

1 [Urging the Retirement Board to Divest from Fossil Fuel Companies]

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3 **Resolution urging the Retirement Board of the Employees' Retirement System to divest**  
4 **from publicly-traded fossil fuel companies.**

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6 WHEREAS, The Potsdam Institute's report, "Turn Down the Heat," has documented a  
7 0.8°C rise in temperature above preindustrial levels and warns that further warming would  
8 cause "unprecedented heat waves, severe drought, and major floods in many regions;" and

9 WHEREAS, The Intergovernmental Panel on Climate Change (IPCC) Fourth  
10 Assessment Report found that global warming is causing costly disruption of human and  
11 natural systems throughout the world including the melting of Arctic ice, the ocean's rise in  
12 acidity, flooding and drought; and

13 WHEREAS, The 2004 Climate Action Plan for San Francisco found that continued  
14 warming of the atmosphere would cause San Francisco to experience flooding, threats to City  
15 infrastructure, the sewage system, Bay wetlands, and marine life, as well as increased  
16 asthma and respiratory illness due to higher ozone levels, increased insurance and mitigation  
17 costs, and negative impacts to the fishing and tourism industries; and

18 WHEREAS, The San Francisco Bay Conservation and Development Commission's  
19 "Living with a Rising Bay" report found that a 55-inch sea level rise by the end of the century  
20 would cause substantial impacts to San Francisco and California, including: putting \$62 billion  
21 of Bay Area shoreline development at risk, increasing the number of people at risk of flooding  
22 in the Bay Area to 270,000; and requiring at least \$14 billion worth of static structures to  
23 protect California's shorelines; and

24 WHEREAS, Almost every government in the world has agreed through the 2009  
25 Copenhagen Accord that any warming above a 2°C (3.6°F) rise would be unsafe, and that

1 humans can only release about 565 more gigatons of carbon dioxide into the atmosphere to  
2 maintain this limit; and

3 WHEREAS, For the purposes of this Resolution, a “fossil fuel company” shall be  
4 defined as any of the two hundred publicly-traded companies with the largest coal, oil, and  
5 gas reserves as measured by the gigatons of carbon dioxide that would be emitted if those  
6 reserves were extracted and burned, as listed in the Carbon Tracker Initiative’s “Unburnable  
7 Carbon” report; and

8 WHEREAS, In its “Unburnable Carbon” report, the Carbon Tracker Initiative found that  
9 fossil fuel companies possess proven fossil fuel reserves that would release approximately  
10 2,795 gigatons of CO<sub>2</sub> if they are burned, which is five times the amount that can be released  
11 without exceeding 2°C of warming; and

12 WHEREAS, In its “Oil and Carbon Revisited” report, HSBC Global Research found that  
13 if global policy makers committed to not exceed 2°C of warming, “only a third of current fossil  
14 fuel reserves can be burned before 2050,” which would result in the “potential value (of  
15 publicly traded fossil fuel companies) at risk could rise to 40-60% of market (capitalization);”  
16 and

17 WHEREAS, In its “Do the Investment Math: Building a Carbon-Free Portfolio” report,  
18 the Aperio Group investment management firm found that divesting all fossil fuel companies  
19 from a broad-market U.S. stock market index such as the Russell 3000 would increase  
20 “absolute portfolio risk by 0.0101%,” and

21 WHEREAS, The City and County of San Francisco Board of Supervisors adopted  
22 Resolution No. 158-02 committing the City and County of San Francisco to a greenhouse gas  
23 emissions reductions goal of 20% below 1990 levels by the year 2012; and

24 WHEREAS, Under Resolution No. 158-02, the Mayor and Board of Supervisors of the  
25 City and County of San Francisco actively support the Kyoto Protocol; and

1           WHEREAS, Under Section 12.100 of the San Francisco Charter, the Retirement Board  
2 of the San Francisco Employees' Retirement System (SFERS) "shall have plenary authority  
3 and fiduciary responsibility for investment of monies and administration of the Retirement  
4 System"; and

5           WHEREAS, The Retirement Board's Social Investment Policy states that, "The  
6 relationship of the corporation to the communities in which it operates shall be maintained as  
7 a good corporate citizen through observing proper environmental standards, supporting the  
8 local economic, social and cultural climate, conducting acquisitions and reorganizations to  
9 minimize adverse effects"; and

10           WHEREAS, Divestment from fossil fuel companies is a responsible way for the  
11 Retirement Board to carry out its fiduciary duties and demonstrate leadership in implementing  
12 its Social Investment Policy; and

13           WHEREAS, Students at more than two hundred colleges and universities in the United  
14 States have launched campaigns to have their institutions divest from fossil fuel companies;  
15 now, therefore, be it

16           RESOLVED, That the Board of Supervisors of the City and County of San Francisco  
17 urges the Retirement Board of the San Francisco Employees' Retirement System (SFERS) to  
18 review the SFERS investment portfolio to identify any holdings that include direct or indirect  
19 investments in fossil fuel companies; and, be it

20           FURTHER RESOLVED, That the Board of Supervisors understands that in no way  
21 shall this Resolution or the policies articulated hereunder supersede the Retirement Board's  
22 fiduciary responsibilities to its members; and, be it

23           FURTHER RESOLVED, That the Board of Supervisors urges the Retirement Board to  
24 immediately cease any new investments in fossil fuel companies or in commingled assets that  
25 include holdings in fossil fuel companies; and, be it

1           FURTHER RESOLVED, That, for any SFERS investments in commingled funds that  
2 are found to include fossil fuel companies, the Board of Supervisors urges the Retirement  
3 Board to contact the fund managers and request that the fossil fuel companies be removed  
4 from the funds; and, be it

5           FURTHER RESOLVED, That the Board of Supervisors urges the Retirement Board to  
6 ensure that within five years none of its directly held or commingled assets include holdings in  
7 fossil fuel public equities and corporate bonds as determined by the Carbon Tracker list; and,  
8 be it

9           FURTHER RESOLVED That the Board of Supervisors urges the Retirement Board to  
10 prepare a report on options for investing in opportunities that would mitigate or limit the effects  
11 of burning fossil fuels, such as renewable energy, clean technology, and sustainable  
12 communities, with an emphasis on investments that would support local projects and local  
13 jobs; and, be it

14           FURTHER RESOLVED, That the Board of Supervisors urges the Retirement Board to  
15 release quarterly updates, available to the public, detailing progress made towards full  
16 divestment.

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