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

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

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

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

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

WHEREAS, Almost every government in the world has agreed through the 2009 Copenhagen Accord that any warming above a 2°C (3.6°F) rise would be unsafe, and that
humans can only release about 565 more gigatons of carbon dioxide into the atmosphere to
maintain this limit; and

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

WHEREAS, In its “Unburnable Carbon” report, the Carbon Tracker Initiative found that
fossil fuel companies possess proven fossil fuel reserves that would release approximately
2,795 gigatons of CO2 if they are burned, which is five times the amount that can be released
without exceeding 2°C of warming; and

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

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

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

WHEREAS, Under Resolution No. 158-02, the Mayor and Board of Supervisors of the
City and County of San Francisco actively support the Kyoto Protocol; and
WHEREAS, Under Section 12.100 of the San Francisco Charter, the Retirement Board of the San Francisco Employees' Retirement System (SFERS) “shall have plenary authority and fiduciary responsibility for investment of monies and administration of the Retirement System”; and

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

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

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

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

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

FURTHER RESOLVED, That the Board of Supervisors urges the Retirement Board to immediately cease any new investments in fossil fuel companies or in commingled assets that include holdings in fossil fuel companies; and, be it
FURTHER RESOLVED, That, for any SFERS investments in commingled funds that are found to include fossil fuel companies, the Board of Supervisors urges the Retirement Board to contact the fund managers and request that the fossil fuel companies be removed from the funds; and, be it

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

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

FURTHER RESOLVED, That the Board of Supervisors urges the Retirement Board to release quarterly updates, available to the public, detailing progress made towards full divestment.
Resolution urging the Retirement Board of the Employees' Retirement System to divest from publicly traded fossil fuel companies.

April 10, 2013 Budget and Finance Sub-Committee - AMENDED

April 10, 2013 Budget and Finance Sub-Committee - REFERRED WITHOUT RECOMMENDATION AS AMENDED

April 23, 2013 Board of Supervisors - AMENDED
Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

April 23, 2013 Board of Supervisors - AMENDED
Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

April 23, 2013 Board of Supervisors - ADOPTED AS AMENDED
Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

I hereby certify that the foregoing Resolution was ADOPTED AS AMENDED on 4/23/2013 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

May 1, 2013
Date Approved
Date: May 1, 2013

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without his approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.

Angela Calvillo  
Clerk of the Board

File No.  
130123