

Additional Background Information – Transitioning to a Carbon-Free Energy Economy

1. New York City to Exxon: Pay up for climate change costsⁱ

Documents from a Harvard University study show that oil company research recognized climate change as far back as the 1970s, but the company refused to acknowledge the findings publicly. Los Angeles Times, October 2015

New York City is launching a climate change lawsuit against the 5 biggest oil companies and promising to dump billions of dollars of fossil fuel stocks. BP, ExxonMobil, Chevron, Conoco Phillips and Shell Oil are named in the suit.

New York became the largest American city to sue Big Oil, demanding that they pay for the cost of protecting the city from the "existential threat" of climate change. (like tobacco.)

The city also announced a goal to divest \$5 billion of its \$189 billion pension system from fossil fuel reserve owners within five years. That would make it the first major U.S. pension plan to complete such an exit. NY City Comptroller Scott Stringer acknowledged that divesting from fossil fuels will be "complex" and will "take time." City officials plan to submit a joint resolution instructing pension fund trustees to begin analyzing how it can be done in a responsible way.

2. Deloitte Oil and Gas Outlook 2018,ⁱⁱ by John England, Vice Chairman and Americas Oil & Gas Leader, Deloitte LLP

We are midway through the fourth full year of the crude oil downturn. New cycles have been dominated by politics, natural disasters and tense geopolitical challenges. And oil markets continue to be challenged by oversupply and sluggish prices.

Cost reductions achieved by unconventional producers have been remarkable and are the main reason many US producers have managed to stay on board despite continued low per-barrel prices. Although many producers are managing, others continue to suffer, and further exits from the market or consolidation may be in the cards.

3. Pension trustees could face legal challenge for ignoring climate risk – Evolving parameters of Fiduciary Responsibilityⁱⁱⁱ

April 15, 2017

A [new legal opinion](#) is being given consideration across investment sectors about protecting pension funds from climate risk and driving financial investments towards low-carbon options.

The opinion concludes that where climate risks carry material financial implications for fund performance, trustees must take those risks into account in investment decisions. The authors state that failing to do this "would not be a proper exercise of [trustees'] powers."

Trustees may be confused as to their legal duty to consider financial risks associated with climate change. Historically, climate change has been purely an environmental concern and has been bracketed with other ethical concerns.

There is now a growing body of evidence to the effect that climate change gives rise to material financial risks which should be considered by trustees.

4. The insurance industry is beginning to recognize need for heightened scrutiny in assessing risks due to increased incidence of extreme weather events and national disasters such as mega hurricanes, coastal erosion and tidal flooding, droughts and devastating fires. As the CEO of Conexis Insurance Company ^{iv}, South Africa said, “If it isn’t sustainable, it isn’t insurable.”

For Further consideration:

A growing movement says NOW is a critical period for our planet.

Since 2012:

- \$6.1 Trillion has been divested from fossil fuels by 837 institutions.
- Over 58,000 individuals have divested close to \$5.2 billion
- 32 American cities have begun the process of divesting from the carbon-intensive energy grid
- For-profit corporations, government entities, NGOs, philanthropic foundations, retirement funds, educational and religious institutions, and individuals all see the ethical/cultural/economic imperative and political wisdom of
 - Fast and just transition to 100% renewables
 - Not initiating any new fossil fuel projects
 - Divestment from dirty energy. ^{v vi}

5. Continuing down the path of a 19th century technology is perilous on many levels: the planet continues to warm, priceless landscapes, air and water are sacrificed for ease, convenience and short-term profitability. As of January 2018, 194 states and the European Union have signed the [Paris Agreement](#), within the [United Nations Framework Convention on Climate Change](#) (UNFCCC). ^{vii} Our current Federal political environment has no leadership within the Executive branch to stem climate change, but local, municipal and state governments are beginning the transition to a renewable energy economy. It is a concept whose time is now.

ⁱ CNN MONEY http://money.cnn.com/2018/01/10/investing/new-york-climate-change-exxon-divest/index.html?utm_content=buffera6095&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer

ⁱⁱ <https://www2.deloitte.com/us/en/pages/energy-and-resources/articles/oil-and-gas-industry-outlook.html>
(option to download the PDF, an expanded article.)

ⁱⁱⁱ <https://www.divestinvest.org/pension-trustees-could-face-legal-challenge-for-ignoring-climate-risk-leading-gc-confirms/> Divest-Invest UK April 15, 2017

^{iv} <https://gofossilfree.org/usa/> Fossil Free Fast Live Stream, January 31' 2018

^v <https://gofossilfree.org/usa/> Fossil Free Fast Live Stream, January 31' 2018

^{vi} <https://gofossilfree.org/usa/> Committents

^{vii} https://en.wikipedia.org/wiki/List_of_parties_to_the_Paris_Agreement "Wikipedia, List of Parties to the Paris Agreement," Wikipedia.org