VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Divest UW Presentation on Coal Divestment

INFORMATION

This is a student presentation in support of coal divestment in the Consolidated Endowment Fund. It is for information only.

BACKGROUND

Divest UW, a student campaign representing over 20 Registered Student Organizations, supports coal divestment. Today’s presentation will provide the Board of Regents with information supporting their request to prohibit direct investment of endowment funds in publicly traded companies whose principal business is the mining of coal for use in energy generation.

In October 2013, the Board of Regents reviewed the Treasury Office Global Climate Change Initiatives. This review led to an amendment to the investment policies to allow shareholder advocacy on issues related to climate change which was approved by the Board in November 2013. Progress to date on the initiatives is shown in Attachment 4.

Shareholder advocacy typically involves one or more of the following: (1) voting on shareholder resolutions; (2) engaging the company in a dialogue on its corporate practices; and (3) sponsoring or co-sponsoring issue-specific shareholder resolutions. Some institutional investors choose to divest, and that decision may or may not have been preceded by a period of shareholder advocacy. Due to its potential to negatively impact portfolio performance, divestment is viewed as a course of last resort. In addition, the loss of shareholder status effectively ends the dialogue with banned corporations.

Attachments

1. Coal Divestment Handout for the University of Washington Board of Regents
2. Divest University of Washington Biographies
3. Endorsement for Divestment at UW
4. Treasury Office Global Climate Change Initiatives
5. Fossil Fuel and Climate Change Timeline, December 2012 to Present
6. Portfolio Impact Analysis From Divestment of Coal and All Fossil Fuels
7. Response to Divestment by Other College and University Endowments
Dear Board of Regents,

Divest University of Washington respectfully requests that the University of Washington should not directly invest its endowment funds in publicly traded companies whose principal business is the mining of coal for use in energy generation. As we highlight in this report, the reasons for doing so are multiple:

1. **Coal is the biggest contributor to greenhouse gas emissions.**
   Coal fired power plants are responsible for a third of all global CO2 emissions. This makes coal-based energy the largest producer of greenhouse gases and the single greatest threat to our climate. A recent *Nature* study showed that we will need to keep 80% of coal reserves unexploited in order to stand a 50% chance of achieving the internationally agreed upon target of keeping global warming to less than 2 degrees Celsius above pre-industrial temperatures (McGlade & Ekins, 2015). However, rather than face this reality, coal companies are still working to expand their reserves, and have increased their reserves from 358 to 402 gigatonnes from 2010 to 2015, rendering their business models even further incompatible with a safe climate (Alexeyev et al., 2015).

2. **Coal kills.**
   Coal contains a wide range of toxic substances, which leach into water, pollute air and harm public health, leading to the suffering and death of millions each year. Economic analysis has shown that the harms of the coal-power generation industry are so high that if required to pay for their externalized costs, coal companies would be financially unviable (Trucost, 2013). Quite simply, the costs of coal far outweigh the benefits. Similarly, a study by Epstein et al. (2011) showed that each ton of coal burned causes around $500 worth of costs to society, and even a highly conservative cost-benefit analysis by Muller et al. (2011) showed that the costs of coal outweigh its benefits. What’s more, coal’s harmful air, soil and water pollution fall disproportionately on communities of color and minorities (Schlosberg & Collins, 2014). Further deepening this injustice, the impacts of climate change also fall disproportionately on communities of color, indigenous people, and the poor and vulnerable.

3. **Coal is not a great investment.**
   Coal has underperformed in the market drastically over the past five years, and may potentially continue its decline as alternative energy becomes increasingly competitive and demand for coal wanes. For instance, the Market Vectors Coal ETF, a coal index fund, has performed poorly during the last 5 years and has declined in value by 58%, while the MSCI All Countries World Index (ACWI) has been up 50% (Google Finance, 2/16/2015). A dollar invested in April 2011 in Peabody, the world’s largest private-sector coal company, would now be worth about 8 cents. Looking forward, Mark Lewis (2014), one of Europe’s leading financial analysts, estimates that if we are to keep global temperatures within the internationally agreed upon target of two degrees Celsius, the coal industry will face losses of $4.9 trillion in the next twenty years. As former SEC Commissioner Bevis Longstreth (2014a) points out, coal is the canary in the coal mine for the carbon bubble, and is likely to suffer financial losses first and most severely because of its replaceability, high carbon content and destructive environmental impacts. A
4. We can do better.
The Intergovernmental Panel on Climate Change and numerous leading economists, engineers, scientists, and academics have published studies showing that it is technically feasible and economically beneficial for society to transition to alternative energy and to phase out coal (Brown, 2009; Deep Decarbonization Pathways Project, 2014; International Energy Agency, 2014; Intergovernmental Panel on Climate Change, 2014; Jacobson & Delucchi, 2011; Lovins, 2011). As these studies point out, by phasing out coal, we can attain widespread societal benefits by preventing environmental and climate change impacts while ensuring robust economic growth and poverty alleviation. Apart from the avoidance of millions of deaths and widespread harm, the positive results would include substantial increases in health benefits, job creation and economic growth coupled with up to $71 trillion in fuel cost savings. Recognizing this, Washington State has committed to phasing out coal-fired electricity, and arguably UW, as a state institution, should align its investments with State policy.

5. The fossil fuel industry is blocking a clean energy future.
The fossil fuel industry spends billions of dollars on misinformation campaigns, lobbying efforts, and corruption of the democratic process in an effort to halt the transition to clean energy. For years, the industry has worked to kill environmental regulation and protect its own profits over the future of people and the planet. Coal companies have undermined scientific understanding and the political process through public relations schemes, bribery, corporate coalitions, lobbying, and think tanks, all to create an illusion that scientific and economic controversy exists around both the imminent dangers posed by climate change and the possibility of a clean energy future. UW can make an important statement that it is no longer willing to contribute to the corruption, lobbying and harm associated with the coal industry.

Both the ASUW and the Graduate and Professional Student Senate have voted in favor of divesting from coal. We also have over 700 signatures on a petition in favor of divestment along with the endorsement of 27 student groups. Students are the ones who will have to live with the effects of climate change and whose future the university is supposed to serve. It is morally suspect and arguably hypocritical for an institution as committed to sustainability as the UW claims to be to continue to invest in an industry that condemns the future of its students and which causes such egregious harm in the present. The student body agrees: we need to stop investing in environmental degradation and climate failure.
7. Working with the Global Climate Change Initiatives.
Our proposed course of action serves as a complement to the University of Washington’s current Global Climate Change Initiatives. By eliminating the most harmful and financially risky carbon assets from our portfolio, we take an important step toward protecting ourselves from the financial losses associated with their potential decline, while making an important ethical statement that we are not willing to finance such a harmful industry. Such a move bolsters our earlier initiatives and furthers the UW’s leadership on this issue. After divesting from coal, it is then possible to utilize the broader Global Climate Change Initiatives in order to engage in shareholder engagement, and screen out oil and gas companies who are not adequately responding to climate change and thus are most at risk from the financial risks surrounding the carbon bubble and other related risk factors.

8. Shareholder Engagement and Divestment.
Many argue that instead of divesting, institutions should retain their investments and take part in shareholder engagement, wielding their rights as shareholders to request information from and change to companies. However, the evidence after many years of engaging with fossil fuel companies on climate change has, to a significant extent, still resulted in fossil fuel companies ignoring the issue, promoting misinformation, attacking clean energy and/or admitting and detailing their plans to push way past the carbon budget (Kramer, 2013). Because of the industry’s intransigence, continuing to give them our money contributes to unnecessary harm while legitimating their harmful actions. Furthermore, the SEC restricts shareholders from engaging with firms on operational issues and limits shareholder engagement to “requesting information and attempting to engender change in corporate policies on related issues, but does not allow shareholders to modify the business model or to engage with firms directly on the problem of keeping [fossil fuel] reserves in the ground” (Goodridge & Jantz, 2013, p. 5). Thus, as former SEC Commissioner Longstreth (2014b) has pointed out, shareholder engagement is adept at making changes at the margin, but not at reconfiguring the core business model of a company, which is what is required if we are to address climate change. Thus Longstreth argues, and we agree, that given the urgency of the issues at hand and the growing harm being done by the coal industry, more powerful measures in the form of divestment are needed in conjunction with shareholder engagement. Indeed, divestment may bolster the efforts of shareholder advocates by the power of divestment highlighting the seriousness of the issue and lending strength to shareholder pleas.

The question of the efficacy of divestment is one of the major points of controversy in the debate around fossil fuel divestment. Many argue that divestment will be ineffective, for if one institution or individual divests another will simply buy up those stocks and divestment will thus be a meaningless gesture. However, such a limited picture of divestment fails to see the forest for the trees, for the impacts of divestment are much broader than just the direct financial impacts, although the direct impacts are arguably not negligible either (cf. Connolly et al., 2014). As Oxford University’s Stranded Assets Programme’s influential report on the potential effects of divestment points out:
Divestment campaigns will probably be at their most effective in triggering a process of stigmatization of fossil fuel companies. We find that even if the direct impacts of divestment outflows are limited in the short term, the campaigns will cause neutral equity and/or debt investors to lower their expectations of fossil fuel companies’ net cash flows in the long term. The process by which uncertainty surrounding the future of fossil fuel industry will increase is through stigmatization. In particular, the fossil fuel divestment campaign will increase legislative uncertainty and potentially also lead to multiples’ compression causing more permanent damage to the companies’ enterprise values (Ansar, Caldecott, & Tilbury, 2013, p. 71).

Institutions and individuals committing to divestment are increasingly drawing attention to the decline of the problematic fossil fuel industry, the implications of the carbon bubble, and the rapid rise in renewable energy. As Nobel Prize-winning economists Robert Shiller and George Akerlof (2009) demonstrate, our economies and financial systems are driven significantly by emotions, psychology and perception. Thus by changing perceptions and sentiments about the future of fossil fuels and clean energy divestment has the potential to shift investor confidence and perceptions and along with significant amounts of capital. Of course, the UW is a relatively small player in the financial world, but as Bloomberg’s Nathaniel Bullard points out, fossil fuel divestment is drawing attention to carbon asset risk and is causing much larger investors to rethink the wisdom of staying invested in fossil fuels (Adler, 2014). By doing so, divesting institutions are arguably playing a major role in influencing the sentiments that guide investments and pushing investments out of the fossil fuel industry and into other sectors of the market, including renewable energy. This shift of investments out of fossil fuels into renewable energy is desperately needed if we are to stave off the worst effects of climate change. As the latest IPCC report highlights, if we are to achieve the two degree target we need to reduce annual investment in fossil fuels by at least $30 billion dollars per year over the coming decades, and increase annual investment in low carbon electricity supply by $147 billion a year (IPCC, 2014, p. 27).

While divestment alone will not solve climate change, it is important to consider that “in almost every divestment campaign... from adult services to Darfur, from tobacco to South Africa, divestment campaigns were successful in lobbying for restrictive legislation affecting stigmatised firms” (Ansar et al., 2013). Similarly, it is important to bear in mind that divestment is a powerful ethical statement which has many indirect and unforeseen impacts which shouldn’t be ignored in our assessment. For instance, NRG, a company which built a leading electricity business from coal and other conventional power plants, recently announced that it is aiming to reduce its carbon emissions 50 percent by 2030 and 90 percent by 2050. NRG’s CEO stated specifically that “if divestment from fossil fuel companies becomes the issue that preoccupies college campuses around America for the next decade,” then he doesn’t “relish the idea that year after year we’re going to be graduating a couple million kids from college, who are going to be American consumers for the next 60 or 70 years, that come out of college with a distaste or disdain for companies like [his]” (Cardwell, 2014).

NRG provides just one of many examples of the potential ripple effects that divestment can have on broader society and illustrates that when we are considering divestment and action on climate change it is important that we do not needlessly limit the scope of our analysis to the direct financial impacts of divestment. Rather, it is important to recognize that divestment might function as a catalyst within the
much broader transformation needed to redefine our social narrative and alter the disastrous trajectory we are on as a society. While we cannot predict the impact of divestment with certainty, when leading institutions like the University of Washington begin to make commitments to a clean energy future and to divestment from a dirty and harmful past, it arguably draws such a future increasingly into the realm of the possible and helps to mobilize broader action towards that goal. The fossil fuel industry clearly recognizes the power of divestment, given its current PR campaign attempting to discredit the movement (cf. Carrington, 2015). Indeed, divestment is already proving to have significant potential to shift the social, financial, economic, political and moral discourse around the future of fossil fuels and clean energy (Douglass, 2014; Supran & Achakulwisut, 2014).

10. Moving Past Excuses of Politicization

It is often argued that divestment is problematic for universities because it politicizes them. While the political ramifications of divestment merit consideration, framing this issue in terms of politicization sidesteps vital ethical questions and instead plays into a strategy underwritten by the fossil fuel industry (which has paid good money to ensure that climate change is indeed politicized). It also ignores the fact that the University of Washington and other universities have used their endowments to weigh in on social issues before, ranging from Apartheid, Sudanese genocide, tobacco, and more, all of which were also highly politicized, deeply moral questions.

Perhaps UW might declare that contrary to these precedents it now sees its endowment as not answerable to moral concerns but simply as a financial resource. If it does so, however, it does not become by fiat an amoral entity. Rather, if our points above are correct, institutions that choose not to divest would simply be making immoral investments that condemn our future, and would be immoral not amoral institutions. The idea that our investments are removed from the scrutiny of moral thought is arguably a perverse economic usurpation of morality, which fails to see that our investments have real implications in the world. After all, if we were invested in child labor or slavery, we wouldn’t become amoral simply by declaring that it is a political issue and that our endowment is simply a financial resource. Our society would be in a worrying place if our institutions of higher education adopted similar lines of thought to avoid the moral implications of its investments.

Thus, the question for universities is not whether divestment is political, but rather whether the ethical concerns are strong enough to merit divestment. In the case of the immense present and future harms imposed by coal, the lobbying, corruption and obstacles the industry poses to a clean energy future, the moral case certainly seems strong enough, especially to the university’s students whose future is at stake and who have voted in favor of divestment. Thus rather than hiding behind the veil of politicization we should realize that it is precisely when powerful interests are attempting to politicize and corrupt an issue as deeply moral as climate change that we need moral leaders to show us the way through the political spin, deception, corruption and foul play obscuring the moral issues at hand. The University of Washington can choose to once again lead.
11. The World Is Moving Ahead of UW.
Beginning in 2011 with just a few campuses, the divestment movement now consists of hundreds of campaigns across the world. Over 400 colleges have active campaigns, and as of September 2014, 180 institutions representing over $50 billion - including universities, philanthropies, religious organizations, pension funds and local governments - have pledged to sell assets tied to fossil fuel companies from their portfolios and to invest in cleaner alternatives. While the UW has regarded itself a leader on sustainability and climate change, the 2015 Global Universities Index, which rates universities on financial climate change risk, ranks the UW 41st and gives us a D rating (meaning that our “climate change risk management is poor”). In contrast, Stanford University and the University of Maine, have committed to divest from coal and 23 other universities have also made fossil fuel divestment commitments. Likewise, 38 cities (including Seattle), 30 foundations and over 70 churches, have all divested. Even the Rockefeller Brothers Fund, whose fortune was built on oil, has divested from all fossil fuels citing both financial and ethical reasons.

In sum, there are multiple reinforcing reasons why the University of Washington should divest from coal. It is an ethical, financially sound, and reputationally savvy decision with strong support from the student body, which can advance the University of Washington’s leadership on climate change and help end the hypocrisy of committing to sustainability on one hand while investing in climate failure, environmental injustice and pollution on the other.

Yours sincerely,

Divest UW
Bibliography:


Divest University of Washington Biographies.

**Sarra Tekola** is a senior studying environmental science and resource management. She is also an undergraduate researcher at the University of Washington.

She has done research on ocean acidification’s effect on pteropods, the trophic cascade caused by the return of wolves in Yellowstone, climate change communication in conservative towns at Purdue University, and carbon cycling in the sediments distributed by the Elwha dam removal. She is a Merck fellow, Mary Gates Scholar, a McNair scholar, and has published her research.

She became involved with the Divest UW campaign when it first started in the spring of 2013. Her motivation to take action on climate stems from having already seen the impacts in the oceans both in the lab and as a scuba diver. More personally her motivation comes her father, a refugee from Ethiopia who had to leave due to the conflict that stemmed from the drought that ravaged the area. Sarra has seen firsthand how climate change can cause massive migrations and create refugees.

Contact: stekola@uw.edu

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Born in Taiwan and raised in Washington, **Angela Feng** is a first generation Taiwanese American, among the first in her family to attend college. As a senior in the Program on the Environment, she will be graduating this spring with a major in environmental studies and a minor in Spanish. She is the recipient of the 2013 Ackerley Learning to Lead Fund Scholarship, as well as the 2014 Program on the Environment Leadership Scholarship.

Throughout her undergraduate career, she has been involved in various environmental organizations, such as the UW Earth Club, the Student Association for Green Environments, and the student group Confronting Climate Change. She currently facilitates a UW seminar on environmental education, where students teach lessons on environmental topics each week in South Park, Seattle. She plans to continue to work in the field of environmental education in the future.

Contact: afeng21@uw.edu
Mary Herman is a senior in the Department of Geography. Mary’s been an active environmentalist since she was 14, implementing recycling and composting programs at her middle and high schools. She later became the president of her high school’s Earth Service Corps where she wrote a number of grants that awarded her school with $50,000 for an automatic composter that processed vast amounts of school lunch waste.

After completing her Associate of Arts degree at Seattle Central Community College, Mary became an AmeriCorps Summer VISTA volunteer in Duvall, Washington where she managed a community food bank garden and Pea Patch in the summer of 2012. Since then, she has been a mentor with Seattle Tilth’s Seattle Youth Garden Works program, which provides at-risk youth with job and education opportunities on an urban farm.

Mary has been involved with Confronting Climate Change since the winter of 2014 and an active participant in the Divest UW campaign. She has honed her degree in geography to focus particularly on environmental issues and their intersections with race, class, and gender. Mary has also become more active in the climate movement in the greater Seattle area, engaging with collectives such as Rising Tide, Seattle 350, and the Coalition for Anti-Racist Whites.

Contact: marylenoreherman@gmail.com

Alex Lenferna was born and raised in Johannesburg, South Africa. He is a first generation South African and his parents and family are from the island nation of Mauritius. Alex is strongly motivated to tackle climate justice issues because of the injustice entailed by the fact that both sub-Saharan Africa and island nations in general are highly vulnerable to the impacts of anthropogenic climate change, despite having contributed relatively little to the problem.

As a Mandela Rhodes scholar, Alex received his MA in Philosophy from Rhodes University in South Africa focusing on global justice, poverty and environmental ethics. Alex is currently a Fulbright scholar and a graduate student in the UW Philosophy Department focusing on the ethics of climate change. Alex has been a climate justice advocate for over 5 years now and has started and led numerous climate justice student groups both in South Africa and the USA. He has been involved in the fossil fuel divestment movement since 2012, has worked with the Seattle City Employees Retirement System to help them consider divestment, and is currently writing a book on the ethics, economics, politics and science behind the fossil fuel divestment movement. Alex is also on the steering committee of Carbon Washington, a non-profit organization dedicated to environmental tax reform in the State of Washington in the form of a revenue neutral carbon tax swap.

Contact: lenferna@uw.edu
ENDORSEMENT FOR DIVESTMENT AT UW  
As of February 12, 2015

Associated Students of the University of Washington (ASUW) Senate

May 28, 2013: ASUW Senate votes 52-20 to support the Global Climate Change Initiatives and encourage the UW to freeze any new direct investment in fossil fuel companies and urges the President and the Board to “find options for investing the endowment in a way that further maximizes the positive impact of the fund by seeking out investments in opportunities to limit the effects of burning fossil fuels or help to mitigate its effects including, but not limited to, clean technology, renewable energy, sustainable companies or projects and sustainable communities.”

January 13, 2015: ASUW Senate votes 59-9 in support of Resolution 4 calling for “the Board of Regents of the University of Washington immediately instruct the UW Treasury to cease all new investments and remove any remaining investments of endowment funds in publicly traded companies whose principal business is the mining of coal for use in energy generation.”

Graduate and Professional Student Senate (GPSS)

June 4, 2014: GPSS votes unanimously in favor of a resolution that “requests that the Board of Regents of the University of Washington immediately instruct the UW Treasury to divest the endowment from direct holdings in oil sands, tar sands, and coal assets.”

The following groups have signed an on-line petition in favor of fossil fuel divestment at the University of Washington:

- 350 Seattle
- African Student Association
- Associated Students of the University of Washington Student Senate (ASUW)
- Black Student Union
- Climate Solutions
- Climbing Team at University of Washington
- EcoReps
- Evans Student Organization, Evans School of Public Affairs
- HIV Awareness and Research Exposed
- International Socialist Organization
- Polynesian Student Alliance
- Residence Hall Student Association (RHSA)
- SEED
- Socialist Alternative
- Society for Ecological Restoration
- Somali Student Association
- Student Association for Green Environments
- Student Food Cooperative
- Sustainability Organization
- United Students Against Sweatshops
- UW Forest Club
- UW Real Food Challenge
- UW Student Farm
- Washington Public Interest Research Group (WashPIRG)
- The Wildlife Society
- Yogis at UW
- Young Democrats

Approximately 700 students have signed onto a petition in favor of fossil fuel divestment at the University of Washington.
The following faculty and staff have signed an on-line petition in favor of fossil fuel divestment at the University of Washington:

Joe Cook – Asst. Professor of Public Affairs, Evans School of Public Affairs
Steven Emerson – Professor, School of Oceanography / Faculty Member, Program on Climate Change
Stephen Gardiner – Professor, Department of Philosophy
Stephanie Gardner- Associate Director of LSAMP, Office of the Minority Affairs & Diversity
Martha Groom – Professor of Ecology and Environmental Studies
Daniel Grosvenor- Research Associate Ph.D, Department of Atmospheric Sciences
Frederica Helmiere – Lecturer, Program on the Environment
Kathryn Kelly – Professor, School of Oceanography
Jason Lambacher – Department of Political Science
Karen Litfin – Associate Professor, Department of Political Science / Teaching Faculty, Program on the Environment
Jamie Mayerfeld – Prof., Political Science/Adj. Prof. of Law, Societies & Justice/Faculty Associate of the Center for Human Rights
Juliet McMains – Associate Professor, Dance Program
Barry Minai- Director of the Instructional Center, Office of Minority Affairs and Diversity
Tamara Myers – Pre-Doctoral Instructor, Comparative History of Ideas
Jim Nicholls – Sr. Lecturer, Department of Architecture
Kristina Straus – Program on the Environment
Joshua Tewksbury – Professor, Department of Biology
LuAnne Thompson – Professor, School of Oceanography
Rob Wood - Professor, Department of Atmospheric Sciences, President of the UW Chapter of the American Association of University Professors

There is currently another faculty and staff petition being circulated in support of coal divestment, which Divest UW will provide an update on in due course.
<table>
<thead>
<tr>
<th>Initiative</th>
<th>Status as of January 16, 2015</th>
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</thead>
</table>
| **1** | Create a research assistant position focusing on alternative energy and “ESG” (environmental, social, and governmental) investment opportunities | Completed:  
✓ Hired January 2014 |
| **2** | Increase alternative energy investments.  
At 6/30/2013, approximately $12 million of the CEF was invested in alternative energy related investments.  
The UW will commit up to an additional $25 million in alternative energy related investments. | Completed:  
✓ 230 funds screened  
✓ Given the limited opportunity of profitable investable alternative fuel investments, the investment team expands their search to include ESG related investments  
✓ 10 Introductory meetings with ESG-related managers  
✓ Conversations with Cambridge Associates  
✓ Calls and meetings with data providers and peer institutions  
✓ January 2015, UW invests $10 million in a global environmental opportunities fund. |
| **3** | Incorporate ESG factors into the investment analysis and decision making process. | Completed:  
✓ Investment Manager Questionnaire includes questions regarding incorporation of ESG in the investment process  
✓ Approximately one third of the managers responding incorporate ESG factors into their investment process  
✓ Investment Office increasing internal discussions and meetings on various ESG topics. |
| **4** | Explore opportunities for shareholder advocacy on climate change (e.g. voting shareholder proxies, co-sponsoring shareholder resolutions, letter writing and joining national organizations). | Completed:  
✓ Voting Shareholder Proxies  
✓ Staff attending CERES and US SIF Sustainable Investment Forum conferences  
✓ Joined US Sustainable Investment Forum  
In Process:  
• Planning to join CERES and Carbon Disclosure Project  
• Preparing to co-file shareholder proposal asking Exxon to adopt goals for reducing total establish greenhouse gas emissions  
• Students and Treasury Office drafting a letter to Exxon regarding carbon asset risk |
| **5** | Establish a framework for future engagement with students. | Completed:  
✓ Two Divest UW Students hired to help with communications between the Treasury Office and the student group, and assist with shareholder engagement  
✓ Monthly meetings student group and Treasury staff |
Fossil Fuel and Climate Change Timeline – December 2012 to Present

- **December 2012**: Students send petition to President Young requesting divestment from fossil fuels.

- **February 2013**: Treasury Office begins a series of meetings with *Divest UW* students.

- **June / July 2013**: Students ask the Regents to divest from fossil fuels and request an open dialogue on the issue during the Public Comment Period at the June and July Board of Regents’ meetings.

- **October 2013**: Investments Office, in conjunction with students from *Divest UW*, present the Global Climate Change Initiatives as an information item to the Board of Regents.

- **November 2013**: Board of Regents adopts proposed climate change initiatives and approves an amendment to the investment policies to permit shareholder advocacy on climate change issues by the CIO.

- **May 2014**: Energized by Stanford’s announcement to divest from coal companies, *Divest UW* students request opportunity to present divestment recommendation targeted at oil sands and coal assets to the Board of Regents.

- **June 2014**: The students amend their proposal to be the same as Stanford University: “The University will not make direct investments of endowment funds in publicly traded companies whose principal business is the mining of coal for use in energy generation.”

- **November 13, 2014**: Students present during public comment period at the November 13 Board of Regents’ meeting and stage a rally before the meeting.

- **January 8, 2015**: Students present during public comment period at the January Board of Regents’ meeting.

- **January 13, 2015**: ASUW voted 59-9 in favor of divestment from coal companies – resolution uses Stanford’s coal company definition. “…cease all new investments and remove any remaining investments of endowment funds in publicly traded companies whose principal business is the mining of coal for use in energy generation.”

- **January 26, 2015**: Regent Harrell, Regent Smith and Regent Brown meet with students.
Portfolio Impact Analysis from Divestment of Coal and All Fossil Fuels

**SUMMARY**: This memo summarizes the potential impact to the University CEF of divestment from direct investments in all fossil fuels and in coal exposure alone.

We estimate divestment of coal used for energy generation (i.e. thermal coal) would cost the CEF approximately $13 million over 20 years. Divestment from all different types of coal would result in a $39 million impact.

Fossil fuel divestment would cost the CEF approximately $250 million over 20 years. Fossil fuels play a critical diversification role that protects the CEF during periods of inflation.

<table>
<thead>
<tr>
<th>Estimated Cost Impact to CEF from Divestment *</th>
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<tbody>
<tr>
<td>Projected impairment due to thermal coal divestment at index weighting</td>
</tr>
<tr>
<td>Annual Cost Impact on Rolling CEF returns from divestment</td>
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<tr>
<td>Cumulative Cost Impact on CEF Market Value over 20 years</td>
</tr>
<tr>
<td>Cumulative Cost Impact on CEF Distributions over 20 years</td>
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* Estimates based on analysis of historical monthly returns of market indices and applied to UW CEF policy portfolio. Source data provided by MSCI, a global provider of stock market indices.
## Response to Divestment by Other College and University Endowments

### Decline to Divest from Fossil Fuel:

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<th>Institution</th>
<th>Private/Public</th>
<th>State/</th>
<th>2014 Endowment ($000s)</th>
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<td>Private</td>
<td>MA</td>
<td>35,883,691</td>
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<td>Yale University</td>
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<td>627,004</td>
</tr>
<tr>
<td>Dalhousie University #</td>
<td>Private</td>
<td>NS</td>
<td>459,475</td>
</tr>
<tr>
<td>Seattle University</td>
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<td>WA</td>
<td>210,600</td>
</tr>
<tr>
<td>Bryant University</td>
<td>Private</td>
<td>RI</td>
<td>172,809</td>
</tr>
<tr>
<td>University of Rhode Island</td>
<td>Public</td>
<td>RI</td>
<td>110,000</td>
</tr>
<tr>
<td>Western Washington University Foundation</td>
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<td>WA</td>
<td>47,233</td>
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</table>

### Decline to Divest from Coal

<table>
<thead>
<tr>
<th>Institution</th>
<th>Private/Public</th>
<th>State/</th>
<th>2014 Endowment ($000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brown University</td>
<td>Private</td>
<td>RI</td>
<td>2,999,749</td>
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### Divest from Coal

<table>
<thead>
<tr>
<th>Institution</th>
<th>Private/Public</th>
<th>State/</th>
<th>2014 Endowment ($000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stanford University</td>
<td>Private</td>
<td>CA</td>
<td>21,446,006</td>
</tr>
<tr>
<td>University of Maine Foundation</td>
<td>Public</td>
<td>ME</td>
<td>189,151</td>
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### Divest 25% of Fossil Fuels

<table>
<thead>
<tr>
<th>Institution</th>
<th>Private/Public</th>
<th>State/</th>
<th>2014 Endowment ($000s)</th>
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</thead>
<tbody>
<tr>
<td>California Institute of the Arts</td>
<td>Private</td>
<td>CA</td>
<td>137,535</td>
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### Divest from Fossil Fuels

<table>
<thead>
<tr>
<th>Institution</th>
<th>Private/Public</th>
<th>State/</th>
<th>2014 Endowment ($000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Dayton</td>
<td>Private</td>
<td>OH</td>
<td>510,107</td>
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<tr>
<td>Peralta Community College</td>
<td>Private</td>
<td>CA</td>
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<tr>
<td>Pitzer College</td>
<td>Private</td>
<td>CA</td>
<td>134,289</td>
</tr>
<tr>
<td>San Francisco State University Foundation</td>
<td>Public</td>
<td>CA</td>
<td>65,385</td>
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<tr>
<td>The University Foundation, Cal. State U., Chico</td>
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<td>CA</td>
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<tr>
<td>College of the Atlantic</td>
<td>Private</td>
<td>ME</td>
<td>46,500</td>
</tr>
<tr>
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<td>MA</td>
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<tr>
<td>Foothill-De Anza Community College</td>
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<td>CA</td>
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<tr>
<td>Humboldt State University Advancement Foundation</td>
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<tr>
<td>Unity College</td>
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<td>ME</td>
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<tr>
<td>Sterling College</td>
<td>Private</td>
<td>KS</td>
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<tr>
<td>Naropa University</td>
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<td>CO</td>
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<tr>
<td>Prescott College</td>
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<td>AZ</td>
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<tr>
<td>Green Mountain College</td>
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<td>VT</td>
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