Recommendation #1

A Recommendation for Marquette University Fossil Fuel Divestment

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Sponsor(s): Senator Murphy Freal, Senator Abby Gray, Senator John Gunville, Senator Spencer Satawa, Senator Matt Magden, MU Students for an Environmentally Active Campus (SEAC), Marquette Financial Management Association, Black Student Council (BSC), Native American Student Association (NASA), African Student Association (ASA), Marquette College Democrats, Marquette College Republicans, Marquette M.A.R.D.I. G.R.A.S., Midnight Run, Women and Youth Supporting Each Other (WYSE) Marquette, March for Our Lives Marquette (MFOL), Marquette Empowerment, Marquette Habitat for Humanity, Leaders Igniting Transformation (LIT) at MU

Purpose: Climate change poses extensive threats to vulnerable groups and ecological communities, and is primarily attributed to anthropogenic greenhouse gas emissions. The climate and energy science community agree that large reductions in emissions through rapid decarbonization are needed in order to "achieve any objective of preventing warming of any desired magnitude." [1] [2] Since Marquette University is a Catholic, Jesuit institution, which aspires to uphold the values of *Cura Personalis* and *Care for our Common Home*, we seek to divest Marquette's investment portfolio from fossil fuel companies, which have not only contributed the vast majority of carbon emissions, but have also funded massive climate disinformation campaigns.[3] [4] Moreover, investments in fossil fuel companies pose substantial financial risks, as many other universities have noted.[5] Therefore, divestment from fossil fuel companies is a financial precaution, a fiduciary responsibility, and a moral imperative.

As significant concern around this issue has been raised by students, faculty, staff, and alumni, this legislation is written as a student recommendation to Marquette administrators. Upon approval by MUSG, this bill would then be sent as a formal recommendation to the Board of Trustees, President Lovell, Dr. Xavier Cole, and Chief Investment Officer Sean Gissal.

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[1] USGCRP, "Fourth National Climate Assessment," chapter 14, 2017.
[2] IPCC, "Fifth Assessment Report," 2015.
[3] Union of Concerned Scientists, "The Climate Accountability Scorecard," 2018.
[4] Scientific American, "Exxon knew about climate change almost 40 years ago," 2015.
[5] Plantinga, A. & Scholtens, B., "The financial impact of fossil fuel divestment," 2020.

Whereas: Marquette University's President, Dr. Michael R. Lovell, signed the Laudato Si' Pledge in 2015, pledging to "advocate for Catholic principles and priorities in climate change discussions, especially as they impact those who are poor and vulnerable" and to reduce the university's contributions to climate change and ecological degradation;[6] and,

Whereas: Marquette University's mission is stated as "the search for truth, the discovery and sharing of knowledge, the fostering of personal and professional excellence, the promotion of a life of faith, and the development of leadership expressed in service to others. *All this we pursue for the greater glory of God and the common benefit of the human community.*" [7] In accordance with our Catholic, Jesuit mission, Marquette's guiding values "hold that all people and things are created to praise, reverence and serve God in our community and throughout the world, and thus every aspect of the university's lifeblood and work holds this principle and foundation as its beginning and end";[8] and,

Whereas: Marquette's value of *Cura Personalis* or "care for the entire person" is a hallmark of Ignatian spirituality.[9] Therefore, the university subscribes to "the Judeo-Christian vision of human beings as unique creations of God, of God's embracing of humanity in the person of Jesus, and of human destiny as ultimate communion with God and all the Saints and everlasting life";[10] and,

Whereas: In an effort to guide the Jesuit community to "do what is for the greater divine service and the more universal good," the Society of Jesus indicated in 2019 four Universal Apostolic Preferences, one of which is stated as "collaborating in the care of our Common Home." [11] Pope Francis has also urged Catholics in a set of guidelines released in June of 2020 to "shun companies that are harmful to human or social ecology, such as abortion and armaments, and to the environment, such as fossil fuels." [12] This sentiment was further underscored in a speech given by Pope Francis later in 2020, in which he explicitly encouraged "excluding from investments those companies that do not meet the parameters of integral ecology, while rewarding those that work concretely, during this transitional phase, to put, at the center of their activities, sustainability, social justice and the promotion of the common good";[13] and,

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[6] Marquette University, "Marquette Sustainability".
[7] Marquette University, "Our Mission".
[8] Ibid.
[9] Marquette University, "Ignatian Mission Integration".
[10] Ibid.
[11] Society of Jesus, "Universal Apostolic Preferences of the Society of Jesus, 2019-2029," 2019.
[12] Reuters, "Vatican urges Catholics to Drop Investments in Fossil Fuels," 2020.
[13] Pope Francis, "Our moral imperative to act on climate change – and 3 steps we can take," TED, 2020.

Whereas: According to Marquette University's most recent Sustainability Tracking, Assessment & Rating System (STARS) report, submitted in 2013 through the Association for the Advancement of Sustainability in Higher Education (AASHE), Marquette's sustainable investment policy is informed by administrators "paying close attention to the guidelines established by the US Conference of Catholic Bishops" (USCCB).[14] The Socially Responsible Investment Guidelines, published by the USCCB, emphasize the principle of exercising "ethical and social stewardship in its investment policy," through "strategies that seek: 1) to avoid participation in harmful activities, 2) to use the Conference's role as stockholder for social stewardship, and 3) to promote the common good";[15] and,

Whereas: Marquette University has scored 0.00 out of 0.25 points for the category of investment disclosure on the aforementioned STARS report.[16] To our knowledge, Marquette University's Office of Finance has not publicly disclosed investments in fossil fuels in any manner, including publishing percentage or absolute value of funds invested or specific fossil fuel companies held through direct or indirect ownership, and conversely, has not made any public comment or declaration with regard to environmentally responsible investing; and,

Whereas: According to the Fourth National Climate Assessment, "Large reductions in emissions...are necessary in the long term to achieve any objective of preventing warming of any desired magnitude." [17] In order to reduce carbon emissions, more immediate and substantial global greenhouse gas emission reductions are critical to avoid the most severe long-term effects of climate change;[18] and,

Whereas: Climate change has caused, and will continue to cause, extensive damage to ecosystems. Long-term effects of anthropogenic climate change and global warming include increases in global mean temperature, changes in precipitation patterns, reduction of soil moisture, droughts, increase in frequency and intensity of heat waves, stronger hurricanes, rising sea levels, and loss of ice in Arctic regions;[19] [20] and,

Whereas: Climate change disproportionately affects marginalized communities.[21] According to a report by the UN, the "inequality-aggravating effect of climate change" is manifested through "increase in the exposure of the disadvantaged groups to the adverse effects of

[14] AASHE, "Marquette University STARS Report: Sustainable Investment Policy," 2013.
[15] United States Conference of Catholic Bishops, "Socially Responsible Investment Guidelines".
[16] AASHE, "Marquette University STARS Report: Investment Disclosure," 2013.
[17] USGCRP, "Fourth National Climate Assessment," chapter 14, 2017.
[18] Ibid.
[19] NASA, "The Effects of Climate Change".
[20] USGCRP, "Fourth National Climate Assessment," 2017.
[21] IISD, "Climate Change Hits Vulnerable Communities First and Hardest," 2019.

climate change, increase in their susceptibility to damage caused by climate change, and decrease in their ability to cope and recover from the damage suffered." [22] By 2050, it is estimated that up to 1 billion people will be displaced by environmental hazards, which are being intensified by the climate crisis;[23] and,

Whereas: In addition to global, long-term effects, fossil fuel combustion also presents immediate, localized risks. Carbon emissions from fossil fuels account for 65% of the excess mortality rate attributable to air pollution.[24] In the United States, oil refineries are more likely to be present in Black neighborhoods[25], which contribute to disproportionate rates of cancer due to air pollution.[26] Developing fetuses and young children are the most at risk to the adverse long-term effects of toxic air pollution, including neurodevelopmental issues, respiratory illnesses, low birthweight, or preterm birth;[27] and,

Whereas: The fossil fuel industry has spent decades funding vast disinformation campaigns to mislead the public about the truth behind climate change, by intentionally sowing doubt with regard to causes, effects, severity, and solution strategies, in order to protect industry profits.[28] [29] Moreover, peer-reviewed evaluations have highlighted the fact that these companies, particularly the ExxonMobil corporation, published deceptive documents and editorial-style advertisements, despite internally acknowledging the anthropogenic forces behind climate change.[30] A leaked internal memo from the American Petroleum Institute (API) in 1998 revealed that the industry actively developed "a global climate science information kit for media including peer-reviewed papers that undercut the 'conventional wisdom' on climate science";[31] and,

Whereas: Fossil fuel companies are heavily involved in lobbying; between 2000 and 2016, fossil fuel companies spent over $2 billion to prevent legislation on climate change in the U.S. Congress, which dwarfed contributions by environmental groups and the renewable energy sector by a ratio of 10:1;[32] and,

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[22] UN Department of Economic and Social Affairs, "Climate change and social inequality," 2017.
[23] Climate Foresight, "Environmental Migrants: Up to 1 Billion by 2050," 2019.
[24] Lelieveld, J. et al., "Effects of fossil fuel and total anthropogenic emission removal on public health and climate," PNAS, 2019.
[25] NAACP, "Fumes Across the Fence-Line," 2017.
[26] ProPublica, "Welcome to 'Cancer Alley' where toxic air is about to get worse," 2019.
[27] Perera, F. P. (2017). Multiple Threats to Child Health from Fossil Fuel Combustion: Impacts of Air Pollution and Climate Change. *Environmental Health Perspectives,* 125(2), 141–148. https://doi.org/10.1289/ehp299.
[28] Scientific American, "Exxon knew about climate change almost 40 years ago," 2015.
[29] Union of Concerned Scientists, "Climate Deception Dossiers," 2015.
[30] Supran, G. and Oreskes, N., "Assessing ExxonMobil's climate change communications (1977-2014)," 2017.
[31] Ibid.
[32] Brulee, R., "The climate lobby: a sectoral analysis of the lobbying spending on climate change in the USA, 2000 to 2016," 2018.

Whereas: Divestment has been proven as an effective way to promote social and corporate change, especially in recent years with the ongoing fossil fuel divestment movement.[33] [34] While divestment works as a mechanism to drive down share prices of intended companies,[35] as well as "reducing capital inflows to domestic oil and gas companies," [36] its primary purpose is to revoke a company of its "social license to operate." This has been demonstrated historically, as a nationwide movement to divest from companies that had operations in South Africa helped put pressure on the South African government to end apartheid.[37] Royal Dutch Shell, which had the highest revenue of all global companies in 2013[38], admitted in a 2017 report that, "[the divestment movement] could have a material adverse effect on the price of our securities and our ability to access equity capital markets";[39] and,

Whereas: Hundreds of universities, faith-based organizations, healthcare institutions, and pension funds, and other institutions have already divested from fossil fuel companies, adding up to a value of $14.56 trillion dollars.[40] While many are divesting based on moral implications, some institutions have simply justified divestment as a way to minimize financial risk, including the University of California system.[41] Three of the twenty-eight Jesuit universities have also divested from fossil fuels, including Seattle University, Georgetown University, and Creighton University, which just divested on December 31, 2020;[42] and,

Whereas: Since adopting the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in 2009, the Wisconsin State Legislature dictates that all charitable institutions must "consider the charitable purposes of the institution" and that "each person responsible for managing and investing an institutional fund shall manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances." [43] As Marquette's mission ends with the statement that all pursuits are intended for the "the common benefit of the

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[33]Schifeling, T. et al., "Bill McKibben's Influence on U.S. Climate Change Discourse: Shifting Field-Level Debates Through Radical Flank Effects", 2017.
[34] Bergman, N., "Impacts of the Fossil Fuel Divestment Movement: Effects on Finance, Policy and Public Discourse," 2018.
[35] Dordi, T. & Weber, O., "The Impact of Divestment Announcements on the Share Price of Fossil Fuel Stocks," 2019.
[36] Cojoianu, T. et al., "Does the fossil fuel divestment movement impact new oil and gas fundraising?" 2020.
[37] Gethard, G., "Protest Divestment and the End of Apartheid," Investopedia, 2019.
[38] Fortune, "Global 500," 2013.
[39] Shell, "2017 Annual Report," 2017.
[40] Go Fossil Free, "Divestment Commitments"
[41] LA Times, "UC investments are Going Fossil Free. But not for the Reasons You May Think," 2019.
[42] Go Fossil Free, "Divestment Commitments"
[43] Wisconsin State Legislature, "Uniform Prudent Management of Institutional Funds Act," 2009.

human community,” [44] which qualifies as a charitable purpose as described in the UPMIFA[45], Marquette University’s holdings in fossil fuel companies, which continue to damage human and ecological communities, violate its fiduciary duty to invest in good faith, and in a manner congruent with its charitable purpose. As the UPMIFA requires managers of charitable funds to act with prudence, Marquette University further violates its financial obligations under the law, due to the poor performance[46] and negative financial outlook[47] of the fossil fuel industry; and,

Whereas: As a result of the need to rapidly decarbonize to reduce climate change, and decisions by the fossil fuel industry to prioritize profits over the health of the human population and ecological communities, and the calls to action from the Society of Jesus and Pope Francis, investment in fossil fuels is fundamentally incompatible with the Jesuit tradition. In addition to the moral imperative to divest, the financial risk of retaining direct or indirect fossil fuel holdings affirms the notion that divestment is not a question of if, but when.

Counterargument: Fossil fuel companies allocate substantial funding towards research and development of renewable energy technology, so divesting from these companies will end up prolonging a transition to a clean energy grid.

Response: The investments into renewables by fossil fuel companies are greatly outweighed by expenditures on lobbying against climate legislation, exploration of new fossil fuel reserves, and funding climate disinformation campaigns and pro-fossil fuel think-tanks. In 2018, the Union of Concerned Scientists (UCS) concluded in their Climate Accountability Scorecard that, “While some companies are responding to this pressure, overall their efforts remain insufficient to prevent the worst impacts of climate change.” [48] The UCS also noted that the companies surveyed “all continue to support trade groups that spread climate disinformation and work to stymie needed climate policies.” [49] Additionally, a 2020 analysis of the climate plans for eight major oil companies revealed that none of the eight companies “come close to aligning their actions with the urgent 1.5°C global warming limit as outlined by the Paris

[44] Marquette University, “Our Mission”.
[45] Ibid., (2)(a).
[46] Wheeler, E. “Top Oil and Gas Companies See Market Cap Spiral Lower in Q3.” Accelerating Progress, 2020.
[47] The Guardian, “Rating agency S&P warns 13 oil and gas companies they risk downgrades as renewables pick up steam,” (2021).
[48] Union of Concerned Scientists, “The Climate Accountability Scorecard,” 2018.
[49] Ibid.

Agreement." [50] Fossil fuel companies have proven that they are more focused on continuing traditional business practices, as opposed to adapting to the forms of energy needed to prevent future ecological and societal harm.

Counterargument: Divestiture would result in a less diversified portfolio, and therefore Marquette would be risking financial loss if the university were to divest from fossil fuels.

Response: Investing in fossil fuel companies is becoming riskier over time. According to a 2018 report from the Institute for Energy Economics and Financial Analysis (IEEFA), the oil and gas sector was outperformed by every other sector in the S&P 500 in 2018.[51] Additionally, in the decade prior to 2018, the value of the S&P 500 increased by 223%, while the price for a share of ExxonMobil stock declined by 4.56%.[52] This trend continued in 2020 with the COVID-19 pandemic; as reported in by S&P 500 Global, "Nearly all of the 25 largest North American and European oil and gas companies saw their market capitalization plummet during the third quarter [of 2020] amid a tepid recovery in oil and gas markets."[53] Furthermore, forms of renewable energy have been cheaper per unit of electricity than fossil fuels since 2019, even when including building and operation costs and excluding subsidies.[54] Multiple studies have also shown that the portfolios of universities that have not divested from fossil fuels do not outperform those that have divested, including a 2019 study that found fossil fuel divestment presents "no discernible" effect on endowments[55], and a 2020 study that concluded "divesting from fossil fuel production does not result in financial harm to investors," even under "market conditions that would benefit the fossil fuel industry."[56] [57]

Counterargument: Climate change poses no threat to the overall economy, so Marquette has no economic need to divest from fossil fuels.

Response: Climate change has caused, and will continue to cause, lasting economic damage both nationwide and across the globe.[58] In the Midwest alone, rising temperatures and more frequent severe weather activity resulting from climate change are set to cause "higher

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[50] Oil Change International, "Big oil reality check: assessing oil and gas climate plans," 2020.
[51] Sanzillo, T., and Hipple, K., "Fossil Fuel Investments: Looking Backwards May Prove Costly to Investors in Today's Market." The Institute for Energy Economics and Financial Analysis, 2019.
[52] Ibid.
[53] Wheeler, E. "Top Oil and Gas Companies See Market Cap Spiral Lower in Q3." Accelerating Progress, 2020.
[54] Our World In Data, "Why did renewables become so cheap so fast?" 2020.
[55] Ryan, C., & Marsicano, C., "Examining the Impact of Divestment from Fossil Fuels on University Endowments," 2019.
[56] Plantinga, A. & Scholtens, B., "The financial impact of fossil fuel divestment," 2020.
[57] Trinks, A. et al., "Fossil Fuel Divestment and Portfolio Performance," 2018.
[58] USGCRP, "Fourth National Climate Assessment," chapters 6-12, 2017.

heat-related mortality, increased electricity demand and energy costs, and declines in labor productivity. Meanwhile, without significant adaptation on the part of Midwest farmers, the region's thriving agricultural sector—particularly in the southern states—is likely to suffer yield losses and economic damages." [59] Coastal regions in the U.S. alone are by 2050 set to see "between $66 billion and $106 billion worth of existing coastal property" below sea level by 2050." [60] With Marquette holding equity in fossil fuels, the administration and the people who control the endowment are complicit to the economic impacts climate change currently has on our world, along with future economic damages.

Counterargument: Divestment isn't as effective of a policy as shareholder engagement in terms of achieving the goal of decarbonization, since we could influence the company's decisions if we stayed invested, and whoever might purchase our divested shares might be less environmentally-conscious than us.

Response: Shareholder engagement, as a means of achieving a carbon-neutral energy grid, is only useful if the industry has a viable path to decarbonization. Reinvestment into scalable, cost-effective energy technology would be much more efficient than trying to completely change a business model. Furthermore, fossil fuel companies and their shareholders have historically been extremely averse to environmental-related corporate resolutions—from 1990 to 2015, investors in Exxon, Chevron, and ConocoPhillips passed zero of 93 climate-related shareholder resolutions that were introduced.[61]

Therefore: Let it be recommended that Marquette University create a 5-year plan to divest from their endowment all companies that are involved in the extraction, refinement, and distribution of fossil fuels (coal, petroleum, and natural gas) including both direct and indirect holdings, specifically in the top 200 publicly-owned fossil fuel companies ranked by total carbon emissions embedded in reported reserves[62], and that all such companies be excluded from Marquette's endowment in the future; and,

Furthermore: This plan and its subsequent actions should be made transparent to the Marquette community, and should include public disclosure of the percentage of the university's

[59] Risky Business, "The Economic Risks of Climate Change in the United States," 2014.
[60] Ibid.
[61] InsideClimateNews, "Exxon's Gamble: 25 Years of Rejecting Shareholder Concerns on Climate Change," 2015.
[62] FFI Solutions "The Carbon Underground 200".

investment portfolio that is invested in fossil fuel companies, followed up with quarterly updates on progress made; and,

Furthermore: Marquette University should utilize shareholder engagement and all other means to influence those companies in a manner consistent with the Marquette University Guiding Values and the Laudato Si' pledge, while the university still meets the necessary ownership requirements to participate, and until full divestiture from the fossil fuel industry is achieved; and,

Furthermore, the Marquette University Office of Finance should review and consider revising the Endowment Investment Policy (last updated in 2010), incorporating input from the Sustainability and Energy Management Coordinator, the members of the Jesuit community, faculty who specialize in fields relevant to the issue of fossil fuel divestiture (including, but not limited to, economics, environmental science, finance, environmental engineering, ethics, and theology), student leaders, campus ministers, and any other community members that may contribute to a comprehensive discussion on ethical and financial implications of changes to the Investment Policy.