

ADVISORY COMMITTEE ON SOCIALLY RESPONSIBLE INVESTING (ACSRI)

DATE: June 10, 2024  
FROM: ACSRI Fossil Fuel Subcommittee  
SUBJECT: Summary Report for the 2023 - 2024 Academic Year

Executive Summary:

For the 2023-2024 academic school year, the Fossil Fuel Subcommittee (or the “Subcommittee”) of the Advisory Committee for Socially Responsible Investing (“ACSRI”) has not identified any companies as potential candidates to be considered for investment. In the three years that the Subcommittee has published its report, it has yet to recommend that any oil and gas company be added to the exceptions list.

Objective of the of the ACSRI Fossil Fuel Subcommittee:

As part of the ACSRI, the Subcommittee is tasked with preparing an annual report to address recommendations under Columbia’s [Fossil Fuel Investment Policy](#), specifically as it relates to the exception list. Currently, Columbia’s Endowment holds no direct investment in a publicly listed oil and gas company. These companies include small and large companies whose primary business is the exploration, production, or refining of oil and gas. The Subcommittee’s objective is summarized as follows:

*“The Board recognizes that certain oil and gas companies aim to develop credible plans for transitioning their businesses to net zero emissions by 2050, including establishing clear interim targets. The President and the Board of Trustees have asked the University’s Advisory Committee on Socially Responsible Investing to provide a report annually that draws on the expertise of the Columbia Climate School, other university research and expertise, and relevant outside resources to identify publicly-traded oil and gas companies that are making significant strides toward net zero emissions. Based on this report, the Board may make exceptions to its non-investment policy.”*

It is important to note that the Subcommittee is not looking to provide investment advice or promote the stock of any individual company. The Subcommittee’s objective is to research and understand if there are any oil and gas companies that have made significant strides in addressing their greenhouse gas emissions (“GHG”). If the Subcommittee makes such a determination, it will raise this to Columbia’s Board of Trustees who ultimately have the choice of using this information to inform the investment strategy of Columbia’s endowment.

Subcommittee Resources:

The Subcommittee has access to a number of paid and public resources including but not limited to the below:

1. FFI Solutions (“FFIS”), who was hired to provide the ACSRI with data on oil and gas companies focused on exploration and production and their approach to the energy transition. Outputs currently include an online portal database with key metrics per company and up to ~10 individual company tear sheets a year that expand on the data available on the online portal.
2. Other publicly available resources identified (e.g., Transition Pathway Initiative, Climate Action 100+, CDP)
3. Columbia University expertise, upon request

### Evaluation Criteria:

The Subcommittee has laid out the following evaluation criteria that apply to all companies reviewed. For a company to be added to the exception list of the non-investment policy, it must meet steps 1 through 3 and do so on an annual basis.

1. Identify companies that have established **credible plans** for transitioning their business model to net zero emissions by 2050. At minimum, components of a credible plan should include all of the following:
  - a. Quantified **short-, medium- and long-term** GHG emission reduction targets; and
  - b. Quantified **Scope 1, 2 and 3** GHG emissions reduction targets; and
  - c. Externally verified **alignment with a net zero (1.5°C) transition pathway**.
2. From this list, identify companies that have also made **significant strides** toward achieving their stated net zero transition plans. At minimum, determination of significant strides should include:
  - a. Demonstrated reductions in **GHG emissions per megajoule** that are on track with the company's stated targets and represent leadership within the oil & gas industry; and
  - b. Demonstrated increases in the **share of revenue** from net zero aligned sources; and
  - c. Demonstrated **R&D or M&A** in net zero technologies and infrastructure (e.g., renewable energy, carbon capture and storage, carbon sequestration, etc.).
3. For any companies meeting the above criteria, request a **Second Party Opinion** from a panel of Columbia University faculty or researchers. Such experts would ideally weigh in individually and provide particular insight on:
  - a. The **significance** of a company's strides toward net zero (e.g., whether the company is considered a leader among oil & gas companies, alignment with relevant country/region transition pathways, and quality/volume of net zero related R&D and M&A activities); and
  - b. The **feasibility** of a company's stated transition strategy (including progress to-date, intended reliance on offsets, and technical plans to transition the business model).
4. Any company that meets the above criteria in any given year will be assessed again the following year to ensure it still belongs on the exclusion list.

### Recommendation:

Over the last three years, the Subcommittee has reviewed oil and gas companies and their transition plans on an annual basis. Using the resources listed above, the members of the Subcommittee filter the large number of oil and gas companies and focus on a small subset of companies that have made the strongest commitments to a transition of their business to reflect a transition to a low carbon economy. These companies are the only ones that are considered to be added to the non-divestment list. As of May 2024, the Subcommittee **has not identified any publicly traded oil and gas company definitively meeting the University's Fossil Fuel Investment Policy**. This is due to the still-recent nature of many oil and gas companies' net zero commitments and the still-evolving industry standards and resources available to evaluate the credibility and feasibility of such net zero transition plans.