proxies
     Joining coalitions

   • Special action, which must be consistent with the university's fiduciary duties, and may include:
     Divestiture of existing holdings
     Applying investment screens

4 The advisory committee will consult broadly both within and outside of the Queen's community as it undertakes its work.
Consultation Process

The advisory committee received and reviewed more than 220 submissions from a dedicated website and held three consultation meetings on-site at Queen's University (July 15, July 30, September 17; all dates in 2015). A meeting had been scheduled for August 27 but was cancelled as all presenters had indicated a preference for another date.

Presenters were given an opportunity to submit their presentation in advance along with biographical information about the presenter(s). The presentation time provided an opportunity for presenters to highlight matters of particular importance to them and for the committee to clarify points from the presentation or seek elaboration on them. Nine presentations – including from QBACC – were made to the committee, by current students, faculty and staff, and alumni.

All presentations and biographical material received in advance of a presentation were provided to committee members before the meeting so they could prepare for the presentation and ensuing discussion. All submissions received through the website were provided to the committee as they were submitted. All submissions and presentations are considered confidential unless the author/presenter(s) indicated otherwise. Similarly, presentations were considered as private discussions and were therefore not therefore open to the public.

The advisory committee would like to thank the students involved in putting together the QBACC presentation. The passion, extensive research and careful thought that lie behind the submission are clearly evident. Moreover, the committee applauds QBACC’s willingness to take on a complex, multi-dimensional, global issue like climate change, above and beyond their normal academic work. Having done so is a clear indication that these students understand the opportunity inherent in a university education: to grapple with the issues of our time, make up their own minds amid a sea of differing perspectives, and challenge leaders in all sectors to do the same.

In the same vein, the advisory committee would also like to thank all those who have responded to the opportunity to participate directly and personally in the consultation process, whether their perspectives were delivered via a website, email or in person at a consultation meeting. These perspectives also demonstrated extensive research, careful thought and a willingness to take time away from other pursuits to participate in the consultation process.

It is the committee’s hope that the report and recommendations that follow demonstrate respect for the efforts of everyone involved and the careful consideration the committee has given to all the input received, as well as the committee’s own extensive deliberations over the matters at hand.

1queensu.ca/divestment
Background to the Report

Management of Endowment and Investment Funds

The Investment Committee of the Board of Trustees has responsibility for the Pooled Endowment Fund and the Pooled Investment Fund. The Investment Committee has a Statement of Investment Policy and Procedures ("SIP&P") with the objective of ensuring continued prudent and effective management of the funds under its mandate. The Investment Committee has always considered that its fiduciary duties required the objective of obtaining the highest returns subject to acceptable levels of risk.

Queen’s Pooled Endowment Fund consists of funds donated to the university for endowment purposes; normally the capital is not expendable. Payouts from this fund are used to support scholarships, student aid programs, academic chairs and research. Most of the payouts are earmarked for specific purposes that the university and benefactor have agreed to, and changes can only be made if both parties agree. The primary objective of the Pooled Endowment Fund is to maximize risk adjusted returns in furtherance of two competing goals; the goal of releasing substantial income to support current operations and the goal of preserving the purchasing power of assets for future generations.

Queen’s Pooled Investment Fund consists of university equity, restricted expendable funds (research), general reserves, plant and building funds, and working capital. The primary objective of the Pooled Investment Fund is to maximize risk adjusted returns in order to make the desired annual payouts to the university which are required to support operations. A secondary objective is to protect the nominal capital of assets.

Policies Related to Special Actions

The basis upon which the Investment Committee can consider other than strict financial considerations is set out in the Statement of Responsible Investing (SRI) (See sidebar, an excerpt from the SRI, included in its entirety as Appendix3). The Statement does contemplate that special action can be taken in exceptional circumstances and defines the criterion for any such action as a finding of social injury as defined in the statement. As mentioned, QBACC has satisfied the requirements to have the advisory committee struck to consider whether special action is appropriate.

The criterion for taking special action under the statement is the finding of social injury, defined as follows:

"...the injurious impact which the activities of a company are found to have on consumers, employees, or other persons, particularly including activities which violate, or frustrate, the enforcement of, rules of domestic or international law intended to protect individuals against deprivation of health, safety, or basic freedoms; for the purposes of these guidelines, social injury shall not consist of doing business with other companies which are themselves engaged in socially injurious activities."
Divestment Discussions Focused on Non-Pension Funds

The investments that are the focus of the QBACC Expression of Concern are any shares, whether owned directly or in co-mingled funds, of companies engaged in extraction or distribution of oil, gas or coal by the Pooled Endowment Fund and the Pooled Investment Fund. In the interests of transparency, the advisory committee has included the following summary of the university’s investment funds that would be divested if such a recommendation were forthcoming.

Queen’s University’s Endowment and Investment Funds

Queen’s owns some shares directly via segregated funds managed by third-party investment managers. Also relevant for divestment consideration are those shares held within pooled (or co-mingled) funds. Combined, these energy-related holdings account for approximately $54 million (as of January 18, 2015).

Representation of Fossil Fuel Companies in Queen’s Non-Pension Funds

At January 18, 2015, Queen’s University held a total of $854 million in its Pooled Endowment Fund and $184 million in its Pooled Investment Fund. Of these amounts, the funds held in energy companies and therefore relevant for divestment consideration ($54 million) represented 4.8 per cent of the Endowment Fund and 7.2 per cent of the pooled Investment Fund. Although the percentages may seem small, the total dollar value is not. And because the proceeds from these investments support a range of the university’s ongoing programs and services, securing the best rate of return while managing risk is a matter vital to the university’s ongoing financial health.

Determining the exact percentage of funds invested in fossil fuel companies is not easily ascertained. Some of the companies with fossil fuel interests also have holdings that are related to renewable energy – the type of investment that QBACC and others making submissions might prefer to see from Queen’s University. While the challenges of potential divestment from a particular sector rather than specific companies were noted by the committee, the preceding analysis includes in the energy category any company with any fossil fuel interests, without any attempt to identify ‘green’ or ‘renewable’ business lines.

<table>
<thead>
<tr>
<th>Fund</th>
<th>Market Value of Holdings (as at January 19, 2015)</th>
<th>Market Value of Energy Holdings (as at January 19, 2015)</th>
<th>Energy Holdings as a Percentage of Total PEF or PIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pooled</td>
<td>$524,612,128</td>
<td>$31,876,767</td>
<td>3.7%</td>
</tr>
<tr>
<td>Segregated</td>
<td>$163,240,530</td>
<td>$9,062,797</td>
<td>1.1%</td>
</tr>
<tr>
<td>Illiquid Investments</td>
<td>$166,689,482</td>
<td>$40,939,564</td>
<td>4.8%</td>
</tr>
<tr>
<td><strong>TOTAL Pooled Endowment Fund</strong></td>
<td><strong>$854,542,140</strong></td>
<td><strong>$40,939,564</strong></td>
<td></td>
</tr>
<tr>
<td>Pooled</td>
<td>$150,981,457</td>
<td>$11,261,027</td>
<td>6.1%</td>
</tr>
<tr>
<td>Segregated</td>
<td>$33,175,402</td>
<td>$2,064,944</td>
<td>1.1%</td>
</tr>
<tr>
<td><strong>TOTAL Pooled Investment Fund</strong></td>
<td><strong>$184,156,859</strong></td>
<td><strong>$13,325,971</strong></td>
<td>7.2%</td>
</tr>
</tbody>
</table>

2 ‘Pooled’ fund means a fund established by a corporation that is duly authorized to operate a fund in which monies from two or more depositors are accepted for investment and where shares allocated to each depositor serve to establish the proportionate interest at any time of each depositor in the assets of the fund. Source: Office of the Superintendent of Financial Institutions, Government of Canada.

3 The 2015-2016 operating budget for Queen’s University is $513 million, which is roughly half of the total value of Queen’s non-pension investment holdings.
Research Connections and Donor Support with the Fossil Fuel Industry

The advisory committee includes the following research and support information in this report to indicate the stakeholder relationships within and outside the university that deserve consideration in any decision that may appear at first blush to be purely investment-based. The committee’s consultations have demonstrated that support for divestment or lack thereof varies across stakeholder groups, based on professional expertise, related life experiences, personal observations as well as formal and self-education on the issues at hand, and their perspectives on the consequences (if any) of a decision to divest.

Research Connections: Review of recent Queen’s research projects undertaken in the ‘non-renewable energy, oil & gas’ category indicates that there are currently 10 projects considered active, valued at a total of $726,986. There are 21 closed (or completed) projects and four (4) that are pending. The total value of the closed projects is $1.77 million and represents projects undertaken over a decade (2003 to 2012). The dollar value of the pending projects cannot be known. Although nominally in the ‘non-renewable’ sector, some of the projects being undertaken in this category are related to ‘clean’ technology.

Support for Queen’s from Donors in Oil & Gas Extraction, Pipeline Transportation Sectors: Review of the degree of support Queen’s receives from donors in the oil & gas, and pipeline transportation sectors shows that:

• Of the total for the most recent Queen’s capital campaign (the Initiative Campaign), outright gifts, matching gifts and pledge payments from oil & gas extraction, or pipeline transportation corporations represented $2.65 million of the campaign total of $487 million (0.5% of the 10-year campaign total: May 2006 to present).

• An analysis of support for Queen’s from the largest contributors in the fossil fuels industries indicates that:
  $1,186,000 has been provided in support of the Faculty of Engineering TEAM program, providing industry and government clients with tangible, actionable results to their business challenges while simultaneously providing a unique educational experience for students.
  $618,000 was donated for the Queen’s Faculty of Education Community Outreach Centre, enabling the establishment of a hub for innovative programs and projects related to literacy in the areas of science, technology, engineering and mathematics (STEM) education in southeastern Ontario.
  $454,000 was provided to support the Queen’s School of Business Centre for Social Impact, which educates students and fosters outreach and advocacy on issues of social impact.

Financial support from this sector enables Queen’s students to organize an annual Oil and Gas Speakers Series to help students understand and become part of the opportunities that exist in that industry.

It is not possible to calculate the total outright and matching gifts and/or pledges received from alumni and other contributors employed directly or indirectly by the fossil fuel sector (since donations are not tracked in this manner.)
Discussion

It is generally accepted that climate change is a critical issue of the 21st century. While there may be different perspectives about how quickly it’s happening and how different regions in the world could be affected, there is a general acceptance at a scientific, political and social level that we need to act now to avoid potentially catastrophic effects. As with any non-local phenomenon, there are different perspectives on who should do what, when and how. The divestment question has arisen at Queen’s at a time when other geopolitical events are unfolding – from the release of the Ontario Climate Change Action Plan and the Compact of States and Regions committing to significant carbon reductions, to the upcoming 21st Conference of Parties to the United Nations Framework Convention on Climate Change.

In the spirit of drawing attention to and prompting action on climate change, QBACC asked Queen’s to divest its investments in the fossil fuels industries made through the University’s Pooled Endowment Fund and the Pooled Investment Fund.

The QBACC submission (see Appendix 2) presents an environmental, moral and financial case for divestment based on an assessment of multiple factors that, in QBACC’s view, make the fossil fuels industry ‘socially injurious’:

- Issues related to environmental and social justice, particularly related to the Canadian Oil Sands
- Risk of fossil fuel infrastructure (extraction, storage, transportation and use of fossil fuels).
- Risk to aquatic ecosystems whether from tailings ponds near the Athabasca watershed or oil spills in the ocean.
- Potential impacts on Canada’s Marine Protected Areas (Northwest Territories).
- Effects on terrestrial ecosystems (boreal forest and associated animals), particularly the area in which the Alberta tar sands are being developed.
- Risks to human health, particularly people living downstream from Canadian fossil fuel operations
- Climate change induced by use of fossil fuels; the QBACC submission links extreme weather, natural disasters, vector-borne diseases, photochemical air pollutants, and food-related issues.
- Cultural degradation of aboriginal communities.
- Risks to economic and employment security from a ‘carbon bubble’ (stranded carbon assets held by fossil fuel companies).
- Stress on food systems from increased water stress, weed and pest proliferation, and changes in seasonal temperatures and duration.

1queensu.ca/divestment
The QBACC submission expresses particular concern for the risk of positive feedback mechanisms amplifying the rate of climate change. The submission also notes the continuing upward trend of Canadian greenhouse gas emissions and the likelihood that Canada will not meet its commitment in the international Copenhagen Accord.

Other stakeholders offering input to the committee's deliberations touched upon many different aspects of the divestment decision, including:

- The ubiquitous presence of fossil fuels and by-products in contemporary society and their contribution to the standard of living in the developed and developing world;
- The degree to which climate change risk and impacts are already factored into the price of securities and therefore influence anticipated rates of return;
- The on-the-ground impacts (positive and negative) that fossil fuel companies have in specific host communities;
- The degree to which these companies are at work to address environmental impacts of their industry;
- The structure of the global energy sector;
- The potential implications (if any) for Queen's students, faculty, and alumni from a decision to divest.

The advisory committee also reviewed divestment submissions, consideration processes and decisions at a cross-section of other Canadian post secondary institutions including University of British Columbia, University of Calgary, Concordia University, Dalhousie University, and Guelph University, as well as some international institutions. Some institutions have decided against divestment (Dalhousie, Harvard), some have decided to create new ‘green’ investment funds (Concordia) or partial divestment (Stanford), and some were in the midst of their deliberations at the time the advisory committee was doing its work. While the advisory committee was interested to note that many of the same issues were raised at other institutions as at Queen's, the processes used to consider the divestment question varied. The advisory committee's focus was on ensuring significant consultation opportunities for Queen's stakeholders and carrying out the committee's mandate in accordance with Queen's policies.

In deliberating on the issues at hand and formulating the following recommendations, the advisory committee considered issues raised by relevant literature, the perspectives and conclusions of other similar organizations in addressing divestment, input from stakeholders and committee members' expertise. The advisory committee also considered Queen's-specific issue linkages including alignment with institutional mission, research and development, curriculum, role of investment funds and share of funds in the target sector, employment of graduates, donor expectations.
Divestment in the Context of Queen’s Statement of Socially Responsible Investing

At the conclusion of the materials and submissions review process and after all the presentations were complete: two questions lay before the Committee:

1  Considered as an industry group, do the oil, gas and coal sectors (fossil fuels) cause ‘social injury’ as defined for the purposes of the ‘special action’ in the Statement of Responsible Investing?

2  If so, is divestment by Queen’s of fossil fuel industry investment holdings in its Pooled Endowment Fund and Pooled Investment Fund an effective way to address ‘social injury’?

It is worth noting that the advisory committee’s consideration of the divestment question was somewhat more complicated than that of many other institutions addressing this issue because the committee had to first address the issue of ‘social injury’ in addition to considering whether divestment of fossil fuel industry investment is an appropriate response to climate change issues.

On question 1 (Does oil, gas and coal sector cause social injury?), the committee made the following observations:

• While the advisory committee did not do an exhaustive review of the literature on climate change, a wide range of material was available to the committee, supplemented by presenters and the expertise found in advisory committee members themselves. From this review, four points are clear:

  Our climate does appear to be in a period of significant change, particularly over the last several hundred years.

  There is a consensus in the scientific community that human beings are responsible for some share of the climatic changes we are seeing and that combustion of fossil fuels is responsible for some share of these climatic changes.

  The impact of climatic change is or will be experienced differently in different parts of the world.

  There is some degree of ‘injurious impact’ associated with the combined extraction, distribution and consumption of fossil fuels.

• There are interpretive difficulties with the term ‘social injury’ as contained in the Statement of Responsible Investing. The advisory committee is not examining the actions and behaviours of a particular company; the committee is asked to conclude that the activities of the fossil fuels industries as a whole have caused injury to consumers, employees or other persons. There is a strong implication in the description of ‘social injury’ that it entails activities which violate or frustrate the enforcement of rules or laws. The fossil fuels industries are lawful industries that operate under a wide array of legislation and regulations around the world. Acknowledging that particular incidents of unlawful behaviour by particular entities may be found in the fossil fuels industries, does not lead to a conclusion that those industries as a whole cause ‘social injury’.
• The meaning and scope of ‘injurious impact’ is also not clear. Many forms of economic and industrial activity may have negative, though lawful, impacts on society. Such negative impacts in those circumstances should not be viewed as injurious impacts. The definition of social injury is found in the context of potential exceptional activity in investing the university’s funds. In that context, the advisory committee believes it should have a meaning that the activities have an overall injurious impact on consumers, employees and others.

• Many of the submissions to the advisory committee emphasized that the fossil fuel industries impart significant benefits to consumers, communities and the country as a whole. These benefits are social (enabling human mobility and interaction, dramatically reducing manual labour), economic (fossil fuels are a primary energy form and feedstock for a wide range of industries; significant employment and trade) and financial (taxes and royalties from the fossil fuel sector are a significant contributor to provincial and federal revenues, which are then used to underwrite the costs of a wide range of human services). It can be said – and indeed some submissions and presentations did – that societal development as we know it today would not have been possible without fossil fuels.

• As the advisory committee understands the current definition of ‘social injury’, the term refers to situations where:

  a Individual companies, public organizations or governments are alleged to be causing or to have caused ‘injurious impact’ in specific situations or geographic areas. (Both divestment campaigns on which Queen’s took action in past – apartheid and the Sudan – were situations to which the definition could have been appropriately applied.), and

  b The companies, public organizations or governments are engaged in activities “which violate, or frustrate, the enforcement of, rules of domestic or international law intended to protect individuals against deprivation of health, safety, or basic freedoms”.

Accurate determination of social injury when the term is applied to an entire sector or to a global phenomenon such as climate change, is extremely challenging. The committee believes that the current definition of ‘social injury’ warrants review the by investment committee (on scope and intent). For the purpose of this report, the committee used it in its current form.

The advisory committee recognizes that it is the consumption of fossil fuels that is most closely linked to climate change, and further recognizes that fossil fuel industries are lawful industries operating under legislation and regulation around the world. As such, in making an assessment of social injury from the fossil fuels sector as a whole, the advisory committee does not agree with the QBACC statement that ‘companies involved in the extraction of coal, oil and gas necessarily and without exception causes social injury.’ (emphasis added). The advisory committee does not believe that the fossil fuel sector in and of itself can be considered to have caused or be causing ‘social injury’, and thus special action (such as divestiture) is not available under the Statement on Responsible Investing. The Committee did go on to consider the second question.
On question 2 (Is divestment an effective way to address ‘social injury’ on the assumption that it is established?), the committee has the following observations:

- As a relatively small investor in the energy sector, whatever moral suasion Queen's University could exert on fossil fuels companies would not likely come from the financial implications for the fossil fuels companies due to a decision to divest. Divestment would be a symbolic gesture. Within the Queen's family, there is far from unanimity on the divestment question. Through the submissions and presentations, there were clearly strongly held views for and against, both sides well-researched and effectively presented. The committee came to understand that there are significant numbers of students, faculty and alumni on both sides of the divestment question. Some past and potential supporters suggested they would not support the university if the decision was to divest; others suggested they would not support the university if the decision was to not divest.

- Individuals employed in the fossil fuels sector may interpret a decision to divest as a repudiation of their life's work, especially for those who view their work as seeking to meet consumer demand for energy or petrochemical feedstocks as efficiently as possible with as little external impact as possible. These are the corporate leaders the university would most want to engage in finding solutions, not push away.

- The committee agrees with QBACC's notation in its submission: "Queen's can demonstrate that it values finding solutions to these social ills..." (italics added). As a research-intensive university – an institution of higher learning – Queen's has a responsibility to engage inside and outside the academy on matters related to the most important issues of our time – in this case, climate change, energy and the environment, and related social or economic impacts. In the committee's view, 'engagement' is a strategy that could – and in this case should – apply to more than shareholders meetings. Queen's University has a history of leadership on Canadian policy development and through its graduates, has a history of developing leaders for natural resource industries. The advisory committee believes that other forms of engagement (beyond investment-related actions) hold more promise than divestment for Queen's to contribute to solutions to climate change and related issues.

Examples of other potential forms of Queen's engagement with key stakeholders are:

- Through academic curriculum, so students have a broad understanding of the many issues associated with energy and climate change, and can take this understanding into their communities and workplaces, especially those with an opportunity to act directly on climate change.

- Through research, so that our faculty are regularly engaging with representatives of business, government and other public sector organizations to bring forward solutions to the climate change, energy, social and economic development challenges Canada – and the world – faces in the years ahead.

- Through institutional operations, so our campuses minimize our environmental footprint in all that we do.

With this broader context in mind, the committee views a decision to divest as being the 'easy way out', perhaps tempting those in the university and beyond to believe we taken a step that by itself would have a significant impact on our collective future. At best, the committee believes that divestment is an ineffective tool in addressing climate change. At worst, the university will have closed doors for its graduates seeking opportunities to change our future energy path, for faculty seeking collaborations with industry to continue the search for solutions, and for alumni who want to invest in higher education that is sensitive to our shared responsibility for the health of the planet and all who call it home.
Recommendations:

The advisory committee hereby recommends and so advises the principal that, under the terms of the Statement on Responsible Investing of Queen's University:

A The advisory committee could not conclude that ‘social injury’ by the fossil fuels industries as a whole was established to support special action under the Statement on Responsible Investing. As a result, the advisory committee has no grounds for recommending divestment.

B The advisory committee encourages the Investment Committee to review the definition of the term ‘social injury’ to determine its applicability to non-specific incidents of social injury such as sector-based phenomena.

C As a general matter, beyond the question of social injury, the advisory committee does not view divestment of investments in the fossil fuels industries held in the Pooled Endowment Fund and the Pooled Investment Fund as an effective tool to address the issue of climate change.

D The advisory committee encourages the Investment Committee to consider ways (to the extent possible given available resources) that Queen's might be involved in shareholder engagement with oil, gas and coal companies related to mitigating both local impacts and broader climate change impacts from extraction and distribution of fossil fuels, through coalitions of like-minded investors (e.g. Carbon Disclosure Project).

E The advisory committee encourages the principal to work with the vice-principals and deans to ensure that Queen's is capitalizing on all opportunities for other forms of engagement through which Queen's can educate the next generation of leaders, collaborate with industry and government on solutions, and ensure that we are doing all we can within the university itself to ‘walk the talk’ on climate change.
APPENDICES

1 Advisory Committee Mandate and Membership

2 QBACC Submissions

3 Statement of Responsible Investing

4 List of Materials Reviewed by Committee
APPENDIX 1

ADVISORY COMMITTEE MANDATE AND MEMBERSHIP

ADVISORY COMMITTEE ON RESPONSIBLE INVESTING FOSSIL FUELS DIVESTMENT 2014-15

Background

In 2009, the Board of Trustees adopted a Statement on Responsible Investment (see Appendix A). This Statement was substantially incorporated into the Statement of Investment Policies and Procedures (SIP&P) governing the Queen's Investment Funds by the Investment Committee of the Board of Trustees. The Queen's Investment Funds include the Queen's Short-Term Fund, the Queen's Pooled Endowment Fund, the Queen's Pooled Investment Fund and the Queen's Sinking Fund.

The Statement establishes the principles which govern investments at Queen's and to provide details on the process under which non-financial factors will be considered in investment decisions.

The Statement permits special action in respect of a specific investment or series of investments which may include divestment or the application of investment screens.

In 2007, the Board of Trustees resolved to divest in two Chinese oil companies operating in Sudan; PetroChina and China Petroleum. As a result, the university's pooled investment fund divested $105,000 from the two companies and the pooled endowment fund divested $370,000. That decision predates the establishment of a formal process for reviewing expressions of concern by the Board of Trustees.

Also in 2007, the Board of Trustees amended the Statement of Investment Policies and Procedures for the Queen's Pension Plan to provide:

1 Effective May 5, 2007, a new section 3.07 shall be added to the SIP&P as follows:
   “3.07  Category One Investments in the Sudan

   The Pension Committee shall be authorized to direct the one-time divestment of Fund assets that are invested in companies doing business in the Sudan and that are designated as Category One by the Sudan Divestment Task Force as at May 5, 2007, provided that, in the opinion of the Pension Committee, such divestment will not have a significant impact on the investment return of the Fund. Subject to any adverse market conditions which, in the sole discretion of the Pension Committee, warrant delay, the Pension Committee shall direct the one-time divestment of the Fund investments in Category One Companies as soon as is practicable after May 5, 2007.”

2 The Board of Trustees approve the Pension Committee’s recommendation that it, together with the assistance of such advisors as it considers appropriate, undertake a review of environmental, social and governance (“ESG”) policy positions that have been adopted or that are being considered for pension plans by other universities and large pension funds, and, if the Pension Committee decides that it is appropriate, recommend an ESG policy for the Plan as well as any necessary and consequential amendments to the SIP&P.
Current Situation

On November 28, 2014 the campus group Queen's Backing Action on Climate Change (QBACC) presented Principal Daniel Woolf with a document titled 'The Case for Queen's University Divestment of the Pooled Endowment Fund from the Fossil Fuel Industry'. This document was submitted an expression of concern in accordance with the Statement on Responsible Investment.

The expression of concern has been verified to ensure that it meets the minimum requirements as established within the Statement with respect to the requisite level of support for study that has been expressed by community members of Queen's University. However, the documented submission has not been assessed with respect to whether the social injury described therein accords with the definition established by the Statement on Responsible Investment.

Accordingly, Principal Woolf has established an advisory committee on Responsible Investment with the following mandate.

Advisory Committee Mandate:

1. Assess the submission of QBACC against the definition of social injury contained in the Statement on Responsible Investing.

2. Conduct a review of similar submissions for divestment from the fossil fuel industry received by other Canadian universities and any analysis and conclusions by those universities.

3. Make a recommendation or recommendations to the principal on what further action, if any, should be taken. Actions may include (but are not limited to):
   - No action
   - Shareholder engagement activities which may include some of the following actions:
     - Letters to management
     - Supporting shareholder resolutions
     - Voting of proxies
     - Joining coalitions
   - Special action which must be consistent with the university's fiduciary duties, and may include:
     - Divestiture of existing holdings
     - Applying investment screens

4. The advisory committee will consult broadly both within and outside of the Queen's community as it undertakes its work.

Following receipt of the recommendations of the advisory committee, the principal will forward them to the Investment Committee of the Board of Trustees for a final decision in accordance with the Statement on Responsible Investing and the SIP&P.
Membership:
David Allgood, member of the Dean’s Advisory Council, Faculty of Law (Chair)

Members:
Don Raymond, Chair of the Investment Committee of the Board of Trustees
Edward Speal, Chair of the Capital Assets & Finance Committee of the Board of Trustees
Tom Harris, Vice-Principal (Advancement)
Tuba Chishti, Student Senator and Chair of the AMS Inc. Board
Warren Mabee, Faculty Member and CRC Renewable Energy Development and Implementation
Carol Ann Budd, Past Member of University Council, Current Member of the Aboriginal Council
Pascale Champagne, Faculty Member and CRC Bioresources Engineering

Secretary: Mary-Rose Lalande

Non-voting Advisors:
Caroline Davis, Vice-Principal (Finance and Administration)
Michael Fraser, Vice-Principal (University Relations)
Brian O’Neill, Director, Investment Services
Donna Janiec, Associate Vice-Principal, Finance

Timeline:
The committee shall begin its work in the first quarter of the 2015 calendar year and will endeavour to complete this work expeditiously, concluding preferably by June 30, 2015. Upon submission of its recommendations to the principal the committee shall be dissolved, though may be called together informally thereafter to either clarify or expand on its recommendations.

Meetings:
The committee shall meet at the call of the chair and may meet in person, by teleconference, video conference or other electronic or digital means as determined by the chair.

Confidentiality:
The provisions of the Board of Trustees Code of Conduct apply to all members, including confidentiality, collegiality and personal conflicts. All members will sign this code and will disclose potential conflicts.
APPENDIX 2
QBACC Submissions
The Case for Queen’s University Divestment of the Pooled Endowment Fund from the Fossil Fuel Industry

Contributors: Ryan Broe, Vincent Hanlon, Colin Burns, Victoria Denney, Erin Keenan, Miriam Sabzevari, Emily Graham, Adrian Parlow, Courtney Jacklin, Phil Anderson, Ellen MacAskill, Catherine Hart, Olga Khuskivadze, Tegan McWhirter
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6. What Queen's Can Do
1.00 - Introductions

To Principal Daniel Woolf of Queen’s University, the Board of Trustees, the Department of Investment Services, and to all others whom this may concern;

Queen’s Backing Action on Climate Change (QBACC) submits this report to you on behalf of our members, and with the intention of representing the best interests of Queen’s University students, faculty, and staff of Queen’s University, and on behalf of other members of the Queen’s and greater Kingston communities.

1.10 - Who We Are

Queen’s Backing Action on Climate Change is an activism-based student club sanctioned by the Queen’s University Alma Mater Society. Our overarching goal is to highlight environmental concerns of both our members and the greater communities in which we operate and live; Queen's University, they City of Kingston, and beyond. As outlined in this report, our current campaign is for Queen’s University to divest its non-pension investments from the 200 publicly-traded companies that hold the majority of the world’s proven coal, oil, and gas reserves as well as from Enbridge Inc., TransCanada Corporation and Kinder Morgan in light of those specific corporations’ active and relentless efforts to expand Canada’s tar sands. Our campaign at Queen’s is part of a larger movement for universities and other organization and institutions to divest from fossil fuels across Canada and the world.
1.20 – Our Goals

The goal of the Responsible Investment campaign led by Queen’s Backing Action on Climate Change is straightforward and feasible. We argue that companies involved in the extraction of coal, oil, and gas necessarily and without exception cause social injury. We call upon Queen’s University to:

1: Publicly state its intention to divest from all companies involved in the extraction and distribution of oil -- in particular, those operating within the Athabasca Oil Sands.

2: Publicly state its intention to divest from all companies involved solely in the extraction and distribution coal -- in particular, those operating within Canada.

3: Divest within five years from direct ownership and from any commingled funds that include coal, oil, and gas public equities and corporate bonds.

Additional goal: Stop all new investments in the fossil fuel industry.

2.00 – The Story of Divestment

2.10 – What is Divestment?

Divestment has occurred on many levels and by many different groups such as community organizations, businesses, the municipal governments of towns and cities, and of course universities. Simply put, divestment is to withdraw holdings within a company for a
variety of reasons. These could be simply financial reasons of finding a better investment, or that your initial investment is not giving you the returns you desire. In this context, divestment is a move to withdraw holdings not purely on the financial merit of the decision, but on the ethical and symbolic nature of the action.

2.20 – Do the Math

Environmental activist and author Bill McKibben coined the phrase: “Do the math”, in order to promote an understanding of the impacts greenhouse gas emissions future generations would endure given that the fossil fuel industry’s projected development is too great for our planet to sustain.\(^1\) Those who attended the at the 2011 UN Climate Summit in Copenhagen, recognized and agreed with the conclusion by scientists that a global temperature rise of more than 2°C would drastically change life on Earth as we know it for the worse and in ways that cannot be foreseen.\(^2\) McKibben notes that in order to remain within a temperature rise of 2°C the planet has a carbon budget, so to speak, of 565 gigatons, which means the release of that amount of carbon dioxide into the atmosphere is our limit. The current projections of available reserves amount to 2,795 gigatons, an amount five times the world’s carbon budget. The release of this amount of greenhouse gasses would result in severely aggravated climate change and unprecedented environmental degradation in the short and long terms; in other words, climate chaos.

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2.30 – The Campaigns

Globally there are over 400 divestment campaigns actively being led by students, community organizations, faith organizations, and municipalities. In Canada alone there are over 30 active campaigns. The campaign at Queen’s is therefore at the forefront of this global movement, which has grown faster than any other divestment campaign to date. Our institution has the opportunity to be a leader in a new era of ethical investment that works to promote climate justice, protects the future of our planet and future generations, and supports innovation and sustainability in the energy sector.

3.00 – The Case for the Fossil Fuel Industry Causing Social Injury

3.10 - From the Queen’s University Statement of Investment Procedures,

Appendix D – Responsible Investing Process

Within the Queen’s Responsible Investment Process are guidelines that Queen’s when the ethical standing of an investment is in question. In Section I of the Investment Procedures – Appendix D explains the criterion for a Special Action to be taken regarding a divestment concern. This criterion is that an investment causes Social Injury.

Social Injury is defined in the following way by the Yale University standard.

“the injurious impact which the activities of a company are found to have on consumers, employees, or other persons, particularly including activities which violate, or frustrate, the enforcement of, rules of domestic or international law intended to protect individuals against

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deprivation of health, safety, or basic freedoms; for the purposes of these Guidelines, social injury shall not consist of doing business with other companies which are themselves engaged in socially injurious activities.\(^4\)

We assert that the actions of the oil and natural gas industries are necessarily socially injurious.

### 3.20 – Why the Fossil Fuel Industry is Socially Injurious

Social injury is based on the deprivation of health, safety, and basic freedoms. We shall outline below how the fossil fuel industries meet each of these requirements for causing social injury. In the following sections we shall briefly outline the damages done and the damages that will continue in these sectors. Importantly, many of these sectors are interrelated. We shall discuss the following subjects.

#### 3.20.1 - Environmental Justice

Climate change is no longer a purely scientific debate, but one of social justice. The concept of environmental racism can be easily summed up in the following definition, “any policy, practice or directive that differentially affects of disadvantages (whether intended or unintended) individuals, groups, or communities based on race or colour.”\(^5\)

There is a distinction between Aboriginal and non-Aboriginal peoples’ experiences of the adverse effects of fossil fuel extraction, such that the negative impacts are disproportionately borne by Aboriginal peoples. There are a number of ways in which frontline communities near the Canadian Oil Sands and other fossil fuel extraction projects are subjected to detrimental

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\(^4\) Queen's University "Statement of Investment Procedures." *Queen's Investment Funds.* March 2014.


effects and these have been highlighted in the other sections of this document.

Additionally, corporations directly violate Aboriginal title and treaty rights by the trespass and occupation of land, for which there are often limited or no legal consequences. The ongoing lawsuit of the Beaver Lake Cree Nation vs the Government of Alberta and the Government of Canada over treaty violations was ordered to court in 2013 after five years of fighting. The case highlights that projects operating in northern Alberta on Beaver Lake Cree territory violate Treaty 6 of 1876 because they are destroying the habitats of caribou and fish, thereby depleting the population of these animals and thus preventing members of Beaver Lake Cree Nation from exercising their right to hunt, fish, and trap. On top of this, toxins leaking from tar sands tailing ponds are present in water supplies hundreds of kilometers away.

Queen’s has the opportunity to take a stand against companies that perpetuate environmental injustices and contribute to climate injustice at the global scale by removing the social license of the fossil fuel industry. Queen’s can demonstrate that it values social justice rather than remaining idle and complicit.

Environmental racism is present in our society and Queen’s has an opportunity to take a stand against these practices by showing that is does not support companies complicit in it. Queen’s can demonstrate that it values finding solutions to these social ills rather than standing idly by and silently condoning them while they are perpetrated by the fossil fuel industry.

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7 Linnitt, “Beaver Lake Cree Judgement” DeSmog Canada
3.21 – Ecosystem Collapse

3.21.1 – Risk of fossil fuel infrastructure failure

There is significant risk associated with the extraction, storage, transportation, and use of fossil fuels. It is imperative that the safety of these processes be guaranteed or else we risk the destruction of ecosystems and human habitation. Time and again it has been seen that the transport of fossil fuels around the world is not adequately monitored and that the safety regulations are not adequately enforced. The Alberta Energy Regulator has shown that in 2012 the number of pipeline “incidents” was 1.5 failures per 1000 kilometers. They completed roughly 1400 pipeline inspections and 270 construction inspections.\(^8\) While this may seem a reasonable number to conduct, what is not highlighted is that this is on roughly 400,000 kilometers of pipeline in Alberta alone.\(^9\) Therefore, there was one inspection for every 286 kilometers of pipeline, a minimal number of inspections at selective points. The regulatory practices of both individual corporations and government are consistently proven to be inadequate. The Office of the Auditor General of Canada reported in 2011 that the National Energy Board and Transport Canada both lack the appropriate safety regulations to transport fossil fuels and do not act upon their systems’ deficiencies.\(^10\) It is wildly inappropriate to think that these regulations are safe for the environments through which the pipelines and transport

\(^8\) [http://www.aer.ca/about-aer/spotlight-on/pipeline-safety-review](http://www.aer.ca/about-aer/spotlight-on/pipeline-safety-review) (Board n.d.)

\(^9\) [http://www.pembina.org/blog/639](http://www.pembina.org/blog/639) (Lempers 2010)

systems run as can be seen from the history of pipeline failures many companies in Canada have.\textsuperscript{11}

During the National Energy Board’s (NEB) federal review process for Kinder Morgan’s Transmountain Pipeline Expansion project, NEB intervenor Marc Eliesen resigned from his position because he found the process was rigged to achieve a pre-determined outcome desired by Kinder Morgan.\textsuperscript{12} He stated the process was fraudulent and showed a clear disregard for the concerns of the people that would be affected by the project. This process failure shows how much control the fossil fuel industry can exert over institutions that are supposed to be impartial and representative of stakeholders’ wishes and concerns. The damage that these incidents cost and the lack of initiative to solve what leads to them appear to be acceptable to the companies responsible, while impacted communities are left with the mess.

\textbf{3.21.2 – Aquatic Health}

The health of aquatic ecosystems is particularly vulnerable to the effects of the oil and gas industry. The Athabasca watershed region near the tar sands is impacted by extractive processes on, including leaking tailings ponds. It is estimated that roughly 11 to 12.6 million


litres of tailings seeps into the groundwater each day. These toxic tailings contain elements such as lead, mercury, and arsenic. When these toxins leak into the groundwater, and consequently the river and lake systems, the health of those ecosystems is threatened and their ecological integrity undermined.

The evidence of the damage caused by oil spills in the ocean is overwhelming. Events such as the Exxon Valdez spill and the BP disaster in the Gulf of Mexico show that despite safety claims by the oil and gas industry are false. Additionally, the measures in place to prevent these spills are lacking in credibility.

It is entirely irresponsible to be party to a group of firms that time and again circumvent regulations and human and environmental safety in favour of profit. The reckless extraction, transport, and management of these industries threaten current and future generations ability to live and thrive.

3.21.2.2 - The Compromise of Canada’s Marine Protected Areas

The Tarium Niryutait Marine Protected Area (MPA) consists of three distinct areas within the Mackenzie Bay and Mackenzie River Estuary in the Canadian Beaufort Sea and consists of approximately 1800 square kilometers of shallow marine habitat off the coast of the Northwest Territories. It protects

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important summering habitat for beluga whales to socialize, rear calves, moult and feed. While the primary objective may be to conserve and protect beluga whales, the MPA also protects a variety of fish species, including Pacific herring, longnose sucker, northern pike, arctic cod, saffron cod, burbot, pond smelt, rainbow smelt and capelin. A second objective of the MPA is to protect traditional harvesting rights and fishery resources of the Inuvialuit people. Fishing in accordance with the Inuvialuit Final Agreement or in accordance with the Fisheries Act and its regulations is permitted within the MPA.

Canada’s Oceans Act lists five criteria for the designation of a MPA: (1) the conservation and protection of commercial and non-commercial fishery resources and their habitats; (2) endangered or threatened marine species and their habitats; (3) unique habitats; (4) areas of high biodiversity and biological productivity and; (5) any other marine resource or habitat as is necessary to fulfill the mandate of the Minister. While an unmistakable purpose of MPAs is to conserve and protect biological resources and their cultural significance, this point is not as obvious in the legislation protecting our marine ecosystems. The regulations for Tarium Niryutait provide several exceptions to the mandate to protect any marine organism and any part of its habitat from disturbance, damage, or destruction. Exploratory drilling and the production of oil and gas may be authorized within the protected area provided that it will not disturb, damage, destroy or remove a marine mammal. The same condition applies for the construction, decommissioning and maintenance of oil or gas pipelines. It is clear that the priorities of federal government with respect to MPAs are not solely focused on the best interests of marine organisms and habitat. While the regulations state that oil and gas exploration within the MPA may not result in the harm of a marine mammal, the same cannot be said for the protection of fish species, their habitat, and the fishing rights of the Inuvialuit people. As the interests of the oil and gas industry continue to be placed above the Inuvialuit people, we will compromise an integral part of the livelihood of northern communities.

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3.21.3 – Effects on Terrestrial Ecosystems

Development of the Alberta tar sands is leading to significant degradation of a number of terrestrial habitats in the surrounding areas. The boreal forest, the largest forest ecosystem in the world, provides shelter and sustenance for a wide variety of animals, including large and small mammals, resident and migratory birds, and reptiles and amphibians. Extraction of bitumen from the oil sands through mining and in situ operations is destroying previously untouched forest habitats. As mentioned previously, there is a large First Nations population in the area, who rely on the wild populations. The land cleared for open pit mining, the forest fragmented for in situ operations and the waters of tailings ponds and reclaimed wetlands used to once support wildlife and bird populations have been irreversibly changed.\(^{19}\)

Currently, about 4800 km\(^2\) of the Alberta tar sands has accessible bitumen that is worth extracting through open-pit mining.\(^{20}\) This is a process where the largest shovels in the world dredge up to 200 ft of the landscape in order to load the tar laced sand into 400-ton dump trucks. Where there used to be forests, fields, rivers and streams there is now an expanse of dirt, gravel and sand devoid of richness This drastically limits the amount of carbon that is able to be sequestered in the area, a crucial ecosystem service which helps to mitigate the effects of climate change.

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change.\textsuperscript{21} By supporting the companies directly involved in the expansion of the oil sands, we are essentially removing the earth's natural resistance to global carbon fluctuations and expediting climate change through increased carbon emissions. We rely on the forested areas to remove emitted carbon and control atmospheric levels.

The vast majority of the bitumen found in Alberta's Oil Sands is locked up underneath hundreds of feet of soil and rock. In situ extraction means that the oil producers can collect the oil with what they claim to be "limited surface disturbance".\textsuperscript{22} It has been shown that in situ extraction disturbs less than per unit of production, but the impact of production is dispersed over a greater area.\textsuperscript{23} Increasing the area disturbed will greatly reduce the amount of pristine habitat many animals require to survive. For example, caribou are extremely sensitive to these forms of anthropogenic disturbance.\textsuperscript{24} Researchers from the University of Alberta have determined that caribou will actively avoid areas with human activity. The study's findings report that caribou tended to stay 1000m away from the most disturbed sites, such as wells and camps, and 250m away from roads and seismic lines. Estimates determined that caribou herds had to reduce or stop their use of up to half their habitat within the developed area.

Once the bitumen has been extracted, they treat it with hot water and a series of chemicals in order to separate the bitumen from the sand.\textsuperscript{25} This water mixture has levels of pollutants, such

\textsuperscript{21} Canadian Association of Petroleum Producers. "What Are Oil Sands?"
\textsuperscript{24} Bendell-Young, L. I., et al. "Ecological characteristics of wetlands receiving an industrial effluent." Ecological Applications 10, no. 1 (2000) pg. 310 - 322
as naphthenic acid, that make it unsafe for most biotic life.\footnote{Richard R. Schneider, Grant Hauer, W. L. Adamowicz, and Stan Boutin. "Triage for conserving populations of threatened species: the case of woodland caribou in Alberta." Biological Conservation 143, no. 7 (2010): pg. 1603 - 1611.} The resulting effluent is housed in incredibly large unlined reservoirs known as tailing ponds. They release nearly 9 million liters of toxic tailings water per day into the surrounding water systems, causing severe harm to the local biota.\footnote{Schneider, et al. "Triage for conserving populations of threatened species: the case of woodland caribou in Alberta." pg. 1603-1611.} Independent researchers from Simon Fraser University have concluded wetlands that receive tailings water have significant effects on the fish community.\footnote{Judit E. Smits, Mark E. Wayland, Michael J. Miller, Karsten Liber, and Suzanna Trudeau. "Reproductive, immune, and physiological end points in tree swallows on reclaimed oil sands mine sites." Environmental Toxicology and Chemistry 19, no. 12 (2000): pg. 2951 - 2960.} Animals at higher trophic levels, which include birds and even humans, are at risk to greater bioaccumulation of harmful compounds when prey items grow in tailings affected wetlands.\footnote{Alan G. Scarlett, Charles E. West, David Jones, Tamara S. Galloway, and Steven J. Rowland. "Predicted toxicity of naphthenic acids present in oil sands process-affected waters to a range of environmental and human endpoints." Science of the Total Environment 425 (2012): pg. 119 - 127.} These toxic wetlands make a countless number of wild fish, fowl and game species inedible for local people to hunt.

3.22 – Human safety and health

3.22.1 – Health risks

There are significant risks to human health in the operation, transportation, and use of fossil fuels. In terms of operations, various First Nations groups living downstream of Canadian fossil fuel operations have claimed a link between fossil fuel operations and illnesses such as asthma and heart disease. In 2009, The Alberta Cancer Board confirmed above average cancer rates diagnosed in residents of Fort Chipewyan.\footnote{http://www.ualberta.ca/~avnish/rls-2009-02-06-fort-chipewyan-study.pdf (Alberta Cancer} As of March 31, 2014, The Alberta Energy

\footnotetext[27]{Schneider, et al. "Triage for conserving populations of threatened species: the case of woodland caribou in Alberta." pg. 1603-1611.}
\footnotetext[28]{Judit E. Smits, Mark E. Wayland, Michael J. Miller, Karsten Liber, and Suzanna Trudeau. "Reproductive, immune, and physiological end points in tree swallows on reclaimed oil sands mine sites." Environmental Toxicology and Chemistry 19, no. 12 (2000): pg. 2951 - 2960.}
Regulator has found "odours from heavy oil operations in the Peace River area have the potential to cause some of the symptoms experienced by residents; therefore, these odours should be eliminated." In terms of transportation, the risk of accidental pollution during transport poses health risks of toxic exposure to fossil fuels through contact with water, air, and wildlife.

The use or consumption of fossil fuels is the main direct cause of climate change. We cannot separate the health risks of a product’s use or consumption from those who profit from their sale. As such, we must recognize the link fossil fuel companies have to the well-documented and enormous health risks of climate change, particularly on underserved communities as well as predominantly countries in the Global South, who have contributed the least amount to greenhouse gas emissions. A 2012 study commissioned by 20 governments around the world estimates that there are "400,000 climate-related deaths per year" and that "continuing today’s patterns of carbon-intensive energy use is estimated, together with climate change, to cause 6 million deaths per year by 2030, close to 700,000 of which would be due to climate change."

Death, illness, and injury are on the horizon due to increases in: extreme weather such as heatwaves, natural disasters, vector-borne diseases such as dengue and malaria, photochemical air pollutants, food-related and waterborne infections, and under-nutrition due to

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Board Division of Population Health and Information Surveillance 2009


food insecurity.\textsuperscript{34} 

During the development of a residential neighbourhood in southeast Calgary, Alberta, soil testing revealed increased levels of lead and hydrocarbons in the soil, exceeding the acceptable limits set by the Canadian Council of Minister of Environment. The elevated level of these toxic compounds was linked to the operation of one of Imperial Oil’s refineries, which have been in the area since the mid-1970s. The concerns of the new residents prompted Alberta Environment to order Imperial Oil to conduct a soil remediation. However, instead of recognizing that operation of an oil refinery for over fifty years had resulted in the pollution of the soil, Imperial Oil elected to appeal this cleanup order to the Alberta Environmental Appeal Board.\textsuperscript{35} This outright denial of the adverse effects of operating an oil refinery exemplifies how the overarching interests of the oil and gas sector do not include environment protection and remediation, even when the results pose consequences for human health. Soil decontamination and more so the initial contamination, is only begrudgingly acknowledge by the industry after unprecedented levels of public outcry and provincial mandates. This not only verifies the inability of Imperial Oil to differentiate between the moral obligation to protect the environment for generations to come and the incentive to mitigate negative publicity, but confirms that profits are given priority over human health concerns.


\textsuperscript{35} Imperial Oil Ltd. and Devon Estates Ltd. v. Director, Enforcement and Monitoring, Bow Region, Regional Servies, Alberta Environmet re: Imperial Oil Ltd., Appeal No. 01-062-R.
3.22.2 - Cultural Degradation

The development of the Tar Sands, as well as other fossil fuel resources in Canada and their associated pipelines have been met by continual opposition by environmentalists and Aboriginal communities alike. However, the demands for environmental justice on behalf of Aboriginal peoples "go beyond distributional equity to emphasize the defense and very function of Indigenous communities – their ability to continue to reproduce their traditions, practices, cosmologies, and [their] relationship with nature." 36 Aboriginal people "envision themselves as most intimately connected with their environment", and there exists a "fundamental attachment of Indigenous peoples to their land and to the species they share the landscape with." 37 As Aboriginal cultures and ways of life have evolved to coexist and depend upon the habitats in which they reside, and as a large portion of the land below which fossil fuel reserves are situated and current and planned pipelines cross is either "unceded by Indigenous communities or remains under treaty agreements negotiated primarily in the late nineteenth century", disruptions to these lands caused by fossil fuel development necessarily result in disruptions to Aboriginal ways of life and cultural practices. 38

The development and exploitation of fossil fuel resources within Canada contributed both directly and indirectly to the cultural degradation of Aboriginal people. By forcibly relocating Aboriginal communities from land they have traditionally inhabited to allow for resource extraction, and by causing the degradation of this land through deforestation, habitat fragmentation, and air, water and soil pollution, the fossil fuel industry directly contributes to the degradation of Aboriginal cultures. Indirectly, the fossil

38 Preston, "Neoliberal settler colonialism, Canada and the tar sands." pg. 46 – 47
fuel industry’s role in progressing climate change, is threatening the traditional ways of life and cultural survival of numerous Aboriginal communities, particularly in the Canadian north and Arctic where this change is occurring most rapidly.\(^{39}\) Rapid ecological change places Aboriginal communities in a highly vulnerable situation as many of the organisms on which their economic and cultural well-being depend “have narrow habitat and niche requirements that make them particularly sensitive” to ecosystem change.\(^{40}\) As these species play critical roles in “the diet, traditions and cultures of these Indigenous communities, disruptions to their habitat ultimately lead to the degradation of Aboriginal cultures.\(^{41}\) The impact of changing ecosystems on wildlife and the impact this can have on Aboriginal ways of life and cultural continuity is well exemplified by the case of the Dunne-za First Nation of West Moberly B.C. and the caribou. The cultural system of the Dunne-za peoples is “in large part grounded in the local ecology and the biology of species found within West Moberly’s territory”, and it is this system that their “mode of life is dependent upon.”\(^{42}\) Within this system, caribou are “integrated into nearly every aspect of the Dunne-za sense of place and being,” playing significant roles in numerous cultural practices, such as the traditional seasonal round.\(^{43}\) Further the species is essential to the tradition of “vision quests”, which are “an important spiritual custom for young men that facilitates their interconnectedness with the land and their surroundings.”\(^{44}\) Additionally, caribou play essential roles in various myths and legends used by the Dunne-za to “convey values, norms, history, and knowledge about the people, land, and spirituality” and to teach the “cultural practices, customs and traditional ecological knowledge” to


\(^{41}\) Ibid. pg. 96


\(^{43}\) Muir, et al. “An environmental justice analysis of caribou recovery planning, protection of an Indigenous culture, and coal mining development in northeast British Colombia, Canada.” pg. 461

\(^{44}\) Ibid. pg. 462
younger generations. As such, resource extraction activities that negatively affect caribou populations have lasting effects on the cultural continuity of the Dunne-za peoples. Currently, the once thriving caribou populations of B.C. have been severely reduced, and are now fragmented into nine small herds, as opposed to a single large one. The ability of the Dunne-za to sustain cultural practices that involve the hunting caribou has been hindered. Further, the development of a coal mine, by First Coal Corporation, on land categorized as being within the critical habitat of one of the remaining caribou herds, greatly concerns the people of West Moberly. Rapid changes to the environment impact cultural continuity, even if said changes do not affect wildlife populations, as said changes impact the validity of Aboriginal ecological knowledge and their ability to pass this knowledge down to future generations. Indigenous communities’ nationwide share the experience of the Dunne-za First Nation showing that the circumstances of social injury reach from coast to coast to coast.

3.23 – Human and Environmental Security Concerns

3.23.1 – Economic and Employment Security

Fossil fuel investments pose significant threats to economic prosperity and stability in Canada and globally, through their contribution to climate change and through the creation of a ‘carbon bubble’ which could disrupt global economic activity.

In his comprehensive and ground-breaking report on the economic impacts of climate change, Nicholas Stern points out that environmental damage associated with climate change will destroy 5-20% of global GDP per year. Such drastic economic losses will affect

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45 Ibid. pg. 462
46 Ibid. pg. 455 - 476
47 Ibid. pg. 455 - 476
livelihoods of individuals and communities across Canada and the world, regardless of the
degree of their involvement in the oil industry. By failing to substantially mitigate climate
change impacts, the reliance on fossil fuels and the actions of oil and other fossil fuel companies
compromises the well-being of every person on Earth as well as future generations, and in a
crisis, the least privileged will be disproportionately impacted.

More specifically, the overvaluation of fossil fuel assets creates a ‘carbon bubble’ which
renders fossil fuel investments inherently risky. Climate change authorities, such as the
Intergovernmental Panel on Climate Change, agree that 2°C is the maximum acceptable increase
in average global temperatures without extremely adverse effects on human civilization. The
most valuable assets of fossil fuel companies are their unexploited reserves, 80% of which must
remain in the ground if the 2°C is to be met.⁵⁰ In short, fossil fuel companies hold more carbon
than can safely be burned, and in the event of the regulation of carbon emissions or stricter
efficiency requirements, these reserves become unviable, resulting in massive stresses to the
fossil fuel industry and the global economy, and with acute effects on Canada’s economy. In this
way, the activities of fossil fuel companies threaten the economic well-being of Canadians and
the global community.

3.23.3 - Food Security

Food security refers to “the state achieved when food systems operate such that ‘all people, at all
times, have physical and economic access to sufficient, safe, and nutritious food to meet their

dietary needs and food preferences for an active and healthy life.”

Further, food systems encompass all “interactions between and within the biogeophysical and human environments which result in the production, processing, distribution, preparation and consumption of food”, including aspects such as food availability, food access, and food utilization. When food systems become stressed, food is diminished, and underserved populations locally and globally suffer the worst impacts.

Climate change is rapidly becoming a global stress on food systems. The productivity of certain crops is compromised by increased water stress, increased weed and pest proliferation, shifting regional ecology, higher disease rates, heavy unseasonal rains resulting in over-saturated soils, changes in seasonal temperatures and duration, and increased frequency of extreme climate events. Although the spatial variation in climate change means that not all regions will be equally impacted by increased climate and extreme weather events, and some regions may even experience increases in productivity due to longer growing seasons and increased CO2

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52 Gregory, et al. "Climate change and food security" pg. 2139-2148


fertilization, the overall impact on the global food system is expected to be negative.\textsuperscript{55} For example, “cereal producing regions of Canada, and northern Europe and Russia might be expected to increase production as a consequence of the climate changes predicted by GCMs, while many parts of the world would suffer losses including the western edge of the USA prairies, eastern Brazil and western Australia.”\textsuperscript{56} Furthermore, expected gains in these regions will likely fall short due to nutrient limitations, increased pollution and extreme weather events.\textsuperscript{57} Many of the countries Canada relies on for a significant portion of its food imports are expected to be heavily impacted by changing climactic conditions and greater frequency of extreme weather events. For example, the United States represents 57 percent of Canadian food imports, and Brazil and Australia are among the top ten regions for Canadian food imports [4]. As such, impacts on crop productivity in these regions are likely to result in increased food stress and insecurity in Canada.

Additionally, some food systems are better able to cope with increased stress, just as some individuals are more readily able to cope with increased stress on their food systems. Those most unlikely to be able to cope with increased stress on food systems are those already at risk, namely lower-class individuals, as a large proportion of their resources is already being spent on obtaining food.\textsuperscript{58} Lower-income individuals and families are particularly at risk as increased stress on a given food system typically results in increased food prices, meaning individuals who already expend a large portion of their resources on obtaining food are less likely to be able to cope with perturbations.\textsuperscript{59} As such, “the vulnerability of food systems is not determined by the

\textsuperscript{56} Gregory, et al. “Climate change and food security” pg. 2139-2148
\textsuperscript{57} Ibid. pg. 2139-2148
\textsuperscript{58} Ibid. pg. 2139-2148
\textsuperscript{59} Ibid. pg. 2139-2148
nature and magnitude of environmental stress *per se*, but by the combination of the societal
capacity to cope with, and overcome from environmental changes, coupled with the degree of
exposure to stress. As such, within Canada, lower-class individuals, as well individuals living
in remote northern communities or on isolated Aboriginal reserve lands are expected to bear the
greatest burden of increasing Canadian food insecurity.

3.24 – Climate change

3.24.1 - Fossil fuel companies contributing to the climate change positive feedback mechanisms

There are currently feedback mechanisms in place that increase the rate at which the
climate is changing. Feedback is the process by which a change in one quantity changes a second
quantity, which in turn changes the first. An example of a feedback mechanism is the snow/ice-
albedo cycle. As the average global temperature rises, the polar ice caps will melt and decrease
in size. As the polar caps shrink, the area of sea water or land increases, which in turn
increases the temperature of the ocean and contributes to further melting of the polar ice caps.
The albedo of bare land and open water is lower than that of ice, since the surface of ice is white
and therefore has a high reflective power, whereas open water and land absorb more solar
radiation from the sun and causes more melting, and this cycle continues. This climate feedback
mechanism is generally referred to as the “snow/ice-albedo” feedback and can occur everywhere
on earth, not just at the polar ice caps.

It is possible for the feedback mechanism to continue without any change to the quantity

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*60 Ibid. pg. 2139-2148

of the components of the system. The term “tipping-point” can be used to describe the critical threshold at which a perturbation can qualitatively alter the state or development of a system.\textsuperscript{62} If the positive feedback systems of climate change reach a point of no return, the effects on societies will be unavoidable. The future state of the Earth’s systems may be qualitatively altered if companies continue to burn fossil fuels and release CO2 into the atmosphere. Due to recent increases in atmospheric CO2 and trace gases, there is a large, rapidly growing gap between current climate and the equilibrium climate for current atmospheric composition.\textsuperscript{63} This gap represents the continuation of feedback systems even if we were to stop all CO2 emissions today. If there were to be a stabilization of the atmospheric concentrations of CO2, anthropogenic warming and sea level rise would continue for centuries due to the timescales associated with climate processes and feedbacks and some of the changes in the climate system would be irreversible in the course of a human lifespan.\textsuperscript{64}

The practices of fossil fuel companies are contributing to pushing feedback mechanisms past the tipping-point. This could have serious impacts on the state of the earth, and would be injurious to its inhabitants. Human activities may have the potential to push components of the Earth systems past the critical states into qualitatively different modes of operation, implying


\textsuperscript{63} Hansen, James, Pushker Kharecha, Makiko Sato, Valerie Masson-Delmotte, Frank Ackerman, David J. Beerling, Paul J. Hearty et al. "Assessing “Dangerous Climate Change”: required reduction of carbon emissions to protect young people, future generations and nature." PloS one 8, no. 12 (2013) pg. 4

large-scale impacts on human and ecological systems.\textsuperscript{65}

\textbf{3.24.2 – Extreme weather}

As global climate change progresses, changing air and water patterns present the risk of more frequent and intensified extreme weather events. Both rising sea levels and rising temperatures of surface waters have been predicted to contribute to more destructive hurricanes in the future. Archival data from the mid-1970s onwards shows a very strong correlation between tropical sea surface temperatures and the total destructive power of hurricanes in both the North Atlantic and North Pacific oceans.\textsuperscript{66} This is based on observed increases in both the intensity and duration of these hurricanes, and these data suggest we should expect future increases proportional to the rise in sea surface temperatures. A number of other factors, including increased humidity and decreased vertical wind shear in the Pacific have been linked to both global climate change and a predicted increase in the intensity and duration of future hurricanes.\textsuperscript{67} The best climate models currently available suggest that hurricanes will become both stronger on average and more frequent in the North Pacific and North Atlantic oceans, which house some of the world’s most heavily populated cities.\textsuperscript{68} Simulations conducted by the most recent global climate models predict “the frequency of tropical cyclones will increase by 10


\textsuperscript{66} Kerry Emanuel, "Downscaling CMIP5 climate models shows increased tropical cyclone activity over the 21st century." \textit{Proceedings from the National Academy of Sciences}.


to 40% by 2100. And the intensity of those storms will increase by 45% by the end of the
century, and storms that actually make landfall—the ones that tend to smash—will increase by
55%.69

Increased intensity, frequency, and duration of future hurricanes as a result of global
climate change are predicted to have devastating effects on coastal cities. Meteorologists have
determined that the damage inflicted by hurricane Sandy in 2012, the second most costly
hurricane in United States history (after Hurricane Katrina), was made significantly worse by
global climate change. Over the past century, sea levels have risen about 8 inches as a result of
human activity, giving Sandy a lot more water to displace along the coasts of several countries in
the Caribbean and the eastern United States.70 It was estimated that 30,000 additional homes
were flooded and almost 71,000 additional people were impacted in New York City alone as a
result of the human-induced rise in sea levels.71 The IPCC predicts a further rise in average sea
levels by 2100 of 11 to 40 inches, depending on emissions levels.72 The implications of these
predictions are that human-induced climate change will lead directly to a massive increase in
damage to property and human life resulting from hurricanes.

Climate change also increases the frequency and severity of droughts, fires and flooding.
Average temperatures have risen globally during the 20th century by about one degree

69 Walsh, “Climate Change Could Make Hurricanes Stronger – and More Frequent” TIME
71 Global Warming: Man or Myth? 71,000 New Yorkers: “Rise Does Matter!”.
November 15, 2014).
72 "Summary for Policy Makers." Intergovernmental Panel on Climate Change.
Fahrenheit\textsuperscript{73}. However, local temperature change is highly variable with some areas temperatures rising sharply and other areas getting colder. The decade from 2000-2009 was the hottest on record in the United States, and as of July 2013 the country has experienced 340 consecutive months (over 28 years) of temperatures higher than the 20\textsuperscript{th} century average.\textsuperscript{74} These chronic levels of increased temperatures, particularly in certain areas such as the southern U.S., cause greater evaporation from the ground and water bodies, leading to increased risk of drought. The National Resource Defense Council’s 2010 Climate Change, Water, and Risk Report predicted that one third of counties in the continental U.S. “will face higher risks of water shortages by mid-century as a result of global warming.”\textsuperscript{75} It states that these shortages present a severe risk for agricultural production due to lower crop yield and increased pests, disease, and weeds. Many of the at-risk states are agricultural leaders. In fact, the top three crops alone in these states were worth $105 billion in 2007. In addition to crops, a number of milder winters have allowed for the survival and reproduction of pine beetles. Pine beetles have decimated large areas of pine forest including 70\% of whitebark pine trees in and around the Greater Yellowstone Ecosystem (one of the last large, intact ecosystems of its kind).\textsuperscript{76} This has had adverse effects on the logging industry, and exacerbates global warming, as the trees are no

\textsuperscript{73} University Corporation for Atmospheric Research. "How much has the global temperature risen in the past 100 years?" University Corporation for Atmospheric Research. https://www2.ucar.edu/climate/faq/how-much-has-global-temperature-risen-last-100-years (accessed November 15, 2014).


longer able to function as carbon sinks.

The total area burned by forest fires each year has also been increasing over the second half of the 20th century in certain parts of Canada, according to Natural Resources Canada. Many forest areas are predicted to experience more frequent fires over the course of this century as a result of global warming, with severe environmental and economic consequences. They predict a doubling of the area burned annually, which could destroy entire towns and cause major losses in the logging industry among others.

A warmer atmosphere is also able to hold more moisture, resulting in more extreme precipitation events and increasing the likelihood of flooding. For decades, climate models have been predicting more rain and increased flood risk in Alberta, and in June 2013 Calgary experienced the most severe flood in its history, displacing 75,000 people and killing five. Furthermore, the Government of Canada’s National Round Table on the Environment and the Economy estimates that “the coastal land area exposed to climate change–induced flooding...by the 2050s is roughly equivalent to the size of the Greater Toronto Area,” with costs estimated at $1 to $8 billion per year.

Climate change has also been linked to periods of more extreme cold weather than seen in the past. The melting of ice caps in the Arctic is associated with a weakening of fast-moving winds separating Arctic winds from warmer southern winds. This is thought to allow the polar

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vortex, a circular pattern of cold polar winds, to dip down over parts of southern Canada and northern U.S. In the winter of 2013-2014 this phenomenon caused record lows in many states and provinces and an estimated $5 billion in damages in the U.S. alone, as well as 21 deaths and 20,000 flight cancellations.

3.25 - Breaking International Accords

The 2009 Copenhagen Accord, like numerous international agreements before it, emphasized the urgent need to address climate change. At the Copenhagen Accord, 141 attending nations, including Canada, agreed upon setting a warming limit of no more than 2° C above pre-Industrial levels. As previously stated, in order to have a reasonable chance of preventing warming from surpassing this limit, no more than 565 gigatons of carbon dioxide can be released into the atmosphere. Furthermore, as the global fossil fuel industry’s current projections report 2795 gigatons of available carbon reserves, approximately five times the amount allowed to be released, countries committed to mitigating climate risk must redress their dependence on fossil fuels.

Although Canada has already taken certain measures to decrease their national carbon output, including the implementation of stricter emission standards for heavy-duty vehicles and the mitigation of greenhouse gases from agricultural activities, these measures are not enough.\textsuperscript{84} The 2003 \textit{Canada Emissions Trends} report from Environment Canada revealed that if current trends hold, Canada’s carbon emissions in 2020 will exceed the level promised under the Copenhagen Accord by 20 percent, meaning that what Canada is already doing is not enough to reduce its carbon emissions to 1990 levels as promised.\textsuperscript{85} Furthermore, even with these measures, Canada’s emissions will be 66 to 107 percent greater than required to meet the $2^\circ \text{C}$ limit agreed upon at Copenhagen.\textsuperscript{86}

Canada must shift its focus to the development and implementation of green technologies and renewable resources. The 21st Conference of Parties to the UNFCCC will take place in Paris in 2015, where the negotiations begun in Copenhagen will be reviewed, and “all the nations of the world, including the biggest emitters of greenhouse gases, will be bound by a universal agreement on climate.”\textsuperscript{87} If Canada holds itself to its agreements, a move away from fossil fuels is inevitable, as failing to do so would ultimately lead to Canada breaking the international Copenhagen Accord. This move would necessarily signal a downturn in the profitability of Canada’s fossil fuel industry, increasing the risk of continued investments in fossil fuels.


The growing urgency of these negotiations shows that the global community is concerned with the detrimental effects our current system is having on social, environmental, and economic stability. The pressure on institutions to mitigate their impact will only increase with time.

4.00 – Divestment as a Moral Imperative

Queen's University is widely recognized as one of the best institutions of postsecondary education in North America. As an institution of higher learning, Queen's has the privilege of engaging in the worlds of scientific research, political activism, and social justice.

It is undisputed amongst credible climate and environmental scientists that we are beginning to experience the impacts of anthropogenic climate change. A rise in average global temperatures, ocean acidification, soil degradation and habitat and ecosystem destruction are but a few impacts this has. While it is undeniable that much of modern society is dependent on fossil fuels, it goes without saying that alternatives are present. As an institute of higher education, Queen's cannot contend that climate change science is still up for rigorous academic debate. It is a fact that anthropogenic disturbances are major contributors to climate change. As a leading university, to invest in the fossil fuel industry and support its continued unsustainable models of business and development, while at the same time supporting environmental research and declaring goals of carbon neutrality, is hypocritical.

To live in North America, and to be able attend or work at an institution such as Queen's, is a true privilege. It is the obligation of privilege to use it for good, to help others, and promote social justice by protecting our environment. Queen's must be held accountable for its actions including investment decisions. As a place and group of individuals who have benefitted from this industry, we must act to make sure that the fossil fuel industry does not continue to harm
others through its business practices and the by-products of its activity.

As such, we argue that Queen’s University has a moral imperative to invest in innovation and new forms of clean, sustainable, safe energy sources for the benefit of all. Remaining party to the fossil fuel industry through our endowment investments is simply standing by while environmental, social, and economic damage persists. Queen’s has the capacity to change this by sending a symbolic message to the fossil fuel industry and removing corporations’ social license to operate.

5.00 – The Financial Argument

Skeptics of divestment often claim that there will be great adverse affects to the returns received and that the accumulated risk by divestment from the fossil fuel industry is too high - that they would not be abiding by their fiduciary duty. This has been proven to be misinformed. While it is true that with any investment or divestment there is a degree of uncertainty about whether or not a return will be positive or negative, the risks associated with fossil fuel divestment are negligible and yet continued to be ignored to maintain the status quo. As shown by Aperio Group, Impax, Tim Nash, and Tom Steyer, all four respected investment management firms/investors, the risks of divesting from fossil fuels are nearly non-existent. They argue that the returns on fossil free portfolios will have small returns with next to no tracking error.

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Additionally, all agree that divestment from the fossil fuel industries is a “smart” investment not just for returns but for the symbolic precedent it sets that endowment managers oppose the actions of these industries. This symbolic action not only benefits the endowment financially, but also publicly.

6.00 – What Queen’s Can Do

As an institution of higher learning Queen’s University has an opportunity and responsibility to divest. Much like it was in the 1980s during the divestment from South African firms benefiting from apartheid, Queen’s can once again be on the right side of history. As one of the top universities in Canada, it would set precedent for other institutions to act and to acknowledge the world’s current economic model is not financially sustainable, and its consequences are such that the planet cannot sustain. Queen’s can reinvest the money it removes from the fossil fuel industry into new innovative and sustainable sources of energy, as well as, additional ethical investments that improve the social and environmental good.

Queen’s can reinvest the money it removes from the fossil fuel industry into new innovative and sustainable sources of energy. It has to opportunity to be on the cutting edge of clean, sustainable, and renewable energy development in a world that is turning towards it and away from fossil fuels. This opportunity to become a global environmental leader is one that Queen’s should not turn away from.

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Queen’s Fossil Fuel Divestment: A case by Queen’s Backing

Action on Climate Change

Supplementary submission to the original document: *The Case for Queen’s University Divestment of the Pooled Endowment Fund from the Fossil Fuel Industry*

September 14th, 2015

Contributions to this document were made by: Leah Kelley, Mac Fitzgerald, Keeley Farrell, Hanna Glover, and Mina Vu
We, as the 2015-16 Executive Committee of Queen’s Backing Action on Climate Change (QBACC), hereby submit our supplementary proposal for divestment from fossil fuel companies. We have outlined elements of the divestment campaign that we feel were not fully addressed in the original proposal for divestment. We want to ensure it is clear that we fully support all that was outlined in the original document, and wish for the following information to be considered alongside it.

Introduction

Fossil fuel divestment is a global movement that is drawing attention in many post-secondary institutions around the world. Currently, almost 400 institutions have chosen to divest from oil and gas companies.¹ This campaign is part of a greater movement to prevent the average global temperature from rising 2°C above pre-industrial levels, the limit agreed upon at the 2011 UN Climate Summit in the Copenhagen Deal.² As of 2014, global temperatures had already risen by 0.6°C, and, due to the delayed effects of carbon emissions, temperatures would continue to rise for a period of time even if fossil fuel consumption were to stop today. The established limit to global temperature increase was chosen in order to prevent the catastrophic outcomes of climate change, which would eventually include the extinction of most species on the planet, including the human race.

This capped temperature increase presents us with what Bill McKibben, co-founder of 350.org, calls a carbon budget.³ This carbon budget is currently 565 gigatons, which is the maximum greenhouse gas emissions that we can release into our atmosphere in order to stay within 2 degrees of warming. The problem with this budget is that oil companies currently have available reserves to produce 2,795 gigatons of CO₂e emissions. It is for this reason that we must take preventative action as a collective,

global population. Our dependency on oil has become a drug that will kill us before we run out of supply. It is time for the Canadian population, corporations, and public institutions to emphasize the importance of switching focus away from oil and gas based energy towards more sustainable forms of energy production. Divestment isn’t about financially injuring fossil fuel companies; it is about making a statement that we, as Queen’s University, support the shift towards decreasing Canada’s dependency on the oil and gas industry and finding a way to stop the world’s drug habit. We openly acknowledge that we cannot currently survive without fossil fuels, and that divestment isn’t asking for oil companies to shut down their facilities immediately. However, we also know that we cannot survive in the future if we continue our dependence on this industry.

We outline in this document the ways that fossil fuel divestment not only seeks to protect needs of future populations, but also how the fossil fuel industry is causing social injury which will worsen significantly in the near future. Within the Queen’s Responsible Investment Procedure, there are guidelines which depict the criterion for special action to be taken when there is concern of an investment causing social injury; this has led to the creation of your Committee. To demonstrate the socially injurious actions of the oil and gas industry, we have taken the definition of social injury as defined by the Yale University Standard, and utilized in the Queen’s Responsible Investment Procedure, as follows:

“the injurious impact which the activities of a company are found to have on consumers, employees, or other persons, particularly including activities which violate, or frustrate, the enforcement of, rules of domestic or international law intended to protect individuals against deprivation of health, safety, or basic freedoms; for the purposes of these Guidelines, social injury shall not consist of doing business with other companies which are themselves engaged in socially injurious activities.”

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It is the fiduciary responsibility of your Committee and the Board of Trustees to uphold your commitment to responsible investment by divesting the Queen’s Pooled Endowment fund from the 200 publicly-traded companies that hold the majority of the world’s proven coal, oil, and gas reserves, as well as from Enbridge Inc., TransCanada Corporation and Kinder Morgan due to these specific corporations’ relentless efforts to expand Canada’s tar sands.

We make the case that fossil fuel companies are socially injurious by addressing the following areas of concern: the impact of fossil fuel companies on indigenous populations, the disproportionate impact of climate change on developing countries, the close ties between climate change and global conflict, and the global health risk of continued climate change. We will complete this document by outlining the specific importance of divestment for Queen’s University, and why this is the best suited response to the urgency of climate change.

Oil companies and their relationship with indigenous populations

It is apparent that the direct impacts of the oil and gas industry are consistently placed on indigenous communities worldwide. In Canada, exploration and transportation of oil predominately occurs in Northern communities, where the local constituents are almost entirely aboriginal. It is these communities which bear the brunt of the negative consequences of the oil industry, including deforestation of their hunting grounds for tar sand expansion, contamination of their water by tailings ponds, and the effects of oil spills from pipelines.

It is ignorant to claim that there are no negative impacts or risks for these communities, when in reality the problem is a lack of a far-reaching voice. If these industrial plants were to be built in predominantly white communities, the same silence would not ensue. This is demonstrated by the vast number of protests conducted surrounding the Kinder Morgan pipeline which is set to go through Burnaby. Protesters loudly opposed the project due to the potential environmental damage associated
with a spill and the disruption the project would cause to local residents. Additionally, the First Nations’ population who has claim to these lands attest that they have not been sufficiently consulted on the project. These concerns are reflected in all projects to expand oil and gas infrastructure, however they are rarely as publicized due to the inability of marginalized groups to obtain equivalent media around the issue. This oppression enables oil and gas companies to pressure Aboriginal communities into agreeing to their expansion plans, regardless of the lack of say in the pace, scale, and timing of resource extraction on their lands.

In addition to the invasion of the oil companies on Aboriginal communities’ lands, there is a considerable health risk associated with living near oil extraction. The oil sands industry releases 13 elements that are considered priority pollutants by the US Environmental Protection Agency’s Clean Water Act. This water contamination has been shown to result in higher levels of pollutants including cadmium, copper, lead, and mercury downstream of oil and gas developments, which have the risk to cause higher rates of cancer and respiratory diseases in communities in the area.

The disproportionate impact of climate change on developing countries

The oil and gas industry already places significant strain and social injury on many developing countries through the control it holds over their economic development. Developing countries show a poor ability to negotiate with the “super majors” of the oil industry, which were created from a series of mergers in the 1990’s. The five super majors include ExxonMobil, BP plc, Chevron Corporation, Dutch

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Shell plc, and Total SA, and hold the majority of control over the global oil industry. Thus, the economic strength of a country directly impacts its ability to negotiate with these super majors. It has been demonstrated that poor countries which are dependent on oil for revenue are often unfavourably affected because of their dependence. They show slower rates of economic development, higher levels of corruption, higher military spending, worse performance on child malnutrition and adult literacy, as well as more vulnerability to economic shocks. As a result, these countries remain locked in a state of poor economic growth due to their dependence on the oil industry.

It is impossible to discuss the social injuries caused by the oil industry without discussing its secondary social impacts through climate change, as this industry enables the continuation of climate change. One of the greatest socially injurious elements of climate change is that 70% of global emissions are currently caused by developed countries holding only 25% of the world’s population, however the worst effects of this production will fall on developing countries who contribute least and who are least able to adapt. Climate change will alter agricultural productivity in a way that will be overwhelmingly negative for most developing countries due to their proximity to the equator where temperatures are already high. It will also affect freshwater availability and cause sea-level rise, leading to increased unpredictability and frequency of extreme weather events. In order to compensate for the changes in freshwater availability, countries will need to develop better infrastructure such as dams and reservoirs. In general, urban populations are not well adapted to changes in climate and weather

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events.\textsuperscript{11} However, in poor, underdeveloped urban centres, infrastructural changes are far more difficult, and access to clean water is already challenging. On the contrary, the infrastructure required to cope with many of the short-term climate change consequences already exists in developed countries, demonstrating the social inequity associated with the effects of climate change.

**The link between climatic changes and global conflict**

“Poor countries will in general be more vulnerable to environmental change than rich ones; therefore, environmentally induced conflicts are likely to arise first in the developing world.”\textsuperscript{12} This prediction was made in 1991, by Thomas F. Homer-Dixon. He predicted that climate change would contribute to conflicts such as war, terrorism, and trade disputes. He expected that it would increase the disparity between the global North and the global South, leading to greater militarization of poor nations to compete for a greater share of the world’s wealth. He predicted swelling populations with scarce resources leading to land stress and huge waves of environmental refugees. Finally, he foresaw countries fighting over scarce water supplies, and food being used as a weapon. The frightening part is that his predictions are starting to come true.

There is one region of the world that is already seeing and will continue to see the direct impacts of climate change manifest through conflict: The Eastern Mediterranean. This region, composed of Syria, Lebanon, Jordan, and Israel, is one of the most arid parts of the world. It currently experiences low rainfall each year, and climate change has and will continue to cause the region to become drier due

\textsuperscript{11} Climate, climate change and human health in Asian cities Sari Kovats and Rais Akhtar (Environment and Urbanization. April 2008. vol. 20 no. 1 165-175)

to significant declines in the wet season and alterations to the distribution of rains.\textsuperscript{13} It is currently predicted that by the 2050’s, the Easter Mediterranean will see reduced rainfall amounts of 20-25% of 2001 values, should climate change continue unchecked.\textsuperscript{14} This is particularly problematic because of the young population in the Eastern Mediterranean: over 1/3 of Syria’s population is currently under 15 years of age, and the population of the Eastern Mediterranean overall is expected to increase from 42 million people in 2008 to 71 million in 2050.\textsuperscript{13} The combination of population increase and climate change comes with a myriad of expected threats to population security, including increased competition for water sources, decreases in local agriculture, and suffering from increased global food prices. Economic growth will be hindered, worsening poverty and social instability, which could lead to high rates of unemployment and eventual social breakdown. Finally, we are likely to see destabilizing forced migration and increasing tensions over refugee populations.\textsuperscript{13} These echo the predictions of Homer-Dixon in 1991, and we are now seeing them realized through the conflict in Syria.

Syria is currently facing an uprising against their dictator, President Bashar al-Assad, which has resulted in over 200,000 Syrians losing their lives in four years of conflict. Over 11 million people have been forced to leave their homes, and 4 million of those people have fled the country as refugees. The conflict began when a group of teenagers who painted revolutionary slogans on the wall of their school were arrested and tortured. This instigated protests around the country in a push for democracy, which have caused violent responses from the military, resulting in a civil war.\textsuperscript{15} To fully understand this

\textsuperscript{13} Brown, O., & Crawford, A. (2009). Rising Temperatures, Rising Tensions: Climate change and the risk of violent conflict in the Middle East.


conflict, it is important to look back at the root of the issue: why did the push for democracy become so strong at this point in time? The answer lies in climate change.

From 2006-2011, Syria was in a drought that was described as the “worst long-term drought and most severe set of crop failures since agriculture civilizations began in the Fertile Crescent many millennia ago.” This was not a random occurrence; it has been shown through statistical analysis that this six year drought likely had a significant anthropogenic component in its causation. This drought, combined with outdated infrastructure, led to large populations moving from rural to urban centres. There was wide-sweeping food insecurity for over 1 million people, water shortages across the country, and increased unemployment, all of which led to the observed harsh political instability.

The civil war in Syria is a clear example of the incumbent political turmoil that will occur if climate change continues on course, and of the far-reaching social injury that is associated with this conflict. The root cause of this conflict was localized climate change, and as such it is an event we will undoubtedly see repeated if nothing is done to mitigate the effects of global warming.

The global health risk of continued climate change

There are a number of ways in which human health will be impacted by climate change, including increased flooding, more frequent and longer droughts, and higher overall temperatures. This extreme weather will cause declines in agriculture, leading to food shortages and increased rates of starvation. Furthermore, the number of people at risk of flooding by coastal storms is currently

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17 Climate change in the Fertile Crescent and implications of the recent Syrian drought Colin P. Kelley, Shahrazad Mohtadi, Mark A. Cane, Richard Seager, and Yochanan Kushnir (PNAS. March 17, 2015. vol. 112 no. 11 3241-3246)
projected to increase from 75 million in 2005 to 200 million by 2080.\textsuperscript{18} However, of particular concern from an epidemiological perspective are the extended heatwaves and the increase in prevalence of vector-borne diseases.

There is significant evidence that along with climate change will come increases in heat related mortality.\textsuperscript{18} Worse yet, heatwaves have a consistent correlation to increased deaths, as exemplified by the 2003 summer in Europe. This summer was the hottest in Europe in over 500 years, and was associated with an estimated 22,000-45,000 heat related deaths occurring within a two week period.\textsuperscript{18} Finally, heat related deaths are expected to increase the number of daily deaths in the world by a significant margin as the effects of climate change become more prominent.\textsuperscript{19}

With alterations to the climate come alterations to many species on our planet, particularly exothermic species such as insects which depend on specific climates for survival. Vector-borne diseases will increase drastically due to increases in global temperature, particularly mosquito-borne diseases such as dengue fever and malaria, which the World Health Organizations predicts as one of the top three health risks of climate change.\textsuperscript{18} In 1990, almost 30% of the world population lived in regions where the risks of dengue fever were over 50%. With current climate projections, it is estimated that 50-60% of the population in 2085 (5-6 billion people) will live in places with risk of over 50%. In the absence of climate change, this number would be expected to hold steady at around 35%.\textsuperscript{19} Similar projections are expected for malaria, as well as for tick-borne diseases such as Lyme’s disease, whose high risk areas have already seen expansion.


It is once again clear that there is inequity in the distribution of the effects of climate change between developed and developing countries. Africa, which is where 90% of malaria currently occurs and where significant increases in prevalence will occur, has some of the lowest per capita greenhouse gas emissions worldwide.\textsuperscript{20} Areas with unstable infrastructure will be most highly impacted by extreme weather such as flooding and hurricanes, as well as drought. It is to prevent this inequity in social injury that countries like Canada, and particularly its prominent institutions like Queen’s University, must take firm action to prevent the occurrence of climate change by encouraging a movement of the economy away from fossil fuel dependence.

**But why Queen’s?**

There are a few elements to consider when looking at why Queen’s specifically should divest from fossil fuel industries. These include the University’s precedence of divestment, the administration’s fiduciary responsibility and ethical imperative, and the opportunity for leadership.

**Precedence of divestment**

Queen’s has a precedence of divestment from companies that were causing social harm, hence the development of the Responsible Investment policy and the divestment from Apartheid South Africa in the 1980’s and from oil companies in Sudan in 2007. Queen’s participated in the movement of multiple institutions from across Canada who divested from companies doing business in South Africa because of the Apartheid regime.\textsuperscript{20} It was found that the effectiveness of this decision and the surrounding campaign was due to its role in “shaping public discourse” and “send(ing) a powerful message” that Queen’s would not stand for oppressive regimes that enforced segregation between

black and white people.\textsuperscript{21} Queen’s recognized its moral imperative to divest from these companies. Sudan was a similar case in which Queen’s took a stance by removing its funds from PetroChina and China Petroleum, both of which operate out of Sudan, in order to fight against the genocide occurring there.\textsuperscript{22}

It is important to note that in these cases it was not the actions of the companies themselves that were responsible for social injury, but rather the actions of the cause to which they were contributing. Both of these examples demonstrate social injury that was caused by an oppressive government regime benefitting from the profits of the companies from which Queen’s divested. Although neither of these divestment movements financially impacted the companies involved, they contributed to general awareness of the issue and made the statement that Queen’s would not support actions causing social injury. Similarly, we acknowledge that fossil fuel companies are not directly causing the socially injurious elements of climate change. Rather, fossil fuel companies are contributing to climate change, which is the root cause of the majority of social injury associated with the industry. Climate change, in this case, parallels the oppressive government regimes of Sudan and South Africa in regards to the vast harm to society that will ensue. Divestment from fossil fuel companies is imperative to prevent the continuation of climate change induced social injury.

\textit{Fiduciary responsibility and ethical imperative}

The Queen’s Board of Trustees has a fiduciary responsibility to uphold the interests of its faculty, staff, and students. As an institution which contains a prominent environmental science program, a sustainability office, as well as a myriad of professors and students carrying out research into mitigating and understanding climate change, it is imperative that Queen’s divest from fossil fuels. Fossil fuel


companies, by their very nature, work against the progressive research being completed at this institution. If Queen’s is going to invest its resources into research to mitigate climate change, it should also divest its resources from companies that would exacerbate the effects of climate change. Below is a list of some of the professors completing research in climate related areas.

- Dr. J. Harry McCaughey: Climatology
- Dr. Neal Scott: Greenhouse Gas dynamics and ecosystem management
- Dr. Warren Mabee: Renewable energy policy and technologies
- Dr. Melissa Lafrenière: Climate change and anthropogenic impacts on hydrology
- Dr. Scott Lamoureux: Impact of permafrost changes on hydrology and landscape stability
- Dr. Allison Goebel: Social impacts of climate change
- Dr. Mick Smith: Environmental ethics
- Dr. Brian Cumming: Paleolimnology an aquatic ecology
- Dr. Paul Grogan: Terrestrial ecosystem ecology
- Dr. Ryan Danby: The science of ecology and practice of environmental management
- Dr. John Smol: Research chair of environmental change

“All institutions of higher learning have embedded in their missions a dedication to the maintenance and renewal of civilization. By contrast, the business of fossil fuel extraction will, with high certainty, result in the destruction of civilization in the latter half of this century.”

~Stephen Mulkey

An opportunity for leadership

As an institution of higher learning, universities have a leadership role in society. As universities accumulate more and more evidence of climate change and of the need to shift to more sustainable energy sources, they have a duty to act on these findings. If we, as those who are supposedly working towards a better future, ignore the issue of climate change by continuing to be content with our

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dependency on fossil fuels, then how can we expect the average citizen to respond appropriately to the issue? The Queen’s experience sets the stage for people to expand into innumerable industries from engineering to business to research to arts. It is the lessons students learn during their time at Queen’s that they will take with them for the rest of their lives into this broad range of industries. If Queen’s can make a statement that it is time for Canada to work towards solutions to climate change and decreased dependency on fossil fuels, students will carry this way of thinking with them into their future careers. This demonstrates how Queen’s University making the decision to divest from fossil fuels can have a far greater impact than most corporations whose influence would stay within its own sphere. These are the reasons why it is so important that Queen’s, as a prominent Canadian post-secondary institution, take a stand against Canada’s fossil fuel dependence.

We thank you for your time in considering the case for Queen’s divestment from fossil fuel companies, and for the opportunity to present our evidence as to the socially injurious activities of fossil fuel companies.
References


Climate, climate change and human health in Asian cities Sari Kovats and Rais Akhtar (Environment and Urbanization. April 2008. vol. 20 no. 1 165-175)

Climate change in the Fertile Crescent and implications of the recent Syrian drought Colin P. Kelley, Shahrzad Mohtadi, Mark A. Cane, Richard Seager, and Yochanan Kushnir (PNAS. March 17, 2015. vol. 112 no. 11 3241-3246)


In recent years, there has been considerable discussion/activity on the topic of responsible investing. Responsible investment approaches are based on the belief that environmental, social and governance ("ESG") factors can be material to shareholder value across industries and through time. The purpose of this statement is to set down the principles which govern investments at Queen's and to provide details on the process under which non-financial factors will be considered in investment decisions.

I. GENERAL STATEMENT ON FIDUCIARY DUTIES

The Board of Trustees has the overall responsibility for the management of the investment funds of Queen's University. To help ensure that its investment responsibilities are met, the Board has appointed a Pension Committee and an Investment Committee – the latter having responsibility for the Pooled Endowment Fund and the Pooled Investment Fund.

Each committee has developed a Statement of Investment Policies and Procedures ("SIP&P") with the objective of ensuring continued prudent and effective management of the fund(s) under its mandate.

The Board of Trustees, the Pension Committee and the Investment Committee all have fiduciary duties with regard to the various funds. In an investment context, fiduciary duties include the duties of prudence and loyalty. The duty of prudence requires that investment decisions take into account appropriate plan-specific factors, the specific nature of the investment under consideration and the investment portfolio at large. The duty of loyalty requires that fiduciaries act honestly, in good faith, in the best interests of the beneficiaries, and that all beneficiaries are treated with an even hand.

As a consequence of the above, the university has always considered that its fiduciary duties require the objective of obtaining the highest return for the Pension Fund, the Pooled Endowment Fund and the Pooled Investment Fund subject to acceptable levels of risk.

In 2005, the United Nations sponsored a study by a law firm in London, England – Freshfields Bruckhaus Deringer. The Freshfields report concluded that, in each of the jurisdictions examined, investment decision-makers retain some degree of discretion as to how they invest the funds under their control. Thus, it may be permissible and lawful for fiduciaries to take into account ESG considerations in specific circumstances.

There are two general approaches to ESG matters. If the plan sponsor wants to effect a change in the behaviour of companies on ESG matters, it will take a corporate engagement approach. Activities under this approach could include the voting of proxies and letters to management. If the plan sponsor does not want to profit from companies whose activities are considered socially unacceptable, this could lead to negative screens or divestiture. In most circumstances, Queen's favours the first approach.
II. RESPONSE FROM QUEEN’S

Queen’s has also sought legal advice with regard to the consideration of non-financial factors in making investment decisions. The legal opinion which we received suggests that responsible investing policies are not per se inconsistent with the university’s fiduciary duties of loyalty and prudence to the Pension Fund, the Pooled Endowment Fund and the Pooled Investment Fund.

The university acknowledges that consideration of non-financial factors could differ between the Queen’s Pension Plan and the Endowment and Investment Funds. Therefore, the course of action taken by the Pension Committee on a particular issue could differ from that taken by the Investment Committee.

Currently, the two SIP&Ps do not provide direction on these matters.

For the last year or so, the university has been considering how best to respond to issues that may arise around responsible investing. The process which has been developed for Queen’s is described in the following sections of this statement.

III. SPECIAL ACTION

In exceptional circumstances, Queen’s may take special action with respect to a specific investment or a series of investments. Special action may include divestiture of existing holdings and/or applying investment screens.

The criterion for taking special action would be based on the concept of “social injury”. This has been defined by Yale University as follows:

“the injurious impact which the activities of a company are found to have on consumers, employees, or other persons, particularly including activities which violate, or frustrate, the enforcement of, rules of domestic or international law intended to protect individuals against deprivation of health, safety, or basic freedoms; for the purposes of these guidelines, social injury shall not consist of doing business with other companies which are themselves engaged in socially injurious activities.”

IV. PROCESS FOR REPRESENTATION

In order to provide the university community with an opportunity to make representations on social responsibility with respect to the university’s investments, the following process has been established.

Expressions of Concern

These must be initiated by members of the Queen’s community. For the purposes of this statement, we have identified five separate constituencies – faculty, administrative and support staff, students, retirees, and alumni. Requirements would be a documented submission identifying the social injury that should influence investment decisions.

The submission must be accompanied by a petition of at least 200 individual signatures, with a minimum of 20 signatures from each of three constituencies.

The submission along with the requisite signatures should be sent to the attention of the principal of the university.
**Investment Holdings**

Members of the Queen's community can obtain a list of the investment holdings of the Pension Fund, the Pooled Endowment Fund, or the Pooled Investment Fund by contacting the Department of Investment Services at investment.services@queensu.ca.

**V. ADVISORY COMMITTEE ON RESPONSIBLE INVESTING**

Upon receipt of the requisite submission and signatures, the Principal will establish an advisory committee on Responsible Investing and will appoint a Chair. Membership on the committee may include representatives from the university’s administration, the Pension Committee, the Investment Committee, and others drawn from the various university constituencies.

The advisory committee will review the brief and make a recommendation to the Principal on what further action, if any, should be taken. Actions may include (but are not limited to):

- No action
- Shareholder engagement activities which may include some of the following actions:
  - letters to management
  - supporting shareholder resolutions
  - voting of proxies
  - joining coalitions
- Special Action which must be consistent with our fiduciary duty, and may include:
  - divestiture of existing holdings
  - applying investment screens

**VI. REVIEW BY BOARD COMMITTEES**

The Principal will then refer the recommendation to the appropriate Board committee(s) – Pension and/or Investment Committee for a final decision. The decision will be made within the policy framework which is being established for each committee. We note that the Pension Committee and the Investment Committee are in the process of revising their respective SIP&P’s to include a Responsible Investment Policy.
APPENDIX 4
List of Materials Reviewed by Committee

In addition to materials submitted by presenters and those providing input online, the advisory committee considered materials from:

- Bloomberg – White Paper on Fossil Fuels Divestment
- Calgary Herald – Yedlin – Fossil Fuel Divestment Movement Misguided
- CBC – Difficult to invest in green energy in Canada without Big Oil; Get out of oil and gas investments, profs tell Memorial University
- Financial Times – Climate change groups split on fossil fuel divestment
- Globe and Mail – Getting rid of petroleum stocks is a crucial first step for universities; The flawed case for fossil-fuel divestment raises a carbon debate; Ethical investing – A better yardstick; Power sift; Campaigns to divest fossil-fuel holdings gain steam; Canada 150 infrastructure program’s rules spark more criticism; Canadian Medical Association divesting fossil fuel holdings.
- Impact Statements from the University Department of Investment Services, the Centre for Social Impact, Vice-Provost and Dean of Student Affairs, the Office of Advancement, and The Vice-Principal (Research)
- National Observer – Fossil fuel fever hits UBC and other Canadian campuses
- New York Times – Is college divestment from the fossil fuel industry worthwhile; Stanford to purge $18 Billion endowment of coal stock
- South African Divestment – process example
- Sustainability and Education Policy Network
- Telegraph (UK) – Pope calls for an end to fossil fuels – as it happened
- The Economist – Climate change policy; No smoking; Fight the power, divestment campaigns.
- The Guardian (UK) –
- The Journal (Queen's) – Queen's gets dirty with oil
- Toronto Star
- University World Press
- Washington Post – Sustainability gone mad on college campuses
- Wall Street Journal – The feel-good folly of fossil fuel divestment; fossil fuels will save the world (really).
- 37 other articles and documents from other provinces and institutions

The Committee also reviewed the Queen's University Statement on Responsible Investing and Queen's Investment Funds, Statement of Investment Policies and Procedures. The latter includes as appendices, the Investment Committee Constitution, Statement of Investment Beliefs, the Queen's University Short-Term Fund, Statement of Investment Policies and Procedures, the Queen's University Responsible Investing Process, including Debt Management Policy.