



UNIVERSITY OF WISCONSIN–LA CROSSE
STUDENT ASSOCIATION
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SA2021-013: Resolution Supporting Fossil Fuel Divestment

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SPONSOR(S): UW Divestment Coalition, Students for Sustainability, Rachel Engebretson, Lexanne Weghorn, Sydney Navoichick

WHEREAS the UW-La Crosse Student Association serves as the official voice of students throughout the University of Wisconsin System; and

WHEREAS a UW System both intoned to and supportive of student opinion and an established university system that leads in the promotion of climate solution investing opportunities related to the risks of climate change will attract new students from across the country who seek a university which represents their interests; and

WHEREAS many of our lower-income and historically disadvantaged UW students face environmental pollution, most specifically around particulate matter and other pollutants, which was centralized best in a 2018 State of the Air report ranking 8 Wisconsin counties with a failing grade with Milwaukee County, being a prominent county, included, and which contains a core UW institution; and

WHEREAS to continually fulfill an environmental legacy promoted by the UW System itself: "Our University of Wisconsin institutions have produced a long legacy of environmental awareness and stewardship that has greatly influenced human ethics, laws and practices, extending well beyond the boundaries of the state to the entire planet"; and

WHEREAS without additional efforts to reduce GHG emissions beyond those in place today, emissions growth is expected to persist driven by growth in global population and economic activities and baseline scenarios, those without additional mitigation, result in global mean surface temperature increases in 2100 from 3.7°C to 4.8°C compared to pre-industrial levels, resulting in severe societal, economic and environmental harm ranging from lower crop yields and subsequent food scarcity; and

WHEREAS this change is especially relevant to Wisconsin given the state's rural and farm populations, where excessive flooding and a drastic increase in the number of catastrophic storms will harm our communities; and

WHEREAS the call for endowments to divest from fossil fuels is proving to be a key strategy in addressing these portfolio risks and the issue of climate change itself and it has already prompted many institutions and individuals to enter this dialogue and take action; and



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WHEREAS the economic risk of divestment remains minimal with various financial experts reaching a conclusion that it is possible to divest from fossil fuels and still earn strong returns, as shown by an analysis by Aperio Investment Management which finds investors who want a portfolio free of fossil fuels can do so with a theoretical return penalty of less than half a basis point or 0.05% in the United States; and

THEREFORE BE IT RESOLVED that the University of Wisconsin-La Crosse Student Association supports fossil fuel divestment in the University of Wisconsin System and across our state as outlined in the attached document; and


THEREFORE BE IT RESOLVED that the University of Wisconsin-La Crosse Student Senate implores the Board of Regents to make fossil fuel divestment a priority for the UW System and a priority when hiring the next UW System President; and

THEREFORE BE IT FURTHER RESOLVED that the challenges facing our planet today are unprecedented and from climate change and water access to poverty and inequality, globalization and urbanization, these challenges will require the full mobilization of the UW System, stakeholders, and the public to be a part of the solution; and

THEREFORE BE IT FURTHER RESOLVED that we see the discourse around climate change risk and divestment in investment portfolios as a very positive step toward addressing one of the greatest challenges of our time; and

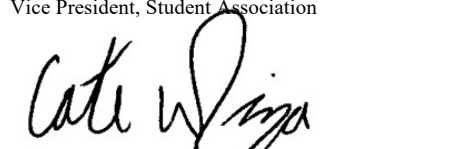
THEREFORE BE IT FURTHER RESOLVED that the Board of Regents begin the process of divestment from any and all investments in the fossil fuel industry in investment portfolios of our university system immediately, reaching total divestment within 3 to 5 years; and

THEREFORE BE IT FURTHER RESOLVED that a copy of this resolution be sent to Chancellor Joe Gow, Vice Chancellor Vitaliano Figueroa, the Office of the Dean of Students, the UW Board of Regents, and the Office of the President of the Board of Regents and the President of the UW System.


Olivia Ahnen
President, Student Senate
Vice President, Student Association

09-30-2020

Date


Cate Wiza
President, Student Association

09-30-2020

Date

Divestment of Fossil fuel energy stocks

The Intergovernmental Panel on Climate Change (IPCC) is the United Nations body for assessing the science related to climate change. The IPCC was created to provide policymakers with regular scientific assessments on climate change, its implications, and potential future risks, as well as to put forward adaptation and mitigation options.

Sustainable development, and equity provide a basis for assessing climate policies and highlights the need for addressing the risks and potential consequences of climate change. Limiting the effects of climate change is necessary to achieve sustainable development and equity, including the eradication of poverty and environmental pollution. Which acts as a severe problem for many lower-income Wisconsin students and community members, especially those belonging to minority populations.

Effective mitigation will not be achieved if individual agents for or against carbon neutrality and fossil fuel reduction advance their own interests independently and thus require broad collective efforts. Climate change has the characteristics of a collective action problem at a global scale because most greenhouse gases (GHGs) accumulate over time and mix globally, and emissions by any agent (e.g., individual, community, company, country) affect other agents, especially those most prone to environmental pollution and degradation. International cooperation is therefore required to effectively mitigate GHG emissions and address other climate change issues.

The design of climate policy is influenced by how individuals and organizations perceive risks and uncertainties and take them into account. With the help of formal methods, policy design can be improved by considering risks and uncertainties in natural, socio-economic, and technological systems as well as decision processes, perceptions, values and wealth. Total anthropogenic GHG emissions have continued to increase from 1970 to 2010 with larger absolute decadal increases toward the end of this period. Annual GHG emissions grew on average by 1.0 gigatonne carbon dioxide equivalent (GtCO₂eq) (2.2%) per year from 2000 to 2010 compared to 0.4 GtCO₂eq (1.3%) per year from 1970 to 2000. Total anthropogenic GHG emissions were the highest in human history from 2000 to 2010 and reached 49 (±4.5) GtCO₂eq/yr in 2010.

CO₂ emissions from fossil fuel combustion and industrial processes contributed about 78% of the total GHG emission increase from 1970 to 2010, with a similar percentage contribution for the period 2000–2010 (high confidence).¹ Fossil fuel-related CO₂ emissions reached 32 (±2.7) GtCO₂/yr, in 2010, and grew further by about 3% between 2010 and 2011 and by about 1–2% between 2011 and 2012. Of the 49 (±4.5) GtCO₂eq/yr in total anthropogenic GHG emissions in 2010, CO₂ remains the major anthropogenic GHG accounting for 76% (38±3.8 GtCO₂eq/yr) of total anthropogenic GHG emissions in 2010.

Annual anthropogenic GHG emissions have increased by 10 GtCO₂eq between 2000 and 2010, with this increase directly coming from energy supply (47%), industry (30%), transport (11%) and buildings (3%) sectors. Without additional efforts to reduce GHG emissions beyond those in place today, emissions growth is expected to persist driven by growth in global population and economic activities. Baseline scenarios, those without additional mitigation, result in global mean surface temperature increases in 2100 from 3.7°C to 4.8°C compared to pre-industrial levels; resulting in severe societal, economic and

environmental harm ranging from lower crop yields and subsequent food scarcity. 1 This change is especially relevant to Wisconsin given the state's rural and dairy farm populations, excessive flooding, and a drastic increase in the number of catastrophic storms.

Delaying mitigation efforts beyond those in place today through 2030 is estimated to substantially increase the difficulty of the transition to low longer-term emissions levels and narrow the range of options consistent with maintaining temperature change below 2°C relative to pre-industrial levels. Mitigation is the human intervention to reduce the sources or enhance the sinks of greenhouse gases. 9 Mitigation, together with adaptation to climate change, contributes to the objective expressed in Article 2 of the United Nations Framework Convention on Climate Change (UNFCCC).

In addition to the IPCC, the Paris Climate Agreement states: "Emphasizing with serious concern the urgent need to address the significant gap between the aggregate effect of Parties' mitigation pledges in terms of global annual emissions of greenhouse gases by 2020 and aggregate emission pathways consistent with holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial level. Climate change is a significant risk and an important issue facing global markets today. As the effects of climate change continue to accelerate, they will challenge corporate profitability and governments' budgets on a global scale, creating ripple effects in equity markets today and in the long term. These risks, and others associated with climate change, are embedded in endowments' investment portfolios. The call for endowments to divest from fossil fuels is proving to be a key strategy in addressing these portfolio risks and the issue of climate change itself. It has already prompted many institutions and individuals to enter into dialogue and take action.

WHEREAS 20 fossil fuel companies have contributed to 35% of all energy-related carbon dioxide and methane worldwide, totaling 480bn tons of carbon dioxide equivalent (GtCO₂e) since 1965. Mitigation policy could devalue fossil fuel assets and reduce revenues for fossil fuel exporters, but differences between regions and fuels exist. Most mitigation scenarios are associated with reduced revenues from coal and oil trade for major exporters.

WHEREAS Fossil fuel divestment is a movement based on ethical principles, and serves to aid those most disadvantaged by climate change, shaping future climate policy. The economic risk of divest remains minimal with various financial experts reaching a conclusion that it is possible to divest from fossil fuels and still earn strong returns. An analysis by Aperio Investment Management finding investors who want a portfolio free of fossil fuels can do so with a theoretical return penalty of less than half a basis point or 0.05% in the United States. Aperio's analysis does suggest that screening negatively for fossil fuels affects a portfolio's risk and return, but it also shows that the impact may be less significant than presumed. The purpose of this commentary is not to judge whether endowments should implement fossil-fuel divestment, but rather to provide Trustees facing this decision with some of the research and tools that could be helpful in informing their decision-making process.

According to The International Energy Agency's World Energy Outlook (2012 edition), estimates suggest that, to have a 50% chance of limiting the global temperature rise to 2°C, only 33% of current fossil fuel reserves can be burned by 2050 (thereby leaving the other 67% stranded).

The Board of Regents of the University of Wisconsin System is responsible for establishing policies and rules for governing the System, planning to meet future state needs for a collegiate education, setting

admission standards and policies, reviewing and approving university budgets, and establishing the regulatory framework within which the individual members are allowed to operate with as great a degree of autonomy as possible. There is a variety of tools available to institutional investors interested in addressing climate change in their investment portfolios. From a portfolio-construction standpoint, investors can work to create an Investment Policy Statement (IPS) which addresses the endowment's position on ownership and engagement with fossil-fuel companies and climate change risk in general. The IPS can also address proactive and innovative investment approaches to build a more sustainable energy future.

the UW System, in collaboration between the board of regents and UW foundation controls 7 billion dollars of endowments. To participate in fossil-fuel divestment the board of regents and UWF need to employ screens across existing investment managers to avoid the list of approximately 200 oil, gas, and coal companies across all relevant investments, including public and private equities and corporate bonds.

Many counties cities and universities in Wisconsin are promoting fossil fuel divestment and renewable energy investment, including the city of Madison, Bayfield county, Eau Claire, Menomonie and Dane county. To represent our diverse student bodies, especially those who encounter systemic environmental pollution and climate change related impacts and to benefit the UW Systems' natural, socio-economic, and technological systems as well as decision processes, perceptions, values and wealth. The board of regents and UWF need to work directly on climate risk-management issues through shareholder resolutions and engagement.