

FOSSIL FUEL DIVESTMENT CAMPAIGN
Proposal for a Sustainable Endowment

I. PROPOSAL

Due to the astronomical threats posed by global climate change (GCC) upon this generation of students, and upon humanity and the Earth as a whole, we, the undersigned, propose that Vassar College divest fully and publicly from all direct and commingled investments in the fossil fuel industry. The fossil fuel industry shall be defined as any and all companies and utilities involved in the extraction, transportation, and burning of coal, oil and natural gas. We also ask that the College immediately freeze its direct investments in twenty (20) of the most exploitative and damaging utilities, natural gas, coal, and oil companies (listed below). We request, furthermore, that these funds be reinvested according to socially- and environmentally-responsible criteria.

As such, the Divestment Campaign requests that the Board of Trustees of Vassar College commit to the following by May of 2013:

- A task force (including trustees, faculty and students of Vassar College) to manage divestment from the fossil fuel industry over a twelve (12)-year timeframe
- By August of 2013, a withdrawal of direct investments in the twenty (20) companies listed in Section VII of this document
- By May of 2014, a withdrawal of direct investments in the largest 200 fossil fuel companies, listed at <http://gofossilfree.org/companies/>
- By May of 2016, a withdrawal of co-mingled investments in the largest 200 fossil fuel companies (including the twenty [20] companies in Section VII)
- By May of 2025, a withdrawal of all direct and co-mingled funds from all companies involved in the extraction, transportation and burning of fossil fuels, as well as these companies' financiers
- An assurance that these divestments shall remain permanent until the fossil fuel industry ceases to exist
- An investment plan that favors renewable energies (wind, solar, micro-hydro), socially-responsible companies, and community investments

The Campaign's research indicates that there are three (3) primary ways that the College can pursue divestment:

- Using a different investments agency that would commit to a fossil-free portfolio
- Directing its current investments agency to divest from fossil fuels (including a divestment of comingled funds)
- Creating a new green mutual fund that would exclude fossil fuel companies

The Campaign acknowledges that divestment will be neither easy nor stress-free, and may pose initial upfront costs upon the College. However, we assert that any monetary costs incurred by Vassar are miniscule when compared to the enormous costs on public health, the

economy and the climate posited by global warming, lest an immediate transition from fossil fuels is to occur.

In fact, with Vassar's endowment performing admirably in recent years, the Campaign expects such exceptional performance to continue with a fossil-free portfolio. Especially when compared to peer institutions, Vassar has weathered the Great Recession remarkably well--and a portfolio severed from fossil fuels should only improve this performance.

We see divestment fully in line with the College's mission of "a humane concern for society, and a commitment to an examined and evolving set of values."

Divestment is also in keeping with the College Investor Responsibility Committee's task of studying "broader investor responsibility issues."

As divestment has been established as in line with the College's broader values, we believe that Vassar has great potential to lead its peer institutions in divestment. Hampshire College and Unity College have already divested from the fossil fuel industry, and strong student-led campaigns are prompting divestment conversations at institutions such as Harvard, Swarthmore, and Middlebury. The history of divestment at Vassar College provides a strong background for fossil fuel divestment, with successful divestments from South Africa in the 1980s and Darfur in 2005.

Finally, we assert that the current state of the fossil fuel industry and its implication in global climate change (GCC) is an issue of "overriding social concern" that the Trustee Investor Responsibility Committee (TIRC) must manage, according to the by-laws of the Governance of Vassar College. The public health impacts of fossil fuel use upon the global society are monstrous, and, coupled with global climate change, demand a rapid response from the worldwide college community. Preventing catastrophic ecological, social, and political damage in the 21st century and loosening the burden of future generations to deal with GCC necessitates a full and complete divestment from fossil fuels.

II. MORAL IMPETUS

The act of divestiture is, at its heart, a moral stand. The corporations listed below have committed atrocities against the citizens that they purport to serve. These corporations regularly and deliberately abuse public health, the global environment, and human rights. A brief overview of the human and environmental casualties of the fossil fuel industry can be read below:

Health

- Coal burning is linked to ~21,000 American deaths and another 300,000 cases of acute cardiac and respiratory illnesses *per year*.
- The mining and extraction of coal is responsible for more work-related fatalities than any other U.S. industry.

- Fracking fluid contains a number of known carcinogens, mutagens, and endocrine disruptors including (but not limited to): benzene, ethylbenzene, toluene, xylene, naphthalene, polycyclic aromatic hydrocarbons, methanol, formaldehyde, ethylene glycol, glycol ethers, hydrochloric acid, sodium hydroxide.
- Casing on most fracking wells fails within six years, allowing the aforementioned chemicals to pollute the air as well as drinking and bathing water. This pollution is linked to a growing number of acute illnesses in the areas where fracking occurs.
- Additionally, because these chemicals are stored in plant matter and animal fat tissues, they propagate up the food chain. If fracking continues, the chemicals will soon be apparent in every single food product on the market.

Environment

- Global scientific consensus predicts cataclysmic damage if global temperatures increase by more than two degrees Celsius. In the period since this benchmark was set, the global temperature has effectively risen 1.6 degrees Celsius. The scientific community estimates that—at the outer limits—565 gigatons of CO₂ can be safely burned before the two degree limit is reached. Fossil fuel industries are speculating on 2,795 gigatons of carbon.
- Climate change is already taking a powerful toll upon our fragile human and nature communities. During the summer of 2012 over 4,000 temperature records were recorded. Seasonal shifts and cataclysmic weather events have caused large-scale wreckage throughout our local and global communities (look to Hurricanes Irene and Sandy for evidence).
- Coal extraction is made possible through clear-cutting and mountaintop removal across Southern Appalachia. These acts fragment ecosystems and destroy habitat for species of microorganisms, plants, and mammals that make human life feasible.
- Fracking chemicals are stored in plant and animal tissues, biomagnifying as they are metabolized up the food chain. This means that “harmless” levels of chemicals may easily result in large-scale plant and animal die-offs in the coming years.

III. ECONOMIC IMPETUS

Fossil fuel investments are inherently risky in the long-term. Given the above information, it is likely that national or international regulatory measures will cripple this industry in the coming years. Furthermore, even if the burning of fossil fuels remains unregulated, the Earth’s energy reserves will be depleted within the century. As such, Vassar College must commit to developing an investment strategy that successfully excises the institution from an outmoded industry. These measures are not only sensible but also necessary to protect the fundamental integrity of our institution, from its rapidly expanding financial aid program to its world-class academic experience.

Recent events have made such a disentanglement attractive. Coal is an increasingly risky investment due to its volatile performance in the stock market, while Governor Cuomo’s recent decision to postpone a decision on fracking in the state of New York has in turn destabilized the

natural gas industry. Domestic oil reserves are quickly running out, and dependence on foreign reserves is extremely risky due to the political volatility of the source countries. Furthermore, the world oil supply has already hit Hubbard's Peak by many estimates, suggesting that the entire industry is in decline.

IV. REINVESTMENT

Recognizing that the reallocation of invested funds is a complex endeavor, we have reached out to economists, socially-responsible investment brokers, and the administration at Vassar College to craft a reinvestment plan that suits the colleges needs.

With that in mind, initial research has shown quite clearly that environmentally- and socially-responsible investment portfolios have the capacity to be just as, if not more, lucrative than those that include fossil fuel companies. In particular, MSCI provides many comprehensive indices that point to safe and/or lucrative investments in the fields of pollution prevention, green building, sustainable water, and green technology. In addition, certain renewable energies (in particular, wind) are seeing rapid growth year-over-year, and with the re-election of President Obama will likely continue to grow. While these options are under investigation, the success of Vassar's endowment in the past year (especially in comparison with other elite colleges) indicates that *spreading the divested funds across the rest of our remaining portfolio is a stable and profitable option for the endowment while more lucrative alternatives are being sought out.*

Though the brunt of the reinvestment should be handled within the bounds of the stock market, local and internal investments should not be overlooked as a source of profitable reinvestment. Vassar's current green revolving loan fund, the Resource Conservation Fund, is only \$50,000. If Vassar was to dedicate the same percent of its endowment to the RCF that Harvard does to its green revolving loan fund, the RCF would fall between \$200,000 and \$300,000. Such funds consistently produce stellar returns in relatively short timeframes. Investing in the campus both reduces the college's operating costs while solidifying its commitment to an elite academic experience.

V. ON-CAMPUS ENERGY USE

Though it may seem hypocritical for Vassar to divest from fossil fuels while still using fossil fuels on campus (such as in the burning of natural gas in the college boilers), the Campaign would like to point out that reinvestment in renewables will make a transition to non-extractive energies easier in the future. Furthermore, on-campus energy use is largely determined by the political and economic systems that control energy production--so that, functioning within in a market system, Vassar's actual choice of on-campus energy use is limited. In directing its investments towards renewables, Vassar can help retool existing power structures in order to build an energy economy that does not treat the earth as a mere resource and sink for wastes--and, instead, values and nurtures the diverse ecosystems and societies that our planet holds.

The Campaign would also like to commend the College for its commitment to sustainability: the new science facility will be LEED-certified; the co-generation plant assures that Vassar does not waste its energy; and the College Committee on Sustainability (CCS) is constantly striving to make Vassar more energy-efficient. Vassar's current dedication to renewables, manifested in the geothermal systems that heat Davison House and the new Town Houses (THs) and Terrace Apartments (TAs) demonstrate a desire for clean, locally-sourced energy. Already, Vassar has shown that it is ready to transition to non-extractive energy sources.

But on-campus sustainability does not absolve Vassar of the moral obligation to divest, nor does it divorce the College from fossil fuel use, which--through no fault of Vassar's--is an inherent part of 21st-century life. It should be noted here that nineteen percent (19%) of the College's electricity comes from coal and sixteen percent (16%) comes from natural gas, marking Vassar as largely dependent upon fossil fuels. Because Vassar does not choose the sources of energy provided by its utility company, fossil fuel divestment offers the College an opportunity to stand against resource extraction and oppose the ecosystem degradation and health damage that coal, oil and gas impose. Therefore fossil fuel divestment goes hand-in-hand with reforming Vassar's on-campus energy use, for each are institutional changes that Vassar can make to improve both local and global qualities of life.

Through working in concert with the Vassar Greens' student-run campaigns, the Divestment Campaign hopes to raise awareness of energy use within the student body. The Vassar Greens provides a strong basis for handling both an institutional divestment from fossil fuels and a broader attunement to environmental issues within Vassar's student population. Specifically, the Zero Waste and Keep It Clean campaigns target on-campus energy use and promote environmental consciousness on campus. In order to reflect students' concerns regarding the environment and to align the College's priorities with its education that promotes social awareness, fossil fuel divestment and on-campus energy use should compose Vassar's environmental platform for the 21st century.

In addition to divestment, we would encourage the College to seek out an energy provider that favors renewables and to invest on-campus energy developments in renewables, as part of a larger agenda to transform the College's relationship to its sources of energy.

VI. ACCOUNTABILITY & TRANSPARENCY

As Vassar works to fully divest from fossil fuel, the Divestment Campaign would also like to see a College Investor Responsibility Committee (CIRC) with broader decision-making capacity, particularly with the power to veto certain investments. The CIRC should have full access to the College's investment portfolio, and should open its meetings so that concerned students, faculty, and staff may attend and comment on the Committee's procedures. In addition, as Vassar transitions to a more socially-responsible investment portfolio, it should work to make its investments more transparent on the whole by publishing its portfolio annually. Acknowledging the College's sources of funding is one way for Vassar to remain accountable to students, faculty, staff, and alumni.

VII. LIST OF INITIAL COMPANIES

1. BP
2. Exxon
3. Chevron
4. Shell
5. ConocoPhillips
6. Chesapeake Energy
7. Anadarko
8. Devon Energy
9. Encana
10. Southwestern Energy Co
11. Williams Energy
12. Alpha Natural Resources
13. Arch Coal
14. Peabody Energy
15. Consol Energy
16. Patriot Coal
17. TransCanada
18. Spectra Energy
19. Koch Industries
20. Halliburton

VIII. BENEFITS FOR THE COLLEGE

With a portfolio divested from fossil fuels, Vassar College would see the following improvements:

- An endowment free of the burden of the fossil fuel industry
- A bolstered commitment to sustainable development in the 21st century
- The established initiative to lead peer institutions in environmental actions
- Positive press (the College would shine in the spotlight of the fight against climate change)
- A new selling point for the Admissions Office (divestment could attract many more potential students to the College)

IX. THE IMPACT OF DIVESTMENT

Though Vassar divesting on its own may not have an impact on the fossil fuel industry, the act of divestment must be seen in its broader geopolitical context: divestment as a movement is spreading to hundreds of colleges across the nation. Vassar has a unique opportunity to take part in perhaps the largest social action of the 21st century: the fight against climate change. Acting in concert with its peer institutions, Vassar has the ability to spearhead massive social change. Colleges are institutions of political power, and they wield much of this power through their endowments. Divestment worked in the past to help topple apartheid in South Africa, and it

can work again.

As our colleges have a mission to help propel society and to advance notions of equality, justice, and social awareness, it is equally important that colleges' endowments reflect this progressive tradition and sever their ties to the fossil fuel industry. Moreover, fossil fuel divestment is not just a collegiate movement but a broader institutional one--for example, the city of Seattle is currently divesting from fossil fuels. The environmental group 350.org, which has helped organize the divestment movement, is pushing for divestment at all levels: college, workplace, church, and government. Working in tandem with other colleges and broader social institutions, Vassar can trigger a fundamental shift away from outmoded, toxic energy sources, and towards a social-natural harmony of local, community-run renewable energies.

X. CONCLUSION

To protect Vassar's endowment and ensure the continued growth of the College's financial aid program, it is imperative that Vassar's interests not remain entangled in the fossil fuel industry. We seek public leadership from Vassar's Trustees and Administration to formally cut ties with an industry that is wreaking needless havoc on our society, our planet, and our students. We believe that Vassar has tremendous potential to lead our peer colleges and universities in this historic transition to a thriving, just, sustainable future.

With hope,

The Vassar College Fossil Fuel Divestment Campaign

www.facebook.com/divestVC

Vassar Greens
Vassar Animal Rights Coalition
Grassroots Alliance for Alternative Politics
ProHealth
Vassar Democracy Matters
Vassar Feminist Alliance
Vassar Young Democratic Socialists
Vassar Slow Food
*Responsible Endowments Coalition**
*Green Umbrella**
*Energy Action Coalition**
*350.org**

*denotes third-party organizations