Divestment from Fossil Fuels at Olin College

Summary

What is divestment from fossil fuels? Divestment means to end investments in a certain company or industry. We seek to divest Olin's endowment from fossil fuels. Based on information from the investment subcommittee of the Board of Trustees, this amount is approximately 2%, or $8 million.

Why should the world care? The climate crisis is now. To avoid irreversible catastrophe, we must keep global temperatures below 1.5˚C of warming above pre-industrial levels. In 2020, global temperatures already averaged 1.19˚C above pre-industrial levels[1]. If fossil fuel companies keep pursuing production at the current rate, the world is projected to warm more than 1.5˚C by 2030 and 2.7˚C by the end of the century. Such warming will have catastrophic consequences, where hundreds of millions will suffer from floods, fire, drought, and many other deadly natural disasters.

Fossil fuel companies are at the heart of the climate crisis. Seventy-one percent of all global greenhouse gas emissions since 1988 can be traced to just 100 fossil fuel producers.[2] Fossil fuel companies maximize profit from the extraction and use of fossil fuels.

How is divestment effective, and when has it been done in the past? Fossil fuel companies state that divestment campaigns pose a material risk to their business. Peabody Coal, the largest coal producer in the world, declared bankruptcy in 2016, citing divestment as one of the main reasons; divestment was also the key reason for the coal sector's credit de-rating between 2013 and 2018. Historically, divestment campaigns have been immensely effective at transforming entrenched crises, particularly divesting from apartheid in South Africa.

Why should Olin care? Olin explicitly prides itself on its commitment to equity and sustainability. Fossil fuel investments directly contradict Olin's stated values, and as an institution founded to be a leader in higher education, we must join the many other American colleges and universities that have already divested.

What makes divestment fiscally prudent? The stock market value of fossil fuel companies is based on the outdated illusion that fossil fuel extraction and use can continue without limit, and the market capitalization of fossil fuel companies has shrunk significantly in the past few decades as the world moves to a decarbonized future. Prudent investment practice cannot be squared with the ownership of fossil fuel assets.

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[1] Climate Change: Global Temperature

[2] New report shows just 100 companies are source of over 70% of emissions, Carbon Disclosure Project (July 2017).

What work has been done already, and what do we still need to do? We call on Olin College to divest from its endowment of fossil fuels. This includes immediately freezing any new investment in fossil fuel companies and publicly committing to divesting all direct holdings in fossil fuels within the next five years. We ask for transparency regarding divestment commitments and our progress, as well as a process of collaboration between students, faculty, staff, the administration, and the Board of Trustees to develop this plan and a method for handling future divestment proposals.

Acknowledgments

We are indebted to the work of Aaron Greiner, Anisha Nakagawa, Izzy Harrison, Kimberley Winter, and Linnea Laux in developing a divestment proposal that was presented to the Board in 2018. We based portions of this document on University of Toronto 350's divestment proposal, as well as the complaints filed with the Massachusetts Attorney General by MIT Divest and CJBC.

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Introduction

In order to avoid irreversible catastrophe, the world must collectively keep global temperatures below 1.5˚C above pre-industrial levels. In 2020, global temperatures already averaged 1.19˚C above pre-industrial levels[3]. If fossil fuel companies keep pursuing production at the current rate, the world is projected to warm more than 1.5˚C above pre-industrial levels by 2030 and 2.7˚C by the end of the century. Such warming will have catastrophic consequences, in which hundreds of millions suffer from floods, fire, drought, and deadly natural disasters, resulting in famine, climate-induced wars, and dislocation on a global scale[4]. We are already seeing the effects of climate change: between 2016 and 2020, climate change pushed 16 million people into crisis levels of hunger[5], and climate impacts are already causing an estimated four hundred thousand deaths per year[6].

In the next few years, we must drastically accelerate efforts over to reduce fossil fuel emissions, or limiting warming below 1.5˚C will be out of reach by 2030[7]. Renewable energy sources are already cheaper than fossil fuel sources for the vast majority of the world. Yet instead of winding down production to a safe trajectory, fossil fuel companies continue to seek new sources of carbon, accelerating and intensifying climate disasters, while obstructing meaningful government action on climate change by pouring billions into misinformation campaigns and lobbying[8] [9].

If humanity burned all known fossil fuel reserves, it would produce 3,700 gigatons of CO_2 — over ten times as much as the IPCC safe to burn[10]. Furthermore, scientists are clear that no new fossil fuel infrastructure can be built if we are to limit warming to 1.5˚C[11]. The stock market value of fossil fuel companies is based on the outdated illusion that fossil fuel extraction and use can continue without limit[12]. As such, prudent investment practice cannot be squared with the ownership of fossil fuel assets.

Given that government and existing market forces have proved unable to prevent the impending climate catastrophe, it is our responsibility as a leading academic institution to take decisive action against climate change. Despite Olin's desire to be a "leader in higher education", we have fallen behind the many peer institutions who have divested, and our investments in fossil

[3] Climate Change: Global Temperature
[4] Time Is Running Out to Avert a Harrowing Future, Climate Panel Warns
[5] World in the midst of a 'hunger pandemic': conflict, coronavirus and climate crisis threaten to push millions into starvation | Oxfam International
[6] Report - DARA
[7] Stopping Climate Change Is Doable, but Time Is Short, UN Panel Warns
[8] Climate Disinformation
[9] InfluenceMap Big Oil's Real Agenda on Climate Change
[10] "Unburnable Carbon: Ten Years On" *Carbon Tracker Initiative*, https://carbontracker.org/wp-content/uploads/2022/06/Unburnable-Carbon-.pdf. Accessed 29 Oct. 2022.
[11] https://www.newyorker.com/news/daily-comment/the-international-energy-agency-issues-a-milestone-statement-about-fossil-fuels
[12] Ibid, 10

fuels make us complicit in the climate crisis. We call on Olin College to divest from its endowment of fossil fuels.

Proposal

1. Publicly commit to divesting direct holdings in fossil fuel companies, using the 200 publicly-traded companies list, ranked by carbon content of their fuel reserves[13].
2. Immediately freeze any new investment in fossil fuel companies.
3. Divest all direct holdings in fossil fuels within the next five years, given the most recent estimates from the IPCC and the importance of limiting climate change to 1.5°C warming by 2030.

We also propose that Olin reinvest these funds by leveraging its financial power for reparative justice by supporting environmentally sustainable, socially responsible, and community-based investment.

Transparency: Olin must disclose a comprehensive plan to achieve the goal of divestment, and develop a mechanism to disclose the endowment's remaining exposure to fossil fuels on an annual basis.

Process: Olin must institutionalize a collaborative process between students, faculty, staff, the administration, and the Board of Trustees to develop this plan and a method for handling future divestment proposals. Olin may look to peer institutions for models on divestment strategies, committee structures, and reinvestment methods.

What should Olin do, and why?

Olin prides itself on its mission to prepare students who "do good" and work on important social issues. According to Olin's founding precepts, "Olin College is intended to be different - not for the mere sake of being different - but to be an important and constant contributor to the advancement of engineering education in America and throughout the world **and, through its graduates, to do good for humankind."** In our vision statement, Olin claims to "lead the transformation of undergraduate engineering learning experience to educate the next generation of innovators **who want to better the world**".

The 2022 strategic plan states that "[Olin] will center sustainability (as defined by the UN's 2030 Agenda for Sustainable Development) in the structure and operations of the college, in order to enact the changes we wish to see in the world, align with our educational goals, and support our ability to make long-term impact."

[13] The Carbon Underground 200 is an annually updated listing of the 100 largest public coal and 100 largest public oil and gas reserve owners based on the potential carbon dioxide emissions of their reported reserves. These companies cover greater than 95% of reported global fossil fuel reserves held by publicly-traded companies.

Olin's existing practices are insufficient given the scale of the crisis

Olin falls far behind its peers on the vast majority of sustainability metrics, including those of comparable student population. According to our AASHE stars rating, a comprehensive sustainability metric:

- Unlike many peer institutions, we still do not have a climate action plan or even a commitment to reducing emissions[14].
- We score 0 out of 6 in the investment category, including a 0 out of 3 on sustainable investment—Olin currently has no known or declared investments in a wide variety of companies and funds that can even be loosely tied to sustainability or renewable energy.
- Our investment fund only "expects" managers to "take into account" ESG-criteria, but has to date provided no evidence that Olin invests its endowment according to actual ESG standards, which are by themselves no substitute for divestment (see: Analysis of Olin's current investment practices).

Given the rapidly closing window of time in which we have to act, "winning slowly" with climate is the same as losing, simply with a different name. Continuing the status quo will warm the planet by far more than 1.5˚C: Cristiana Figueres, the former head of the United Nations Framework on Climate Change, described the world's current trajectory as "a suicidal path"[15].

The most relevant metric to evaluate Olin's climate initiatives must be our actions taken relative to action required, not action compared to inaction or business as usual. Thus, anyone who takes the climate crisis seriously must reject the idea that it is only possible for Olin to take a single action on climate. It is possible, and indeed necessary, to both divest and decarbonize Olin. However, while the nature of the Massachusetts energy mix means that Olin's campus operations are still tied to fossil fuels in the near term, committing to divestment is an immediately accessible action.

Sustainability initiatives are absolutely necessary to achieve decarbonization, and we implore Olin to follow its peers and commit to decarbonization by any means possible. However, campus sustainability initiatives and fossil fuel divestment are not mutually exclusive actions, nor are they interchangeable: they go hand in hand.

Campus sustainability initiatives do not tackle the root of the crisis: they do nothing to decrease fossil fuel production or combat the fossil fuel industry's deeply entrenched hold on our government, allowing them to keep extracting and burning fossil fuels for short-term profit at the

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[14] Cornell has committed to reducing emissions 100 percent by 2035, while Duke has committed to 100 percent by 2024. Hundreds of universities have already committed to become climate neutral.

[15] https://twitter.com/CFigueres/status/1511314487953002503?campaign_id=253&emc=edit_dww_20220630&instance_id=65472&nl=david-wallace-wells&regi_id=166411648&segment_id=97284&te=1&user_id=57599214d72e5b5880e5e1d3a9a02fc1

expense of everyone else. In a world where, according to the IPCC, “fundamental changes to how society functions, including changes to underlying values, world-views, ideologies, social structures, political and economic systems, and power relationships” are needed to avert irreversible planetary catastrophe, campus sustainability initiatives are insufficient. It is inconsistent with Olin’s values to attempt to reduce emissions on campus only to invest in fossil fuel companies, given that just 100 fossil fuel entities are responsible for 71% of global industrial emissions[16].

As President Barabino has stated, “the climate crisis is one of the biggest, most complex challenges that we’re facing”[17]. If Olin is truly serious about the climate crisis, then divestment must be one of many solutions that Olin employs to address an enormous crisis.

Olin’s responsibility to take a stand

In an op-ed in support of divestment, the *Crimson* editorial board wrote:

> Investment practices are always political, for the simple reason that actions have consequences for other people and their well-being. No amount of institutional deflection, investment banking mediation, or market morality theory can eschew the basic truth that if an individual or institution puts resources towards an effort, it is supporting that effort and responsible for the moral consequences of its pursuit.[18]

By failing to follow its peers in divestment, Olin chooses to stand with companies that threaten the livability of this planet. Olin’s support of an industry that knowingly and willingly destroys its student’s futures is an explicitly political stance. Such a position is both morally untenable and goes against Olin’s core value of “doing good in the world”. As President Barabino has stated,

> “Let’s all do our part to practice what we preach, to do what it takes to make the world better, and, as the lyrics suggest, to earn our right to complain.”

One of Olin’s core institutional values is “*Stewardship and Service:* Olin College will strive to provide **responsible stewardship of its resources** while encouraging a spirit of service to society”. If we take our stated values seriously, then our endowment, our largest, most impactful resource, should be used in such a “spirit of service to the society”. Remaining invested in fossil fuels is directly incompatible with President Barabino’s claim that “we take our commitment to sustainability seriously”. It’s time for Olin to walk the talk.

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[16]https://www.theguardian.com/sustainable-business/2017/jul/10/100-fossil-fuel-companies-investors-responsible-71-global-emissions-cdp-study-climate-change
[17]https://venturewell.org/gilda-barabino/?utm_campaign=vw-partner&fbclid=IwAR20TKJxCyjRW_TsqMvi5pVCvLgHtyaFtvu6-JdEdrrZgazrUGIzCs6SVMM
[18] https://www.thecrimson.com/article/2020/6/19/editorial-in-support-of-prison-divestment/

Fossil fuel investments directly contradict Olin's stated values

Olin's responsibility as a leader in higher education and our failure to follow our peers

As an institution that was founded to be a leader in higher education, Olin has an amazing opportunity to fulfill this role by joining the many educational institutions who have divested from fossil fuels. Many other colleges, including those with comparable endowment size, have divested[19]. Olin cannot claim to be at the forefront of higher educational institutions when, unlike our peer educational institutions, we continue to profit from the destruction of the livable planet.

Divestment is often dismissed as a merely symbolic act, as some perceive the actions of a single institution unlikely to have a significant impact on fossil fuel companies. Divestment, however, has a powerful aggregate effect when a collective of institutions take a stand, catalyzing a shift in culture that pushes other institutions to make similar changes.

We know that the amount that Olin is invested in fossil fuels is small compared to the size of the global fossil fuel market. Divestment does not immediately impact the bottom line of companies, but works to bolster and build political action on many fronts, including legislation. As demonstrated by the highly successful Divest from South Africa movement, the power of divestment increases with the number of divested institutions.[20]

Peer institutions committed to fossil fuel divestment

There is strong precedent for Olin to divest from fossil fuels. Over 1,500 institutions have already committed to divesting from fossil fuel companies, totalling over $40.43 trillion in divested funds[21].

Olin's peer institutions in the greater Boston area and elsewhere have committed to divestment, acknowledging that such holdings are inconsistent with their charitable, educational, and scientific missions. Such institutions have often chosen divestment *in addition* to a suite of other policies, including producing climate and sustainability research, reducing on-campus environmental impact through emissions reductions and other measures, and engaging in shareholder advocacy with companies that have demonstrated their real commitment to the goals of the Paris Agreement and whose core business model is not at odds with those goals. Some of these institutions include:

- In the greater Boston area: Harvard University, Wellesley College, Boston University, Brandeis University, The University of Massachusetts system

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[19] See: Peer institutions committed to fossil fuel divestment and Divestment
[20] Gethard, G. (2019). Protest Divestment and the End of Apartheid. Retrieved from https://www.investopedia.com/articles/economics/08/protest-divestment-south-africa.asp
[21] https://gofossilfree.org/divestment/commitments/. See: Examining divestment commitments from other institutions for more detailed information on divestment.

- Private institutions: Dartmouth University, Brown University, Columbia University, Cornell University, Georgetown University, University of Southern California, American University, George Washington University, Middlebury College, Smith College, Pitzer College
- Public institutions: University of California (UC) system, University of Illinois System**,** California State Universities (CSU) system, University of Minnesota system
- International Universities: Oxford, Cambridge, University of Toronto, University of British Columbia

The Olin College precepts list UC Berkeley, University of Massachusetts Amherst, and University of Illinois at Urbana-Champaign as peer schools to which Olin should have comparable tuition. All three have committed to fossil fuel divestment.

Aside from peer universities, many funds with analogous fiduciary duties have divested.

- Pension funds that committed to divesting from fossil fuels include the Maine Public Employee Retirement System, California Public Employees' Retirement System (coal), the California State Teachers' Retirement System (coal), the country of Ireland, the New York City Employees Retirement System, the New York State Common Retirement Fund, the Teachers Retirement System of the City of New York, and the City of Providence, Rhode Island (partial).[22] In September 2021 the Caisse de dépôt et placement du Québec — Canada's second-biggest pension fund at 310 billion dollars — announced it was divesting from oil production investments by the end of 2022.[23]
- Other major funds that have divested include the five-billion-dollar Rockefeller Foundation, Norway's 1.1 trillion dollar sovereign wealth fund (oil and gas exploration and production) and the ninety-billion Storebrand hedge fund (ExxonMobil, Chevron, and other environmental bad actors).
- In September 2021, *The Lancet* published a Comment co-signed and co-published by the editors of more than 200 leading medical journals worldwide.[24] The authors noted that "health institutions have already divested more than $42 billion of assets from fossil fuels" and urged others to join them, since "the greatest threat to global public health is the continued failure of world leaders to keep the global temperature rise below 1.5°C and to restore nature."

By divesting, Olin can join its peer institutions and be a leader in higher education by taking the bold changes needed to combat the climate crisis.

Olin's value of "integrity" is incompatible with the efforts of the fossil fuel companies to obstruct climate science

From Olin's values:

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[22] 1000+ Divestment Commitments, (updated Dec. 9, 2020).
[23] CDPQ announces its new climate strategy, Caisse de dépôt et placement du Québec (Sept. 28, 2021).
[24] Lukoye Atwoli, *et al.*, Call for emergency action to limit global temperature increases, restore biodiversity, and protect health, 398 (10304) The Lancet 939 (2021).

*“**Institutional Integrity and Community:** Olin College will strive to develop long-term relationships based on honesty, fairness, and respect. It will further strive to provide a safe environment that supports freedom of inquiry, protects diversity, and fosters a sense of well being.”*

Olin cannot argue that it is an institution that values integrity if it continues to invest in industries that have made a point to obstruct scientific truth. Fossil fuel companies have known about climate change from as early as the 1970s, yet they have employed lobbying tactics to confuse the public and policy makers in order to protect business interests and limit climate action.

- Fossil fuel companies knew about the connection between their products and climate change decades before the general public, “as early as the 1950s and no later than 1968.”[25]
    - Coal industry publications suggested as early as 1966 that the combustion of fossil fuels could cause “vast changes in the climates of the earth.”[26] By 1968, the American Petroleum Institute, an industry trade group, was familiar with a study concluding that the burning of fossil fuels was likely to create significant environmental consequences.[27]
    - As early as 1977, Exxon scientists had privately concluded that “there is general scientific agreement that the most likely manner in which mankind is influencing the global climate is through carbon dioxide release from the burning of fossil fuels.”[28] The company was well aware of how its business activity would damage the planet; for example, a company scientist told management in 1981 that climate change will “produce effects which will indeed be catastrophic” and that it would be necessary to sharply reduce fossil fuel use.
    - Shell internally reached similar conclusions by at least the 1980s[29], as did Mobil (then separate from Exxon)[30]. By the 1980s, major fossil fuel companies had “internally acknowledged that climate change was real, it was caused by fossil fuel consumption, and it would have significant impacts on the environment and human health.”[31]

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[25] Brief of Amici Curiae Robert Brulle, Center for Climate Integrity, Justin Farrell, Benjamin Franta, Stephan Lewandowsky, Naomi Oreskes, and Geoffrey Supran in Support of Appellees and Affirmance, County of San Mateo v. Chevron Corporation, et al., County of Imperial Beach v. Chevron Corporation, et al., County of Marin v. Chevron Corporation, et al., County of Santa Cruz, et al., v. Chevron Corporation, et al., Nos. 18-15499, 18-15502, 18-15503, 18-16376 at 2 (9th Cir. 2019)

[26] Elan Young, Exxon knew -- and so did coal, Grist (Nov. 29, 2019)

[27] Oliver Milman, Oil industry knew of ‘serious’ climate concerns more than 45 years ago, The Guardian (Apr. 13, 2016).

[28] Shannon Hall, Exxon Knew about Climate Change almost 40 years ago, Sci. Am. (Oct. 26, 2015).

[29] John H. Cushman Jr., Shell Knew Fossil Fuels Created Climate Change Risks Back in 1980s, Internal Documents Show, Inside Climate News (Apr. 5, 2018).

[30] Nicholas Kusnetz, Exxon Turns to Academia to Try to Discredit Harvard Research, Inside Climate News (Oct. 20, 2020).

[31] Brief of Amici Curiae Robert Brulle, et al. at 15, supra at note 92

- Despite this knowledge, the fossil fuel sector has engaged in a repeated campaign to undermine climate-friendly policymaking[32] [33].
    - In the three years following the Paris Agreement, the five largest public fossil fuel companies "invested over $1 [billion] of shareholder funds on misleading climate-related branding and lobbying."[34]
    - Each year, "the world's five largest publicly owned oil and gas companies spend approximately $200 million on lobbying designed to control, delay or block binding climate-motivated policy."[35]
    - ExxonMobil — like many of its peers in the industry —has persisted in a "highly misleading" campaign to spread doubt about climate science and to prevent measures that would decrease the use of fossil fuels. As late as 2015, ExxonMobil's CEO, Rex Tillerson, was publicly disputing the scientific consensus that rising atmospheric carbon dioxide levels produce catastrophic warming.[36]
    - ExxonMobil and Chevron have consistently rejected the need to reduce carbon emissions, against all scientific evidence[37].
    - In 2018, the industry spent nearly 100 million dollars to stymie three proposed climate initiatives in Western states: a carbon emissions fee in Washington, restrictions on hydraulic fracturing in Colorado, and improved renewable energy standards in Arizona.[38]
    - In September 2020, the State of Connecticut sued ExxonMobil for violations of the state's Unfair Trade Practices Act, alleging that the company has for decades "misled and deceived Connecticut consumers about the negative effects of its business practices on the climate." Beginning in the 1980s, ExxonMobil defied its own scientists' warnings dating back to the 1950s and "began a systematic campaign of deception to undermine public acceptance of the scientific facts and methods relied upon by climate scientists who knew that anthropogenic (human-caused) climate change was real and dangerous to humanity."[39]
    - In June 2021, an Exxon lobbyist admitted that ExxonMobil was engaged in a concerted effort to block climate change and deceive the public. This revelation led the House Oversight Committee to ask the chief executives of Exxon Mobil, Chevron, BP, and Shell, along with the American Petroleum Institute and the Chamber of Commerce, to appear at a hearing and provide emails and

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[32] Geels, "Regime resistance against low-carbon transitions: Introducing politics and power into the multi-level perspective".
[33] Oreskes and Conway, *Merchants Of Doubt*.
[34] Big Oil's Real Agenda on Climate Change, InfluenceMap (Mar. 2019).
[35] Niall McCarthy, Oil and Gas Giants Spend Millions Lobbying to Block Climate Change Policies, Forbes (Mar. 25, 2019). BP spends approximately $53 million, Shell $49 million, and ExxonMobil $29 million per year.
[36] Second Amended Complaint, Massachusetts v. ExxonMobil, No. 1984-CV-03333-BLS1 (Mass. Sup. Ct. June 5, 2020) at 9, 50-51.
[37] The clean energy claims of BP, Chevron, ExxonMobil and Shell: A mismatch between discourse, actions and investments | PLOS ONE
[38] Amy Harder, With deep pockets, energy industry notches big midterm wins, Axios (Nov. 7, 2018)
[39] Complaint, Connecticut v. ExxonMobil, No. HHDCV206132568S (Conn.. Super. Ct. Spe. 14, 2020)

documents about whether the industry led an effort to mislead the public and prevent action to fight climate change.[40]

- As scholars explain: “although many factors have contributed to the failure to enact strong international and national climate change policies... a powerful and sustained effort to deny the reality and significance of human-induced climate change has been a key factor.”[41]

We cannot hold integrity as a key pillar of our college values, nor claim to be at the forefront of higher educational institutions, while continuing to invest in an industry that has continuously aimed to delegitimize scientific truths.

Olin’s commitment to diversity is incompatible with climate change’s disproportionate impacts on vulnerable communities

Olin has made it clear that we hold diversity and inclusion as one of our pillars. President Barabino has stated that the E:Sustainability program “aligns with Olin’s new strategic directions, acknowledging that equity and justice are at the core of sustainability.”[42]

Those who have contributed the least to the climate crisis by virtue of their global and economic position stand to suffer the most from dislocation and natural disasters caused by increased warming. The climate crisis affects the most vulnerable communities first. Low-income communities and people of color are on the front lines of this battle and are the first to be affected; entire indigenous island nations are threatened by rising sea levels. By contributing to the crisis through investment in fossil fuels, Olin continues to place a burden on marginalized communities. An agenda for the interests of equity and justice is not aligned with fossil fuel investments.

- Rich countries account for just 12 percent of the global population today, but are responsible for 50 percent of all carbon emitted over the past 170 years.[43] On the other hand, poorer nations, particularly island nations, account for far fewer emissions, yet stand to bear the brunt of climate disasters.
- Climate change exacerbates racial inequality by focusing health and economic injuries on people of color, who tend to have fewer economic resources to adjust to rising temperature, are more likely to live in flood-prone and high-heat areas, and tend to receive less government assistance to deal with emergencies.[44]

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[40] Timothy Gardner, U.S. House panel to probe oil companies over climate disinformation, Reuters (Sept. 16, 2021).
[41] Shaun W. Elsasser & Riley E. Dunlap, Leading Voices in the Conservative Choir: Conservative Columnists’ Dismissal of Global Warming and Denigration of Climate Science, 57(6) Am. Behav. Scientist 754, 755 (2013).
[42]https://storage.googleapis.com/stars-static/secure/953/8/815/7791/AASHE_Stars_letter_G_Barabino_3.6.22.pdf
[43] https://www.nytimes.com/live/2022/06/30/us/supreme-court-epa
[44] Steven Hiseh, People of Color Are Already Getting Hit the Hardest by Climate Change, The Nation (Apr. 22, 2014); Office of Health Equity’s Climate Change and Health Equity Program, Racism Increases Vulnerability to Health Impacts of Climate Change, California Department of Public Health (Aug. 17, 2020)

- According to a study from the Program for Environmental and Regional Equity at the University of Southern California, racial minorities will disproportionately suffer from an inability to pay for basic necessities and for decreased job prospects in sectors such as agriculture and tourism as the climate crisis accelerates.[45]
- The spread of fossil fuel infrastructure — business activity which lies at the source of the climate crisis — has had a particularly harmful effect on Indigenous peoples, whose communities are often invaded and polluted by private companies working in concert with state actors. According to the United Nations, "climate change exacerbates the difficulties already faced by indigenous communities including political and economic marginalization, loss of land and resources, human rights violations, discrimination and unemployment."[46]

We cannot forget that we are the perpetrators of the climate crisis. The millions we have invested in fossil fuel companies is contributing to the homelessness, starvation, economic deprivation, and death of countless people around the world. To continue burning fossil fuels is to cause unimaginable suffering and death worldwide. As an institution that appears to harbor enormous privilege and resources, continuing to invest in fossil fuels reflects poorly on our new strategic commitment to equity and justice. If we truly believe that "engineering is for everyone", then we need to be honest in recognizing and acting upon Olin's role in a crisis that disproportionately impacts marginalized countries and communities around the world and to seize this opportunity to make a change that realigns the college's actions with our deepest values.

Responsibilities of the Board of Trustees

The Board of Trustees has stated that they are "committed to managing the endowment portfolio in a manner consistent with the College's values":

> We believe in the importance of partnering with investment advisors and money managers that share Olin's values and are committed to managing their businesses responsibly and ethically, and are open to a dialogue on integrating ESG principles into how they choose investments. [...]
>
> We are committed to measuring our progress, increasing our knowledge, and ensuring emphasis on ESG-conscious investment over time.[47]

As stewards of a higher educational institution with a mission to "do good", the Board of Trustees have responsibilities to the Olin community, the broader world, and future generations. These responsibilities include addressing the urgent challenge of climate change.

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[45] Rachel Morello Frosch, Manuel Pastor, Jim Sadd, & Seth Shonkoff, The Climate Gap: Inequalities in How Climate Change Hurts Americans & How to Close the Gap at 5, University of Southern California Program on Environmental and Regional Equity (May 2009).
[46] United Nations Department of Economic and Social Affairs — Indigenous Peoples, Climate Change (last visited Oct. 5, 2021).
[47] Approach to Responsible Investing doc, 2/2021

Responsibility to the long-term health of the institution. Extreme weather events brought on by climate change threaten the health and safety of each member of Olin's community, from the initial Partner class to the future generations of Olin students; severe storms, heat waves, droughts, and flooding brought on by climate change threaten the physical Olin campus; the anticipated wide-ranging economic damage from climate change puts Olin's endowment at risk. By any measure, climate change is a direct threat to the long term health of the college, and as stewards of the institution, the Board of Trustees must act with all possible speed to address it.

Responsibility to act towards socially beneficial ends. The Trustees of Olin College, as managers of a non-profit educational institution, are bound by the laws of the Massachusetts Commonwealth to promote the well-being of Olin's students and community. As stewards of the Olin College endowment, the Trustees are required to act in good faith and with loyalty, taking care that their investments further the purposes of the university.

The Trustees may not simply seek profit at all cost: the privileges that Olin College enjoys as a non-profit institution — including exemption from many state and federal taxes — come with the responsibility to ensure that its resources are put to socially beneficial ends.

Responsibility to future generations. The benefits from burning fossil fuels accrue to those who use them directly — groups that are disproportionately influential politically and legally. Fossil fuel companies are profitable today solely because the damages are not immediately borne by these groups. By contrast, the harms from burning these fuels are imposed on everybody, including those who have made little use of them historically, and defenseless members of future generations.

Olin, as an educational institution, is meant to prepare its students for their future. Olin explicitly maintains its endowment with the intention that the "Oliners of 2050" will have a thriving school to attend. By investing in fossil fuels, Olin finances the destruction of its students' futures, while seeking to profit off of the damages borne by the future generations we purport to serve. This is neither consistent with Olin's core values nor the Board's responsibility to ensure future generations of Olin students can thrive.

As former college president of both Oberlin and Reed College, Lawrence Powell, has stated:

> *The overriding obligation of those responsible for a college endowment is to ensure that future student generations benefit to the same relative extent as the current generation… But global warming puts a new slant on the matter.* ***By investing in fossil fuel companies, colleges are using their current financial resources in a way that jeopardizes the quality of life of their future alumni.*** *By any reasoned and humane interpretation, this violates colleges' professed commitment to intergenerational equity.*

If the Board takes its commitment to aligning the endowment with the College's values seriously, then it is the Board's responsibility to demonstrate that our investments align with Olin's commitments to integrity, justice and equity.

Analysis of Olin's current investment practices

Olin's current investment practices

When students presented a divestment proposal to the Board of Trustees in 2018, the Board asked for an AASHE STARS investment report. Olin has since completed two AASHE STARS reports. The latest report, from 2021, clearly demonstrates that Olin's current investment practices do not meet standards for responsible investment[48]:

PA-10: Sustainable Investment[49]

Value of holdings in each of the following categories:

	Value of holdings
Sustainable industries (e.g., renewable energy or sustainable forestry)	0 *US/Canadian $*
Businesses selected for exemplary sustainability performance (e.g., using criteria specified in a sustainable investment policy)	0 *US/Canadian $*
Sustainability investment funds (e.g., a renewable energy or impact investment fund)	0 *US/Canadian $*
Community development financial institutions (CDFIs) or the equivalent	0 *US/Canadian $*
Socially responsible mutual funds with positive screens (or the equivalent)	0 *US/Canadian $*
Green revolving funds funded from the endowment	0 *US/Canadian $*

Percentage of the institution's investment pool in positive sustainability investments:
0

48 https://reports.aashe.org/institutions/franklin-w-olin-college-of-engineering-ma/report/2022-03-04/PA/investment-finance/PA-9/

49 Franklin W. Olin College of Engineering PA-10: Sustainable Investment

Does the institution have a publicly available sustainable investment policy?: No

Does the institution use its sustainable investment policy to select and guide investment managers?: No

Has the institution engaged in proxy voting, either by its CIR or other committee or through the use of guidelines, to promote sustainability during the previous three years?: No

Has the institution filed or co-filed one or more shareholder resolutions that address sustainability or submitted one or more letters about social or environmental responsibility to a company in which it holds investments during the previous three years?: No

Does the institution participate in a public divestment effort and/or have a publicly available investment policy with negative screens?: No

Does the institution engage in policy advocacy by participating in investor networks and/or engage in inter-organizational collaborations to share best practices?: No

PA-9: Committee on Investor Responsibility[50]

Does the institution have a formally established and active committee on investor responsibility (CIR) or equivalent body?: No

The charter or mission statement of the CIR or other body which reflects social and environmental concerns or a brief description of how the CIR is tasked to address social and environmental concerns: There is an investment committee in existence made up of Board Trustees and Non-Trustee expert advisers that works to make decisions regarding our endowment.

Does the CIR include academic staff representation?: No

Does the CIR include non-academic staff representation?: No

Does the CIR include student representation?: No

50 https://reports.aashe.org/institutions/franklin-w-olin-college-of-engineering-ma/report/2022-03-04/PA/investment-finance/PA-9/

Examining Summit Rock's claims of responsible investment

In response to previous inquiries about socially responsible investment, Summit Rock has stated the following:

> By actively engaging our investment advisor and underlying managers on their approach to ESG, we have added Olin's voice to a growing body of like-minded institutions that are using their collective influence to catalyze progress in the investment industry and the world. The investment landscape and the role of institutional investors like Olin will continue to evolve. We are committed to measuring our progress, increasing our knowledge, and ensuring emphasis on ESG-conscious investment over time.
>
> Olin sets a standard higher than simply maximizing return or avoiding unethical behavior. We believe in partnering with investment advisors and money managers that share Olin's values and are committed to managing their businesses responsibly and ethically, and are open to a dialogue on integrating ESG into the investment program.

As evidence of their "emphasis on ESG-conscious investment", Summit Rock began, in 2020, annually "reaching out to every manager to source and review written documentation on ESG and following up with direct conversations". According to Summit Rock, their survey contained the following questions, using the following criteria:

2nd ANNUAL ESG MANAGER SURVEY

Discussion Topics
Do you have a policy, written statement, or formal approach for incorporating ESG?
Does it apply to your enterprise, investment program, or both?
Do you have any priority initiatives underway? If so, please provide supporting information.
Do you have a dedicated team or internal committee focused on ESG? How does this work?
Is your organization a UN PRI signatory? Are there other ESG networks you've joined?
Do you have a DEI policy or written statement? If so, please provide supporting information.
What are the diversity statistics across your organization? Please share as per your usual template.

ILLUSTRATIVE ENTERPRISE-LEVEL ESG CRITERIA

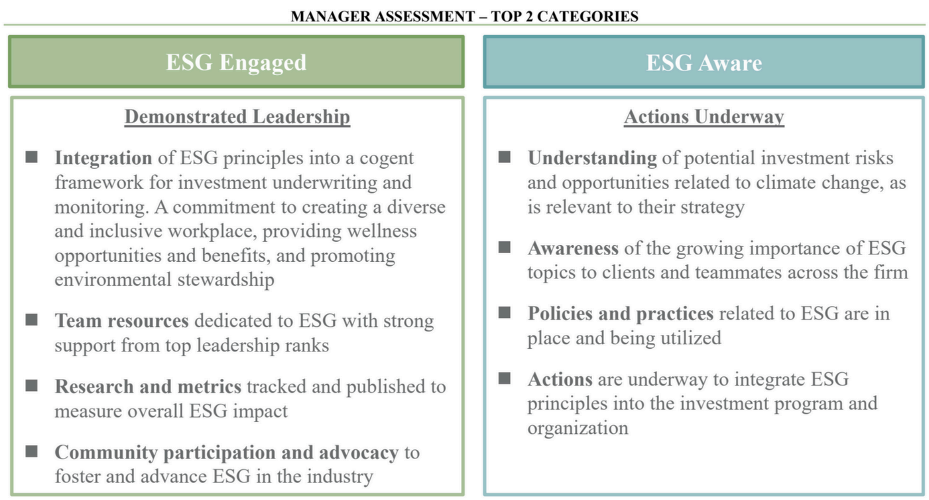
ENVIRONMENTAL	SOCIAL	GOVERNANCE
Travel Practices	Diversity, Equity & Inclusion	Code of Ethics/Conduct
Energy/Waste Minimization	Volunteering/Charitable Giving	Transparency/Data Ethics

ILLUSTRATIVE INVESTMENT-LEVEL ESG CRITERIA

ENVIRONMENTAL	SOCIAL	GOVERNANCE
Climate Change Impact	Consideration of Stakeholders	Corporate Governance
Resource Use/Sustainability	Board/Mgm't Team Diversity	Business Ethics

Enterprise-level ESG criteria should not be in consideration when the issue at hand is the fact that Olin is profiting from the climate crisis. Incorporating "ESG-practices" into the corporate management of an investment firm does little to address the pressing nature of the climate catastrophe. The DEI policies, diversity statistics, volunteering and charitable giving, and existence of a “Code of Conduct” of the subcontracted investment firms have little to no influence on investment in fossil fuels; if it does, Summit Rock must provide evidence for this claim by stating how such policies reduce our portfolio’s exposure to fossil fuels.

Furthermore, only two of the “investment-level ESG Criteria” attempt to address climate change. Summit Rock has not provided detailed information on how managers incorporate “Climate Change Impact” or “Resource Use/Sustainability” considerations into their investment decisions; to date, Summit Rock has provided no evidence to suggest that the inclusion of these two criterion in an optional annual survey has affected Olin’s exposure to fossil fuels.



Based on their criteria, “75% of managers are ESG Engaged or ESG Aware”, and roughly 83% of Olin’s portfolio is allocated to “ESG Engaged” and “ESG Aware” managers. In a world that stands to be deeply impacted by climate change, an “understanding of potential investment risks and opportunities related to climate change” is not anywhere commensurate with the scale of the crisis, and the Board of Trustees should be concerned that 25% of the managers that invest in Olin’s endowment are unaware of “potential investment risks and opportunities related to climate change”.

Unless this has a direct bearing on the Olin endowment’s exposure to fossil fuels, this survey has no relevance to fossil fuel divestment. Summit Rock only “expects” its managers to take ESG into account, and the documents provided by Summit Rock make no specific goals or commitments. Instead this survey implies that Olin is already engaging in responsible investment, when it is clear that this is not the case. Such a survey is simply justification for business as usual and inappropriate given the enormous scale and pressing nature of the climate crisis.

ESG investing is no substitute for divestment

Even if Summit Rock demonstrated that Olin invested its endowment according to actual ESG frameworks, ESG investing is no substitute for divestment. Many have called ESG investing a form of greenwashing[51] or a "virtually meaningless designation"; Tariq Fancy, formerly the head of sustainability at BlackRock, called ESG "little more than marketing hype, PR spin and disingenuous promises."

A study by InfluenceMap found that 71% of the 593 ESG funds studied did not align with Paris Agreement targets, while 55% of the specifically "climate-themed" funds did not align with the Paris Agreement[52]. Several "sustainable" funds have significant exposure to fossil fuel companies:

- iShares ESG Aware MSCI USA ETF, the largest ESG-focused exchanged-traded fund, has 3.36% percent of its assets directly invested in the top 200 owners of carbon reserves, and 8.2% exposure as a whole to the oil and gas industry and fossil-fired utilities.
- iShares ESG Aware MSCI EAFE ETF has $92.32 million invested in BP, $86.65 invested in Total, and $34.42 million invested in Equinor.
- Nuveen ESG Large-Cap Value ETF has $30.15 million invested in Sempra Energy, and $28.71M invested in Halliburton Co.

The concept of ESG aggregates several disparate factors, encompassing a broad array of issues, into one single score. In an average climate fund, climate data points represent at most 12% of determinants of portfolio stock weights[53]. Therefore, a fossil fuel company that scores well on social and governance areas can be considered a "socially responsible" investment. For example, ExxonMobil, a company that has spent hundreds of millions lobbying to prevent climate action while demonstrating no intention of transitioning from fossil fuels to renewables (see: The failure of fossil fuel companies to address climate risks), is included in iShares ESG Aware MSCI USA ETF and the S&P 500 ESG Index.

ESG investing is a largely arbitrary and inconsistent designation, as there are no standards for ESG funds. Investment vehicles are free to designate whichever stocks they choose as "ESG".

- For example, rather than designating stocks as "ESG" based on actual carbon-emissions reductions, BlackRock's iShares ESG Aware MSCI USA ETF is measured by "the

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51
https://www.bloomberg.com/graphics/2021-what-is-esg-investing-msci-ratings-focus-on-corporate-bottom-line/?sref=XIzXWjPY

52 InfluenceMap. 2021. "Climate Funds: Are They Paris Aligned?" https://influencemap.org/report/Climate-Funds-Are-They-Paris-Aligned-3eb83347267949847084306dae01c7b0

53 EDHEC. August 2021. "Doing Good or Feeling Good? Detecting Greenwashing in Climate Investing." Reported in: Quinson, Tim. 2021. "How Wall Street is Gaming ESG Scores." Bloomberg Green, 8 September 2021.
https://www.edhec.edu/en/edhec-scientific-beta-research-chair-advanced-esg-and-climate-investing

potential impact of the world on the company and its shareholders."[54] It has $224 million invested in ExxonMobil, $185 million invested in Chevron, and $98.04 million invested in ConocoPhillips.
    - Of the [155 companies] that received upgrades from MSCI (the company that tracks determines the stocks in ESGU) between January 2020 and June 2021, only one was upgraded due to a reduction in climate emissions. In 51 cases "MSCI highlighted the adoption of policies involving ethics and corporate behavior—which includes bans on things that are already crimes, such as money laundering and bribery." In another 35 cases, MSCI upgraded companies "for employment practices such as conducting an annual employee survey that might reduce turnover."
- BlackRock's other well-known ESG fund, the $22.5 billion iShares ESG Aware MSCI USA ETF, is very similar to the S&P 500: nine of the 10 largest holdings in ESG Aware are the same as the biggest-weighted companies that make up the S&P 500. However, iShares ESG Aware is "more heavily weighted in 12 fossil fuel stocks than the actual S&P 500."

Moreover, the goal of divestment is not to immediately impact the financial valuation of fossil fuel companies, but to remove the industry's social license to operate and encourage climate legislation by publicly stating the fossil fuel extraction cannot be allowed to continue. Current forms of ESG investing, while a well-intentioned step from the financial sector, cannot be seen as a substitute for a public commitment to divestment from fossil fuels.

Fiduciary Duty and the Financial Prudence of Fossil Fuel Divestment

Olin's endowment fuels the growth and wellbeing of the college. As such, it is of utmost importance to consider the financial impacts of any changes made to the way the endowment is managed. After examining examples of divestment at peer schools, the performance and patterns of the fossil fuel industry in the past, and projections of the future of the economy, the government, and society, we conclude that continuing to invest in these companies poses a significant risk to our endowment and to our college's wellbeing.

According to Christiana Figueres, the former UN climate chief, "the pensions, life insurances and nest eggs of billions of ordinary people depend on the long-term security and stability of institutional investment funds. Climate change increasingly poses one of the biggest long-term threats to those investments and the wealth of the global economy".[55]

Divestment and endowment performance

Jeremy Grantham, an investor and CEO of GMO, conducted a historic study of the S&P 500 excluding each sector over several time periods. From 1925 to 2017, no single sector has had

[54] Id.
[55] CITE ME

any significant impact on the S&P 500 at any point in time, except the tech sector around the turn of the millennium and the tech bubble.[56] In other words, removing fossil fuels companies from the S&P 500 would not have had any impact on the performance of the overall index in the last several decades. Trinks et. al found that this is due to "the fact that fossil fuel company portfolios do not generate above-market performance and provide relatively limited diversification benefits."[57]

The most comprehensive study to date of the endowment performance at universities that have divested from fossil fuels concludes that divestment does not have a negative effect on investment returns[58]. Indeed, a 2018 analysis concluded that the New York State Common Retirement Fund would have earned an additional 22.2 billion dollars (137 billion dollars versus 114.8 billion dollars) from 2008 to 2018 had it divested from fossil fuels[59]. A rough analysis done by Standard & Poors showed that if an institution with a $1 billion endowment had divested from fossil fuels 10 years ago, their endowment would have grown by an extra $120 million compared to if they had not divested[60]. Another analysis reveals that the S&P 500 screened against the Carbon Underground 200 outperforms the standard S&P 500 by approximately 30 basis points over the previous 10 years[61]. Analyses by BlackRock and Meketa, for the purpose of advising the New York City Employees' Retirement Systems, the Teachers Retirement System, and the Board of Education Retirement System, found that investment funds did not experience any negative financial impact, and may have even benefitted, from divestment from fossil fuels.[62] Looking specifically at peer institutions, Syracuse University has concluded that, two years out from divestment, "there is no evidence the endowment has suffered as a result of divestment".

Hampshire College President Jonathan Lash and Trustee Dick Hurd, of Mayo Capital Partners, who is now the chair of Hampshire's Investment Committee, wrote, "Too often the first response of administrators and trustees in rejecting divestment is, investment decisions must be made solely on financial considerations and never subject to moral and political questions. That argument — making money is too important to allow talk of morality, social well-being, or the future of the students for whom the institution exists — is discordant for a mission-driven

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[56] https://www.lse.ac.uk/GranthamInstitute/news/the-mythical-peril-of-divesting-from-fossil-fuels/
[57] Trinks, P. J., Scholtens, L., Mulder, M., & Dam, L. (2017). Divesting Fossil Fuels: The Implications for Investment Portfolios. Groningen: University of Groningen. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2903926
[58] Christopher Ryan and Christopher Mariscano, Examining the Impact of Divestment from Fossil Fuels on University Endowments, 17 NYU J. L. & Bus. 95 (2020).
[59] Toby A.A. Heaps, Divestment would have made NY pension fund $22B richer, Corporate Knights (Oct. 4, 2018).
[60] Begos, K., & Loviglio, J. (2013). College Fossil-Fuel Divestment Movement Builds. ABC News.
[61] Fossil Free Indexes. (2014). Fossil Free Indexes US (FFIUS): Performance Analysis. Retrieved from http://fossilfreeindexes.com/wp-content/uploads/2014/06/FFIUS-Performance-June30ud.pdf
[62] https://ieefa.org/articles/ieefa-major-investment-advisors-blackrock-and-meketa-provide-fiduciary-path-through-energy

institution. Organizations can align their investment strategy with their educational and social mission without forfeiting financial returns”.[63]

A Decade of Decline

From a purely financial perspective, fossil fuel companies are a poor investment for the college. In the past decade, the industry has underperformed, been on the overall decline, and engaged in fraud by misleading consumers and investors about the impacts of climate change on their core business.

Looking at the S&P 500, in the early 1980s oil companies comprised seven of the ten largest companies and made up 28% of its value, while in 2021 there were none in the top ten and they made up only 2.7% of the index. ExxonMobil was the last oil company to leave the top ten in 2019, a reflection of the company’s rapidly declining business: since 2008, its market capitalization has shrunk from $500 billion to around $260 billion[64]. While revenue losses don’t bode well, perhaps more concerning is the decisive decline in confidence investors have shown in their futures in the form of the S&P. Furthermore, shale-focused oil and gas producers cut capital expenditures in 2020 to the lowest level in more than a decade[65] (based on a cross-section of 33 publicly traded companies).

Fiduciary Duty to Avoid Fraudulent Investments

Fossil fuel companies have engaged in fraudulent attempts to hide financial risks associated with emissions regulations and future fossil fuel extraction from consumers and investors for several years. This fraud has been a matter of public record since at least 2015 and a matter of common knowledge for Massachusetts investors since 2019, when the Attorney General sued ExxonMobil.[66] In doing so, the Attorney General also concluded that ExxonMobil’s value will fall precipitously in coming years, and that such companies put investors, like Olin College, in danger of serious financial damage[67]. It is in the best interest of the college and its fiduciary duty to avoid such fraudulent investments.

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63 https://www.hampshire.edu/news/new-case-study-details-hampshire-colleges-mission-based-endowment-investing

64 https://www.divestprinceton.com/financialcasefordivestment

65 http://ieefa.org/wp-content/uploads/2020/12/US-Frackers-Slash-Capital-Investment-to-Lowest-Level-in-Over-a-Decade_December-2020.pdf

66 Figure this one out later since it currently links to the external resources google drive. Came from MIT complaint (i believe)

67 “ExxonMobil’s omissions and misrepresentations put its Massachusetts investors at increased risk of losses in the future, as greater recognition of the physical and transition risks of climate change to ExxonMobil, other fossil fuel companies, and the global economy increasingly diminishes the market valuation of ExxonMobil securities, potentially under sudden, chaotic, and disorderly circumstances.”

Looking Forward: A Risky Investment

As the fossil fuel industry is projected to suffer in the coming years, staying invested in fossil fuels is a financially risky move. Growing global awareness of climate change along with improvements in alternative energy sources will lead fossil fuel companies to face the stranding of their assets. To begin with, as public awareness of issues surrounding climate change grows, at least four things will likely happen in the near future. Governments will impose restrictions on carbon release, more work on and advances of alternative green energy will come about and lead to lower demand for traditional energy sources, the public will take action against fossil fuel companies with demands that will hurt them, and the growing negative reputation of these companies will hurt them in terms of hiring, employee motivation, stockholder satisfaction, and so on.[68]

Historically, coal mines, coal and gas power plants, and other hydrocarbon reserves became stranded as the energy sector evolved.[69] Stranded assets are those that are not able to earn an economic return at some time prior to the end of their economic life, as a result of changes associated with transition to a low-carbon economy, which could be from economic, physical, or regulatory stranding.[40] To hold to the allowable "Carbon Budget" for the planet to stay below 1.5 degrees, only 10% of the world's total proven fossil fuel reserves can be burned[10]. To limit global warming to 1.5ºC above pre-industrial times the IPCC estimates only 320 gigatons of CO2 can be burned.[10] Known fossil fuel reserves hold 3,700 gigatons of CO2.[10] At the current global rate of emissions of 40.5 gigatons of CO2 yearly, this remaining budget will be exceeded in 2030.[10] Assuming that humanity takes actions to protect itself, cut-backs in reserves allowed to be burned would make $600 billion of public company's reserves stranded assets.[10] In addition to oil and gas reserves, assets such as exploration and development equipment, production and processing facilities, and distribution infrastructure are likely to be stranded in the case of regulatory climate action.[40]

When the University of California schools announced that their $13.4 billion endowment and $70 billion pension fund would divest from fossil fuels in September 2019, their primary argument for divesting was the financial risk inherent in fossil fuel investments. "We believe hanging on to fossil fuel assets is a financial risk...The reason we sold some $150 million in fossil fuel assets from our endowment was the reason we sell other assets: They posed a long-term risk to generating strong returns for UC's diversified portfolios," wrote Jagdeep Singh Bachher, the UC's chief investment officer, and Richard Sherman, chair of the UC Board of Regents' Investments Committee, in an op-ed in the Los Angeles Times[70]. They noted that clean energy sources represent a more attractive investment opportunity than fossil fuels, and touted their increases in sustainable investments.

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[68] https://www.huffpost.com/entry/the-financial-case-for-di_b_4203910
[69] https://carbontracker.org/terms/stranded-assets/
[70] Bachher, J. S. and Sherman, R. (2019). Opinion: UC investments are going fossil free. But not exactly for the reasons you may think. Los Angeles Times. Retrieved from https://www.latimes.com/opinion/story/2019-09-16/divestment-fossil-fuel-university-of-california-climate-change

Alternative green energy sources, which would displace traditional oil and gas sources, have been showing great promise. During the pandemic, electricity generated by renewable sources such as solar, wind, and hydro, exceeded coal-fired power in the US for 40 straight days.[71] Over the past 20 years, clean energy tech has improved even as natural gas use has increased, and now clean energy portfolios, or CEPS, are cost-competitive with and have equivalent reliability as natural gas power plants.[72] Even as clean energy costs have fallen, however, investors have pumped over $70 billion into new gas-fired power plants. RMI research projects that 90% of the proposed capacity is more expensive than CEPS, and that the plants would be uneconomic to continue operating well ahead of their planned economic lifetime. These investments will become stranded assets as well, another liability for investors. And the shift to clean energy is not an open question, as capital markets are shifting decisively towards cleaner investments.[73] Comparing the iShares Global Clean Energy ETF (ICLN) with the iShares Global Energy ETF (IXC), which contains 59 oil and gas companies, over the last five years, the former has quadrupled in value while the latter fell by 17%. Overall, clean energy spending has almost doubled over the past six years. Experts see solar and wind power potential to replace coal and gas as a certainty, as well as electricity and fuel cells replacing oil for overland transportation.[74] And if we're to have any chance of meeting climate goals set by various nations, this transition is even more imminent. Staying invested in fossil fuels, while clearly seeing—and contributing to—the development of clean energy would be predictable financial folly.

Between stranded assets due to government regulation and improving alternative energy technology, and a decrease in demand due to consumer information and action, the fossil fuel industry is a risky, harmful investment. Jeremy Grantham advises that "investors with long-term horizons should avoid oil and chemical stocks on investment grounds . . . Ethical arguments for divestments are simply not necessary. They are a pure bonus."[75] Of course, in the short term, divestment would have unknown consequences which would likely include both gains and losses, but divestment would have long term gains based on the assumption that we must limit emissions in order to maintain a livable planet, and thus fossil fuel companies will be bad investments long term.[44]

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71 https://www.reuters.com/article/us-usa-electricity-renewables/amid-pandemic-u-s-renewable-power-sources-have-topped-coal-for-40-days-idUSKBN22G2X2

72 https://rmi.org/insight/clean-energy-portfolios-pipelines-and-plants

73 https://ieefa.org/articles/ieefa-capital-markets-are-shifting-decisively-towards-cleaner-investments

74 https://www.huffpost.com/entry/the-financial-case-for-di_b_4203910

75 https://www.lse.ac.uk/GranthamInstitute/news/the-mythical-peril-of-divesting-from-fossil-fuels/

How divestment makes a difference

Divestment is not primarily an economic strategy, but a moral and political one. Morally, it sends a clear message that if it's wrong to wreck the planet, it's also wrong to profit from that wreckage. The United Nations Framework Convention on Climate Change has endorsed fossil fuel divestment for this reason: "It sends a signal to companies [...] that the age of 'burn what you like, when you like' cannot continue". Politically, divestment builds political power by forcing our nation's most prominent institutions and individuals to choose which side of the issue they are on. By divesting, Olin College, as a respected institution with the power to help shape public opinion and perceptions about the future, signals that an important institution with access to large amounts of expert advice has seriously considered the risk of climate change and decided that it is appropriate to act.

Divestment from South African apartheid

Historically, divestment movements have been a powerful tool for social change, most notably in stigmatizing and weakening the apartheid regime in South Africa. According to Archbishop Desmond Tutu,

> "The divestment movement played a key role in helping liberate South Africa. The corporations understood the logic of money even when they weren't swayed by the dictates of morality...Climate change is a deeply moral issue too, of course...Once again, we can join together as a world and put pressure where it counts.

Between 1977 and 1988, 155 Canadian and US colleges and universities divested their endowments from companies doing business in South Africa[76], prompting these companies to cease business operations in South Africa. As companies left South Africa, the South African government gradually weakened and dropped a variety of its apartheid laws. Soon after, the US Congress was forced to take further action and imposed sanctions against the South African government. In 1994, Nelson Mandela was elected president of South Africa, and divestment is still credited as a major reason for ending apartheid in South Africa.

What does divestment look like for the climate crisis?

Just as South African divestment helped end apartheid, divestment from fossil fuel companies aims to break the hold that the fossil fuel industry has on our governments. Since James Hansen first testified to congress on the dangers of global warming in 1988, no meaningful climate legislation has passed in the United States—in large part due to a concerted lobbying and misinformation campaign from the fossil fuel industry[77]. Continued institutional investment in the fossil fuel industry "provides firms with the capital to continue oil and gas production, to

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[76] https://www.investopedia.com/articles/economics/08/protest-divestment-south-africa.asp

[77] Big Oil's Real Agenda on Climate Change, InfluenceMap (Mar. 2019).

persuade members of Congress to provide industry-specific tax breaks and other favors, and to thwart carbon taxes and new public-transportation projects and other policies—actions that ultimately delay the transition from the greenhouse gas–emitting fuels"[78]. The IPCC estimates that, in order to meet climate goals, around $100 billion needs to be divested from the fossil-extraction business globally every year for the next two decades.[79]

In emphasizing the fossil fuel industry's culpability, divestment shifts the range of policy options deemed politically possible, such as restricting the ability to burn fossil fuels. A report from Oxford University's Stranded Assets Programme found that in almost every divestment campaign "from adult services to Darfur, from tobacco to South Africa, divestment campaigns were successful in lobbying for restrictive legislation affecting stigmatized firms" (Ansar *et al.,* 2013:14)[80].

Divestment is necessary in an era in which fossil fuel companies have stymied climate legislation at every turn. Furthermore, as higher educational institutions divest from fossil fuel companies, such actions prompt banks and other institutional investors to follow their lead, making it clear that it is no longer acceptable to fund new fossil fuel projects. For example, thirty-nine of the world's top banks, including Morgan Stanley and France's Crédit Agricole have stated they will no longer do business in coal[81]. In 2019, the Goldman Sachs bank divested from arctic oil, coal thermal mines and mountaintop removal projects[82].

The impact of divestment is already being felt by fossil fuel companies

Divestment makes a powerful statement that an institution does not believe in the future profitability of the fossil fuel industry, prompting investors collectively holding much greater assets to acknowledge the reality of the "carbon bubble"—that most of the world's remaining fossil fuels cannot be used without breaching the 1.5–2.0℃ temperature limit. This change in sentiment creates a reputational risk for fossil fuel companies, and as such, oil and gas companies have stated on record that divestment campaigns pose a material risk to their business.

- Investment analysts at Goldman Sachs note the divestment movement has been a key driver of the coal sector's 60% de-rating between 2013 to 2018[83].

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[78] Prem Thakkar, Reading the Fine Print of University Fossil Fuel Divestment Pledges, The American Prospect (Mar. 1, 2021).
[79] http://www.ipcc.ch/pdf/assessment-report/ar5/wg3/ipcc_wg3_ar5_summary-for-policymakers.pdf
[80] Stranded Assets and the Fossil Fuel Divestment Campaign: What Does Divestment Mean for the Valuation of Fossil Fuel Assets? (2013). United Kingdom: Smith School of Enterprise and the Environment, University of Oxford.
[81] http://ieefa.org/wp-content/uploads/2019/02/IEEFA-Report_100-and-counting_Coal-Exit_Feb-2019.pdf
[82] https://www.ecowatch.com/goldman-sachs-is-first-u-s-big-bank-to-divest-from-arctic-oil-and-gas-2641609193.html
[83] https://www.goldmansachs.com/insights/pages/reports/re-imagining-big-oils-f/re-imagining-big-oils-report-pdf.pdf

- Peabody Energy Corporation, the largest producer of coal in the world, declared bankruptcy in 2016; on the list of reasons for its problems, it counted the divestment movement, which was making it hard to raise capital.[84]
    - In a 2017 fiscal-year-end report, Peabody noted that “divestment efforts affecting the investment community...could significantly affect demand for our products or our securities.”
    - Peabody elaborates further on the impact of fossil fuel divestment, stating: “The impact of such efforts may adversely affect the demand for and price of securities issued by us and impact our access to the capital and financial markets.”
- Shell has explicitly stated that divestment proposes a risk to their company. In their 2018 annual report, Shell stated: “Some groups are pressuring certain investors to divest their investments in fossil fuel companies. If this were to continue, it could have a material adverse effect on the price of our securities and our ability to access equity capital markets.”[85]
    - CEO Ben Van Beurden stated that “societal acceptance of the energy system as we have it is disappearing” such that “trust has been eroded to the point where it starts to become a serious issue for [the fossil fuel industry’s] long term future”[86].
- In July 2019, the Secretary General of the Organization of the Petroleum Exporting Countries stated in a meeting of the group that, as extreme weather events linked to the climate crisis become more common, there is a “growing mass mobilization of world opinion. . . against oil,” which is “perhaps the greatest threat to our industry going forward,” and was beginning to “dictate policies and corporate decisions, including investment in the industry.[87]
- Despite a surge in oil prices in 2022, there has not been a significant increase in investment in oil and gas development. As one oil executive explains, due to the success of fossil fuel divestment campaigns, “investors are still not coming back to the well, so to speak. Private investors like endowments and foundations are structurally gone for good, and it is actually different this time. Pension plans are also hesitant to commit capital despite high prices. Public equity investors are still demanding too much, which has caused firms to go public via a special-purpose acquisition company and reverse merger transactions, indicating the discount demanded by traditional initial public offering investors is too high to stomach. The administration may be getting blamed, but it is the investors’ fault.”[88]

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[84] Annual Report Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934 (2017). Retrieved from https://www.peabodyenergy.com/Peabody/media/MediaLibrary/Investor%20Info/Annual%20Reports/2017-Peabody_BTU-10K.pdf?ext=.pdf

[85] 31 Strategic Report. (2018). Retrieved from https://reports.shell.com/annual-report/2018/servicepages/disclaimer.php

[86] https://www.google.com/books/edition/_/fmYPEAAAQBAJ?hl=en&gbpv=1&pg=PA84&dq=fossil+fuel+divestment

[87] Second Amended Complaint

[88] https://www.dallasfed.org/research/surveys/des/2022/2202.aspx#tab-comments

- While the immediate goal of a single college's divestment is not to directly impact the financial valuation of the industry, recent evidence suggests that the global divestment campaign is doing so nonetheless.
    - A study by the University of Waterloo's Truzaar Dordi found that divestment does have a significant negative impact on fossil fuel firm valuation. Announcements of fossil fuel divestment negatively impacted the share price of fossil fuel firms, demonstrating that "the financial market perceives divestment and related events to be a material threat to the performance of fossil fuel firms"[89].
- Fossil fuel companies attribute the increases in cost of capital for fossil fuel projects to divestment pressure[90].
- Benjamin Sporton, acting chief executive of the World Coal Association, has stated that "coal companies are concerned that divestment campaigns will lead to responsible investors leaving the industry".
- In a May 2013 presentation given by Meredith Xcelerated Marketing to the American Coal Council, divestment campaigns were described as "a potent form of publicity".
- In its lawsuit against ExxonMobil, the Massachusetts Attorney General concluded that institutional divestment is an effective means of reducing the fossil fuel industry's harmful effects on the climate, citing Georgetown University as an example: "Insofar as they damage companies' reputations for their social responsibility and environmental stewardship, and thus their societal 'license to operate,' divestment efforts pose an additional climate-related risk to oil and gas companies.
- Smith School at Oxford echoes the same argument: "The outcome of the stigmatization process, which the fossil fuel divestment campaign has now triggered, poses the most far-reaching threat to fossil fuel companies and the vast energy value chain".

By shifting public support and our money away from the fossil fuel industry, divestment makes way for the transition to renewable energy needed to avert the worst consequences of climate change.

Appendix

Science of climate change

Burning coal, oil, and gas produces known quantities of carbon dioxide (CO_2). Before the industrial revolution, the concentration of CO_2 in the atmosphere was approximately 280 parts per million (ppm). It has now risen to over 420 ppm, largely because of the burning of fossil fuels. Adding carbon dioxide, natural gas (methane) and other greenhouse gasses to the atmosphere reduces the amount of energy the Earth radiates into space. This causes the planet

[89] https://www.mdpi.com/2071-1050/11/11/3122

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

to warm.

According to the most recent report on climate change by the Intergovernmental Panel on Climate Change (IPCC), human activities have caused approximately 1.1°C of global warming above pre-industrial levels[91]. Scientists also predict that global warming is likely to reach 1.5°C between 2030 and 2052 if it continues to increase at the current rate. Every one-half degree Celsius of further global warming results in discernible increases in intensity and frequency of temperature extremes, heavy precipitation and agricultural, hydrological and ecological droughts in some regions.[92]

Direct threat to Olin

- According to the Wellesley Climate Action Plan, "Wellesley is already experiencing the impacts of climate change, including extreme heat, drought, and an increase in the frequency and severity of intense storms."[93]
- As a result of climate change, the Boston area is expected to experience dramatic increases in sea level rise, coastal storms, extreme precipitation events, and extreme heat over the next century[94].
    - Over the past century, sea level rise in Boston has averaged 0.11 inches per year. By 2100, the sea level is expected to be 2.5 to 7.4 feet higher than in 2000, with the rate of rise strongly conditioned by emissions of carbon dioxide.
- The Massachusetts Department of Public Health predicts that state residents will suffer increased exposure to Lyme disease, Salmonella, water-related infections, and mental health stresses as a result of rising global warming[95].
- Massachusetts businesses and properties are already being impacted by climate change, particularly by flooding, and anticipated sea-level rise will require major changes to Boston-area building infrastructure[96].
    - Damage to state and public infrastructure, such as public transportation and electric utilities, is expected as a result of increased temperatures.

How the fossil fuel industry has accelerated climate change

The fossil fuel industry is a singularly destructive culprit: damaging the world's natural systems, disproportionately harming low-income communities and people of color, and imperiling the well-being of Olin's community and physical campus, all the while lobbying to prevent action on climate change[97]. If Olin is a college that truly cares about equity and inclusion, it cannot ignore

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[91]IPCC, Summary for Policymakers
[92] IPCC, Summary for Policymakers, *supra* at note 44, at 37.
[93] https://wellesleyma.gov/DocumentCenter/View/27281/Climate-Action-Plan
[94]Boston Research Advisory Group, Climate Change and Sea Level Rise Projections for Boston, Climate Ready Boston (June 1, 2016).
[95] Massachusetts Department of Public Health, Climate and Health Profiles (Sept. 24, 2020).
[96] Kathryn Wright, Jeremy Koo, & Andy Belden, Enhancing Resilience in Boston: A Guide for Large Buildings and Institutions, A Better City (Feb. 2015).
[97] see: The failure of fossil fuel companies to address climate risks

how fossil-fuel driven climate change systematically worsens the condition of the most vulnerable communities who have done little to cause the crisis.

A small number of fossil fuel producers have been disproportionately responsible for greenhouse gas emissions since the Industrial Revolution: twenty companies account for nearly thirty percent of all emissions between 1751 and 2010.[98] A 2017 report by the Carbon Disclosure Project found that seventy-one percent of all global greenhouse gas emissions since 1988 "can be traced to just 100 fossil fuel producers."[99]

By 2030, annual climate deaths are expected to reach nearly 6 million. As Kate Aronoff notes, this is "the rough equivalent of one Holocaust every year."[100] By 2100, rising temperatures due to climate change are projected to cause the deaths of 83 million, roughly equivalent to the population of Germany.[101]

According to a complaint filed by the Massachusetts Attorney General, "should greenhouse gas emissions cause global temperatures to rise by 3.7 degrees C by the end of the century, by one recent estimate that accounts for market impacts, non-market impacts, impacts due to sea level rise, and impacts associated with large-scale discontinuities, the net present value of climate change impacts will be $551 trillion, more than all the wealth that currently exists in the world."[102]

Rapid action is necessary to avert catastrophe

The effects of climate change are not a far-away theoretical, but are already upon us: rising seas, scorching wildfires, and devastating droughts already jeopardize billions worldwide. In 2021 alone, damages from climate-related disasters totaled approximately $145 billion[103]. Just this summer, Boston experienced a brutal heat wave, with 17 days of temperatures above 90 F. At our current emissions trajectory, this is expected to go up to *40 days* above 90 F by 2030[104].

In order to avoid irreversible climate catastrophe, the IPCC is clear that we must collectively cut emissions in half by 2030. There is a limited window of a few years in which we can act, and the cost of inaction is substantial. Curtailing emissions today could prevent tens of millions of premature deaths over the course of the 21st century[105]. According to the IPCC, "any further delay will miss a brief and rapidly closing window of opportunity to secure a liveable and sustainable future for all." In a 2021 report, the International Energy Agency concluded that, in

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[98] Richard Heede, Tracing anthropogenic carbon dioxide and methane emissions to fossil fuel and cement producers, 1854–2010, 122 Climatic Change 229, 234 (2014). These companies include Chevron, ExxonMobil, BP, Shell, ConocoPhillips, and Peabody. *Id.* at 237.
[99] New report shows just 100 companies are source of over 70% of emissions, Carbon Disclosure Project (July 2017).
[100] It's Time to Try Fossil-Fuel Executives for Crimes Against Humanity
[101] Bressler, R.D. The mortality cost of carbon. *Nat Commun* **12,** 4467 (2021). https://doi.org/10.1038/s41467-021-24487-w
[102] Second Amended Complaint, Massachusetts v. ExxonMobil, No. 1984-CV-03333-BLS1(Mass. Sup. Ct. June 5, 2020) at 1.
[103] 2021 US billion-dollar weather and climate disasters in historical context
[104] https://www.boston.gov/departments/environment/preparing-heat
[105] https://www.nature.com/articles/s41467-021-24487-w

order to reach net zero emissions by 2050, we must immediately halt fossil fuel expansion, as "there is no need for investment in new fossil fuel supply in our net zero pathway."

The discourse around climate change has largely shifted away from denialism, as the vast majority of Americans acknowledge human-caused climate change[106]. Now, those who previously denied the existence of climate change acknowledge the issue, yet they justify inaction[107]. Against the absolute deadline imposed by science, a new strategy employed by those with entrenched interests in fossil fuels now pretend it is unnecessary to move quickly to address climate change, or that it is feasible to continue using fossil fuels[108]. For example, the CEO of JP Morgan Chase, Jamie Dimon, has stated that "climate change and inequality are two of the critical issues of our time". At the same time, JP Morgan Chase poured $317 billion into fossil fuel projects between 2016 and 2020[109]. Even fossil fuel companies acknowledge the existence of climate change, while continuing to develop projects that would warm our world far beyond 1.5˚C[110].

Thus, it is not enough to merely acknowledge the science. If Olin is truly committed to taking action on climate, then we must take forceful steps within the next few years.

The influence of fossil fuel companies on our financial and educational systems

Banks continue to lend millions to fossil fuel companies, while insurance companies underwrite fossil fuel expansion[111]— against the stark scientific reality that no new fossil fuel expansion can occur if we are to limit warming by 1.5˚C.

Several prestigious universities accept significant research funding from fossil fuel companies, including The Harvard Kennedy School, Cambridge University, and MIT, compromising research integrity and lending legitimacy to fossil fuel companies. In particular, the George Washington University's Regulatory Studies Center, which has accepted $2.5 million in funding from Koch Industries, Exxon, and other fossil fuel companies, has waged a public comment campaign to decrease the social cost of carbon from approximately $50/ton to $1 - $7 a ton[112].

The effectiveness of fossil fuel companies in obstructing climate legislation

The fossil fuel industry-government nexus is extraordinarily powerful: politicians accept huge sums from these companies, with the (correct) expectation that they will work against climate policy[113]. For example, Senator Joe Manchin accepted $1,109,140 in campaign contributions

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106 https://climatecommunication.yale.edu/visualizations-data/ycom-us/
107 https://www.cambridge.org/core/journals/global-sustainability/article/discourses-of-climate-delay/7B11B722E3E3454BB6212378E32985A7
108 https://1bps6437gg8c169i0y1drtgz-wpengine.netdna-ssl.com/wp-content/uploads/2022/06/Deny-Deceive-Delay-Executive-Summary.pdf
109 https://reclaimfinance.org/site/en/2021/03/24/baking-climate-chaos-fossil-fuel-finance-report-2021/
110 https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0263596
111 https://reclaimfinance.org/site/en/2021/03/24/baking-climate-chaos-fossil-fuel-finance-report-2021/
112 http://www.unkochmycampus.org/rsc-report
113 https://www.opensecrets.org/industries/indus.php?Ind=E

from the fossil fuel industry in 2021-2022 alone, while Senate Majority Leader Chuck Schumer accepted $605,046[114]. The Republican Attorneys General Association, responsible for bringing the suit *West Virginia vs. EPA,* severely curtailing the EPA's ability to regulate fossil fuel plants, boasts funding from the likes of the American Petroleum Institute, Exxon, Chevron, the American Chemistry Council, and the American Gas Association, among many other fossil fuel interests.

Example divestment commitments at peer schools

This section has been adapted from a divestment brief filed by MIT.

- In May 2016, the University of Massachusetts system announced the divestment of its endowment from all fossil fuel assets.[115]
    - University of Massachusetts President Marty Meehan stressed the need to align their investments with institutional values, writing that the move "reflects our commitment to take on the environmental challenges that confront us all."
    - Fund managers also stressed the compatibility of moral and fiduciary duties in divesting, with UMass Foundation Treasurer and Investment Committee Chair Edward H. D'Alelio stating that the fact "we took this step reflects not just our comfort as fiduciaries but the seriousness with which we see climate change."
- In March 2020, Brown University made public that it had begun selling its investments in fossil fuel extraction companies in October 2017, arguing that the climate crisis called for serious action beyond teaching and research.
    - Brown's divestment policy states that divestiture may be recommended when a company's actions produce social harm, and (if social harm exists) when either (1) "divestiture will likely have a positive impact toward correcting the specified social harm" or (2) the company "contributes to social harm so grave that it would be inconsistent with the goals and principles of the University to accept funds from that source."
    - "The urgency of the situation calls for additional action," Brown's president Christina Paxson wrote in a letter to the Brown community.[116] Paxson explained the move as aligning with "the view that, as the world shifts to sustainable energy sources, investments in fossil fuels carry too much long-term financial risk."
- On May 22, 2020, the Cornell University Board of Trustees announced a moratorium on new private investments focused on fossil fuels and a phase-out of existing investments in that area, effectively divesting the endowment from the fossil fuel industry.[117]
    - Cornell's divestment policy states that divestment should be considered only when a company's actions or inactions are "morally reprehensible (i.e., deserving

[114] https://www.opensecrets.org/industries/indus.php?Ind=E
[115] UMass Becomes First Major Public University to Divest from Direct Fossil Fuel Holdings., University of Massachusetts (May 25, 2016).
[116] Christina Paxson, Letter from President Paxson: Brown's actions on climate change, Brown University, (Mar. 4, 2020).
[117] Kathryn Stamm, Cornell to Effectively Divest from Fossil Fuels, Trustees Vote, Cornell Daily Sun (May 22, 2020).

of condemnation because of the injurious impact that the actions or inactions of a company are found to have on consumers, employees, or other persons, or which perpetuate social harms to individuals by the deprivation of health, safety, basic freedom, or human rights. Morally reprehensible activities include apartheid, genocide, human trafficking, slavery, and systemic cruelty to children, including violations of child labor laws)."
    - Like many investors, when Cornell's Trustees announced their moratorium on fossil fuel investments, they cited the financial imperative behind their actions: "We're doing the right thing from an investment perspective, particularly for an endowment with a perpetual time horizon" said Ken Miranda, the university's chief investment officer, in a Cornell press release.[118]
- On October 1, 2020, the University of Cambridge announced plans to divest all direct and indirect holdings from the fossil fuel industry.[119]
    - As of December 2020, the university had already withdrawn investments in "conventional energy-focused public equity measures," and planned to divest from "all meaningful exposure in fossil fuels" by 2030.
    - Cambridge's announcement was justified on moral grounds. "The University is responding comprehensively to a pressing environmental and moral need for action with an historic announcement that demonstrates our determination to seek solutions to the climate crisis," said Stephen Toope, the university's vice-chancellor.[120]
    - In addition to leveraging the university's endowment, Cambridge also made clear its continued commitment to research and teaching, emphasizing that all research funding and donations will now be scrutinized against the university's goal of reducing greenhouse gas emissions "before any funding is accepted."
- In April 2020, the University of Oxford announced plans to divest its endowment from fossil fuel companies.[121]
    - Oxford's divestment decision was made in accordance with its Oxford Martin Principles for Climate-Conscious Investment, a set of guidelines that led the university to determine that fossil fuel investments "hinder" worldwide efforts to (1) bring CO2 emissions to zero and (2) limit global warming to 1.5 degrees Celsius.[122]
    - While some universities have insisted on "shareholder engagement" instead of divestment, Oxford chose to pursue both strategies, divesting from fossil fuel companies while also pledging to work with companies around the world, "helping them assess whether investments are compatible with transition to a more stable climate and the goals of the Paris Agreement on climate change."

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118 James Dean, Cornell announces moratorium on fossil fuel investments, Cornell Chronicle (May 22, 2020).
119 Matthew Taylor, Cambridge University to divest from fossil fuels by 2030, The Guardian (Oct. 1, 2020).
120 Cambridge to divest from fossil fuels with 'net zero' plan, University of Cambridge (Oct. 1, 2020).
121 University of Oxford cuts ties to fossil fuels industry, BBC News (Apr. 28, 2020).
122 Oxford Martin Principles for Climate-Conscious Investment, Oxford Martin Net Zero Carbon Investment Initiative (Feb. 2018) (adapted from R.J. Millar, C. Hepburn, J. Beddington, J., & M.R. Allen, Principles to guide investment towards a stable climate, 8 Nature Climate Change 2-4 (2018)).

    - Oxford also plans to engage with fund managers "to request evidence of net-zero carbon business plans across their portfolios."[123] Oxford's divestment pledge was seen as consistent with the university's academic and teaching mission, and administrators did not see divestment as precluding climate- and sustainability-related research or efforts to promote sustainable campus operations.
- In May 2021, neighboring Wellesley College committed to divesting from fossil fuels.[124]
    - "Investments with managers whose primary investment focus is on companies in the fossil fuels industry are prohibited; no new investments will be made in private equity funds that focus on fossil fuel investment; and the College will phase out existing partnership interests in private equity oil and gas funds in a manner consistent with fiduciary responsibility."
    - Along with divestment, Wellesley also pursued additional campus-wide emissions reductions plans.
- On September 9, 2021, Harvard University divested from fossil fuels.[125]
    - Harvard's President Lawrence Bacow stated: "Given the need to decarbonize the economy and our responsibility as fiduciaries to make long-term investment decisions that support our teaching and research mission, we do not believe such investments are prudent."[126]
    - President Bacow also noted that "climate change is the most consequential threat facing humanity... without concerted action, this dire situation is only going to get worse."
- Boston University also announced its decision to divest from the fossil fuel industry in September 2021.
    - Boston University's divestment policy states that divestment should happen when: "(i) the degree of social harm caused by the actions of the firms in the asset class is clearly unacceptable; and (ii) any potential negative consequences of the decision (including the risk of censorship of competing views within the University or the risk that the wisdom of the decision will fail to withstand the test of time) are clearly outweighed by the importance of taking the divestment action in order to lessen or mitigate the social harm."
    - Emphasizing the practical and moral value of divestment, Boston University President Robert Brown described divestment "a necessary step toward mitigating global warming and the devastating impacts of climate change" and as a choice that "will put the University on the right side of history."[127]
    - Both Brown and Richard Reidy, leader of the Advisory Committee on Socially Responsible Investing for the Boston University Board of Trustees, acknowledged the urgency of effective climate action, with Brown stating that "we

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[123] Oxford announces historic commitment to fossil fuel divestment, University of Oxford (Apr. 27, 2020).
[124] https://www.wellesley.edu/news/2021/stories/node/188401
[125] Anemona Hartocollis, Harvard Says It Will Not Invest In Fossil Fuels, The New York Times (Sept. 10, 2021).
[126] Harvard Office of the President, Harvard University (last visited Feb. 4, 2022).
[127] Board of Trustees Approves Fossil Fuel Divestment, Boston University Office of the President (last visited Feb. 4, 2022).

face the challenge of changing our way of life at unprecedented speed if we are going to preserve the Earth's environment as we know it" and Reidy acknowledging that "climate change is moving much more rapidly than we thought even five years ago—it's not something our great-grandchildren are going to deal with, it's here and something we're worrying about now."[128]
    - Reidy highlighted the power of divestment, calling it a "vehicle to hasten fossil fuel extractors to transition to renewable energy."

History of divestment at Olin

- In 2015, students from GROW connect with Patty Gallagher, former VP of Finance, and Doug Kahn, former head of the investment subcommittee. Over several years, GROW develops a divestment proposal in collaboration with and with feedback from Patty Gallagher and Doug Kahn.
- In May 2016, Aaron Greiner '18 and Izzy Harrison '19 publish an article advocating for divestment in Frankly Speaking[129].
- In December 2016, Amos Meeks, Gaby Waldman-Fried, and Charlie Farison '13, publish an article in support of divestment and GROW's efforts.
- In February 2018, GROW holds a SLAC event about divestment for the Olin community.
- In February 2018, Aaron Greiner '18, Izzy Harrison '19, Anisha Nakagawa '18, and Kimberley Winter '19 present a divestment proposal to the Board[130]. The proposal is not brought to a vote.
- In April 2020, the Responsible Investing subcommittee of the Sustainability Steering Committee forms, with student representation from GROW students and alumni, as well as Eco-Reps.
- From April 2020 until November 2021, the Responsible Investing subcommittee meets several times with Bruce Herring, the new head of the investment subcommittee, and Summit Rock, Olin's investment manager.
    - Bruce Herring repeatedly expresses his belief that Olin should not divest.
    - Summit Rock presents its annual manager survey for 2020 and 2021, analyzed below.
    - Summit Rock explains that it has other clients who have divested from certain industries.
- In February 2021, the Board of Trustees releases an Approach to Responsible Investing statement, followed by an Investment Policy Statement in October 2021. Neither document makes specific goals or commitments to ESG investing, nor mention divestment.
- In November 2021, George Tighe '22 republishes the May 2016 Frankly Speaking article, along with a list of colleges that have since divested.

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[128] Jessica Colarossi, Boston University to Divest from Fossil Fuel Industry, BU Today (Sept. 23, 2021).
[129] https://franklyspeakingnews.com/2016/05/divesting-olin/
[130]
https://docs.google.com/document/d/1feXWY_WibamUBU5tKvPNEEGOanmCst5gtUTUD1D72FM/edit?usp=sharing

- In July 2022, Vedaant Kucchal ‘24, Isha Goyal ‘25, and Olivia Chang ‘25 meet with Lee Edwards ‘07, Greg Marra ‘10, and Maia Bittner ‘11 to understand the relationship between the investment subcommittee and the larger Board, as well as how a proposal may be brought to a vote.
- In October 2022, Vedaant Kucchal ‘24, Tyler Ewald ‘25, and Olivia Chang ‘25 meet with Bev Wyse P’15, head of the Board of Trustees.

Answers to common questions

Is it appropriate for Olin to take a political stance through the endowment?

Olin already takes stances on social and political issues, and does so regularly. It is a political stance to suggest that “engineering is for everyone” when this has not been the case for the entire time the profession has existed. It is a political stance to announce that diversity and equity are at a core part of Olin’s mission. It is a political stance to create a sustainability major, and it is a political stance to choose to profit from fossil fuels. Our investments in fossil fuels are *already* an explicitly political stance.

If we divest from fossil fuels, will this create a “slippery slope”?

One of the most often-heard objections to fossil fuel divestment is that divesting from fossil fuels based on moral grounds would establish a precedent to divest from other industries similarly considered unethical[131].

The Board of Trustees states in its Approach to Responsible Investing document that “it is the responsibility of the Board and Committee to monitor Summit Rock and its investment managers on an ongoing basis to ensure they are achieving their goals and remain aligned with the College’s values.”[132] If the Board takes its commitment to aligning the endowment with the College’s values seriously, then it is the responsibility of the board to demonstrate that our investments are sustainable, satisfy the moral concerns of the community, and are part of Olin’s commitment to intergenerational equity—chief among them being a livable future. The burden of proof is on the Board to explain why we remain invested in industries that do not align with Olin’s stated values (see above: Olin walking the talk).

Indeed, many colleges that have divested from fossil fuels also place negative screening on industries that inflict significant harm. In addition to fossil fuels, the University of California

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[131] For example, speaking in opposition to divestment at Harvard, N. Gregory Mankiw argued: “Once we start using the endowment to address other goals, there become too many candidate industries that some group within the university community will want to divest from, such as guns, tobacco, cannabis, and alcohol”.

[132] Approach to Responsible Investing

system has divested from companies doing business in Sudan, tobacco related businesses, firearms manufacturers, and businesses which operate private prisons in the United States[133].

Obviously, it is impossible for Olin to respond to every social ill, but we should work to "avoid and correct self-caused social injury"[134]. Given the robustness of our scientific understanding of climate change and knowledge of the harms caused by fossil fuel exploitation, remaining invested in fossil fuel companies constitutes a self-caused social injury, and it is Olin's moral obligation to divest from them. As Dr. Benjamin Franta, climate accountability researcher and former divestment organizer at Harvard, has stated,

> The fear of a slippery slope can be used to counter any call for action in any area; it is not a valid argument unless there is evidence to show that taking one action will inevitably lead to another with costs that outweigh the benefits of the first action. We are calling for divestment from fossil fuel companies because burning fossil fuels degrades the habitability of the planet for modern human civilization.

Divestment from fossil fuels is just the start. This movement is a call not only for Olin to do its part to prevent the climate crisis, but more broadly for Olin to be held accountable for its mission.

Is shareholder engagement a better option?

Shareholder engagement is the practice of attempting to leverage one's position as a shareholder to influence corporate decision-making, through resolutions, board elections, and proxy voting (most common for institutions such as Olin[135]). Some claim that shareholder resolutions are a way to engage with social issues, whereas divestment is merely a disavowal of responsibility.

Shareholder engagement is appropriate when engaging at scale with sectors structurally capable of decarbonization; it is virtually impossible when the reform undermines the economic purpose of the company in question. Fossil fuel companies are structured such that their fundamental goal is to profit from the extraction and sale of fossil fuels, which always emits planet-warming greenhouse gasses. In order to keep global warming below 1.5˚C in the next decade, 90% of the fossil fuel industry's current reserves must be left underground[10]. It is near impossible to pass a shareholder resolution with fossil fuel companies strong enough to keep these reserves underground and still maintain the profitability of these companies.

Indeed, little impact has come from shareholder engagement with fossil fuel companies with resolutions that are far less substantial.

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https://reports.aashe.org/institutions/university-of-california-berkeley-ca/report/2021-03-04/PA/investment-finance/PA-10/

134 *The Ethical Investor: Universities and Corporate Responsibility.*

135 According to AASHE STARS, Olin does not currently practice shareholder engagement.

- 116 climate change shareholder resolutions were filed at oil & gas corporations between 2012 and 2018; yet none of these corporations "adopted plans, or targets, to limit their full lifecycle contribution of greenhouse gas emissions"[136].
- In 2017, shareholders requested that ExxonMobil research the effects of climate change on their business model. ExxonMobil responded that climate change would not alter or affect future profits and business structure[137].
- In 2021, ConocoPhillips shareholders voted for the company to adopt full emissions reductions. The company rejected that goal.[138]
- In 2021, the activist fund Engine No. 1 campaigned to replace one-fourth of Exxon's board in an effort to force ExxonMobil to change its approach to the climate crisis. The new board has proceeded to act in the same way as the old, failing to "[listen] to investors on clean energy"[139].

Olin likely has little shareholder leverage in any large oil and gas company. Moreover, Olin has no special expertise in these stocks. Regarding our investments, divestment is the most direct, powerful way to engage with the issue and fulfill our ethical responsibility. Countless other universities that have divested have come to the same conclusion: the impact that Olin can have by divesting is much, much greater than attempting to influence fossil fuel companies through shareholder resolutions of nebulous impact.

Given the endowment is managed by an external manager, is it possible to divest?

It is within the Board's power to divest. The Board has explicitly stated that "it is the responsibility of the Board and Committee to monitor Summit Rock and its investment managers on an ongoing basis to ensure they are achieving their goals and remain aligned with the College's values."[140] Olin hires Summit Rock to manage the endowment—the endowment ultimately belongs to Olin. The Board has complete power to divest from fossil fuels.

Other institutions with the same external manager relationship have divested. Most higher educational institutions hire external asset managers to manage the endowment, and Olin is not unique in this regard. Many peer institutions with external asset managers have divested their direct investments, including Wellesley, Pitzer, Smith, and Middlebury. According to Summit Rock, about 20% of the endowment is composed of direct investments.

Summit Rock can divest, and has done it before. The firm has other clients that have placed negative screening requirements on private prison companies.

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[136] https://www.asyousow.org/reports/2020-a-clear-vision-for-paris-compliant-shareholder-engagement
[137] https://www.ft.com/content/b5346cac-1e45-11e8-a748-5da7d696ccab
[138] https://www.bloomberg.com/news/articles/2022-02-03/conocophillips-says-don-t-expect-plan-to-cut-customer-emissions
[139] https://www.bloomberg.com/news/articles/2021-12-31/calstrs-says-exxon-in-danger-of-being-next-blockbuster-kodak
[140] Approach to Responsible Investing

Should we focus on our own "carbon footprint"?

While we support Olin's efforts in taking steps to make our campus more sustainable, they are requirements of any institution that cares about ethical responsibility and "doing good in the world". This is not to dismiss the efforts being made through the Sustainability Steering Committee, nor the work of individual faculty members in their teaching and research.

In our capacities as students, OCJ members have worked on and spearheaded many sustainability initiatives, including the solar project, waste stream management, AASHE Stars reporting, Spring Move-Out donation pods, Earth Week educational events, and more. Several of us are past or current Eco-Reps, and the same students who proposed divestment to the Board in 2018[141] were the students who proposed the Eco-Reps program. We have endeavored to create a college in which Oliners can make individually sustainable choices.

Although such individually sustainable actions are in good faith, they are wholly insufficient on their own. Voluntary efforts will not achieve the emissions reductions we need. Indeed, fossil fuel companies encourage the internalization of incremental individual actions knowing that it is impossible to eliminate fossil fuel usage without structural changes[142]. We are in the throes of a climate crisis so severe that individual actions are not enough to halt the damaging, destructive forces of a rapidly-advancing climate catastrophe.

As President Barabino states,

> "Moving toward impact-centered education will require creating and sustaining conditions for thinking and doing in a values-driven culture of collective activism for the greater good, shifting from a focus on individualism."[143]

If we are to give humanity its best chance at survival, we cannot keep employing individualistic, incrementalist approaches. Climate change is a systemic issue. Systemic problems demand systemic solutions, not individual-level solutions. Without collective action to address climate change, we face a future "in which floods, fires and famine displace millions, species disappear and the planet is irreversibly damaged"[144].

How can we divest from fossil fuels if we use them in our everyday lives?

Olin should reduce fossil fuel consumption by any means possible. Indeed, many colleges have implemented climate action plans and set dates of carbon neutrality to reduce their carbon emissions. We implore Olin to do the same.

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[141] Aaron Greiner, Izzy Harrison, and Anisha Nakagawa. See History of Divestment at Olin.
[142] Rhetoric and frame analysis of ExxonMobil's climate change communications - ScienceDirect
[143] https://www.elsevier.com/connect/an-impact-centered-approach-to-higher-education-engineering-as-a-model
[144] https://www.nytimes.com/2022/02/28/climate/climate-change-ipcc-un-report.html

Olin, like any other college, will always have significant energy needs that need to be met through the grid. Given our space and our energy requirements, we will never be able to power the entire campus through our own energy sources. In an ideal world, energy from the grid would be supplied entirely from renewable energy. As Olin has no direct control over whether the actual energy we are supplied comes from renewables or from fossil fuels, fossil fuel use is unavoidable because it is a large part of the energy mix today[145].

The fact that fossil fuels currently provide us with much of our energy does not empower us to ignore the consequences that arise from using it. As an institution, Olin must take steps to transition away from fossil fuels even as we are forced to use fossil fuels, because there is simply no other choice. Indeed, Olin has already begun taking steps in this direction, with the approval of the Green Initiatives Fund, the solar project, and the vertical axis wind turbine. Just as Olin implements sustainability initiatives while unavoidably relying on fossil fuels, it is entirely possible—and indeed, necessary—for Olin to unavoidably use fossil fuels in the short term while refusing to invest in their continued dominance. Divestment is a powerful way to move beyond Olin's powerlessness as an individual consumer of energy, and make a strong statement renouncing the fossil fuel industry.

This is analogous to many other scenarios. For example, Olin is a college that explicitly cares about equity, and we are legally bound to not discriminate on the basis of race, sex, religion and other identities. However, vast inequities still exist in higher education, especially STEM fields, and Olin is no exception. As members of the Olin community, we continue to work towards a more equitable Olin, even as we participate in a college, that, like any other higher educational institution, perpetuates inequities. This does not mean we should stop going to college, or stop caring about inequity because we are living in it. The same applies for fossil fuel usage and divestment: no matter our current situation, we envision an equitable future, then we do our part to create that future.

Olin is already attempting to combat the climate crisis by training Oliners to work in sustainability tech, and teaching Oliners about climate change. Is divestment still needed?

We recognize the importance of a climate change education as a necessary first step, and we appreciate that Olin has taken steps to incorporate climate change education into the curriculum, through the introduction of the E:Sustainability major and classes such as *Biomes, Climate Change, and Biodiversity*. However, one must note that Olin has not yet implemented an extensive climate education: none of Olin's required courses cover the climate crisis and its solutions in depth, and according to the AASHE Stars report, the percentage of students who

[145]https://www.iso-ne.com/about

graduate from programs that require an understanding of the concept of sustainability is 2.87%, or approximately 3 students per class[146].

Moreover, it is inconsistent for Olin to begin incorporating a curriculum about the apocalyptic trajectory of fossil-fuel usage in the U.S. while continuing to invest in and profit off of such companies. Our investments in fossil fuel companies indicate to students that it is fine to discuss the catastrophic effects of climate change without taking action to combat it. They send the message to the Olin community that Olin is unwilling to act upon its values. We know that this is not the legacy Olin wants to have.

We furthermore recognize the importance of developing engineers who will work in sustainability or climate tech fields. Again, the technology Oliners will develop is a part of the larger solution. We cannot have a rapid and just transition to the renewable energy technology being developed while fossil fuel companies spend billions lobbying to prevent this transition.

Olin is “doing good” already. Should we try to accumulate as much money as possible, so that we have more resources to effect change?

Given the pressing nature of the climate crisis, those posing this question must ask themselves: is the “good” that Olin is doing enough to address climate change? Given Olin has a mission of “doing good” in the world, one would expect Olin to implement programs with the implicit or explicit purpose of “doing good”. However, in the context of climate change, these programs are not anywhere near commensurate with the scale of the crisis[147]. Accumulating wealth through an industry that kills several million people a year[148], in order to support the pursuit of a nebulous definition of “good”, is both of questionable morality and questionable climate impact.

Instead of an argument for pursuing good, this is an argument for maintaining business as usual: a path in which millions die, entire nations disappear, and the Earth is largely unlivable. We cannot slow-walk ourselves into this scenario while we still have time to act.

In their analysis for Boston University, which divested in 2021[149], Cutler Cleveland and Richard Reibstein argue that the existence of many well-documented harms associated with climate change “puts universities that are reluctant to alter their current investment structures in a tough spot”:

> It would be viewed — ever more widely — as an abdication of their treasured position as representing the intelligence of society. They are left with the argument that investment is an essentially one-dimensional affair and that it is not their concern, but that of the

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146 https://reports.aashe.org/institutions/franklin-w-olin-college-of-engineering-ma/report/2022-03-04/AC/curriculum/AC-2/

147 See above: Olin’s existing sustainability practices are insufficient

148 See above: [Impact of climate change and fossil fuel extraction](#).

149 Board of Trustees Approves Fossil Fuel Divestment, Boston University Office of the President (last visited Feb. 4, 2022).

> money managers they trust, who are only supposed to look at the numbers. They can buttress this argument by citing their responsibility to preserve and expand the assets of the university, and point out that this defends and supports the mission of education. Instead of denying the consequences of climate change, this is an argument for ignoring consequences.[150]

Finally, if we are to completely ignore the moral argument and the scientific reality of climate change, fossil fuel companies have lost significant valuation over the last two decades[151]. Remaining invested in them is financially harmful and will hurt Olin's ability to accumulate wealth. Thus, it is a false dilemma to suggest that continuing to invest in fossil fuels will garner us more resources to "effect change".

Divestment won't solve the climate crisis, so why focus on it?

Divestment alone will not solve the climate crisis. However, it is a key part of the solution in a world where fossil fuel companies have obstructed climate legislation at every turn, using the massive amounts of social and financial capital we invest in them—exactly what divestment aims to weaken. If the standard for acting on climate change is that a single approach, policy, or technology must overcome fossil fuel dependence and solve the climate crisis, we will never find any worthwhile solution.

Furthermore, this criticism assumes that divestment from fossil fuels is the only strategy used to address climate change, rather than being a part of the many solutions needed to address an enormous crisis. An institution that takes the climate crisis seriously cannot presume that taking a single action on climate is enough. Divesting the endowment from fossil fuels does not preclude Olin from taking other steps to address the climate crisis: divestment is simply one of them.

If one of the goals of divestment is to advance climate policy, should we work towards legislative change instead?

Legislative change is absolutely a critical part of fighting the climate crisis. However, the US government has historically had an abysmal record on passing climate policy at a level anywhere near commensurate with the crisis, regardless of the party in power. Especially after precedent set by *Citizens United,* which gave corporations power for unlimited funding of political parties (outlawed in many, if not most, other large modern democracies), large oil and gas corporations exert a huge influence on legislative action at both the federal, state, and local level. Meaningful climate policy would deeply hurt fossil fuel profits, and as such, wealthy oil and gas companies have lobbied successfully against climate legislation for decades. Continuing to rely on direct legislative appeals is the same playing a game where the opponent has a clear advantage.

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[150] Cleveland and Reibstein, The Path to Fossil Fuel Divestment for Universities: Climate Responsible Investment, p. 8.
[151] See: The financial argument for divestment

Divestment isn't a replacement, but rather a motivator for legislative change. When institutions like Olin start pulling their money out of oil and gas companies, it increases pressure on the government to take substantive action on climate, and builds the influence of the rising climate action movement to push for policy change in the government.

Given the fossil fuel industry's outsized influence in US political decision making, if we rely solely on appealing to power-holders in government, climate legislation will simply not be passed on the timescale necessary. Divestment is necessary to get us to the legislative change we need, and Olin must ask itself whether, by continuing to invest in fossil fuels, it is doing enough to increase the political likelihood of strong climate action.

What is the point of removing the social license of fossil fuel companies? Are they not already stigmatized?

Unfortunately, it is not widely recognized that fossil fuel companies cause harm (see: the influence of fossil fuel companies on our financial, education, and regulatory systems).

Furthermore, even if Senator Joe Manchin, who accepted more than $1 million in contributions from fossil fuel companies in the fiscal year 2021-22 alone[152], were to suddenly announce that he recognizes the vast harm imposed by fossil fuel companies, there is a wide gap between recognizing that something is harmful and taking punitive action. For example, plenty of Americans had condemned apartheid in the 1980s, but a meaningless condemnation went nowhere, and the US and South Africa continued to go about business as usual (effectively ignoring apartheid and all its evils). However, when higher education institutions in the USA and Canada divested from companies doing business in South Africa, it signaled that apartheid was something against which prestigious institutions were willing to take concrete action. Divestment galvanized anti-Apartheid publicity efforts and ultimately led to US sanctions that contributed to the end of institutionalized Apartheid a few years later.

The same applies to climate change. As Desmond Tutu has stated,

> Just as we argued in the 1980s that those who conducted business with apartheid South Africa were aiding and abetting an immoral system, we can say that nobody should profit from the rising temperatures, seas and human suffering caused by the burning of fossil fuels."

Just because we recognize something as harmful doesn't mean we are doing enough to address it. It is only by—in Gilda's words—"strategic doing" that we can send the message that we care enough to "do something", to put our money where our mouth is. And—to say the least—climate change is an issue Olin needs to commit to caring about.

[152] https://www.opensecrets.org/industries/indus.php?Ind=E

Aren't some fossil fuel companies transitioning to renewables? Where do we draw the line?

The proposal calls for divestment of the Carbon Underground 200. The companies in the CU200 are the top 100 coal and the top 100 oil and gas publicly-traded reserve holders globally, ranked by the potential carbon emissions content of their reported reserves[153]. They contain more than 95% of the world's entire reserves of oil, gas, and coal. Were the companies in the CU200 to burn the carbon already in their reserves, we would experience irreversibly catastrophic global warming. Thus, we call for divestment of companies on this list. The list is updated yearly; if a fossil fuel company transitions *fully* to renewables, then they will be removed from the list.

It is not the case that the major fossil fuel companies are transitioning to renewables. In fact, no major fossil fuel company has been sufficiently addressed climate risks.

In the past few years, many major fossil fuel companies have drawn attention to their voluntary efforts to "combat" climate change. Shell, Total, BP, Chevron, and ExxonMobil spent a combined $195 million in 2018 alone to rebrand themselves as climate-conscious[154]. Studies have found that "accusations of greenwashing by big oil companies are well-founded"[155]. Fossil fuel companies continue to have profit-maximizing incentives and pay structures that reward fossil fuel expansion[156] [157], and as such, no major fossil fuel company has established itself as a willing participant in the transition to renewable energy.

- In 2018, all fossil fuel majors approved projects that are noncompliant with the Paris Agreement goals.[158] That same year, the fossil fuel industry as a whole spent only about one percent of capital expenditures on renewable energy initiatives.[159]
- The sums fossil fuel companies are investing in renewable energy are dwarfed by the investments they are making in unconventional sources (e.g. offshore drilling and tar sands) of coal, oil, and gas[160].
- A study by the London School of Economics found that no fossil fuel major has carbon-reduction plans that are Paris-compliant as of October 2020.[161]

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[153] https://fossilfreefunds.org/carbon-underground-200
[154] InfluenceMap Big Oil's Real Agenda on Climate Change
[155] Accusations of 'greenwashing' by big oil companies are well-founded, a new study finds
[156] Grant, Paying with Fire: How Oil and Gas Executives are Rewarded for Chasing Growth and Why Shareholders Could Get Burned.
[157] 2020 research by the Carbon Tracker Initiative found that over 85% of the oil and gas companies they examined had executive pay linked to production or reserve replacement.
[158] Breaking the Habit - Why none of the large oil companies are "Paris-aligned", and what they need to do to get there, Carbon Tracker Initiative (Sept. 2019).
[159] Ron Bousso, Big Oil spent 1 percent on green energy in 2018, Reuters (Nov. 11, 2018).
[160] Li M, Trencher G, Asuka J (2022) The clean energy claims of BP, Chevron, ExxonMobil and Shell: A mismatch between discourse, actions and investments. PLoS ONE 17(2): e0263596. https://doi.org/10.1371/journal.pone.0263596
[161] Anjli Raval, Big fossil fuel groups all failing climate goals, study shows, Financial Times (Oct. 6, 2020)

- A September 2020 report by climate research group Oil Change International concluded that "[n]one of the evaluated oil majors' climate strategies, plans, and pledges come close to alignment with the Paris Agreement."[162]
- In 2020, BlackRock stated that it does "not believe the Exxon board has demonstrated that it is exercising its independent judgment in advising and overseeing management in assessing and disclosing material risks to the business relating to climate" and "we have still not seen the substantive action we would expect given the material climate risks facing the company, and the concern expressed to the company by investors, including BlackRock".[163]

Fossil fuel companies continue to bet on long-term fossil fuel reliance. The current reserves of fossil fuels are booked as assets on the companies' balance sheets. These companies have stated that they have no intention of altering business plans.[164]

- Approximately half of the oil under BP's financial control is excluded from the company's decarbonization commitments.[165] As recently as November 2020, BP was buying up Canadian offshore oil parcels.[166]
- According to leaked internal documents, ExxonMobil is betting on increases in future carbon emissions.[167] The 2018 investment plan by ExxonMobil, one of the world's largest oil companies, predicted that the firm's expanded oil and gas production would release an additional twenty-one million tons of carbon dioxide annually by 2025. When added to the emissions released by "end uses" of the company's products, the total additional emissions of ExxonMobil's growth strategy would amount to around 100 million tons of carbon dioxide per year. This figure — which represents only the anticipated *expansion* of ExxonMobil's business — is roughly equivalent to the entire annual emissions of the country of Greece.[168]
- Several leading executives from Shell's renewable energy sectors recently quit in response to the company's lackluster efforts to decarbonize.[169] In December 2020, the

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162 Big Oil Reality Check: Assessing Oil and Gas Company Climate Plans, Oil Change International (Sept. 2020).

163 2019 Mass Attorney General brief (CITE ME CORRECTLY)

164 http://corporate.exxonmobil.com/en/energy/energy-outlook/download-the-report-and-presentation/download-the-outlook-for-energy-report

165 Kelly Trout, The Loopholes Lurking in BP's New Climate Aims, Oil Change International (Mar. 11, 2020) ("BP's accounting of its production excludes any oil and gas that it produces but does not sell . . . . BP also excludes the production related to its 20% stake in Russia-based oil company Rosneft. We estimate that these accounting loopholes exclude from BP's net zero aim 46% of the total carbon that the company invested in extracting in 2018 . . . .").

166 Julianne Geiger, From Billions To Millions: Canada's Offshore Oil Disappointment, OilPrice.com (Nov. 5, 2020).

167 Kevin Crowley & Akshat Rathi, Exxon Carbon Emissions and Climate: Leaked Plans Reveal Rising CO2 Output, Bloomberg Green (Oct. 5, 2020); Emily Pontecorvo, Exxon's 'emission reduction plan' doesn't call for reducing Exxon's emissions, Grist (Dec. 15, 2020).

168 Crowley & Rathi, *supra* at note 106. ExxonMobil's growth strategy has since changed in light of the Covid-19 pandemic.

169 Anjli Raval & Leslie Hook, Shell Executives Quit Amid Discord Over Green Push, Financial Times (Dec. 8, 2020).

company was actively engaged in litigation in the Netherlands in which it argued that emissions reduction commitments should not be legally binding.[170] In February 2021, the company revealed that it planned significant expansion of its gas export and production operations.[171]

- Chevron plans to increase spending on exploration and extraction in the Gulf of Mexico and the Lower 48 states in 2021.[172]
- In 2021, the American Petroleum Institute asserted that the oil industry remains essential to the American economy and promised to resist President Biden's climate agenda.[173]
- A 2022 analysis of oil majors including Shell, Chevron, Exxon, and BP shows that despite a "strong increase in discourse related to 'climate', 'low-carbon' and 'transition'" [...] the financial analysis reveals a continuing business model dependence on fossil fuels along with insignificant and opaque spending on clean energy." Thus, the authors conclude "the transition to clean energy business models is not occurring, since the magnitude of investments and actions does not match discourse".[174]

Even if fossil fuel companies were to direct significant resources into developing renewable energy, if the carbon *already in* their reserves is burned, we will experience catastrophic climate change. The IPCC is clear that the only way to avert warming beyond 2˚C is to keep these reserves underground. In other words, it does not matter how many windmills and solar panels the fossil fuel industry installs, as long as they also burn the fossil fuels they already own. Thus, we cannot take an "all of the above" approach to energy sources if we are to maintain a livable planet[175].

Given the commitment of the fossil fuel industry to increased emissions, their business practices are incompatible with international targets to reduce greenhouse gas emissions. In investing in fossil fuel companies, Olin is betting that there will be no major restrictions on future extraction and sale; i.e. betting that no significant efforts will be made to address climate change. This is not a moral position: if this carbon is extracted and burned, we will experience the avoidable, unnecessary deaths of millions around the world.

[170] Laurel Wamsey, Climate Case Against Shell Begins In The Netherlands, NPR (Dec. 1, 2020).
[171] Jillian Ambrose, Shell to expand gas business despite pledge to speed up net zero carbon drive, The Guardian (Feb. 11, 2021).
[172] Carolyn Davis, Chevron Sharply Reduces '21 Spending, but Permian, Gulf of Mexico Still Priorities - Natural Gas, Natural Gas Intelligence (Dec. 3, 2020).
[173] Nicholas Kusnetz, American Petroleum Institute Chief Promises to Fight Biden and the Democrats on Drilling, Tax Policy, Inside Climate News (Jan. 14, 2021).
[174] The clean energy claims of BP, Chevron, ExxonMobil and Shell: A mismatch between discourse, actions and investments | PLOS ONE
[175] According to the International Energy Agency, in order to reach net zero emissions by 2050, "[t]here is no need for investment in new fossil fuel supply in our net zero pathway."