

Divestment Proposal

On behalf of Fossil Free UQ

Background

- Fossil fuel divestment requires removing investments in fossil fuel companies for financial and environmental reasons. The Fossil Free Indexes lists the 200 companies with the largest reserves of fossil fuels.¹
- UQ has no transparency regarding the companies in which it invests.
- The Fossil Free UQ campaign asks that UQ: 1) Freezes new investments in fossil fuels; 2) Divests from fossil fuels over 5 years; 3) Achieves investment transparency.

Rationale

- **Environmental:** To avoid catastrophic climate change, 80 per cent of the known fossil fuels reserves cannot be burned.² Divestment removes financial and social support for those companies that continue to exploit these unburnable reserves.
- **Financial:** Fossil fuel investments are exposed. Given that 80 per cent of fossil fuel reserves must remain unexploited, fossil fuels are becoming stranded assets. In contrast, portfolios that exclude fossil fuels have performed well in recent years.³ The FTSE Developed ex Fossil Fuel Index Series, for example, has performed very closely to the FTSE Developed Index, and with lower volatility.⁴
- **Reputational:** UQ has built a strong reputation as a university committed to sustainability and addressing climate change. Ongoing investment in environmental harmful companies risks this reputation.
- **Student and staff support:** Fossil Free UQ has gathered 1,600 signatures from students and 150 letters from staff supporting fossil fuel divestment.

Precedent

The following institutions have divested from fossil fuels⁵:

- **Newcastle City Council** divested its \$270 Million investment portfolio in 2015.
- **ACT Government** divested from coal, oil and gas companies in 2015.
- **City of Melbourne** divested from fossil fuel and aligned companies in 2015.
- International institutions include **the Norwegian Sovereign Wealth Fund, the Rockefeller Brothers Fund, and the City of Oslo.**

The following universities have moved towards divestment:

- **Monash University** has directed fund managers to identify and reduce investments in fossil fuels and tobacco over its \$400 Million portfolio.
- **Swinburne University of Technology** is adopting a Responsible Investment Charter for its \$150 Million investment portfolio.
- **Australian National University** divested holdings in seven companies in 2014, following an independent environmental, social and governance review.
- International universities include **Yale, SOAS, Stockholm University, the University of Glasgow, and Victoria University of Wellington.**

¹ fossilfreeindexes.com/research/the-carbon-underground/

² www.carbonbrief.org/six-years-worth-of-current-emissions-would-blow-the-carbon-budget-for-1-5-degrees

³ www.tai.org.au/system/files_force/Climate%20Proofing%20Your%20Investments_final.pdf

⁴ www.ftse.com/products/downloads/FTSE_Stranded_Assets.pdf

⁵ gofossilfree.org.au/whos-divested/