

## February Meeting

At a meeting of the Advisory Committee on Socially Responsible Investing, held on February 12, 2020 in the Burden Room 206, Low Library, the following members participated:

April Croft (non-voting)	Benjamin Lebwohl
Merritt Fox	Sharon Liebowitz
Daniel Howard	William Shamma
Ruby Khan	Anne Sullivan (non-voting)
Bridget Realmuto LaPerla	Courtney Thompson

*The following members of the administration were also in attendance:*  
Colin Redhead

*Absent with regrets:*  
Bruce Usher  
Regen Wallis  
Michael Wang

The meeting was called to order at 6:05 p.m.

Chair

### **Approval of the January 22, 2020 Minutes**

The Committee approved the minutes of January 22, 2020.

Committee Members

### **Presentation of Fossil Fuel Divestment Proposal by Student Group, Extinction Rebellion (ER)**

In response to an invitation by the ACSRI chair, three student representatives (Michael Cusack, Savannah Pearson and Abby Schroering) from the student group, Extinction Rebellion, formally presented a fossil fuel divestment proposal. Immediately following the ER presentation, Professor Michael Gerrard provided remarks in support of the students. Gerrard, the Andrew Sabin Professor of Professional Practice in the Faculty of Law and Director of the Sabin Center for Climate Change Law, was one of the sponsors of the 2016 coal divestment proposal that was signed by 25 faculty members of the Earth Institute. Extinction Rebellion was given permission by Gerrard to revise and broaden the 2016 coal proposal.

Michael Cusack,  
Savannah Pearson,  
Abby Schroering /  
Michael Gerrard /  
Committee  
Members

The presentation of the previously submitted written proposal, which is attached to these minutes, was followed by a question & answer period.

There being no further business, the meeting was adjourned at 8:00 p.m.

Respectfully submitted,  
April B. Croft  
Associate Director  
ACSRI

## **ACSRI Proposal Submission Overview**

Date of Submission to the ACSRI: December 6, 2019

Subject of Review: Fossil fuel divestment

Contact Name: Abby Schroering

Contact Email: [abby.schroering@columbia.edu](mailto:abby.schroering@columbia.edu) Phone Number: (502)689-3043

University Affiliation: Graduate Student

Dept./Office: GSAS

Requesting on behalf of an organization? Yes

If yes, which organization? Extinction Rebellion

Provide a summary of the issue, the action requested, and the rationale:

There is a University-wide consensus that climate change poses a grave threat to humanity and to the natural systems on the planet, and that the use of fossil fuels is the principal cause. This proposal (formulated and signed by 25 members of the Earth Institute Faculty and others in 2016, resubmitted with updates by Extinction Rebellion in 2019) calls upon the University to engage in an orderly divestment of the shares of all fossil fuel companies.

Please attach in PDF format the following additional required information and supporting evidence (20 pages max):

- 1) State which criteria the proposal is using to make the case (1 paragraph)
- 2) Provide all the critical data with footnotes for any arguments in your proposal
- 3) Provide research on the possible opposite argument against your conclusions
- 4) Conclusion - provide bullet points for the final recommendations to the ACSRI citing the criteria for each one

Email the proposal to the ACSRI Staff Administrator as posted on the website

## **Proposal on Fossil Fuel Divestment and Engagement**

Michael B. Gerrard

Andrew Sabin Professor of Professional Practice  
Director, Sabin Center for Climate Change Law  
Columbia Law School  
Chair of the Faculty of The Earth Institute  
**Revised 2019: Extinction Rebellion Columbia University**

During the 2015-2016 academic year, the faculty of The Earth Institute held intensive discussions about whether Columbia University's endowment should divest from fossil fuel stocks. On March 1, 2016, a statement was released that was signed by 25 members of this faculty and by several Earth Institute researchers. It was not issued as a formal statement of the faculty itself; the faculty had never previously issued a statement on a social/policy issue and some members were uncomfortable with doing so now.

The relevant portions of the faculty members' statement are pasted below. (The remainder called for efforts to advance the efforts to reduce the greenhouse gas footprint of campus operations, and to continue research, educational and public service activities concerning climate change; all of these are being pursued as well.)

I am submitting this proposal to ACSRI on behalf of myself and the other signatories to the statement.

## **Statement on University Investment and Sustainability Policy**

The undersigned faculty and researchers of Columbia University's Earth Institute recommend that Columbia University implement a policy that recognizes the critical need for society to transition to non-fossil fuel energy sources, the role of the University in promoting public good through its investments, and the importance of upholding these principles through activities on its campuses. Columbia University should proactively lead these efforts both within and without the University and recognize that such investment choices need not adversely affect University finances, but they do

provide an opportunity to strengthen the University financially, civically and morally. We are aware of no evidence of a clear correlation between fossil fuel divestment and portfolio return.

1. Coal combustion is the largest and fastest-growing anthropogenic source of greenhouse gas emissions. Major reductions in global coal use are an essential part of any strategy to fight climate change. Coal companies are bad investments for the planet and for forward-looking investment portfolios. If these companies are losing money (as many of them are), Columbia University should not suffer the losses; if they are making money, Columbia should not share in the profits. Columbia should engage in orderly divestment from the stock of any companies that are primarily in the coal mining business, and should refrain from buying any such stock in the future.
2. Companies that are primarily involved with other fossil fuels need to transition to clean sources of energy in the decades to come. In order to stay in or join Columbia University's stock portfolio, oil and natural gas companies should provide satisfactory affirmative answers to these questions, and should provide documentation supporting the answers. According to a recent article in the [New York Times](#), the recent decline of coal has been "more than offset by strong growth in the use of oil and natural gas around the world." Therefore, the reduction in coal use must be accompanied by a major reduction in the use of other fossil fuels in any realistic strategy to avoid the worst consequences of anthropogenic climate change. Fossil fuel companies are bad investments for the planet and for forward-looking investment portfolios. If these companies are losing money (as many of them are), Columbia University should not suffer the losses; if they are making money, Columbia should not share in the profits. Columbia should engage in orderly divestment from the stock of any companies that are primarily in the fossil fuel and extraction business, and should refrain from buying any such stock in the future.:
3. Columbia University should hold no shares in any company, in whatever sector, that directly or through organizations that it supports rejects the scientific consensus on climate change.
4. The University should be an active investor in companies whose shares it continues to hold. The University should initiate or participate in shareholder resolutions and other activities that urge companies to behave in a responsible manner toward climate change, including, *inter alia*, the reduction in the emission of greenhouse gases and the transition to non-fossil fuel energy sources. In doing so, the University should cooperate with other organizations engaged in similar activities.

### **Applicable Criteria**

ASCRI has identified three basic tests or criteria that must be met before divestment is recommended:

- 1) There must be broad consensus within the University community regarding the issue at hand;
- 2) The merits of the dispute must lie clearly on one side;
- 3) Divestment must be more viable and appropriate than ongoing communication and engagement with company management.

If "the issue at hand" is defined as whether climate change is a serious threat to humanity and to the planet, and the "dispute" is whether fossil fuels are a major contributor to climate change, the first two criteria are easily met. There is broad consensus among the scientific community (including, I believe it is fair to say, every member of the Earth Institute faculty) about the threat caused by climate change, and the central role of fossil fuels in causing it. Nor does there appear to be any serious disagreement within the University community about these points. I have participated in countless meetings and public fora at Columbia about climate change, and I do not recall ever hearing anyone express disagreement on these key points. There is certainly disagreement about the magnitude and pace of the climate threat, and about the best technical and policy tools for addressing it, but not about the underlying merits. The most authoritative current study of the causes and impacts of climate change is probably the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), which is linked [here](#). If the ACSRI desires further scientific references on these points, I would be happy to provide them. **Since 2016, IPCC reports have only solidified the necessity for urgent action to**

reduce carbon emissions ([2019 Refinement Report](#)) and the dire consequences of failing to do so ([Global Warming of 1.5°C](#)).

Many members of the University community support divestment. In October 2013 [Spectator](#) conducted a ballot referendum of Columbia College students; 73.7% voted in favor (though it is unclear from what I have found whether that is a percentage of all students, or of all respondents to the poll). Last spring an open faculty letter to President Bollinger and the Trustees received more than 350 signatures (see [here](#)). According to the Columbia Divest for Climate Justice website, linked [here](#), over 2,000 students and faculty members have signed their petition to divest from fossil fuels, representing all undergraduate and graduate schools at Columbia. As the ACSRI is well aware, the issue has been the subject of a great deal of student activism on campus. [The week before Thanksgiving 2019, four Columbia students went so far as to go on hunger strike with divestment as a central demand, garnering an additional >100 faculty signatures](#) and widespread student body support. Divestment is also accumulating widespread support among other Ivy League universities, as represented by the [Harvard-Yale 2019 football game halftime demonstrations](#). Not everyone agrees with divestment but to my knowledge no groups have organized to oppose it, and there have been no counter-petitions. This is merely anecdotal, but I will report that in November 2014 I organized and chaired a public forum at the Law School about divestment; I had a great deal of difficulty finding anyone on or off campus willing to speak in opposition, and I had to fly an investment advisor in from Colorado to represent that point of view.

The third criterion is whether divestment is more viable and appropriate than ongoing communication and engagement with company management. There has been extensive

shareholder activism with respect to climate change since the early 1990s. As a result a number of manufacturing companies have agreed to reduce their carbon footprint and take other environmentally beneficial actions. However, while this activism has had some effect on the securities disclosures of fossil fuel producers, it has had little discernible effect on the substantive practices of fossil fuel producers (as opposed to fossil fuel users). A large shale oil producer, Continental Resources, did agree to reduce its flaring (burning) of natural gas at its North Dakota well. ExxonMobil agreed to make certain disclosures (the adequacy of which are now a subject of investigation by the New York Attorney General). There may be other examples, but I have not found any.

Many groups continue to be engaged in shareholder activism on climate change; the Interfaith Center for Corporate Responsibility plays a leading role in organizing such efforts. However, it is unlikely that this kind of activism will induce any fossil fuel companies to move away from their core business. The fossil fuel divestment campaigns are ultimately aiming to achieve a major reduction in the use of fossil fuels around the world. One key element is the movement to "leave it in the ground" -- to not utilize the proven reserves that are a large piece of the asset base of many fossil fuel companies. Regulatory requirements, reduced markets, and economic factors (such as the currently low prices for oil and gas) may help achieve that, but it is difficult to imagine that shareholder activism could induce a company to abandon its assets and effect a fundamental shift in its business model. The more likely that a resolution is to seriously impair a company's profits (as opposed to alter its practices around the edges), the less likely that it will be supported by major investors and come anywhere close to a majority vote.

Few proponents of fossil fuel divestment believe that it alone will move the coal, oil and gas companies or even affect their stock price; there will always be other buyers for the shares. Rather the act of divestment is symbolic, and in important ways. It would help signify that Columbia University is using every tool available to it to address the grave issue of climate change: we are conducting research and education, we are greening our campuses, and now we would be pulling our shares from **all fossil fuel companies**. Divestment would also convey the idea that fossil fuel use is in growing disfavor, and so are the fossil fuel producers (whose views still carry great weight in Congress and other political bodies). **In divesting from fossil fuels, Columbia will refuse to participate in these companies' "greenwashing" campaigns and definitively declare that climate- and ecologically-destructive practices are no longer acceptable.**

While a large number of entities around the world have announced partial or total fossil fuel divestment (see [this](#) compilation), few leading universities have. But among those that have announced partial divestment are Stanford, Georgetown, Oxford, and the London School of Economics. Columbia could mark itself as a leader in taking this action, while at the same time doing everything it can to reduce its own fossil fuel use and to participate in the scientific quest for alternatives. **An updated database of divestment commitments in 2019 can be found [here](#): notable new fossil fuel divestment commitments include Oregon State University, Syracuse University, University of Hawaii, University of Maryland, and the entire University of California system.**

**Another counter-argument leveled against divestment is that there are relatively few available replacements for oil and natural gas in New York, and Columbia still utilizes these fuels in its own operations.** There are many other, cleaner ways to make electricity. All nuclear,



hydropower, and wind turbine energy goes to make electricity, as does most solar. These cleaner energy sources are available in the rapidly developing countries. For example, both China and Brazil have already developed a great deal of hydropower, and many other populous and rapidly developing countries, including India and Indonesia, have the natural features necessary to develop a great deal themselves. See [here](#). According to the Renewables 2016 Global Status Report from REN21, available [here](#), China is the world leader in solar photovoltaic capacity and additions, while India is ninth (p. 63), and China is first in wind power capacity and additions, while India is fourth (p. 77). In the world's poorest countries, where large segments of the population have no electricity at all, distributed energy (primarily solar photovoltaic) is being rapidly installed and (unlike central station coal plants) does not require the installation of extremely expensive transmission lines. (id, at pp 87-97; see also [this](#)). In India, solar power is now cheaper to provide than coal. See [here](#).

In contrast, about 71% of the world's oil goes to transport, see [here](#), and 93% of the energy used for transport in the world comes from oil, see [here](#). Major efforts are underway around the world to use more electric cars, but there are only about 1.3 million electric automobiles now on the road around the world, see [here](#), out of about 1 billion total, see [here](#) – just 0.1%. There are currently no commercial substitutes for petroleum or gas for heavy duty vehicles (such as trucks and buses) or for aircraft.

In other words, today there are many large-scale substitutes for coal in making electricity; the substitution of oil for transport is nowhere near that scale.

With respect to unconventional oil and gas, there are numerous and varying estimates of their emissions intensity. However, these methods of extraction all share one thing in common:

they involve a quest for fossil fuel resources that should be left in the ground. We already know where massive coal reserves are located, and they can be extracted with very modest effort. However, most of the easily-recoverable oil and gas reserves (except for those in protected areas such as Antarctica) have already been extracted, and extraordinary efforts are needed to find and produce new ones. Given the solid scientific information available about the need to limit the amount of fossil fuel extracted (despite continuing questions about the exact amounts -- see [this](#)), elaborate hunts for new methods of extracting oil and gas, and the commencement of production in environmentally sensitive areas such as the Arctic and in deep waters offshore, amount to either a rejection of the science of climate change, or a cavalier disregard of its outcomes, in the same way that development of tar sands amounts to a rejection or disregard of science by deed.

### **Differentiating the Companies**

How would the companies targeted for divestment be identified?

Fossil Free Indexes LLC is a research and investment company based in New York. Its web site is [here](#). It identifies its mission as "to source and analyze carbon emissions data and to generate research, benchmarks, and investment solutions for investors who are attentive to climate risk." One of its products is the Carbon Underground 200, which it describes as "a list of the 100 largest public oil and gas and the 100 largest public coal companies globally, as measured by the potential CO2 emissions of their reported fossil fuel reserves."

The lists are proprietary and available from Fossil Free Indexes for a fee. Abby Schroering has a copy of the Carbon Underground 200 that she can share with the relevant individuals. This list would be a convenient way to identify the companies that, under the proposal, should not be in Columbia's portfolio.

The list of the 100 largest public oil and gas companies would also be a good starting point for identifying the companies that are engaged in offshore oil exploration and shale gas production. Much of this information is readily available. For example, Rigzone Data Services publishes information about the owners of offshore oil rigs, for example. See [here](#). Various centers or groups at Columbia could be engaged to carry out the needed research.

(I am aware that in April 2016 the ACSRI recommended that Columbia become an Investor Signatory to the CDP Climate Change program. I do not know whether this recommended has been acted upon.)

Another task required under the proposal is identifying each company "that directly or through organizations that it supports rejects the scientific consensus on climate change." The number of publicly traded companies that fall within that category today is probably very low. Some of those that formerly did, such as ExxonMobil, no longer do. Few trade associations do so any longer. Some substantial companies still actively do, directly or indirectly, most prominently Koch Industries and Murray Energy, but they are privately held. Ongoing research at Columbia could help identify any such companies, but this is not likely to be a large category.

To conclude, to remain invested in fossil fuel companies would be to willingly ignore the will of the Columbia faculty, Ivy League community, [the City of New York](#), and the students and other young people whose futures these companies have placed in existential peril. To argue that Columbia must remain invested in fossil fuels as long as it relies on them for its operations exhibits the same destructive logic that has placed the planet in this emergency in the first place by making decisions based on the present instead of the future. Columbia has the opportunity to significantly reduce, and ultimately eliminate or offset, its reliance on fossil fuels in the future

through building modifications and participation in power purchase agreements, the groundwork for which is already being laid (contact Michael Gerrard michael.gerrard@law.columbia.edu for more information on these initiatives). If Columbia is truly invested in the future of its students and other stakeholders, it is not invested in fossil fuels. To dismiss divestment as “merely symbolic” gesture is to miss the point. The climate crisis is, at its foundation, a crisis of values. We are not lacking in expertise or solutions to solve address our collective emergency, as the massive amount of relevant research at Columbia alone demonstrates; we are lacking only in will. Columbia’s divestment will be a powerful symbol from one of the most prodigious and influential institutions in the world that values have finally started to change, and the possible impact of that symbol on other institutions, companies, and world leaders should not be dismissed.

### **Conclusion**

The ACSRI should recommend that the Trustees:

1. Direct the University's fund managers to engage in orderly divestment from the stock of any companies on the list of the Carbon Underground 200, and refrain from buying any such stock in the future.
2. Request the assistance of the ACSRI in helping the University become an active investor in companies whose shares it continues to hold. The University should initiate or participate in shareholder resolutions and other activities that urge companies to behave in a responsible manner toward climate change, including, *inter alia*, the reduction in the emission of greenhouse gases and the transition to non-fossil fuel energy sources. In doing so, the University should cooperate with other organizations engaged in similar activities.