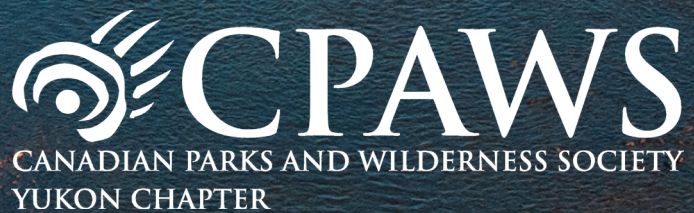


Arctic Refuge Factsheet





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Introduction

The Arctic National Wildlife Refuge is known as ‘America’s Serengeti.’ Great congregations of caribou gather on the Coastal Plain to give birth to their calves. Polar bears nurse cubs in dens dug into the Refuge’s snows. Birds migrate to the Arctic Refuge from every continent on earth.

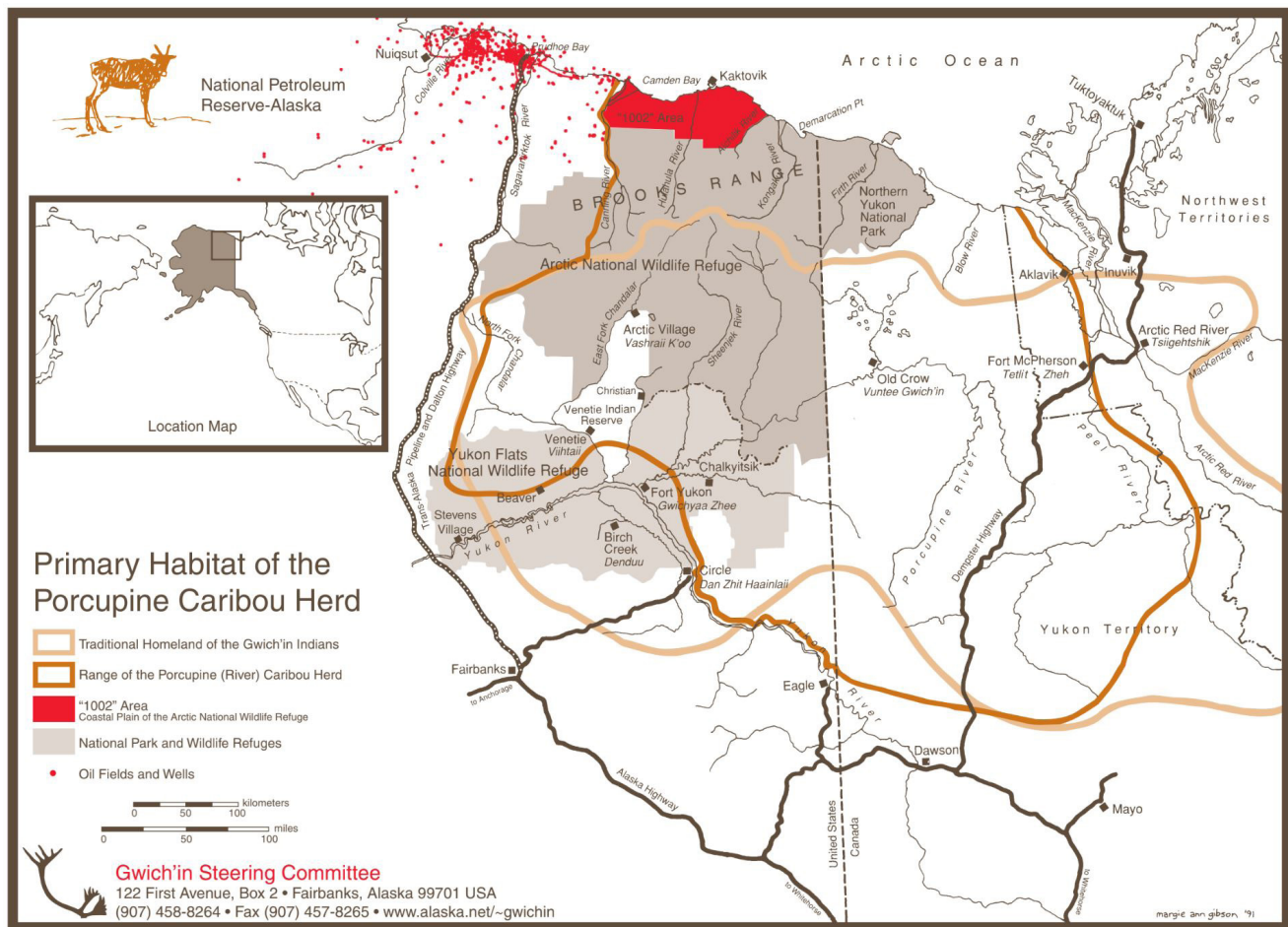
For over 50 years the Arctic Refuge was protected for its wildlife, wilderness, subsistence and cultural importance. In 2017 the U.S. Government passed the *Tax Cuts and Jobs Act*, which included a provision opening the Coastal Plain of the Arctic Refuge to oil and gas development.¹ Ever since the U.S. Bureau of Land Management has been rushing to complete an Environmental Impact Statement that would authorize the sale of leases.

Drilling in the Arctic Refuge would have significant negative impacts on the Porcupine caribou, and the Gwich’in communities in Alaska and Canada that depend on the herd for their culture and subsistence. The Gwich’in have always been at the forefront to protect the Arctic Refuge.

Despite being on the other side of the border, the Arctic National Wildlife Refuge is of great importance to Canada. The Porcupine caribou herd spends much of migration in Canada and Canadian users account for 85% of the herd’s harvest. The U.S. and Canada are signatories to an international treaty on the conservation of the Porcupine caribou herd.² For decades, all levels of Canadian governments have supported protection of the Arctic Refuge.



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Ecological importance

The Arctic Refuge is the birthplace of the Porcupine caribou herd, critical denning habitat for polar bears, and home to over 200 species of migratory birds.³ The Porcupine caribou are one of the last healthy barren ground caribou herds left in Canada.⁴ Every year the herd migrates 4,000 kilometers across northern Yukon, Alaska and NWT—the longest migration of any land mammal on earth.⁵

Oil drilling in the Arctic Refuge would strike the heart of the Porcupine caribou herd's calving grounds. These habitats provide nourishing plant life, reprieve from predators and relief from noxious insects. Oil development could displace the herd from critical calving areas, and force the herd into inferior habitats.

The Trans-Alaska Pipeline and North Slope oil fields have negatively impacted Central Arctic caribou, and led to reduced calf births and lessened summer weight gain.⁶ The herd has shifted its calving areas away from oil fields and into areas with lower forage values and lower insect relief. The extent of caribou avoidance dramatically expands the "footprint" of oil development.⁷

Drilling in the Arctic Refuge seriously threatens the health of the Porcupine caribou herd. In an analysis commissioned by the governments of Yukon, NWT and Canada, leading caribou scientists warned that the herd could ultimately fall below thresholds that would trigger severe restrictions on the Gwich'in caribou harvest.⁸

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Indigenous rights

“Development on the Coastal Plain amounts to the cultural genocide of the entire Gwich’in Nation. The Gwich’in have lived in balance with the Porcupine caribou herd since before any mark of modern history, and now development threatens to destabilize all of this. ”

-Chief Dana Tizya-Tramm, Vuntut Gwitchin First Nation

The Gwich’in (People of the Land), are a caribou people who, since time immemorial, have depended on the Porcupine caribou. Making their home on the migratory route of the Porcupine caribou herd, the Gwich’in Nation’s traditional territory spans what is now known as the Yukon, Alaska and Northwest Territories.

The Gwich’in have remained strongly connected to the land with teachings passing from generation to generation. Today, as in the days of their ancestors, the Porcupine caribou herd is vital to the culture, ways of life and subsistence of the Gwich’in. Caribou meat is critical to food security in Gwich’in communities where grocery prices are staggering.⁹ In Old Crow a bag of apples can cost \$17 and two litres of milk can be \$8.

The Gwich’in hold the Porcupine caribou herds’ calving grounds as sacred and call it “Iizhik Gwats’an Gwandaii Goodlit” (The Sacred Place Where Life Begins). Development of these lands is as a threat to the health of the Porcupine caribou herd and therefore a threat to the physical, cultural and spiritual survival of the Gwich’in Nation.



‘Caribou Days’ celebrations in Old Crow, Yukon.
Image: Malkolm Boothroyd

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For decades the Gwich'in been at the forefront to protect the Arctic Refuge. In 1988, Gwich'in Elders delivered a clear mandate to permanently protect the sacred calving grounds, and to do it in a good way.¹⁰

Both Canada and the United States have domestic and international obligations to the rights of the Gwich'in, other Indigenous users, and conservation of the Porcupine caribou herd. The Porcupine caribou herd is vital to Canada, where 85% of the herd's harvest occurs. In addition to the Gwich'in, the Na-cho Nyak Dun, Tro'ondek Hwech'in and Inuvialuit are users of the Porcupine caribou and have Indigenous rights that are legally protected in land claims agreements and the Canadian constitution.

Climate implications

Expanded fossil fuel development in the Arctic is not compatible with the Paris Accord. A high-profile study in the journal *Nature* found that, "development of resources in the Arctic and any increase in unconventional oil production are incommensurate with efforts to limit average global warming to 2 °C."¹¹

According to the Center for American Progress, oil and gas development in the Arctic Refuge could emit 4.3 gigatonnes of CO₂e over a 70 year lifespan.¹² None of the oil and gas companies currently operating on the Alaska North Slope have meaningful policies to reconcile their operations with the Paris Accord.



Fireside stories under the midnight sun during the biennial Gwich'in Gathering.

Image: Peter Mather

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The Gwich'in Nation has experienced immense changes of their traditional territory as a result of climate change. Elders of the Gwich'in Nation have witnessed rising temperatures, thawing permafrost, warmer and wetter winters and reduced snow cover.¹³ All of these changes are impacting the ability of the Gwich'in to practice their culture and traditional lifestyle.

In May of 2019 the Vuntut Gwitchin First Nation declared that “climate change constitutes a state of emergency for our lands, waters, animals, and peoples, and that we will accordingly utilize our local, national and international forums and partnerships to achieve meaningful progress towards the Paris Accord...”¹⁴

Financial risk

Alaskan oil production has steadily declined for the past 30 years. Today Alaska produces less than a 1/4 of the oil it did in 1988.¹⁵ Major oil companies have turned away from drilling opportunities in Alaska. In 2015 Shell abandoned its offshore drilling plans in the Chukchi Sea at a \$7bn loss.¹⁶ In 2019 British Petroleum sold the entirety of its Alaska operations to Hilcorp, including its stake in the Trans-Alaska Pipeline System.¹⁷

Significant uncertainty surrounds oil reserves in the Arctic Refuge. The U.S. Geological Service estimates the Coastal Plain of the Arctic Refuge to contain 4.3-11.8 billion barrels of technically



Migrating caribou. Image: Ken Madsen

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recoverable oil, however this is estimate is based a 2-D seismic survey completed in 1987.¹⁸ Only one test well was ever drilled within the Arctic Refuge. The results of the test are tightly-guarded, but a New York Times investigation found that the well was likely dry.¹⁹

70% of Americans oppose drilling in the Arctic Refuge,²⁰ and the issue has been prominent for decades. Any company that attempts to conduct oil and gas activities in the Arctic Refuge could expect serious public opposition and reputational damage.

A proposal by SAEExploration Holdings to conduct a heavily-disruptive 3-D seismic survey in the Arctic Refuge was met with significant backlash: including opposition from the Gwich'in Steering Committee and over 250,000 emails, letters and phone calls from the public.²¹ SAEEx ultimately failed to acquire the necessary permits for its survey. SAEEx's leadership was relieved after the SEC launched an investigation into the company's accounting practices.²² In December 2019, bids received during a lease sale in the neighbouring National

Petroleum Reserve in Alaska averaged \$11 per acre.²³ In comparison, revenue from drilling in the Arctic Refuge as an offset to the tax cuts in overall 2017 Tax Act were projected, by proponents, to be \$ 1 billion for the federal treasury. This would require every acre of the Coastal Plain of the Arctic Refuge to be sold for more than \$1,000 per acre.

Development rejected by banks and investors

Financial institutions around the world are recognizing that oil and gas exploration or development in the Arctic Refuge would be a bad investment. More than a dozen global banks have policies to prohibit Arctic oil and gas financing.²⁴ In 2019 Goldman Sachs,²⁵ Barclays,²⁶ National Australia Bank,²⁷ UniCredit,²⁸ Royal Bank of Scotland²⁹ and the Commonwealth Bank of Australia³⁰ updated their policies to rule out financing for oil and gas exploration or development in the Arctic and the Arctic Refuge.

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Currently, no Canadian bank has policies that would prevent financing Arctic Refuge drilling. The 2019 Banking on Climate Report gave TD and RBC a D for their Arctic policies, and a D minus to CIBC, BMO and Scotiabank.³¹ The D- and D Policy Grades indicate that major Canadian banks have certain due diligence processes, but these policies are insufficient to restrict financing for Arctic oil and gas development.

Investors recognize that oil and gas exploration or development in the Arctic National Wildlife Refuge is bad business. Investors representing more than \$2.5 trillion in assets oppose “any efforts to develop oil and gas in the remote and pristine Arctic National Wildlife Refuge.”³² In an open letter, investors highlight the climate, financial and reputational risks associated with such development and have urged banks and oil and gas companies to “honour their fiduciary duty to investors and refuse to engage in drilling in the Arctic Refuge.”³³

Conclusion—an easy win.

Enacting a strong policy on the Arctic Refuge would be an easy win for Canadian banks—on many levels. It is a chance to become a champion on the Arctic Refuge, and would align banks with the positions of the Gwich’in, the Assembly of First Nations and the Government of Canada. Taking a stance on the Arctic Refuge would also be a step in respecting Indigenous rights, and a step towards alignment with the necessities of the Paris Accord.

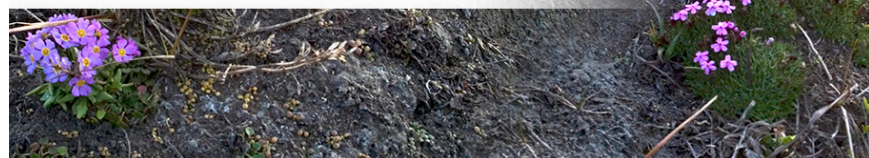
Withholding finance from oil and gas

projects in the Arctic Refuge would reduce the exposure of banks to high-risk investments. Because drilling in the Arctic is not compatible with the Paris Accord, such projects could ultimately become stranded assets. Drilling faces certain litigation, and U.S. courts have recently struck down leasing programs based on climate change concerns. At the same time, future U.S. Administrations could restore protections to the Arctic Refuge.

By enacting Arctic Refuge policies, Canadian banks could win positive attention, rather than the backlash that would come through association with the destruction of the Arctic Refuge. Finally, taking a proactive position on the Arctic Refuge would be relatively easy. No oil and gas drilling is currently underway in the Arctic Refuge, so financing would not have to be disentangled from existing projects. Canadian banks would not need to reinvent the wheel, instead they can look to the leadership of the 12 + banks that have already updated their Arctic policies.



Beaufort Sea coastline. Image: Malkolm Boothroyd



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Front and back cover: Peter Mather. Inside back: Ken Madsen