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SANTA BARBARA • SANTA CRUZ

OFFICE OF THE ACADEMIC SENATE
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March 12, 2019

RE: Memorial to the Regents – Fossil Fuel Divestment

Dear Colleagues:

With this letter, I invite you to review, in preparation for a vote, the enclosed Memorial to the Regents on Fossil Fuel Divestment. The Memorial, which was initiated by the San Francisco Division of the Academic Senate, would petition the Regents to divest the University's endowment portfolio of all investments in the 200 publicly traded fossil fuel companies with the largest carbon reserves.

As per [Senate Bylaw 90](#), which outlines the process by which Memorials are approved, the Memorial will advance to a vote of the membership of the Academic Senate if at least three Divisions, representing at least thirty-five percent of the membership of the Academic Senate, have notified the Chair of the Assembly that the Memorial has been approved by their Divisions.

To facilitate the Merced Division's consideration of this proposal, the Memorial will be discussed at the April 15, 2019 Meeting of the Division, which will take place from 3:00 to 4:30 p.m. in KL 232. An electronic vote will be initiated after the Division Meeting. The results of the Merced Division's vote will be reported to the Chair of the Assembly, and the Chairs of all other Divisions, within seven calendar days of the vote.

As per Senate Bylaw 90, all Divisions of the University of California Academic Senate must vote to approve, disapprove, or to decline to act, within in 90 days of receipt of the proposed Memorial. Divisions may not amend the proposal as submitted.

In the enclosed, you will find a brief account of the Memorial's history, an explanation of its provisions, and a succinct statement of the arguments for and against it.

We look forward to your participation in this significant decision.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kurt Schnier".

Kurt Schnier, Chair
Merced Division of the Academic Senate

From: U.C. Academic Senate
To: President of the University of California, for transmission to the Regents
Re: Memorial to the Regents

The U.C. Academic Senate petitions the Regents to divest the University's endowment portfolio of all investments in the 200 publicly traded fossil fuel companies with the largest carbon reserves.

History of the Memorial to the Regents

On January 17, 2019 the UCSF Academic Senate Ad-hoc Committee on Sustainability held a vote to approve the Memorial to the Regents. The Memorial was approved.

On January 24, 2019 the UCSF Academic Senate Executive Council held a vote to approve the Memorial. The vote passed.

On February 15, 2019 the UCSF Academic Senate voted to approve the Memorial. 238 voted to approve, 58 voted to reject, and 6 abstained. The Memorial was approved.

Explanation of the Provisions of the Memorial to the Regents

The Memorial states: “The U.C. Academic Senate petitions the Regents to divest the University’s endowment portfolio of all investments in the 200 publicly traded fossil fuel companies with the largest carbon reserves.”

The Carbon Underground 200 list identifies the largest owners of carbon reserves.

Fossil Free Indexes identifies the top 100 coal and the top 100 oil and gas publicly-traded reserve holders worldwide.

The Memorial petitions the Regents to divest UC’s endowment portfolio of all investments in companies on the Carbon Underground 200 list.

UC currently owns shares in companies on the Carbon Underground 200 list. UC’s holdings of securities in oil and gas drilling and refining firms is approximately three percent of UC’s public equity holdings. In contrast, oil and gas drilling and refining firms represent six to seven percent of the global economy. The Memorial would have the Regents divest entirely from all companies currently on that list.

Arguments in Favor of the Memorial to the Regents

Ensuring that our planet does not undergo catastrophic climate change requires that fossil fuels be phased out in the near future. Thus, being co-owners of corporations devoted to producing fossil fuels is both morally and financially unwise.

Global warming will have catastrophic consequences.ⁱ

If current trends continue, major cities will be destroyed, and trillions of dollars in assets will be lost due to sea level rise and extreme weather events. Droughts, floods, and climate changes will cause crops to fail resulting in mass starvation. Ecosystems will be devastated, which combined with other anthropogenic disruptions, will drive millions of species extinct.

Prudence requires that we secure 'planet insurance.'ⁱⁱ

A rapid evolution to a largely carbon-free energy system is essential within the next 15 to 30 years. This is technically possible and affordable.

The greatest impact of climate change will be on those least responsible for it, and with the least power to affect it.

The effects of climate change will be greatest on the youth, and future generations for hundreds of years; on poorer countries who contributed the least atmospheric pollution; and on other species. We who benefited most from the last 300 years of cheap energy, and who control the most resources, must act for them as well as ourselves.

Fossil fuel companies are a primary cause for insufficient action countering global warming.

Fossil fuel companies continue to spend billions of dollars to extract fossil fuels that should never be burned based on a business model assuming continued high fossil fuel use. They have hidden their research predicting global warming due to atmospheric carbon dioxide for decades. They have donated millions of dollars to think tanks which spread misinformation. Their direct and indirect support has helped elect climate denying senators, representatives, governors and presidents.

Fossil fuel stocks will experience volatility if international agreements such as the Paris Agreement are followed.ⁱⁱⁱ

In the Paris Agreement, 197 countries committed to taking the action necessary to limit global temperature rise this century to <2°C, and aim for a rise of <1.5°C. This requires that <20% of existing fossil fuel reserves can be burned. However, the value of fossil fuel companies is heavily dependent on the value of these proven reserves. If these reserves cannot be burned then those companies may undergo significant devaluation. Increased volatility of fossil fuel investments means we cannot assume that the historic returns from fossil fuel stocks will continue into the future.

ⁱ Current scientific consensus regarding global warming from the US gov., IPCC and World Bank

<https://science2017.globalchange.gov/>

<http://www.nature.com/nclimate/journal/v7/n1/full/nclimate3179.html>
<https://www.nature.com/nature/journal/v427/n6970/full/nature02121.html>
<http://science.sciencemag.org/content/344/6187/1246752>
<http://www.nature.com/nature/journal/v471/n7336/full/nature09678.html>

ii Sustainable energy is economically and technically viable

https://link.springer.com/chapter/10.1007/978-3-319-38919-6_12
https://link.springer.com/chapter/10.1007/978-3-319-38919-6_11

iii The Paris Agreement:

http://unfccc.int/paris_agreement/items/9485.php

Arguments in Opposition to the Memorial to the Regents

The University of California is taking meaningful steps to minimize the risk and reduce the impact of climate change. While the UC Office of Chief Investment Officer has adopted a Framework for Sustainable Investing, it must also fulfill its fiduciary duty to current and former employees. The Memorial would impose an extreme and one-sided solution to a complex problem while simultaneously threatening the financial health of UC's investments portfolio.

Solutions to global warming will require a variety of strategies and tactics if they are not to drastically disrupt global economic systems.

While climate change threatens widespread catastrophe to cities and ecosystems, the solutions to address climate change must not threaten to upend economic systems upon which communities depend. Fossil fuels are still a viable source of energy on which economies rely. Thus, solutions to global warming must utilize a variety of strategies and tactics including but not limited to investment in carbon reducing technologies and carbon alternatives. However, until those technologies and alternatives are fully developed and sufficient substitutes to fossil fuel, we cannot completely abandon the use of fossil fuel.

University of California has already taken action against climate change.

UC has made a commitment to be carbon neutral by 2025 on its ten campuses, five medical centers, and three national labs. UC joined Mission Innovation, a global initiative, to increase investment in energy research and development. UC entered into an agreement to purchase 80 megawatts of solar power.

The UC Office of Chief Investment Officer has a fiduciary duty to over 500,000 current and former employees.

The UC Office of Chief Investment Officer has a fiduciary duty to protect and increase UC's investment assets. Maintaining the financial health of UC's endowment is a moral and legal responsibility of UC.

UC currently considers the impact of climate change when making investment decisions.

Based on feedback from the UC Board of Regents, UC students, faculty, staff, and stakeholders, UC established a Framework for Sustainable Investing. The Framework for Sustainable Investing sets out a process for evaluating environmental sustainability, social responsibility, and governance into investment decisions.

Divestment from fossil fuel companies would result in a forfeiture of UC's influence over those companies as an institutional investor.

UC currently can exercise its rights as a shareholder of fossil fuel companies to advocate for solutions to global climate change including investments in alternatives to fossil fuel. Divestment would mean forfeiting UC's right to influence corporate governance of those fossil fuel companies.

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David Teitel, MD, Chair
Sharmila Majumdar, PhD, Vice Chair
Vineeta Singh, MD, Secretary
Jae Woo Lee, MD, Parliamentarian

February 27, 2019

DIVISIONAL ACADEMIC SENATE CHAIRS

Re: Memorial to the Regents – Fossil Fuel Divestment

Dear Divisional Academic Senate Chairs:

On February 15, 2019, the San Francisco Division of the UC Academic Senate initiated and voted to approve a Memorial to the Regents pursuant to Senate Bylaw 90 and [Regents Bylaw 40.1](#).

The Memorial petitions the Regents to divest the University's endowment portfolio of all investments in the 200 publicly traded fossil fuel companies with the largest carbon reserves.

Count of votes

Approved	238 (78.81%)
Rejected	58 (19.21%)
Abstained	6 (1.99%)
Total	302 (100%)

Enclosed, please find the Memorial to the Regents, a brief account of its history, an explanation of its provisions, and a succinct statement of the arguments for and against it.

We are including Bylaw 90 with the Memorial packet. Most relevant to you at this time is [Bylaw 90.D.](#), which provides:

- Each Division shall have ninety calendar days from receipt of the Memorial to vote upon it.
- [A] Division may vote to approve, to disapprove, or to decline to act, but may not amend the proposal as submitted.
- The Chair of the division shall within seven calendar days forward to the Chair of the Assembly and to the Chairs of all other Division the results of the Divisional vote on the proposed Memorial
- If at least three Divisions representing at least thirty-five percent of the membership of the Academic Senate have notified the Chair of the Assembly that the Memorial has been approved by their Divisions, the proposed Memorial shall be voted upon in accordance with the procedure set forth in Article E of this [Bylaw](#).

Thank you for your consideration of this Memorial to the Regents.

Sincerely,



David Teitel, MD, 2017-19 Chair
UCSF Academic Senate

Encl.