

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF DIRECTING THE	)	RESOLUTION NO. 16-4721
CHIEF FINANCIAL OFFICER TO ENSURE	)	
THAT METRO CEASES TO INVEST IN	)	Introduced by Councilors Sam Chase and Bob
SECURITIES ISSUED BY ANY FOSSIL FUEL	)	Stacey
COMPANIES LISTED ON THE CARBON	)	
UNDERGROUND 200™ LIST	)	

WHEREAS, the Metro Council has set an ambitious target for internal operations to be sustainable within one generation; and

WHEREAS, the Oregon Legislature has established a goal of reducing greenhouse gas emissions in Oregon to 80 percent below 2008 levels; and

WHEREAS, the 200 fossil fuel companies with the largest reserves of oil, gas and coal still in the ground (as defined by the Carbon Underground 200™ List) will, if those reserves are extracted and burned, release five times more greenhouse gas emissions than scientists agree we can use and still stay below internationally agreed-upon limits for global warming; and

WHEREAS, the future of livability in our region and on the planet for future generations is dependent upon keeping 80% of fossil fuel reserves in the ground and transitioning to non-fossil-fuel energy sources; and

WHEREAS, in response to concern about climate change, more than 500 governments and institutions have divested of more than \$3.4 trillion in fossil fuel assets; and

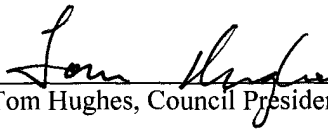
WHEREAS, if governments restrict carbon emissions, companies owning fossil fuel reserves may not be able to extract and sell them resulting in a decline in the value of their securities; and

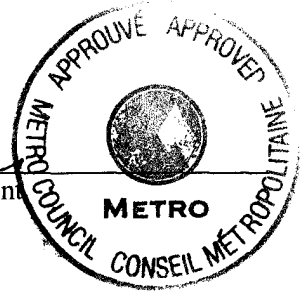
WHEREAS, Metro’s financial policies call for it to ensure the preservation of principal in the overall portfolio and the security of funds and investments; now therefore,

BE IT RESOLVED that the Metro Council:

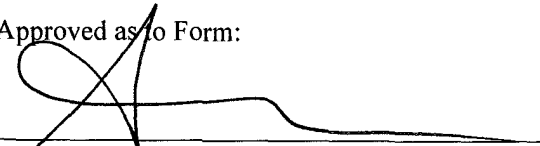
1. Finds that holding the securities of fossil fuel companies in Metro’s portfolio is inconsistent with Metro’s sustainability goals.
2. Directs the Chief Financial Officer to revise Metro’s investment policies to reflect the policy of no direct investment in securities of fossil fuel companies (as listed on the Carbon Underground 200™ List and as updated annually).
3. Urges the Oregon State Treasurer to discontinue holding securities of companies listed in the Carbon Underground 200™ as part of the Oregon State Investment Pool/Local Government Investment Pool, and directs the Chief Operating Officer to communicate the contents of this resolution to the Treasurer.

ADOPTED by the Metro Council this 28 day of JULY 2016.

  
Tom Hughes, Council President



Approved as to Form:

  
Alison R. Kean, Metro Attorney

## STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 16-4721, FOR THE PURPOSE OF DIRECTING THE CHIEF FINANCIAL OFFICE TO ENSURE THAT METRO CEASES TO INVEST IN SECURITIES ISSUED BY ANY FOSSIL FUEL COMPANIES LISTED ON THE CARBON UNDERGROUND 200™ LIST

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Date: July 28, 2016

Prepared by: Ramona Perrault x1941

### BACKGROUND

The Portland metropolitan region has acknowledged the threat of climate change, and as a result, spent years designing and implementing the Climate Smart Strategy to reduce the region's production of greenhouse gasses. In addition, Metro has established strong sustainability goals which influence operating policies agency-wide. Holding securities of fossil fuels companies in Metro's portfolio is inconsistent with the agency's own sustainability policies and the region's efforts to address climate change.

As average temperatures in the Pacific Northwest continue to rise, jurisdictions in Oregon, such as Multnomah County and the cities of Ashland, Corvallis, Eugene, and Portland, have joined hundreds of other governments in formally divesting of fossil fuel assets.

In January 2016, Councilors Bob Stacey and Sam Chase requested the Metro Investment Advisory Board consider this fossil fuel divestment policy. The Board expressed concern that adopting a policy limiting Metro's investments could harm long-term returns and opens the possibility of additional interest groups attempting to further limit Metro's investment options. However, Councilors Stacey and Chase believe the real danger of climate change outweighs the hypothetical risks of harming Metro's long term returns or limiting Metro's investment options.

While Resolution No. 16-4721 will not affect Metro's current portfolio, because Metro does not currently invest in the companies currently on the Carbon Underground 200™ list (see attachment), it will add Metro to the many others who are publically declaring we will not invest in these companies that put our climate at risk.

### ANALYSIS/INFORMATION

1. **Known Opposition** Metro Investment Advisory Board
2. **Legal Antecedents** none
3. **Anticipated Effects** Metro does not currently invest in any of the companies on the Carbon Underground 200™ list; therefore, there will be no immediate effects of this resolution.
4. **Budget Impacts** Because Metro does not currently invest in any of the companies on the Carbon Underground 200™, Metro's revenue portfolio should remain unchanged.

### RECOMMENDED ACTION

Councilors Stacey and Chase recommend their colleagues support this resolution.

2015 Rank	Coal Companies	Coal Gt CO <sub>2</sub>	2015 Rank	Oil and Gas Companies	Oil Gt CO <sub>2</sub>	Gas Gt CO <sub>2</sub>	Total O&G Gt CO <sub>2</sub>
1	Coal India	57.722	1	Gazprom	6.749	37.166	43.915
2	China Shenhua	36.807	2	Rosneft	10.666	2.558	13.224
3	Adani	25.383	3	PetroChina	4.790	3.801	8.591
4	Shanxi Coking	18.445	4	ExxonMobil	4.307	3.916	8.223
5	Anglo American	13.488	5	Lukoil	5.699	1.288	6.988
6	BHP Billiton	12.351	6	BP	4.214	2.506	6.719
7	Yitai Coal	12.223	7	Petrobras	4.707	0.724	5.432
8	Datang Intl	12.206	8	Royal Dutch Shell	2.229	2.315	4.544
9	China Coal	12.103	9	Chevron	2.485	1.588	4.073
10	Peabody Energy	11.484	10	Novatek	0.497	3.356	3.853
11	Glencore Xstrata	10.698	11	Total	2.002	1.800	3.802
12	Datong Coal	10.281	12	ConocoPhillips	1.687	1.111	2.798
13	Yanzhou Coal	9.788	13	Tatneft	2.556	0.064	2.620
14	DEH	9.339	14	ONGC	1.594	0.862	2.457
15	Exxaro	8.793	15	ENI	1.366	0.990	2.356
16	Yangquan Coal	7.298	16	Statoil	0.981	1.004	1.985
17	Mechel	6.739	17	Sinopec	1.340	0.381	1.722
18	Arch Coal	6.513	18	CNOOC	1.175	0.373	1.548
19	Alpha Natural Resources	5.458	19	Occidental	1.024	0.303	1.327
20	EVRAZ	4.855	20	BG Group	0.533	0.588	1.122
21	Mitsubishi	4.738	21	Canadian Natural Resources	0.788	0.208	0.995
22	Vale	4.401	22	Anadarko Petroleum	0.482	0.502	0.984
23	Raspads kaya	4.084	23	Apache	0.569	0.400	0.969
24	Rio Tinto	3.696	24	Chesapeake Energy	0.269	0.639	0.909
25	Asia Resource	3.181	25	Inpex	0.541	0.367	0.908
26	Rusal	3.081	26	Bashneft	0.892	0.000	0.892
27	Neyveli Lignite	3.035	27	Devon Energy	0.381	0.507	0.889
28	Pingdingshan	3.023	28	BHP Billiton	0.333	0.521	0.854
29	Cloud Peak	2.753	29	Repsol	0.271	0.551	0.823
30	Sasol	2.731	30	Ecopetrol	0.607	0.167	0.774
31	Tata Steel	2.709	31	EOG Resources	0.497	0.275	0.772
32	AGL	2.704	32	Suncor Energy	0.713	0.003	0.715
33	Teck	2.603	33	Marathon Oil	0.538	0.146	0.683
34	Severstal	2.577	34	Hess	0.457	0.108	0.565
35	Coalspur	2.545	35	Imperial Oil	0.527	0.025	0.552
36	Kuzbass Fuel	2.504	36	Encana	0.081	0.467	0.548
37	Polyus Gold	2.294	37	Noble Energy	0.173	0.318	0.490
38	Energy Ventures	2.184	38	BASF	0.134	0.348	0.483
39	Whitehaven Coal	2.055	39	EQT	0.037	0.412	0.449
40	Banpu	2.040	40	Range Resources	0.134	0.309	0.443
41	Bayan	1.957	41	Continental Resources	0.312	0.113	0.426
42	RWE	1.943	42	OMV	0.269	0.151	0.420
43	Consol Energy	1.887	43	Antero Resources	0.042	0.368	0.410
44	WHSP	1.851	44	KazMunaiGas EP	0.382	0.018	0.400
45	Westmoreland	1.835	45	YPF	0.250	0.139	0.389
46	Resource Generation	1.818	46	Southwestern Energy	0.000	0.380	0.380
47	Churchill Mining	1.745	47	Cenovus Energy	0.326	0.048	0.374
48	NTPC	1.740	48	Linn Energy	0.199	0.164	0.364
49	Adaro	1.607	49	Woodside Petroleum	0.049	0.311	0.360
50	Nacco	1.557	50	Husky Energy	0.215	0.128	0.343

51	Idemitsu Kosan	1.530	51	PTT	0.106	0.211	0.317
52	ARLP	1.468	52	Consol Energy	0.000	0.312	0.312
53	Huolinhe Opencut	1.387	53	Pioneer Natural Resources	0.198	0.104	0.302
54	Golden Energy	1.354	54	Cabot Oil & Gas	0.011	0.289	0.300
55	Mitsui & Co	1.344	55	WPX Energy	0.072	0.203	0.275
56	CoAL	1.339	56	SK Innovation	0.263	0.000	0.263
57	NLMK	1.288	57	Whiting Petroleum	0.219	0.025	0.244
58	Tata Power	1.062	58	Murphy Oil	0.179	0.063	0.242
59	MMK OJSC	1.046	59	QEP Resources	0.094	0.139	0.233
60	Wesfarmers	1.011	60	Newfield Exploration	0.134	0.090	0.223
61	Kazakhmys	0.998	61	Dragon Oil	0.159	0.043	0.202
62	New World Resources	0.972	62	Sasol	0.115	0.085	0.201
63	MMC	0.903	63	Ultra Petroleum	0.014	0.186	0.200
64	Itochu	0.878	64	Santos	0.027	0.167	0.195
65	Cockatoo	0.800	65	Concho Resources	0.130	0.064	0.194
66	Shanxi Meijin Energy	0.784	66	Denbury Resources	0.164	0.027	0.190
67	Jizhong Energy	0.742	67	Freeport-McMoRan	0.152	0.031	0.183
68	Bandanna	0.731	68	Maersk Group	0.174	0.000	0.174
69	Polo Resources	0.726	69	MEG Energy	0.173	0.000	0.173
70	Allete	0.723	70	SandRidge Energy	0.081	0.076	0.157
71	CLP Holdings	0.696	71	Crescent Point Energy	0.146	0.011	0.157
72	Aspire	0.670	72	GDF SUEZ	0.044	0.111	0.155
73	Marubeni	0.568	73	Pacific Rubiales Energy	0.124	0.030	0.154
74	China Resources	0.567	74	SM Energy	0.084	0.065	0.148
75	Walter Energy	0.556	75	JX Holdings	0.146	0.000	0.146
76	Coal Energy	0.503	76	Cimarex Energy	0.074	0.070	0.144
77	Indika	0.485	77	Mitsui & Co	0.048	0.095	0.142
78	Arcelor Mittal	0.464	78	Penn West Petroleum	0.100	0.036	0.137
79	FirstEnergy	0.458	79	Polish Oil & Gas	0.033	0.100	0.132
80	Black Hills	0.431	80	MOL	0.076	0.055	0.131
81	Wescoal	0.430	81	Energen	0.088	0.039	0.128
82	Grupo Mexico	0.420	82	TAQA	0.066	0.057	0.123
83	ARM	0.383	83	Oil Search	0.026	0.088	0.114
84	Shanxi Coal	0.376	84	Oil India	0.062	0.051	0.113
85	Capital Power	0.367	85	ARC Resources	0.046	0.066	0.112
86	PTT	0.359	86	Genel Energy	0.107	0.000	0.107
87	Shanxi Lanhua Sci-Tech	0.338	87	Canadian Oil Sands	0.102	0.000	0.102
88	Fortune	0.328	88	Energy XXI	0.076	0.020	0.096
89	Cardero	0.323	89	PDC Energy	0.055	0.040	0.095
90	Zhengzhou Coal	0.319	90	Oasis Petroleum	0.084	0.010	0.094
91	SAIL	0.307	91	Tourmaline Oil	0.014	0.079	0.093
92	JSPL	0.301	92	Rosetta Resources	0.056	0.037	0.093
93	Shougang Fushan	0.299	93	RWE	0.030	0.063	0.093
94	Jingyuan	0.297	94	National Fuel Gas	0.018	0.071	0.088
95	Stanmore	0.287	95	Peyto E&D	0.008	0.079	0.088
96	Prophecy Coal	0.272	96	Xcite Energy	0.086	0.001	0.088
97	Cliffs Natural Resources	0.247	97	Tullow Oil	0.077	0.010	0.087
98	James River	0.195	98	Energi Mega Persada	0.016	0.069	0.085
99	CESC	0.185	99	Breitburn Energy Partners	0.053	0.028	0.081
100	Alcoa	0.180	100	Enerplus	0.043	0.037	0.080