

## U.A. Resolution # 6

### Divestment from Companies producing Fossil Fuels and Holding Fossil Fuel Reserves

March 24, 2015

1 **Sponsored by:** University Assembly Campus Infrastructure Committee (CIC) members  
2 **Jeffrey Bergfalk (UA member), Emma Johnston (UA member), Martin Hatch (UA**  
3 **member and Vice Chair for Operations), Robert Howarth (Faculty appointee to the CIC);**  
4 **Additional Sponsor(s): Sarah Balik (UA member)**  
5

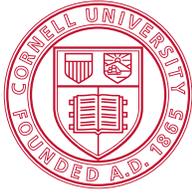
6 **Whereas,** overwhelming evidence indicates that increasing emissions of greenhouse gases due to  
7 fossil fuel mining, transportation and combustion are disrupting planetary climate  
8 systems by elevating both atmospheric and marine temperatures, altering ocean  
9 chemistry, raising sea levels, and melting ancient ice fields. Concurrently, the probability  
10 of epic storms, drought, flooding, and extreme temperatures, both high and low has  
11 increased;<sup>i</sup> and  
12

13 **Whereas,** these disruptions pose significant risk to all public and private sectors, national  
14 security, biodiversity, and fundamental biological systems; and  
15

16 **Whereas,** world leaders have agreed that in order to avoid potentially disastrous climatic effects,  
17 the increase in global temperature must be limited to 2°C above preindustrial levels;<sup>ii</sup> and  
18

19 **Whereas,** sophisticated climate modeling has shown that in order to have a 50% chance of  
20 holding the earth to a 2°C rise, the world must limit greenhouse gas emissions (measured  
21 in gigatons of carbon dioxide or its equivalent, GtCO<sub>2</sub>) to about 1,000 GtCO<sub>2</sub> between  
22 2015 and 2050, and thereafter, very little carbon can be burned unless it is captured and  
23 permanently sequestered or offset by sequestration of previous emissions; and  
24

25 **Whereas,** a slippery slope exists because each additional °C of global warming requires  
26 successively less human controlled emissions due to positive feedback loops. It has taken  
27 250 years and over 2,000 GtCO<sub>2</sub> to achieve a 1°C rise, yet 2°C will be reached by  
28 emitting only 1,000 GtCO<sub>2</sub> and it is projected that a 3°C increase would only require an  
29 additional 350 GtCO<sub>2</sub>. At current emission levels, that would occur within 10 years of  
30 crossing the 2°C threshold; and  
31



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32 **Whereas**, world reserves of fossil fuels presently contain over 3,000 GtCO<sub>2</sub>, it is apparent that a  
33 majority of these reserves may become stranded or impaired assets going forward.  
34 Meanwhile, companies holding fossil fuel reserves continue to invest hundreds of billions  
35 of dollars annually in reserve replacement activities that may soon be widely perceived as  
36 a misallocation of capital. Taken together, this creates an elevated risk that such publicly  
37 traded companies are over-valued by the financial markets. Traditional investment  
38 analysis is not designed to look more than a few years ahead and relies on historical data  
39 which are unlikely to provide an accurate forecast of future performance of fossil fuel  
40 linked investments; and

41  
42 **Whereas**, it is highly unusual for extractive industries to refrain from the development of  
43 resources they control unless they are constrained by poor returns on investment which  
44 may be caused by various factors including regulatory action, low demand, low prices, or  
45 prohibitive capital costs; and

46  
47 **Whereas**, financial analysis by the Cornell Faculty Senate, and by many impartial public and  
48 private research bodies, has shown fossil fuel investments over the past 10 years have  
49 slightly underperformed in comparison to the rest of Cornell's long term investment pool,  
50 even before the massive loss of value in the fossil fuel industry over the past 9 months as  
51 the price of crude oil has fallen. Publically traded fossil fuel investments constitute at  
52 most 3% of the endowment<sup>iii</sup>; and

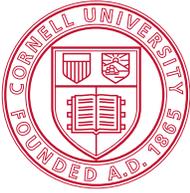
53  
54 **Whereas**, Cornell's Board of Trustees has repeatedly voted to divest Cornell's endowment when  
55 it was deemed appropriate and necessary to help achieve the greater good. This is a  
56 history that honors us;<sup>iv</sup> and

57  
58 **Whereas**, in keeping with its public service mission, Cornell has committed via its Climate  
59 Action Plan to the arduous and upfront costly actions needed to reach carbon neutrality  
60 by 2035, divestment will be a relatively easy task; and

61  
62 **Whereas**, most campus advisory bodies and many student organizations have enthusiastically  
63 endorsed divestment from fossil fuel companies as well as Cornell's pursuit of carbon  
64 neutrality by 2035. This issue is not going away; and

65  
66 **Whereas**, setting a clear target of 2035 for full fossil fuel divestment would allow the  
67 endowment to make a timely exit from its fossil fuel holdings while sending a strong  
68 signal to the markets, policy makers and the general public; and

69  
70 **Whereas**, divestment carries clear potential for Cornell to improve its brand image and is highly  
71 likely to enhance future fund campaigns built around the Climate Action Plan (CAP); and  
72



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73 **Whereas**, contrary to the arduous and upfront costly path to carbon neutrality, which is where  
74 we all need to be headed, divestment is an easy task once the decision is made to do so;  
75 and  
76

77 **Whereas**, the 21<sup>st</sup> century may well be viewed historically as a watershed moment at the dawn  
78 of the Anthropocene epoch when humanity briefly turned away from business as usual,  
79 slamming a lid on the fossil fuel era and by doing so ushered in a cleaner, greener and  
80 more sustainable future. Or not. The question to be answered is not why should Cornell's  
81 endowment divest from companies holding fossil fuel reserves, but why not?;  
82

83 **Be it therefore resolved**, that Cornell University Trustees instruct their investment officers to  
84 divest Cornell's investments in the companies holding the largest fossil fuel reserves<sup>v</sup> on  
85 an approximately linear schedule aimed at complete divestment by no later than  
86 December 31, 2035; and  
87

88 **Be it finally resolved**, that the President of Cornell will submit an annual report to the  
89 University Assembly, Faculty Senate, Student Assembly, Graduate and Professional  
90 Student Assembly, and Employee Assembly which will describe the progress made  
91 toward both climate neutrality and divestment from companies holding the largest fossil  
92 fuel reserves.

**Respectfully Submitted,**

**Matthew A. Battaglia**  
**Chair *Pro Tempore*, University Assembly**

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<sup>i</sup> See <http://www.ipcc.ch/report/ar5/wg1/>

<sup>ii</sup> Over 140 countries are party to the 2009 Copenhagen Accord, of which "The overall ambition [was] to keep the rise of the world's average annual temperature as far below 2°C warming as necessary, compared to pre-industrial levels, to avoid catastrophic climate change" (page 5 of the NGO Copenhagen treaty, Volume 1, linked at [https://en.wikipedia.org/wiki/Copenhagen\\_Accord](https://en.wikipedia.org/wiki/Copenhagen_Accord)).

<sup>iii</sup> See "Financial Implications of the Faculty Senate Resolution; Cornell Investment and Divestment Strategies for a Sustainable Future", resolution #6 background document available at UA website.

<sup>iv</sup> See <http://www.nytimes.com/1989/01/29/nyregion/cornell-will-continue-selling-stock-with-south-africa-ties.html>;  
<http://nvdatabase.swarthmore.edu/content/cornell-university-students-sit-divestment-apartheid-south-africa-1985>;  
and page 43 of *Divestment on Campus* (Kibbe, Investor Responsibility Research Center, Washington, D.C., 1989).

<sup>v</sup> The definition of "...those companies holding the largest fossil fuel reserves" is the annually updated in "Carbon Underground 200" listing of the top 100 public coal companies globally and the top 100 public oil and gas companies globally, ranked by potential carbon emissions content of their reported reserves.