

TO: Senate

QUESTION FROM: Senators Eran Shor and Madeline Wilson

RESPONSE FROM: Edyta Rogowska, Secretary-General

SUBJECT: Question Regarding the McGill Board of Governors' Response to Senate's Recommendation Concerning Divestment from Fossil Fuels

MEETING DATE: January 15, 2020

PREAMBLE: At its September 12, 2018 meeting, Senate voted overwhelmingly to “inform the Board of Governors, through the Principal, that it favours, in principle, a move to divest the endowment from all companies whose primary business is the extraction, distribution, and/or sale of fossil fuels; and from all mutual funds that invest in such companies.”

The Board of Governors referred the Senate's recommendation to its Committee to Advise on Matters of Social Responsibility (CAMSR), who issued their report on December 3, 2019. That report argues at length that “divestment from the fossil fuel sector is not advisable.”

However, in their statement to the McGill Community issued on December 5, 2019, Board Chair Ram Panda and Principal Suzanne Fortier stated that CAMSR's recommendations (which were approved by the Board on that same day) meant that McGill will “[r]educe the overall carbon footprint of the McGill Investment Pool (‘MIP’), which will result in divesting from highly carbon intensive companies, including those within the fossil fuel industry.” Many in the university community took this announcement to mean that McGill was indeed moving toward fossil fuel divestment.

QUESTION: Can the Principal please clarify the university's policy with respect to fossil fuel divestment? Has McGill agreed, in principle, to move to divest the endowment from all companies whose primary business is the extraction, distribution, and/or sale of fossil fuels; and from all mutual funds that invest in such companies? Or has McGill resolved to continue investing, at least in part, in the fossil fuel industry for the foreseeable future?

RESPONSE:

At its meeting of December 5, 2019, the Board of Governors (“Board”) approved all of the recommendations proposed by CAMSR in its report. One of the recommendations relates to decarbonization. By approving this recommendation, the Board confirmed McGill’s commitment to reducing the overall carbon emissions of the endowment portfolio.

As is noted more precisely in the report, this commitment “will involve a reduction of exposure to the highest carbon intensive companies in the portfolio, including some within the fossil fuel industry.¹” Unlike the divest movement, which targets exclusively fossil fuel companies, a reduction of exposure to the highest carbon intensive companies will involve a review of investments in all high carbon emission level companies, in and outside the fossil fuel industry, with the aim of reducing the overall carbon emissions of the portfolio.

CAMSR’s findings and observations on the issue of divestment are explained in the report, notably on pages 14 to 16. The report is available online at:

https://www.mcgill.ca/boardofgovernors/files/boardofgovernors/13._gd19-29_camsr_report.pdf

As indicated in its report, CAMSR is now working to develop an implementation plan to operationalize the approved recommendations. The plan will be presented to the Board by its April 23, 2020. Regular updates on CAMSR’s activities, in preparation for the Board’s meeting, will be available on its [website](#).

¹ McGill University, Committee to Advise on Matters of Social Responsibility of the Board of Governors, Report of the Committee to Advise on Matters of Social Responsibility, GD19-29, Board of Governors, 3 December 2019, page 17.