

MINNESOTA DIVESTMENT COALITION – APRIL 2021 BRIEFING TO THE SBI

This monthly update highlights global action on fossil fuel divestment and serves to inspire MN State Board of Investment Members to take urgent action to protect our investments and stop climate change.

New York State to reduce investments in oil sands companies

After making the announcement in December 2020 to divest from its riskiest oil and gas investments in the next four years and fully decarbonize its \$226 billion portfolio by 2040, the New York State Common Retirement Fund is also walking the talk.

Earlier this month, **the Fund announced that it will restrict investment in oil sands companies** (the most carbon intensive form of crude oil production). The Fund identified seven such companies where it will exit its current positions and avoid any future investments (Full announcement [here](#)).

New York State Comptroller Thomas P. DiNapoli, acting as a Trustee of the Fund, has focused his efforts on protecting the Fund's investments, addressing material risks arising from climate change and pursuing sustainable investment opportunities for the Fund.

University of Michigan revises its investment strategy.

The **University of Michigan has recognized the investment risks posed by climate change and is taking urgent action to transition its \$13 billion investment portfolio to net-zero carbon by 2050.** Towards the end of March, the University became the first public university in the US to adopt the following 4 commitments (full statement [here](#)):

- Not invest in companies engaged in oil reserves, oil extraction or thermal coal extraction;
- Not invest in companies with the largest greenhouse gas emissions specifically the Carbon Underground 200 list;
- Shift their natural resources investments towards renewable energy solutions;
- Move the entire portfolio to net-zero carbon by 2050 in line with the 2015 Paris Climate Agreement.

In the words of Regent Bernstein, "This is about managing investment risk and returns. Investments that do not fully address climate risk are bad investments that in addition to destroying our planet also damage the performance of the endowment." In other words, the Board of Regents is not only being socially responsible but is also delivering on its fiduciary responsibilities.

Blackrock research shows divesting from fossil fuels has been a profitable trade

According to [an article](#) recently published in *The New Yorker*, research from BlackRock, the largest investment house in the world, shows that firms that began divesting have financially gained over those that did not. **BlackRock found evidence that portfolios that divested from fossil fuels experienced improvement in returns and outperformed their benchmarks contrary to the widely held belief that divestment can lead to negative financial impact.**

The case for divestment from fossil fuels has clearly moved beyond ethical justifications to financial ones with a growing number of pension funds, universities and institutional investors acting to protect their portfolios.

Investing in fossil fuels has been a loss-making strategy as can also be seen from the price of oil and performance of oil companies over the last several years. The sooner the Minnesota Pension Fund transitions away from fossil fuel, the better the health of the fund (and the planet). We should avoid being the last to divest when share prices will be at their lowest.

Based on the evidence above, the Minnesota Divestment Coalition asks the MN State Board of Investment to divest from Carbon Underground 200 and commit to net zero emissions by 2050. Minnesota's pension fund should not be left holding the bag after everyone else has exited.