Attorney General Kwame Raoul
Office of the Attorney General
100 West Randolph Street
Chicago, IL 60601

Dear Attorney General Raoul—

The Board of Trustees of the University of Chicago, as fiduciary of a non-profit educational institution, is bound by the laws of Illinois to promote the well-being of UChicago's students and community and to further the University's commitment to educational excellence. UChicago's mission is, in part, "to produce a caliber of teaching and research that regularly leads to advances in fields such as medicine, biology, physics, economics, critical theory, and public policy."[1]

Under the Illinois Uniform Prudent Management of Institutional Funds Act (ILUPMIFA), the Board of Trustees has a fiduciary duty to invest with consideration for the University's charitable purposes — a duty that distinguishes non-profit institutions from other investors. It may be problematic, then, that the Board of Trustees has invested a portion of the University's 10.3 billion dollar endowment in the fossil fuel industry—damaging the world's natural systems, disproportionately harming youth, low-income people, and communities of color, and imperiling the University's financial and physical condition. In the midst of the climate crisis, powerful institutions must take responsibility for their contributions to global warming. As concerned students, faculty, and civic groups, we ask that you investigate this conduct and use your enforcement powers to bring the Board's investment practices into compliance with its fiduciary obligations.

Illinois law provides rules that charitable managers and investors must follow in managing institutional funds. As stewards of the UChicago endowment, the Board of Trustees is required to act in good faith and with loyalty, taking care that its investments further the purposes of the University. The Board of Trustees may not seek profit at any cost: the privileges that the University enjoys as a non-profit institution come with the responsibility to ensure that its resources are put to socially beneficial ends. By investing an estimated 206 million dollars[2] in fossil fuel stocks, the Board of Trustees is in violation of these duties to UChicago and the public.

The values that should guide the Board of Trustees' investments are clear. The University's ethos centers on "the fearless pursuit of truth,"[3] while the University's Office of Sustainability is "constantly evaluating options to achieve more aggressive energy and emissions goals…due to the increasingly urgent threat of global climate change."[4]And yet, despite the demonstrable financial and social benefits of institutional fossil fuel divestment, the Board of

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[1] Our Mission, The University of Chicago Facilities Services (last visited Sep. 10, 2023).
[2] See Section I *infra*.
[3] Why UChicago, The University of Chicago College (last visited Sep. 12, 2023).
[4] Energy, The University of Chicago Office of Sustainability (last visited Sep. 12, 2023).

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Trustees continues to provide financial support for an industry whose business model inexorably leads to environmental destruction and social injustice.

It is now widely recognized that climate change is an existential threat to humanity and our environment. In addition to sea level rise, extreme weather events, and species die-off, climate change causes injuries to all members of society, and particularly to the most vulnerable. Pollution from the combustion of fossil fuels results in an estimated 10,000 premature deaths daily. Communities of color disproportionately suffer pollution and health burdens from fossil fuel extraction and combustion. Low-income people bear the brunt of climate-based economic dislocation, as illustrated by the plight of climate migrants and refugees already forced from their homes by drought, flooding, and social conflict. Indigenous communities are regularly invaded and harmed by the spread of fossil fuel infrastructure. And, as a result of the economic precarity and increased burden of care work that results from climate disruptions, women suffer more serious detriments.

The need to limit such outcomes is obvious for any institution that calls itself a charity. Yet the Board of Trustees has repeatedly refused to apply UChicago's values to its investment activity. From managers of an institution of higher education, this conduct is especially galling. More than any other, the fearless and rigorous pursuit of truth[5] for its own sake[6] underpin this university's identity. Fossil fuel companies have long engaged in a well-documented campaign to undermine climate science and distort public debate about how to deal with the climate crisis. The industry's spread of scientific misinformation and funding of questionable research undermines the work of faculty and students who are designing solutions for a sustainable future. Likewise, the flow of fossil fuel money to politicians and think tanks has diverted or delayed serious government action to address the climate crisis, placing a special burden on young people whose futures will be most impacted by these investments. Even as the University sets and pursues ambitious climate goals in its own operations,[7] the Board channels funds to an industry committed to winning short-term profits at the expense of the public good.

A similar inversion of values underlies the Board of Trustees' funding of climate degradation despite its duty to protect UChicago's physical property. Climate change impacts such as higher temperatures, extreme rainfall, mental health challenges, and other sources of disruption are likely to pose serious threats to University land, buildings, and operations in the coming decades. Administrators may be forced to retrofit facilities and manage infrastructure disruptions. Instead of facilitating such injuries, the Board of Trustees should be doing everything in its power to prevent them.

The Board of Trustees is bound by an additional legal duty: the requirement to manage UChicago's assets with prudence. Prudent investment practice cannot be squared with the long-term ownership of fossil fuel assets. Investment in the oil, gas, and coal sectors has become excessively risky thanks to increasingly cost-competitive alternative technologies, increased government regulation, and the fossil fuel industry's own failure to diversify its operations. Fossil fuel stocks have performed significantly worse than market averages over the last ten

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[5] Why UChicago, The University of Chicago College (last visited Sep. 12, 2023).
[6] Our History & Culture, The University of Chicago College (last visited Sep. 12, 2023).
[7] The Office of Sustainability, Greenhouse Gas Emissions Reduction Plan at 3, The University of Chicago (2022).

years. The oil industry has suffered from a decade of lost value, and recently elevated commodity prices for oil and gas have not made up for this long-term poor performance. The domestic coal sector has nearly collapsed, and natural gas likewise stands to lose much of its value as cheaper and more sustainable energy sources become more readily available. For any prudent investor, these signs clearly indicate that continued long-term investment in fossil fuels is a losing proposition.

Exacerbating the industry's poor financial performance is a well-documented pattern of alleged fraud. Fossil fuel companies such as ExxonMobil have allegedly misled investors by concealing the anticipated impact of climate change and energy regulation on the value of assets such as untapped oil reserves. Despite its legal duty to exercise care and prudence in avoiding dangerous securities, however, the Board of Trustees continues to invest in the fossil fuel sector.

The Board cannot plead ignorance of its duty to divest. For years, University of Chicago students and faculty have pushed for investment practices that align with the University's mission. In recent years, the UChicago Student Government has passed a resolution calling for fossil fuel divestment, a position endorsed by a majority in a student referendum. Repeated rallies, reports, and requests for negotiation have alerted the Board of Trustees to its fiduciary responsibility.

Divestment from fossil fuels is a defensive measure designed to protect institutional investors from the risks associated with climate change. This means avoiding speculative strategies and instead prioritizing the long-term value of the fund. Especially when alternatives exist that can deliver comparable returns without comparable climate risk exposure, institutional investors' mandate to maximize returns and minimize risk makes investment in fossil fuels both risky and unnecessary.

It is too late for the Board of Trustees to deny the relation between its investments and climate change. Its obligations under Illinois law and its own governing documents are clear, and fossil fuel investment is incompatible with those obligations.

We have included below a fuller description of the Board's violations, along with documents and reports supporting the claims made in this complaint. We would appreciate the opportunity to have members of our group meet with your staff to discuss legal avenues to address this matter.

Sincerely,

Concerned students, faculty, staff, scientists, and civic groups (listed on the pages that follow):

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Divest UChicago

University of Chicago Faculty & Staff*
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Yali Amit, Professor, Department of Statistics

External Organizations

350.org

Atlantic Coast Conference Climate Justice Coalition

Berkeley ASUC Eco Office

Better Future Project

Campus Climate Network

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Catholic Divestment Network

Climate Justice at Boston College

Divest Princeton

Drexel Community for Justice

End Fossil International

Fossil Free Penn

Fossil Free Pitt Coalition

Fossil Free UC Davis

Fossil Fuel Divest Harvard

Fridays for Future US

Fridays for Future US

Green Action WashU

Green Faith

GreenFaith

GreenFaith United States

Justice Coalition

MIT Divest

Penn State Eco-Action

Protecting Our Waters

Seeding Sovereignty

Stand.earth

Students for Environmental Concerns UIUC

Sunrise Brown

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Sunrise Columbia

Sunrise NYU

SUSTAIN the Mag

Temple Climate Action

Third Act Educators

TIAA Divest

Tuesdays for Trash

Tufts Climate Action

UCSC Climate Coalition

University of California Green New Deal Coalition

Youth Climate Finance Alliance

Active Minds UChicago

Care About Climate

Care Not Cops, UChicago

Dirt Red Brass Band, UChicago

Environmental Justice Task Force, UChicago

Ethics Bowl, UChicago

Indigenous Students Association, UChicago

National Lawyers Guild (NLG), UChicago

Organization of Latin American Students, UChicago

Phoenix Farms, UChicago

Phoenix Survivors Alliance, UChicago

Phoenix Sustainability Initiative, UChicago

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Students for Justice in Palestine, UChicago

The Organization of LGBTQ+ Students, UChicago

The Ransom Notes, UChicago

The Triple Helix, UChicago

UChicago Aag

UChicago Against Displacement

UChicago Environmental Alliance

University of Chicago College Democrats

Women in Neuroscience, UChicago

Prepared with assistance from attorneys at Climate Defense Project.

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SUPPORTING DOCUMENTATION

Table of Contents

I. The Trustees' violation of Illinois law

The University of Chicago Board of Trustees is the governing body of the University of Chicago, a charitable corporation founded in 1890 and organized under Illinois law and Section 501(c)(3) of the Internal Revenue Service Code. The Board is responsible "for the proper management of the educational, fiscal, and other affairs of said corporation, and for the care and investment of all moneys and property, belonging to it, or given or intrusted to the said corporation for educational or other purposes."[8] One of the corporation's stated purposes is "to receive, hold, invest, and disburse all moneys and property, or the income thereof, which may be vested in or intrusted to care of the said corporation, whether by gift, grant, bequest, devise, or otherwise, for educational purposes; to act as trustee for persons desiring to give or provide moneys or property, or the income thereof, for any one or more of the departments of said University, and for any of the objects aforesaid, or for any educational purpose."[9] The Board is thus entrusted with advancing the University's mission "to produce a caliber of teaching and research that regularly leads to advances in fields such as medicine, biology, physics, economics, critical theory, and public policy."[10]

- Continued investment in fossil fuels by the Board ***violates the fiduciary duties spelled out in the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA)***.
    - UPMIFA states that, "Subject to the intent of a donor expressed in a gift instrument, an institution, in managing and investing an institutional fund, shall consider the charitable purposes of the institution and the purposes of the institutional fund."[11] The model UPMIFA drafting committee describes consideration of "charitable purposes" as a "fundamental duty,"[12] and this requirement distinguishes charitable investors like the Board from other entities such as pension funds.
    - UPMIFA further requires that, "In addition to complying with the duty of loyalty imposed by law other than this Act, each person responsible for managing and investing an institutional fund shall manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances."[13]
    - UPMIFA lists several factors that must be considered in managing and investing an institutional fund, including: "general economic conditions . . . the role that each investment or course of action plays within the overall investment portfolio of the fund . . . the expected total return from income and the appreciation of investments . . . [and] an asset's special relationship or special value, if any, to the charitable purposes of the institution."[14]

[8] Restated Articles of Incorporation of the University of Chicago, Art. 3, The University of Chicago Board of Trustees (May 6, 2022).
[9] *Id.* at Art. 4.
[10] Our Mission, The University of Chicago Facilities Services (last visited Sept. 10, 2023).
[11] 760 ILCS 51/3(a).
[12] National Conference of Commissioners on Uniform State Laws, Uniform Prudent Management of Institutional Funds Act, with Prefatory Notes and Comments at 15 (2006).
[13] 760 ILCS 51/3(b).
[14] 760 ILCS 51/3(e)(1).

  - Although the directors of charitable institutions may delegate investment authority to an external agent, such delegation does not suspend the duty of the directors to "act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances" in overseeing their delegated agent.[15]
- The Board has ***failed to consider the charitable purposes of the institution and the purposes of the institutional fund*** by financially supporting the degradation of the climate, widespread damage to ecological and human health, and massive injuries to environmental and social equity. The duty to consider the charitable purposes for which UChicago was established distinguishes the Board from other investors, imposing a special legal responsibility to screen assets for their possible interference with the university's goals. Yet the outcomes of the Board's fossil fuel investments are directly contrary to UChicago's mission.
- The well-known scientific misinformation campaigns of the fossil fuel industry likewise contravene UChicago's commitment "to the fearless pursuit of truth"[16] and "free and open debate."[17]As such, continued investment in fossil fuel holdings ***violates the Board's duty to consider an asset's special relationship or special value, if any, to the charitable purposes of the institution.***
- The Board has ***violated its duty of loyalty*** to the UChicago community by funding activity that directly imperils the lives and prospects of young people and that poses a physical threat to University property, thus failing to act in the best interests of the institution. The Board has also violated their duty of loyalty by indulging conflicts of interest with the fossil fuel industry, maintaining personal, professional, and financial ties to oil, gas, and coal companies even as these companies harm the University of Chicago.
- The Board has ***violated its duty to act in good faith*** by ignoring the warnings of students, faculty, alumni, and regulators that investments in fossil fuel companies are immoral, financially risky, and based on fraudulent information; and by spurning efforts by campus groups to push the University's investment practices toward a more consistent and sustainable approach.
- The Board has ***violated its duty of care*** by investing the University's endowment in financially risky and volatile fossil fuel stocks, which have underperformed the broader market for a ten-year period and face a decidedly negative long-term outlook. This violation is exacerbated by the Board's failure to follow the lead of peer institutions who, in a like position under similar circumstances, have recognized the prudence of divestment.
- Former Securities and Exchange commissioner Bevis Longstreth, whose scholarship on non-profit investment helped inform the drafting of the original UPMIFA, has called for the application of the prudence standard to the threats of climate change. As Longstreth writes, the risks posed by fossil fuel investments are so serious that institutional investors will be hard-pressed to justify continued holdings in the industry: "The prudence standard of the Act can easily support a decision not to continue to hold or invest in fossil fuel companies. The risks and rewards now offered by such securities are asymmetric, in the sense that the foreseeable rewards are not likely to be equal to the foreseeable risks. The

[15] 760 ILCS 51/5(a).
[16] Why UChicago, The University of Chicago College (last visited Sep. 12, 2023).
[17] What we value, The University of Chicago (last visited Sep. 10, 2023).

risk that, at some unknown and unknowable, yet highly likely, point in the future, markets will begin to adjust the equity price of fossil fuel company securities downward to reflect the swiftly changing future prospects of those companies, is as serious as it is immense. Moreover, the possibility of that adjustment being a swift one is also a serious risk. A decision to linger in an investment with such an overhanging risk, and expect to time one's exit before the danger is recognized in the market, is a strategy hard to fit within the concept of prudence."[18]

    - Mr. Longstreth has more recently observed that in light of these risks, "the fossil-fuel industry's business model is now so misaligned with scientific and financial reality that betting on these companies… is not just misguided. It is negligently wrong as a matter of law."[19]

- In a report analyzing fiduciary duties owed by public pension funds, the Center for International Environmental Law concludes that "climate change should be considered an independent risk variable when making investment decisions, and it will trigger the obligations of pension fund fiduciaries . . . If pension fund fiduciaries do not take the financial risks posed by climate change seriously, they may be subject to liability. A failure to properly consider climate change as a risk factor could result in lawsuits under various theories of liability for breaches of fiduciary duties."[20]
    - The report identifies four categories of risk to the value of fossil fuel assets: 1) impact risk (the risk of loss due to the physical effects of global warming, such as sea level rise and wildfires); 2) carbon asset risk (the risk that fossil fuel reserves will never be exploited and remain unprofitable; 3) transition risk (the risk that regulation and the growth of renewable energy will render fossil fuel products too expensive for or unappealing to consumers); and 4) litigation risk (the risk of financial penalties from lawsuits and other legal actions, such as the Attorney General of Massachusetts' action against ExxonMobil).
    - As a result of these risks, the report concludes that fossil fuel investments may violate the fiduciary duties of inquiry, monitoring, loyalty, diversification, impartiality, and acting with reasonable care. The report concludes that "[t]he cleanest and simplest way to avoid climate vulnerability in a portfolio is to divest or, at minimum, dramatically reduce exposure to fossil fuel and other highly climate-vulnerable holdings."[21]
- UChicago has never confirmed the value of its holdings in fossil fuel companies; however, publicly available data from other prominent research universities and peer schools suggest the University has hundreds of millions of dollars invested in the industry. Harvard, whose endowment in FY 2022 was 50.1 billion dollars,[22] disclosed in February 2021 that its investments in fossil fuels made up less than two percent of its total portfolio, down from eleven percent in 2008.[23] Rutgers University, at the time it released its divestment announcement, disclosed in its

[18] Bevis Longstreth, Outline of Possible Interpretative Release by States' Attorneys General Under The Uniform Prudent Management of Institutional Funds Act (Jan. 26, 2016).
[19] Bevis Longstreth & Connor Chung, Finance Must Combat Climate Change – or Else, Project Syndicate (Nov. 9, 2021).
[20] Trillion Dollar Transformation at 1-2, Center for International Environmental Law (Dec. 2016).
[21] *Id.* at 5-7, 12-17, 19.
[22] Endowment, Harvard University (last visited Sept. 12, 2023).
[23] Climate Report at 2, Harvard Management Company (Feb. 2021).

divestment announcement that it had "approximately five percent" of its portfolio invested in fossil fuels.[24] Using the low end of the ranges from Harvard and Rutgers, two percent of UChicago's $10.3 billion endowment invested in fossil fuels puts the conservative estimate at 206 million dollars. The real value may be much higher.

II. UChicago's social and environmental commitments

In addition to their general duties to the public as managers of a charity, the Board is legally bound to uphold the particular *charitable purposes* and values of the University of Chicago, which include commitments to social justice and environmental well-being.

- The University's Articles of Incorporation lay out the general roles of the standing committees of the Board of Trustees: "To oversee the operation, administration and performance of the University's investment assets and portfolio to ensure proper stewardship of invested funds in support of the University's mission."[25]
- The University's mission is "to produce a caliber of teaching and research that regularly leads to advances in fields such as medicine, biology, physics, economics, critical theory, and public policy."[26]
    - Diversity and open expression are also core components of the University's mission and identity. The website states that "we believe in the power and protection of free speech. It fosters an unfettered exchange of ideas, forces us to re-examine our assumptions, and opens the door to original ideas. An education with free and open debate empowers students to grapple with challenging ideas."[27]
    - Further, "new knowledge cannot be formed when we're hindered by old ways of thinking. By cultivating a wide range of thoughts from our peers, students, and the communities where we live and work, we are better able to bring forth ideas that change the world."[28]
- The 1967 Report on the University's Role in Political and Social Action, colloquially known as the "Kalven Report," defines the University's commitment to institutional neutrality. It recommended "a heavy presumption against the university taking collective action or expressing opinions on the political and social issues of the day, or modifying its corporate activities to foster social or political values, however compelling and appealing they may be."[29] However, in times where there exists a threat to "the very mission of the university and its values of free inquiry," then "it becomes the obligation of the university as an institution to oppose such measures and actively to defend its

[24] Rutgers to Divest From Fossil Fuels, Rutgers University (last visited Feb. 13, 2022).
[25] Bylaws of the University of Chicago at 6, The University of Chicago Board of Trustees, Art. III (May 6, 2022).
[26] Our Mission, The University of Chicago Facilities Services (last visited Sept. 10, 2023).
[27] What we value, The University of Chicago (last visited Sept. 10, 2023).
[28] *Id.*
[29] Harry Kalven Jr., John Hope Franklin, George Stigler, Jacob Getzels, Julian Goldsmith, & Gilbert F. White, Report on the University's Role in Political and Social Action at 2, Kalven Committee, The University of Chicago (Nov. 11, 1967).

interests and its values." "In the exceptional instance, these corporate activities of the university may appear so incompatible with paramount social values as to require careful assessment of the consequences."[30]

- President Paul Alivisatos has characterized "the dual and often conflicting goals of confronting climate change and the need for inexpensive and reliable energy to advance incomes [as] the defining challenge of the 21st century."[31]
- The University of Chicago has committed to various climate and sustainability outcomes:
  - Through the University of Chicago Greenhouse Gas Emission Reduction Plan (FY 2018 - FY 2025), the University aims to "reduce its greenhouse gas emissions by 20% [compared to 2018 levels] by 2025," primarily targeting building energy efficiency.[32]
  - In April of 2022, the University replaced its 2018 plan with a new goal to reduce total emissions by 50% from 2022 levels by 2030.[33] President Paul Alivisatos said of the plan: "Climate change is one of the greatest challenges of our times, and the University of Chicago is committed to making a positive impact on this complex problem. Taking action to cut the University's greenhouse gas emissions in half by 2030 is one of the ways we are applying the expertise of our community to build a more sustainable future."[34]
  - Specifically, "high performance buildings are a top priority for Facilities Services and the Office of Sustainability. To address these impacts, the University integrated significant sustainability requirements into the (FS)² Facilities Services Facility Standards, ensuring that sustainability is a top priority for all campus buildings. The University requires LEED (Leadership in Energy and Environmental Design) Silver certification for all new construction projects on campus greater than $5 million USD in construction costs."[35]
- The Office of Civic Engagement emphasizes that "at UChicago, civic engagement is an institution-wide commitment that draws upon our strength as an economic anchor and on the power of education, research, and innovation to create real, lasting impact and opportunity, in Chicago and beyond."[36]
- The University has launched several academic and research initiatives to study and solve environmental and climate problems:
  - The Energy and Environment Lab "partners with civic and community leaders to identify, rigorously evaluate, and help scale programs and policies that reduce pollution, conserve limited natural resources, and improve environmental outcomes, while ensuring access to reliable and affordable energy."[37]
  - The Energy Policy Institute at the University of Chicago, whose mission is "to

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[30] *Id.* at 2.
[31] S. Allesina, J. de Pablo, D. Chakrabarty, M. Greenstone, K. Ito, S. Kidwell, C. Leunz, Y.S. Meng, D. Weisach, & D. Willet, A Report on Future Academic Directions on Climate and Energy, University of Chicago Faculty Committee (Mar. 1, 2022).
[32] The Office of Sustainability, Greenhouse Gas Emissions Reduction Plan at 3, The University of Chicago (2018).
[33] The Office of Sustainability, Greenhouse Gas Emissions Reduction Plan at 3, The University of Chicago (2022).
[34] 2022-2030 Greenhouse Gas Emissions Reduction Plan, The University of Chicago Office of Sustainability (last visited Aug. 7, 2023).
[35] High Performance Buildings, The University of Chicago Office of Sustainability (last visited Aug. 10, 2023).
[36] About Us, The University of Chicago Civic Engagement (last visited Aug. 10, 2023).
[37] Energy and Environment Lab, UChicago Urban Labs (last visited Aug. 10, 2023).

confront the global energy challenge by ensuring Energy Markets provide access to reliable, affordable energy needed for growth, while limiting emissions that cause Climate Change and damages to the Environment."[38]

- The Committee on Environment, Geography, and Urbanization (CEGU) focuses on "the societal and spatial dimensions of climate change, biodiversity loss, and other kinds of environmental transformation."[39]
  - Its mission is "to prepare [its] students to understand and influence the social conditions that have produced current and imminent planetary environmental emergencies."[40] CEGU undertakes "a radical rethinking of inherited frameworks of knowledge in this pluri-disciplinary field… It is in this spirit that CEGU seeks to contribute to the development of a community of scholars, teachers, and students dedicated to the urgent tasks of deciphering contemporary environmental emergencies and, on this basis, confronting the challenges of forging a more equitable, livable, and hopeful planetary future."[41]
- The Abrams Environmental Law Clinic "attempts to solve some of the most pressing environmental problems throughout Chicago, the State of Illinois, and the Great Lakes region. On behalf of clients, the clinic challenges those who pollute illegally, fights for stricter permits, advocates for changes to regulations and laws, holds environmental agencies accountable, and develops innovative approaches for improving the environment."[42]
- The mission of the Catalyst Design for Decarbonization Center—funded by the US Department of Energy—is to develop new chemical catalysts for the clean energy transition. It hopes this research will advance "the adoption of radically new approaches for producing chemicals and storing electric power harvested from the wind and sun."[43]

III. The scientific reality and risks of climate change

The current and future effects of climate change jeopardize the physical integrity of Chicago-area infrastructure and the safety of UChicago students, faculty, and staff, undermining the Trustees' *charitable purposes*. By investing in companies disproportionately responsible for the climate crisis, the Trustees expose the UChicago community to severe injury, thus failing to act in UChicago's best interests and violating the *duty of loyalty*.

- Statistically significant, historically unprecedented, and potentially irreversible changes are taking place in the Earth's oceans, atmosphere, and biosphere. These changes are collectively known as climate change. Such changes are "unequivocally" the result of human activities — primarily carbon dioxide emissions resulting from extraction and combustion of fossil fuels including but not limited to coal, oil, and gas — according to

[38] Homepage, Energy Policy Institute at the University of Chicago (last visited Aug. 10, 2023).
[39] Homepage, CEGU (last visited Aug. 11, 2023).
[40] About, CEGU (last visited Aug. 11, 2023).
[41] *Id.*
[42] Abrams Environmental Law Clinic, The University of Chicago Law School (last visited Aug. 11, 2023).
[43] About, Catalyst Design for Decarbonization Center (last visited Sep. 1, 2023).

the Sixth Assessment Report Summary for Policymakers by the Intergovernmental Panel on Climate Change (IPCC), the leading global authority responsible for synthesizing and producing much of the scientific research on climate change across the globe.[44]

- The International Energy Agency has found that a moratorium on investment in new oil and gas fields and coal mines is necessary for the world to reach the goal of the international climate accord known as the Paris Agreement, *i.e.*, net-zero carbon dioxide emissions by 2050.[45]
- A small number of fossil fuel producers have been disproportionately responsible for greenhouse gas emissions since the Industrial Revolution: twenty companies account for nearly thirty percent of all emissions between 1751 and 2010.[46] A 2017 report by the Carbon Disclosure Project found that seventy-one percent of all global greenhouse gas emissions since 1988 "can be traced to just 100 fossil fuel producers."[47]
- There is a near-linear relationship between the cumulative amount of carbon dioxide emitted and the amount of global warming it causes.[48] Every one-half degree Celsius of further warming results in discernible increases in the intensity and frequency of temperature and precipitation extremes and agricultural and ecological drought events in some regions.[49]
- As a result of human-caused warming, climate change is already affecting every inhabited region across the globe, leading to observed changes in weather and climate extremes.[50]
- The Fourth National Climate Assessment, released in 2018 by thirteen federal agencies comprising the U.S. Global Change Research Program (USGCRP), noted that "[t]he impacts of climate change are already being felt in communities across the country. More frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems, and social systems that provide essential benefits to communities. Future climate change is expected to further disrupt many areas of life, exacerbating existing challenges to prosperity posed by aging and deteriorating infrastructure, stressed ecosystems, and economic inequality."[51] The USGRCP report concluded that, as a result of climate change, "annual losses in some economic sectors are projected to reach hundreds of billions of dollars by the end of the century — more than the current gross domestic product . . . of many U.S. states."[52]

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[44] *See* Summary for Policymakers at 7, *in* Climate Change 2021: The Physical Science Basis, Working Group I Contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (Aug. 2021).
[45] International Energy Agency, Net Zero by 2050 at 99 (May 2021); United Nations, Paris Agreement, Article 4 (2015).
[46] Richard Heede, Tracing anthropogenic carbon dioxide and methane emissions to fossil fuel and cement producers, 1854–2010, 122 Climatic Change 229, 234 (2014). These companies include Chevron, ExxonMobil, BP, Shell, ConocoPhillips, and Peabody. *Id.* at 237.
[47] New report shows just 100 companies are source of over 70% of emissions, Carbon Disclosure Project (July 10, 2017).
[48] Summary for Policymakers, *supra* at note 44, at 37.
[49] *Id.* at 19.
[50] *Id.* at 10.
[51] Fourth National Climate Assessment, Vol. II at 25, U.S. Global Change Research Program (Mar. 2021).
[52] *Id.* at 26.

- Continued global warming is projected to further intensify the global water cycle, including the severity of wet and dry events.[53] Many changes due to past and future greenhouse gas emissions are irreversible for centuries to millennia, especially changes in the ocean, ice sheets, and global sea level.[54]
- Global warming will exceed two degrees Celsius by the end of this century unless drastic reductions in carbon dioxide and other greenhouse gas emissions occur in the coming decades.[55] To limit warming, cumulative carbon dioxide emissions must reach net zero, along with strong reductions in other greenhouse gasses.[56]
- The global mean water level in the ocean rose by 0.14 inches (3.6 millimeters) per year from 2006-2015, which was 2.5 times the average rate of 0.06 inches (1.4 millimeters) per year throughout most of the twentieth century. By the end of the century, global mean sea level is likely to rise at least one foot (0.3 meters) above 2000 levels, even if greenhouse gas emissions follow a relatively low pathway in coming decades.[57]
- According to the Environmental Protection Agency, climate change effects in Illinois will include: increasing precipitation; more frequent flooding; changes in Great Lakes ice cover, which will affect shipping seasons; and more frequent hot days, which will reduce corn harvests and threaten human health.[58]
- Chicago is predicted to experience an increasing number of dangerous heat days. According to the Fourth National Climate Assessment, Chicago is expected to see up to sixty days with temperatures over 100 degrees Fahrenheit by the end of the century.[59]
- The increased frequency of intense storms and floods is an existential threat to the health of the Ohio River, the Mississippi River, and Lake Michigan — all of which are crucial for Illinois residents.
    - The Great Lakes are projected to warm three to seven degrees Fahrenheit in the next 65 years.[60] The elevated temperatures will provide a more hospitable environment for invasive species and toxic algal blooms, which harm tourism, human health, and ecosystem health.[61]
    - The risk of algal blooms is exacerbated by an increase in severe storms and resulting runoff, which can introduce fecal matter and other contaminants into waterways.[62] In cities with outdated sewer systems, a rapid influx of water can lead to CSOs, or Combined Sewer Overflows, which introduce raw sewage to rivers and streams. The city of Chicago is uniquely vulnerable to these events: Cook County sees more flood claims than any other Illinois county.[63]

[53] *Id.* at 25.
[54] *Id.* at 28.
[55] *Id.*
[56] *Id.* at 36.
[57] Rebecca Lindsey, Climate Change: Global Sea Level, Climate.gov (Aug. 14, 2020).
[58] What Climate Change Means for Illinois, United States Environmental Protection Agency (Aug. 2016).
[59] Fourth National Climate Assessment,, *supra* at note 51, at 21.
[60] *Id.*
[61] *Id.*
[62] Donald Wuebbles, James Angel, Karen Petersen, & Maria Lemke, An Assessment of the Impacts of Climate Change in Illinois, Nature Conservancy of Illinois (Apr. 2021).
[63] *Id.*

IV. The societal effects of climate change and fossil fuel extraction

Mounting evidence demonstrates that fossil fuel investments create disproportionate burdens on people of color, Indigenous communities, low-income communities, and children. Fossil fuel investments also harm the public health and property of Illinois residents, including those in the UChicago community, violating the Board's duties to consider UChicago's charitable purpose to act with loyalty toward its community and property.

- Climate change heavily impacts so-called frontline communities, including communities of color and Indigenous communities, with their disproportionate exposure to air pollution, sea level rise, drought, and other consequences of climate change.[64] In general, those who have contributed the least to the climate crisis by virtue of their economic position stand to suffer the most from dislocation and natural disasters caused by increased warming.
    - Climate change exacerbates racial inequality by focusing health and economic injuries on people of color, who tend to have fewer economic resources to adjust to rising temperature and tend to receive less government assistance to deal with emergencies.[65]
    - According to a study from the Program for Environmental and Regional Equity at the University of Southern California, racial minorities will disproportionately suffer from an inability to pay for basic necessities and from decreased job prospects in sectors such as agriculture and tourism as the climate crisis accelerates.[66]
    - According to the United Nations, "[c]limate change exacerbates the difficulties already faced by Indigenous communities, including political and economic marginalization, loss of land and resources, human rights violations, discrimination and unemployment."[67] Indigenous communities are also vulnerable to climate change impacts because of the enduring legacy of colonialism, forced relocations, the loss of cultural practices, and other harms, which create health burdens.[68]

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[64] The Geography of Climate Justice, Mary Robinson Foundation (last visited Feb. 10, 2021).
[65] Steven Hiseh, People of Color Are Already Getting Hit the Hardest by Climate Change, The Nation *(*Apr. 22, 2014); Office of Health Equity's Climate Change and Health Equity Program, Racism Increases Vulnerability to Health Impacts of Climate Change, California Department of Public Health (Aug. 17, 2020).
[66] Rachel Morello Frosch, Manuel Pastor, Jim Sadd, & Seth Shonkoff, The Climate Gap: Inequalities in How Climate Change Hurts Americans & How to Close the Gap at 5, University of Southern California Program on Environmental and Regional Equity (May 2009).
[67] United Nations Department of Economic and Social Affairs — Indigenous Peoples, Climate Change (last visited Oct. 5, 2021).
[68] Jantarasami, L.C., *et al.*, Chapter 15: Tribes and Indigenous Peoples at 582, in Impacts, Risks, and Adaptation in the United States: Fourth National Climate Assessment, Volume II, U.S. Global Change Research Program (2018) ("A number of health risks are higher among Indigenous populations due in part to historic and contemporary social, political, and economic factors that can affect conditions of daily life and limit resources and opportunities for leading a healthy life. Many Indigenous peoples still experience historical trauma associated with colonization, removal from their homelands, and loss of their traditional ways of life, and this has been identified as a contributor to contemporary physical and mental health impacts. Other factors include institutional racism, living and working circumstances that increase exposure to health threats, and limited access to healthcare services. Though local trends may differ across the country, in general, Indigenous peoples have disproportionately higher rates of asthma, cardiovascular disease, Alzheimer's disease or dementia, diabetes, and obesity. These health disparities have direct

    - Throughout the world, migration due to climate change has increased in recent years and is anticipated to increase further as many areas of the globe become inhospitable to agriculture and human habitation, leading to political and social instability.[69]
- In September 2021, The Lancet published a Comment co-signed and co-published by the editors of more than 200 leading medical journals worldwide.[70] The authors noted that "[h]ealth institutions have already divested more than $42 billion of assets from fossil fuels" and urged others to join them, since "[t]he greatest threat to global public health is the continued failure of world leaders to keep the global temperature rise below 1.5°C and to restore nature."[71]
- According to a 2013 study co-authored by Denise Leonore Mauzerall, Professor of Environmental Engineering and International Affairs at Princeton, climate change modulates surface concentrations of fine particulate matter (PM2.5) and ozone (O3), leading to increased air pollution.[72] Exposure to this air pollution could increase annual premature deaths by more than 100,000 adults worldwide.[73] Illinois receives about eighteen percent of its energy from coal power plants,[74] contributing to ground level ozone and particulate matter. In the greater Chicago region, high ozone has the potential to impact over 140,000 children and over 670,000 adults who have been diagnosed with asthma and more than 510,000 people who have been diagnosed with Chronic Obstructive Pulmonary Disease.[75]
- Children bear especially heavy burdens from the impacts of climate change and fossil fuel extraction.
    - According to UNICEF, one billion children live at extreme risk of climate and environmental hazards, shocks, and stresses.[76] The United States ranks among the countries in which children face at least five major climate and environmental shocks (extremely high category).[77]
    - Children are more vulnerable than adults to extreme weather. They are less able to regulate their body temperature during heat waves,[78] breathe at twice the adult rate,[79] and are at crucial stages of brain and organ development.[80] Exposure to

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linkages to increased vulnerability to climate change impacts, including changes in the pollen season and allergenicity, air quality, and extreme weather events. For example, diabetes prevalence within federally recognized tribes is about twice that of the general U.S. population. People with diabetes are more sensitive to extreme heat and air pollution, and physical health impacts can also influence mental health.").

[69] Michael Werz & Laura Conley, Climate Change, Migration, and Conflict: Addressing complex crisis scenarios in the 21st century, at 3-5, 12-14, Center for American Progress (Jan. 2012).

[70] Lukoye Atwoli, *et al.*, Call for emergency action to limit global temperature increases, restore biodiversity, and protect health, 398 (10304) The Lancet 939 (2021).

[71] *Id.*

[72] Yuanyuan Fang, *et al.*, Impacts of 21st century climate change on global air pollution-related premature mortality, 121(2) Climatic Change 239 (2013).

[73] *Id.*

[74] Illinois- State Energy Profile Analysis, U.S. Energy Information Administration (EIA) (Nov. 18, 2021).

[75] Donald Wuebbles, James Angel, Karen Petersen, & Maria Lemke, An Assessment of the Impacts of Climate Change in Illinois, Nature Conservancy of Illinois (Apr. 2021).

[76] UNICEF, The climate crisis is a child rights crisis: Introducing the Children's Climate Risk Index (Aug. 2021).

[77] *Id.* at 80.

[78] *Id.* at 110.

[79] *Id*.

[80] *Id*. at 20.

toxins has more potential to harm their cognitive ability and lung capacity,[81] and they suffer these deficits their entire lives. Climate change-caused disasters, air pollution extremes, and environmental degradation also disrupt education, and excessive heat interferes with learning capacity.[82]
    - UNICEF concludes that "the climate crisis affects or will affect all children, everywhere, in often significant, life-changing ways, throughout their lives" and "undermines the effective enjoyment of the rights enshrined in the Convention on the Rights of the Child."[83]
- Increases in temperature and precipitation will lengthen mosquito season in Illinois. Illinois consistently sees higher rates of West Nile Virus than other U.S. states. Cases of WNV increase with higher temperatures.[84] Cook County is forecasted as being moderately suitable for the A. *aegypti* mosquito, which is very efficient at transmitting potentially fatal vector-borne diseases such as the Zika virus and dengue.[85]
- Climate change will also impact agriculture, energy, transportation infrastructure, property, and tourism in Illinois.
    - Impacts on agriculture include drought, flooding, and more-intense storms.
        - Extended periods with limited or no rainfall will be detrimental to crop yield, and Illinois's recent history indicates just how much damage can occur under drought conditions. After an exceptional period of drought in 2012, corn production in Illinois fell thirty-four percent compared to 2011.[86] Going forward, the state's agricultural sector will likely sustain more losses if droughts become more intense, as predicted by climate models.
        - Agriculture and forestry in the region are projected to become increasingly vulnerable to damage by increased flooding due to heavy precipitation.[87] After heavy rains in 2019, millions of acres of farmland in Illinois were left unseeded, greatly reducing that year's crop harvest and threatening farmers' livelihoods.[88]
    - As storms and extreme temperatures increase in severity, Illinois's energy infrastructure will be at increased risk of damage. This infrastructure includes power lines and pipelines that distribute electricity and gas, as well as facilities that store fuels and generate electricity. Floods, thunderstorms, and extreme cold already cause $122 million, $58 million, and $7 million in annual damages to Illinois's infrastructure, respectively.[89] All three of these conditions are projected to increase in frequency according to climate models.
    - Extreme heat detrimentally affects public health and safety.

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[81] *Id*.
[82] *Id.* at 110; Joshua Goodman, Michael Hurwitz, Jisung Park, & Jonathan Smith, Heat and Learning, National Bureau of Economic Research (May 2018).
[83] *Id*.
[84] Donald Wuebbles, James Angel, Karen Petersen, & Maria Lemke, An Assessment of the Impacts of Climate Change in Illinois, Nature Conservancy of Illinois (Apr. 2021).
[85] *Id.* at 119.
[86] David Pitt, Final 2012 Drought Report Shows Corn Harvest Took Hardest Hit, The Washington Post (Jan. 14, 2013).
[87] *Id.*
[88] Illinois farmers give up on planting after floods — and throw a party, CNBC Agriculture (June 16, 2019).
[89] State of Illinois Energy Sector Risk Profile, U.S. Department of Energy (last visited July 6, 2022).

- Heat-related health emergencies will likely increase across the state in response to the increase in the number of very hot days. Among the most vulnerable are the elderly, outdoor laborers, those without access to air conditioning, and people with medical conditions or mental illness.[90] In Chicago, the urban heat island effect will make it harder for residents to cool down during hot spells.[91]
- In the Midwest region, under higher warming scenarios, "extreme heat is projected to result in losses in labor and associated losses in economic revenue up to $9.8 billion per year in 2050 and rising to thirty-three billion dollars per year in 2090 (in 2015 dollars)."[92]
- The medical costs from these emergencies are likely to be over two million dollars per year, not including additional costs from lost income and other consequences of pain.[93]

- Finally, climate change causes an increase in the frequency of pandemics such as COVID-19: according to the Intergovernmental Platform on Biodiversity and Ecosystem Services, climate change will "cause substantial future pandemic risks and other localized disease emergence."[94] A paper published in The New England Journal of Medicine concludes that the climate crisis exacerbates the effects of COVID-19, as high heat, wildfire smoke, and high pollen counts amplify underlying conditions such as pulmonary disease, and as emergency responses to events such as hurricanes and fires reduce the ability to mitigate COVID-19 spread. These effects are felt particularly by the most vulnerable communities.[95]

V. The failure of fossil fuel companies to address climate risks

The fossil fuel industry remains resolutely committed to a business model that produces and exacerbates climate change, and to the suppression of nonviolent protest. Investments that promote this activity directly contravene UChicago's *charitable purposes.*

- Fossil fuel companies knew about the connection between their products and climate change decades before the general public, "as early as the 1950s and no later than 1968."[96]

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[90] Wuebbles, *et al.*, *supra* at note 62, at 110.
[91] *Id.* at 112.
[92] Fourth National Climate Assessment, *supra* at note 51, at 21.
[93] *Id.* at 36.
[94] Intergovernmental Platform on Biodiversity and Ecosystem Services, IPBES Workshop on Biodiversity and Pandemics: Workshop Report (Oct. 29, 2020).
[95] Renee N. Salas, James M. Shultz, & Caren G. Solomon, The Climate Crisis and Covid-19 — A Major Threat to the Pandemic Response, New Eng. J. Med. (2020).
[96] Brief of Amici Curiae Robert Brulle, Center for Climate Integrity, Justin Farrell, Benjamin Franta, Stephan Lewandowsky, Naomi Oreskes, and Geoffrey Supran in Support of Appellees and Affirmance, County of San Mateo v. Chevron Corporation, et al., County of Imperial Beach v. Chevron Corporation, et al., County of Marin v. Chevron Corporation, et al., County of Santa Cruz, et al., v. Chevron Corporation, et al., Nos. 18-15499, 18-15502, 18-15503, 18-16376 at 2 (9th Cir. 2019).

- Coal industry publications suggested as early as 1966 that the combustion of fossil fuels could cause "vast changes in the climates of the earth."[97] By 1968, the American Petroleum Institute, an industry trade group, was familiar with a study concluding that the burning of fossil fuels was likely to create significant environmental consequences.[98]
    - As early as 1977, Exxon scientists had privately concluded that "there is general scientific agreement that the most likely manner in which mankind is influencing the global climate is through carbon dioxide release from the burning of fossil fuels."[99]
    - Shell internally reached similar conclusions by at least the 1980s,[100] as did Mobil (then separate from Exxon).[101] By the 1980s, major fossil fuel companies had "internally acknowledged that climate change was real, it was caused by fossil fuel consumption, and it would have significant impacts on the environment and human health."[102]
- A 2017 report by the Carbon Disclosure Project found that seventy-one percent of all global greenhouse gas emissions since 1988 "can be traced to just 100 fossil fuel producers."[103]
- The fossil fuel industry has consistently refused to participate in the transition to renewable energy.
    - According to the International Energy Agency, just one percent of the fossil fuel industry's cash spending, proportionally speaking, was devoted to low-carbon energy in 2022.[104]
    - Numerous independent analyses have found no evidence that the industry is meaningfully aligned with net-zero goals.
        - A 2023 report by major climate data disclosure clearinghouse CDP found that the "oil and gas sector has made almost no progress towards the Paris Agreement goals since 2021."[105]
        - According to the March 2023 company-level benchmark from investor consortium Climate Action 100+, no evaluated fossil fuel company is in meaningful alignment with a Paris-aligned pathway.[106]
        - A 2022 report by climate research group Oil Change International concluded that "the climate promises of major U.S. and European oil and

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[97] Elan Young, Exxon knew -- and so did coal, Grist (Nov. 29, 2019).
[98] Oliver Milman, Oil industry knew of 'serious' climate concerns more than 45 years ago, The Guardian (Apr. 13, 2016).
[99] Shannon Hall, Exxon Knew about Climate Change almost 40 years ago, Sci. Am. (Oct. 26, 2015).
[100] John H. Cushman Jr., Shell Knew Fossil Fuels Created Climate Change Risks Back in 1980s, Internal Documents Show, Inside Climate News (Apr. 5, 2018).
[101] Nicholas Kusnetz, Exxon Turns to Academia to Try to Discredit Harvard Research, Inside Climate News (Oct. 20, 2020).
[102] Brief of Amici Curiae Robert Brulle, *et al.*, *supra* at note 96, at 15.
[103] New report shows just 100 companies are source of over 70% of emissions, Carbon Disclosure Project (July 2017).
[104] World Energy Investment 2023, International Energy Agency (May 2023).
[105] Research reveals no oil and gas companies have plans in place to phase out fossil fuels, CDP (Jun. 29, 2023).
[106] Net Zero Company Benchmark, Climate Action 100+ (2023).

gas companies still fail to meet the bare minimum for alignment with the Paris Agreement."[107]

    - Financial think tank Carbon Tracker found in a 2022 analysis that most fossil fuel companies remain far away from Paris alignment, with even the best climate plans containing significant loopholes and credibility gaps.[108]
    - A 2022 peer-reviewed academic study found that none of the most prominent European or American oil and gas majors have financial strategies to back up their climate rhetoric.[109]
    - A study by the London School of Economics found that no fossil fuel major had carbon-reduction plans that were Paris-compliant as of October 2020.[110]
    - The American Petroleum Institute has asserted that the oil industry remains essential to the American economy and promised to resist President Biden's climate agenda.[111]

- Individual fossil fuel companies, for their part, also continue to bet on long-term fossil fuel reliance.
  - In 2023, BP abandoned its (already insufficient) commitment to reduce carbon emissions thirty-five to forty percent by 2030 and increased gas production targets.[112]
  - In 2023, Shell increased its investment targets for fossil fuels and dropped plans to expand investment in renewables.[113] Several leading executives from Shell's renewable energy sectors recently quit in response to the company's lackluster efforts to decarbonize.[114] The company is actively fighting a ruling by a Dutch court compelling it to adopt a science-based decarbonization plan.[115]
  - ExxonMobil is spending $21 million per day on capital expenditures misaligned with a net-zero pathway — projects that analysts have termed "carbon bombs."[116] In 2023, Exxon abandoned its biofuels research, which it had long used as evidence of its climate commitments.[117]
  - In 2021, Chevron's CEO confirmed that "the company prefers to return money to its shareholders rather than use it to invest in solar and wind power projects," and

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[107] David Tong, Big Oil Reality Check, Oil Change International (May 24, 2022).
[108] Mike Coffin & May O'Connor, Absolute Impact: Why Oil and Gas Companies Need Credible Plans to Meet Climate Targets, CarbonTracker (May 12, 2022).
[109] Mei Li, *et al.*, The clean energy claims of BP, Chevron, ExxonMobil and Shell: A mismatch between discourse, actions and investments, PLoS ONE 17(2) (2022).
[110] Anjli Raval, Big fossil fuel groups all failing climate goals, study shows, Financial Times (Oct. 6, 2020).
[111] Nicholas Kusnetz, American Petroleum Institute Chief Promises to Fight Biden and the Democrats on Drilling, Tax Policy, Inside Climate News (Jan. 14, 2021).
[112] Evan Halper & Aaron Gregg, BP dials back climate pledge amid soaring oil profits, Washington Post (Feb. 3, 2022).
[113] Lottie Limb, Shell joins BP and Total in U-turning on climate pledges 'to reward shareholders', EuroNews (June 15, 2023).
[114] Anjli Raval & Leslie Hook, Shell Executives Quit Amid Discord Over Green Push, Financial Times (Dec. 8, 2020).
[115] Shell filed appeal against landmark Dutch climate ruling, Reuters (Mar. 29, 2022).
[116] Damien Carrington & Mathew Taylor, Revealed: the 'carbon bombs' set to trigger catastrophic climate breakdown, The Guardian (May 11, 2022).
[117] Kate Yoder, Why are BP, Shell, and Exxon suddenly backing off their climate promises?, Grist (Feb. 16, 2023).

suggested that shareholders concerned about emissions "plant trees" instead.[118] In 2022, Chevron announced a significant expansion of its capital expenditures on fossil fuels.[119]
    - In 2023, ConocoPhillips won approval for Willow, a massive drilling project that "has the potential to produce 180,000 barrels of oil per day."[120]
- Shareholder engagement has not been an effective tactic for changing the industry's core business model. Recent attempts by shareholders to persuade fossil fuel companies to address climate risks have mostly failed.
    - The Interfaith Center on Corporate Responsibility found that "150 requests from various responsible shareholders asking fossil fuel companies to evaluate financial risk from climate change regulation [between 1992 and 2015] were ignored or met with a dismissive reply," with leaders of companies including ExxonMobil and Shell explicitly stating their intentions to continue producing fossil fuels without interruption.[121]
    - Shareholder engagement group As You Sow noted in a 2018 report that, although oil and gas companies are disproportionate targets of shareholders' attempts to engage and intervene, these companies have been singularly unresponsive to requests to reduce greenhouse gas emissions.[122]
    - A Cambridge University report found in 2021 that "[b]y any threshold one could devise as to the efficacy of a tactic for action on climate change and other social and environmental issues, it would be difficult to deem shareholder engagement a success."[123]
    - Even the most aggressive active ownership strategy to date — Engine No. 1's 2021 proxy fight for Exxon — "has not made a discernible difference in the way Exxon is addressing climate change."[124]
    - Financial industry standard-setters have suggested that if an institution wishes to practice shareholder engagement, best practice requires that this be in addition to — not in place of — a fossil fuel divestment plan.[125] This is because shareholder engagement, at least by itself, is not an adequate tool for addressing climate risk: "While the tactic has proven itself viable in changing business practices, there's

[118] Chevron would rather pay dividends than invest in wind and solar -CEO, Reuters (Sept. 15, 2021).
[119] Sabrina Valle, UPDATE 3-Chevron raises 2023 project spending budget to $17 bln, Reuters (Dec. 7, 2022).
[120] Joe Hernandez, The Biden administration approves the controversial Willow drilling project in Alaska, NPR (March 13, 2022).
[121] Taavi Tillmann, Jonny Currie, Alistair Wardrobe, & David McCoy, Fossil fuel companies and climate change: the case for divestment, 350 Brit. Med. J. (June 2015).
[122] 2020: A Clear Vision for Paris-Compliant Shareholder Engagement, As You Sow (Sept. 2018). The report urges fiduciaries to divest from the oil and gas sector so as to "protect their beneficiaries" if the companies do not adopt Paris-compliant plans by the close of the 2020 proxy season. *Id.* at 25. That deadline has now passed without any meaningful change of course by the industry. Raval, Big fossil fuel groups all failing, *supra* at note 110.
[123] Ellen Quigley, Emily Bugden, & Anthony Odgers, Divestment: Advantages and Disadvantages for the University of Cambridge (2021).
[124] Andrew Ross Sorkin, *et al.*, Reassessing the Board Fight That Was Meant to Transform Exxon, The New York Times (May 31, 2023). *See also* Tom Sanzillo, Months after tumultuous ExxonMobil annual meeting, no substantial change expected, IEEFA (Aug. 6, 2021).
[125] For instance, the Science Based Target Initiative's draft standards for fossil fuel finance note that an asset manager must be willing to phase out holdings in companies "unable or unwilling to follow a 1.5°C transition within a pre-defined timeframe." Fossil Fuel Finance Position Paper (Consultation Draft) at 3, Science Based Targets Initiative (June 2023).

little precedent of it successfully changing business models…. When the business model is the primary source of risk, an engagement-only strategy is the wrong tool for the job."[126]

  - The Church of England recently announced plans to divest its remaining shares in oil and gas majors after years of failed progress on shareholder engagement. In its announcement, a Church official said, "There is a significant misalignment between the long term interests of our pension fund and continued investment in companies seeking short term profit maximisation at the expense of the ambition needed to achieve the goals of the Paris Agreement."[127]

- In 2018, Harvard's Corporation Committee on Shareholder Responsibility voted to abstain on a shareholder proposal asking Chevron for a report on paths to decarbonization. The committee's reasoning was that "such a shift in strategy is properly a business decision for the company rather than a matter for shareholder input," and that "when considering company strategy on a core question of this kind, shareholders might prefer to invest in companies pursuing a strategy they favor (such as pursuing renewable energy opportunities), rather than pressuring one to move away from a core business in which it has long been involved."[128]
- Fossil fuel companies continue to undermine climate-friendly policymaking.
  - In the three years following the Paris Agreement, the five largest public fossil fuel companies "invested over $1 [billion] of shareholder funds on misleading climate-related branding and lobbying."[129]
  - Each year, "the world's five largest publicly owned oil and gas companies spend approximately $200 million on lobbying designed to control, delay or block binding climate-motivated policy."[130]
  - In 2018, the fossil fuel industry spent nearly $100 million to stymie three proposed climate initiatives in Western states: a carbon emissions fee in Washington, restrictions on hydraulic fracturing in Colorado, and improved renewable energy standards in Arizona.[131]
- As a 2013 article by environmental sociologists explained: "[a]lthough many factors have contributed to the failure to enact strong international and national climate change policies… a powerful and sustained effort to deny the reality and significance of human-induced climate change has been a key factor."[132]
- Finally, the fossil fuel industry has engaged in a sustained effort to silence climate protesters and increase the severity of criminal punishment for their activities.
  - Since 2017, the industry has pushed for the passage of numerous "critical infrastructure" bills in U.S. state legislatures, thirteen of which have become

[126] Joshua Doh & Connor Chung, Divesting, Engaging, and the Problem with Fossil Fuels, ESGClarity (Mar. 16, 2022).
[127] Church of England Pensions Board disinvests from Shell and remaining oil and gas holdings, The Church of England (June 22, 2023).
[128] Annual Report 2017-2018 at 15, Harvard University Corporation Committee on Shareholder Responsibility (last visited Mar. 8, 2021).
[129] Big Oil's Real Agenda on Climate Change, InfluenceMap (Mar. 2019).
[130] Niall McCarthy, Oil and Gas Giants Spend Millions Lobbying to Block Climate Change Policies, Forbes (Mar. 25, 2019). BP spends approximately $53 million, Shell $49 million, and ExxonMobil $29 million per year. *Id.*
[131] Amy Harder, With deep pockets, energy industry notches big midterm wins, Axios (Nov. 7, 2018).
[132] Shaun W. Elsasser & Riley E. Dunlap, Leading Voices in the Conservative Choir: Conservative Columnists' Dismissal of Global Warming and Denigration of Climate Science, 57(6) Am. Behav. Scientist 754, 755 (2013).

law.[133] Many of the bills are similar or identical to model legislation authored by the corporate lobbying group American Legislative Exchange Council, and at least three were accompanied by political contributions from oil and gas companies to the bills' sponsors.[134]

- A recent report found that sixty percent of U.S. oil and gas infrastructure is located in states that have enacted critical infrastructure laws.[135]
- A wide range of commentators have criticized critical infrastructure laws as unnecessary, vague, and overly punitive, and some have been challenged in court as unconstitutional.[136]

○ The industry has also used lawsuits and subpoenas to accuse environmental advocates of defamation, racketeering, and other crimes, to label advocates as terrorists, and to chill advocacy targeting the industry's activities.[137]

○ There is mounting evidence of collusion between fossil fuel companies, local police departments, and private security firms hired by fossil fuel companies in suppressing climate protest using heavy-handed tactics.

- In response to protests at the Standing Rock reservation against Energy Transfer Partners' Dakota Access pipeline in 2016 and 2017, Energy Transfer Partners hired TigerSwan, a military contractor with experience in Iraq and Afghanistan. In collaboration with local police, TigerSwan used legally questionable tactics against protesters, including digital surveillance.[138] Water cannons, tear gas, and rubber bullets were also used, resulting in hundreds of injuries.[139] Energy Transfer Partners also retained TigerSwan to respond to vandalism targeting the Dakota Access pipeline in Iowa in 2017, using scare tactics, residential surveillance, and the hiring of locals to pursue suspects in a wide-ranging operation that swept in dozens of people.[140] A multi-part reporting series by the investigative

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[133] Institute for Policy Studies, Muzzling Dissent: How Corporate Influence Over Politics Has Fueled Anti-Protest Laws (Oct. 2020). The states in which bills have passed into law are Indiana, Kentucky, Louisiana, Mississippi, Missouri, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Texas, West Virginia, and Wisconsin. US Protest Law Tracker, International Center for Not-for-Profit Law (last visited Feb. 10, 2021).

[134] New Report Details Impact of Secretive American Legislative Exchange Council on Communities of Color, Center for Constitutional Rights (Dec. 23, 2019); Gabrielle Cochette & Basav Sen, Muzzling Dissent: How Corporate Influence Over Politics Has Fueled Anti-Protest Laws at 8-9, Institute for Policy Studies (Oct. 2020).

[135] Dollars vs. Democracy: Inside the Fossil Fuel Industry's Playbook to Suppress Protest and Dissent in the United States, Greenpeace (2023).

[136] Nicholas Kusnetz, More States Crack Down on Pipeline Protesters, Including Supporters Who Aren't Even on the Scene, Inside Climate News (Mar. 28, 2019); Susie Cagle, 'Protesters as terrorists': growing number of states turn anti-pipeline activism into a crime, The Guardian (July 8, 2019).

[137] *See, e.g.*, Amal Ahmed, Energy Transfer Partners Files Lawsuit Against Greenpeace, Texas Monthly (Dec. 15, 2017); Exxon's Campaign of Intimidation against Climate Defenders Ushers in a New McCarthy Era, EarthRights International (Dec. 21, 2016); Green Group Holdings v. Schaeffer: Defense of Environmental Protesters Against Defamation Lawsuit, American Civil Liberties Union (Feb. 7, 2017). A national coalition of civil rights organizations called Protect the Protest tracks and opposes these tactics.

[138] Antonia Juhasz, Paramilitary security tracked and targeted DAPL opponents as 'jihadists,' docs show, Grist (Jun. 1, 2017).

[139] Alleen Brown, Medics Describe How Police Sprayed Standing Rock Demonstrators with Tear Gas and Water Cannons, The Intercept (Nov. 21, 2016).

[140] Alleen Brown, Will Parrish & Alice Speri, Tigerswan Responded to Pipeline Vandalism by Launching Multi-State Dragnet, The Intercept (Aug. 26, 2017).

journalism publication The Intercept concluded that "[l]eaked documents and public records reveal a troubling fusion of private security, public law enforcement, and corporate money in the fight over the Dakota Access pipeline."[141]

    - In 2019, the Canadian pipeline company Enbridge used digital and aerial surveillance, along with embedded informants, against nonviolent protesters targeting the company's Line 3 pipeline in Minnesota, attempting to follow the same playbook used by law enforcement at Standing Rock.[142]
    - At least seven major fossil fuel companies — Chevron, Marathon, Shell, Valero, Hilcorp, Energy Transfer Partners, Aramco, and Cabot Oil & Gas — donate money or sit on the board of municipal police foundations, and this money is concentrated in places with oil and gas operations, including New Orleans, Houston, Dallas, and Corpus Christi.[143]
  - The militarized response to climate protest by fossil fuel companies is over a decade old. At a 2011 conference attended by members of the fossil fuel industry, an executive of Anadarko Petroleum recommended military-style tactics against citizen groups protesting hydraulic fracturing (also known as fracking): "I want you to download the US Army/Marine Corps counterinsurgency manual because we are dealing with an insurgency here."[144]

VI. The financial risk of fossil fuel investments

The Trustees have also violated their *duty of care* by failing to consider the burgeoning risks of investing in the fossil fuel sector. On a purely financial basis, fossil fuel investments fail to meet the standards of prudent long-term investing.

- Over the past decade, fossil fuel assets have performed poorly.
  - Oil and gas stocks have greatly underperformed other investments over the last ten years. While the S&P 500 has gained approximately 316 percent in the past decade, the S&P Energy Sector (which reflects only the performance of the fossil fuel value chain; renewables are categorized separately) has returned only about half as much.[145]

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[141] *Id.*
[142] Will Parrish & Alleen Brown, How Police Are Preparing for a Standoff Over Enbridge Line 3, The Intercept (Jan. 30, 2019). Among the private security firms contracted by Enbridge was Securitas—the same firm that provides security services to Harvard University. *Id.*; Cara J. Chang & Meimei Xu, Harvard Security Guards Ratify One-Year Contract With Securitas, The Harvard Crimson (Jan. 5, 2021) (noting that "Harvard contracts with Securitas North America, a division of a multinational Swedish company with 370,000 employees across the world, to handle most of its security guard operations").
[143] Gin Armstrong, Fossil Fuel Industry Pollutes Black & Brown Communities While Propping Up Racist Policing, Eyes on the Ties (July 27, 2020).
[144] Bill McKibben, Shake Harvard Free of Oil Stock, The Boston Globe (Apr. 7, 2015).
[145] Data from S&P Dow Jones Indices, S&P Global (Aug. 22, 2023).

    - The fossil fuel sector has seen a long-term decline as other sectors grow: in 1980, energy was nearly 30% of the S&P 500 by weight. Today, it is 4.3%.[146]
    - As a result, fossil-inclusive indices have tended to underperform fossil-free indices over the same period. To take two of the most common indices used in institutional funds, the S&P 500 Index has underperformed the S&P 500 Ex-Fossil Fuel Index by about 50 basis points per year over the past decade, and the MSCI ACWI Index has underperformed the MSCI ACWI Ex-Fossil Fuel Index by about 40 basis points per year over the same timeframe.[147]
- In the run-up to and during the Covid-19 era, it became clear that the fossil fuel industry's decline was pervasive and systemic.
    - By the mid-2010s, the U.S. coal industry was already in freefall. The share of U.S. electricity produced by coal declined from forty-five percent in 2008 to twenty-four percent in 2020, while eight coal companies, including the largest privately held coal firm, declared bankruptcy in 2019.[148]
    - From the fourth quarter of 2019 to August 2020, seven of the world's largest oil companies lost eighty-seven billion in value as a result of increased emissions regulations and collapsing demand during the COVID-19 pandemic.[149]
    - In January 2021, the S&P rating agency warned leading fossil fuel companies that they were at risk of imminent credit downgrades due to economic pressures resulting from the energy transition.[150]
    - In August 2020, leading oil company ExxonMobil Corp. was dropped from the Dow Jones Industrial Average for the first time since it joined the index in 1928. The company also left its long-time spot in the top 10 largest companies in the Standard & Poors 500 index in 2019.[151] Since 2008, ExxonMobil's market capitalization has shrunk from $500 billion to around $150 billion in 2020 before climbing to about $445 billion today.[152]
    - Between 2010 and 2020, the world's five oil "supermajors"—ExxonMobil, BP, Chevron, Shell, and Total SA—spent far more on dividends and stock buybacks ($556 billion) than they earned from business operations ($340 billion), indicating an unsustainable reliance on borrowing and asset sales to inflate financial performance.[153]
        - All five supermajors have recognized in their financial disclosures that worldwide emissions-related laws and regulations and operation in a

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[146] Historical data: Siblis Research, *cited in* Tom Sanillo & Kathy Hipple, Fossil Fuel Investments: Looking Backwards May Prove Costly to Investors in Today's Market, IEEFA (Feb. 1, 2019). Current numbers: S&P 500 Data, S&P Global (Aug. 22, 2023).
[147] Data from S&P Dow Jones Indices, S&P Global (Aug. 22, 2023) and ACWI Ex-Fossil Fuels (USD), MSCI (Aug. 22, 2023).
[148] Fred Pearce, As Investors and Insurers Back Away, the Economics of Coal Turn Toxic, Yale Environment 360 (Mar. 10, 2020).
[149] Jillian Ambrose, Seven top oil firms downgrade $87bn in nine months, The Guardian (Aug. 14, 2020).
[150] Ben Butler, Rating agency S&P warns 13 oil and gas companies they risk downgrades as renewables pick up steam, The Guardian (Jan. 27, 2021).
[151] Tsvetana Paraskova, Exxon Drops Out Of Top 10 In S&P 500, OilPrice.com (Sept. 2, 2019).
[152] Avi Salzman, Why Exxon Is Being Dropped From the Dow, Barron's (Aug. 25, 2020).
[153] Clark Williams-Derry, Tom Sanzillo, & Kathy Hipple, In Q1, Four of Five Oil Majors Paid More Cash to Investors Than They Made From Operations, Institute for Energy Economics and Financial Analysis (May 2020).

carbon-constrained environment will increase costs and reduce demand for their core products.[154]
    - Chevron has publicly recognized that some stakeholders have been divesting from fossil fuel companies and that the possibly compounding effects of divestment could have a negative impact on Chevron's stock price, as well as its access to capital.[155]
- The pandemic and Russian invasion further strained the industry's traditional value thesis.
  - Russia's invasion of Ukraine caused short-term pressure in energy markets, resulting in sky-high commodity prices for fossil fuels in 2022. However, the invasion also hastened demand destruction for fossil fuels, with higher prices accelerating the shift toward renewables and low-carbon technologies and ultimately undermining the industry's long-term interests.[156] For instance, dramatic price volatility has undermined future demand for liquified natural gas in Asian countries, seen as a growth market for the industry.[157]
  - See-sawing fossil fuel commodity prices illustrate the erosion of the industry's traditional value thesis. While fossil fuel investment was once predicated on the industry's ability to produce reliable and steady returns, the industry now finds itself at the mercy of factors outside its control. "[H]oping for war, or relying on a global oil cartel to manipulate prices, is the opposite of a sustainable, low-risk business model. Any financial endeavor that depends on bloodshed and geopolitical machinations for its profits is, by its nature, a speculative, high-risk endeavor—a far cry from the blue-chip investment thesis that investors historically demanded from the oil and gas industry."[158]
  - Crucially, even the temporary increase in oil prices and subsequent record-breaking profits for the fossil fuel industry could not reverse the pattern of long-term financial decline. In 2023, broad stock market indices continue to underperform fossil-free variants on a ten-year basis (see discussion of index returns above). The market tumult instigated by Russia's invasion of Ukraine did not close this gap.
  - As markets adjust to the impact of the invasion of Ukraine, the industry finds itself exhibiting a familiar pattern. Throughout 2023, the sector has been at or near last place out of all components of the S&P 500.[159] In Q2 2023, the oil majors once again found themselves in deficit spending.[160]
- Annualized returns yielded by fossil fuel investments have lagged behind the S&P 500 in the last five years (2.67 percent annual return compared with 11.86 percent) and

[154] Chevron Corp., 2022 Form 10-K, at 24-25.
[155] *Id.*
[156] Tsvetana Paraskova, IEA Slashes Oil Forecast As Demand Destruction Looms Over The Market, Oil Price (July 13, 2022).
[157] Shafiqul Alam, *et al.*, Global LNG Outlook 2023-27, Institute for Energy Economics and Financial Analysis (Feb. 15, 2023).
[158] Clark Williams-Derry, Declining supermajors profits reveal flaws in the oil and gas business model, Institute for Energy Economics and Financial Analysis (Aug. 9, 2023).
[159] Yardeni Research, Performance 2023 S&P 500 Sectors & Industries (Aug. 21, 2023). *See also* Tom Sanzillo, Taking stock of the oil and gas sector as the transition to sustainable finance proceeds apace, IEEFA (Aug. 9, 2023).
[160] Clark Williams-Derry, Declining supermajors profits reveal flaws in the oil and gas business model, IEEFA (Aug. 9, 2023).

particularly in the last ten years (0.58 percent annual return compared with 10.5 percent).[161] To put that in perspective, projections show that $100 invested in the broader stock market in 2013 would be worth about $232 in early 2021, while that same $100 would be worth just $42 if invested in fossil fuel production.[162]

- Although fossil fuels posted market-leading gains in 2021 and 2022, this performance is an anomaly after ten years of poor returns. The cumulative effect of these returns is neatly captured in a comparison of broad stock market indexes, for example MSCI's All Country World Index (ACWI) and a fossil-free version of the same index.[163]
    - The fossil-free index consistently outperformed the full ACWI, with annualized gross returns of 9.53% for the ten years to August 31, 2023, compared to 9.12% for the full ACWI.
    - The difference of 0.41 percentage points is significant because repeated outperformance leads to a large difference in total return. A hypothetical $100 million investment in MSCI's fossil-free index from Nov. 30, 2010, to Aug. 31, 2023, would have grown by nearly $18 million more than the same amount invested in the standard ACWI index.
    - The implication of this data is that broader portfolio diversification into fossil fuels has resulted not in value maximization but in value losses, and a prudent investor would investigate the factors underlying this phenomenon to evaluate continued holdings in fossil fuels.
- The fossil fuel industry has barely improved its overall weighting among sectors of the economy as measured by the Standard & Poors 500 index.
    - The energy sector started 2021 at 2.3% of the total value in the index and currently stands at 4.4%.[164]
    - The leading sectors of the economy comprise a far larger portion of the index: information technology (28%), healthcare (13%), financials (12.5%), and consumer discretionary (10.6%).
    - These weights represent investors' expectations about which sectors represent the economy's long-term profit centers.
- In 2021, in the United States, forty percent of electricity from the electric power sector was from non-fossil fuel-based sources.[165] This was in part due to an increased reliance on wind and solar power, which overtook nuclear power in 2021.
- A 2022 study from Ipsos revealed that consumer demand is shifting away from fossil fuels in favor of renewables: eighty-four percent of those surveyed globally and seventy-five percent of those surveyed in the U.S. feel it is important for their country to shift to climate-friendly energy sources in the next five years.[166]

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[161] See S&P 500 Energy Sector Returns (reflecting a price of $448 on December 31, 2015 and a price of $286 on December 31, 2020) and S&P 500 Index Returns (reflecting a price of $2,044 on December 31, 2015 and $3,756 on December 31, 2020).
[162] S&P 500 Energy Sector Returns (last visited Oct. 5, 2023).
[163] MSCI ACWI ex Fossil Fuels Index, MSCI Inc. (Aug. 31, 2023).
[164] S&P 500 Sector Fact Sheet, S&P Dow Jones Indices, (Aug. 31, 2023).
[165] FOTW #1258, October 3, 2022: In 2021, 40% of the Electricity Produced in the United States Was Derived from Non-Fossil Fuel Sources, Energy.gov (last visited Oct. 27, 2023).
[166] Ipsos Energy & Environment, Global consumers support shift from fossil fuels as they expect spike in energy prices to reduce their purchasing power (Mar. 30, 2022).

- In 2023, energy stocks have once again begun to fall, indicating the volatility of the fossil fuel industry. Through the start of August 2023, energy stocks lost 1.3 percent in 2023, while the broader stock market had an increase of 17.2 percent.[167]
- The International Energy Agency has determined that, under current scenarios, we cannot develop new oil or gas fields besides those already producing oil or under development.[168]
- Looking forward, fossil fuel companies face significant investment risks.
    - Nearly all major financial regulatory bodies have noted that climate change and the energy transition create material financial risks for the global economy.
        - The Securities and Exchange Commission is currently preparing disclosure rules to help investors better navigate climate risk. One commissioner recently noted that, "[w]ith climate change, we have ample, well-documented warning of potentially vast and complex impacts to financial markets. . . . Indeed, we have more than just warning as many of those risks have already materialized. Climate change thus poses a pressing and urgent risk — for investors, companies, capital markets, and the economy."[169]
        - The Federal Reserve Board noted in 2021 that "[c]limate change poses significant challenges for the global economy and financial system, with implications for the structure of economic activity, the safety and soundness of financial institutions and the stability of the financial sector more broadly."[170] In its 2020 financial stability report, the Federal Reserve reported that "climate change, which increases the likelihood of dislocations and disruptions in the economy, is likely to increase financial shocks and financial system vulnerabilities that could further amplify these shocks."[171]
        - In a 2020 report, the Commodity Futures Trading Commission warned that "[c]limate change poses a major risk to the stability of the U.S. financial system and to its ability to sustain the American economy."[172]
    - According to a 2019 study by the Mercer consulting firm, investment portfolios will be greatly affected by future global warming. If warming is held to two degrees Celsius — the target set by the 2015 Paris Agreement and one which will still result in widespread harm — the global economy will suffer significant damage from climate change while also transitioning to a renewable energy base. In this scenario, according to the study, portfolio assets in the coal industry will suffer cumulative impacts of 58.9 percentage points by 2030 and 100 percentage

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[167] *Id.*
[168] Banking on Climate Chaos: Fossil Fuel Finance Report 2022 at 3, Rainforest Action Network, Banktrack, Indigenous Environmental Network, OilChange International, Reclaim Finance, Sierra Club, & Urgewald (2022).
[169] Allison Herren Lee, Shelter from the Storm: Helping Investors Navigate Climate Change Risk (Mar. 21, 2022).
[170] Board of Governors of the Federal Reserve System, Federal Reserve Board issues statement in support of the Glasgow Declaration by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) (Nov. 3, 2021).
[171] Board of Governors of the Federal Reserve System, Financial Stability Report at 58 (Nov. 2020).
[172] Commissioner Rostin Behnam, David Gillers, Bob Litterman, Leonardo Martinez-Diaz, Jesse M. Keenan, Stephen Moch, Managing Climate Risk In the U.S. Financial System, Climate-Related Subcommittee, Market Risk Advisory Committee of the U.S. Commodity Futures Trading Commission (Sept. 2020).

points by 2050, while assets in oil and gas will suffer cumulative impacts of 42.1 and 95.1 percentage points, respectively.[173] Other studies have concluded that major energy companies that continue to rely on fossil fuels will lose between thirty and sixty percent of their value.[174]

- Many fossil fuel assets "are likely to become 'unburnable' or stranded" as a result of the clean energy transition.[175] Stranded assets are expected to add up to USD $1 trillion globally under a two-degrees-Celsius warming scenario.[176]
    - Fossil fuel investments can be unstable, as losses due to stranded assets can "cascade" back to their ultimate owners.[177] If anticipated losses in the United States are summed "along the ownership chain," "an upper bound of $681 billion in potential losses could affect financial companies."[178]
    - Despite the risk of stranding, financial markets and fossil fuel companies have continued to invest in fossil fuel assets: fossil fuel reserves owned by publicly traded companies increased from 700 gigatons of CO_2 in 2011 to 1,060 gigatons in 2022. The Carbon Tracker Project, a nonprofit think tank, warns that this could make the ultimate financial fallout worse.[179]
    - Referencing potential losses from stranded assets, The Carbon Tracker initiative concluded that "potential losses for investors [are] clearly a function of how much of this risk is already priced into market valuation of fossil fuels companies — it is up to individual institutions to assess how the transition will pan out, and their risk exposure as a result."[180]
    - A 2022 study from academic economists found that pensions and other institutional investors are disproportionately on the hook for stranded assets: "We calculate that global stranded assets as present value of future lost profits in the upstream oil and gas sector exceed US$1 trillion under plausible changes in expectations about the effects of climate policy. . . . Most of the market risk falls on private investors, overwhelmingly in OECD countries, including substantial exposure through pension funds and financial markets."[181]

- Investment in the fossil fuel sector is now unacceptably risky thanks to price volatility, the rise of renewable energy sources, government climate regulations, and other factors that leave the industry ill-prepared to manage shareholder value in the years to come. The traditional value thesis that justified investment in the sector — based on the assumptions that demand for oil, gas, and coal will continue to grow and that companies' extensive

[173] Mercer LLC, Investing in a Time of Climate Change: The Sequel 2019 at 34 (2019).
[174] European Green Party, The Carbon Bubble: The financial risk of fossil fuels and need for divestment at 7 (2020).
[175] J.-F. Mercure, *et al.*, Reframing incentives for climate policy action, Nature Energy 6, 1133-43 (2021).
[176] Sini Matikainen & Eléonore Soubeyran, What are stranded assets?, Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science (July 27, 2022).
[177] *Id.*
[178] *Id.*
[179] Mark Campanale, $1 Trillion of Oil and Gas Assets Risk Being Stranded by Climate Change, BRINK News (Jan. 22, 2023).
[180] Thom Allen & Mike Coffin, Unburnable Carbon: Ten Years On at 35, the Carbon Tracker Initiative (June 2022).
[181] Gregor Semienuik, *et al.*, Stranded fossil-fuel assets translate to major losses for investors in advanced economies, Nature Climate Change (May 26, 2022).

untapped reserves will ensure future profits — is no longer tenable.[182] There are several structural headwinds facing the industry:

- Transition and competitive risk: As the economy decarbonizes, global demand for oil, gas, and coal will fall. Meanwhile, competitive pressure from green technologies is crowding out fossil fuels in the electricity and transportation sectors, which have traditionally been the primary customers for fossil fuel companies.[183]
- Physical risk: Much of the oil industry's physical assets lie in flood-prone areas. As sea levels rise and severe weather grows more frequent, climate chaos could hinder the ability to access these assets.[184]
- Asset risk: Meeting Paris Agreement goals will require keeping vast swaths of proven reserves in the ground. When a company's valuation is rooted in assumptions that this extraction will take place, the collision between market assumptions and reality becomes a source of financial instability. A similar story is true for the pipelines and other infrastructure supporting the fossil fuel economy: changing market conditions may force the early retirement of some infrastructure, creating losses for investors betting on their continued operation.[185]
- Legal risk: The fossil fuel industry faces serious legal challenges, including claims that it misled investors and the public about climate change, that it is tortiously liable for climate damages, and that its business operations violate environmental protection laws and emissions reduction commitments. With many of these cases moving forward, the industry could find itself facing significant legal exposure.
  - A report from the law firm Clyde & Co LLP concludes that "[o]il majors are currently facing threatened or pending litigation on a number of fronts and across a number of jurisdictions. Their liability insurers and reinsurers will undoubtedly be watching these cases with keen interest . . . Companies in a number of sectors may find themselves exposed not just to damages claims for climate change, but also the cost of defending litigation, the reputational harm of being associated with such litigation and the consequential impacts on operations and value."[186]
  - Since the Clyde & Co report, there have been sixty-six global climate suits against corporations worldwide.[187] In Milieudefensie et al.v. Royal Dutch Shell (2022), The Hague District court ruled Shell had a duty to comply with the Paris Climate Agreement, and subsequently ordered the company "to reduce CO_2 emissions associated with its products by 45 per cent from 2019 levels by 2030."[188]
- Regulatory risk: The fossil fuel industry faces a patchwork of policy responses from the world's countries that cumulatively pose significant risks to its business

[182] Tom Sanzillo, Dan Cohn, & Connor Chung, Two Economies Collide: Competition, conflict, and the financial case for fossil fuel divestment, Institute for Energy Economics and Financial Analysis (Oct. 2022).
[183] *Id.* at 35.
[184] *Id.* at 44.
[185] *Id.* at 43-44.
[186] Clyde & Co LLP, Climate change: Liability risks at 37 (Mar. 2019).
[187] Search, Climate Change Litigation Databases (last visited Aug. 30, 2023).
[188] United Nations Environment Programme, Global Climate Litigation Report: 2023 Status Review at 50-51 (2023).

model. Regulatory approvals of infrastructure projects are no longer certain, economic taxonomies that define categories of "clean" and "dirty" investments threaten to realign investment capital away from the industry, electric utilities face regulatory obligations to increase the use of renewable energy, and end-use regulations like bans on single-use plastics threaten to decrease demand for petrochemical products.[189]
    - Geopolitical risk: As discussed above, the industry's profitability has become reliant on a factor largely outside its control: the commodity price of fossil fuels. As nation states deploy oil and gas as a tool of political leverage in global power bloc alignments, market volatility is likely to intensify, putting long-term capital plans and existing contractual arrangements at risk.[190]
- Fossil fuel companies seem to be doing little to mitigate these risks, with "fossil fuel companies [having] refused to meaningfully participate in the necessary energy transition. As a result, they are structurally unprepared for the low-carbon future."[191] In other words, "[t]he energy sector has gone from a reliably consistent, stable, blue-chip contributor to institutional investment funds to a high-risk set of companies and national governments with a speculative investment rationale and a negative long-term financial outlook. The business model no longer works. Based on this history, investors should carefully consider whether their interests and the industry's interests still align."[192] From a financial perspective alone, "investors should move away from fossil fuels because the coal, oil and gas sectors are confronted with competitive pressures that they are ill-prepared to navigate."[193]
- Another way of assessing the future of the fossil fuel industry is through its employees. Nearly half of people currently working in the energy sector want to leave the industry everywhere within the next five years.[194] Furthermore, over half of employees working in the fossil fuel industry said that they are interested in switching to working in renewables. A recent study found that "58% of millennials questioned working in particular sectors due to their negative image, with oil and gas being regarded as the most unappealing globally,"[195] which has led to a reliance on crews returning after retirement.
- In an August 2020 open letter, over 100 leading economists, including Nobel Prize laureate Joseph Stiglitz and former Secretary of Labor Robert Reich, identified the continued existence of the fossil fuel economy as "fundamentally incompatible" with long-term social and economic well-being and cited divestment as an essential tactic for bringing about systemic change: "When our largest banks, most influential investors and most prestigious universities place bets on the success of the fossil fuel industry, they provide it with the economic and social capital necessary to maintain the dangerous status quo. Instead, these institutions should divest from fossil fuel companies and end

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[189] Tom Sanzillo, Dan Cohn, & Connor Chung, Two Economies Collide: Competition, conflict, and the financial case for fossil fuel divestment at 38-41, Institute for Energy Economics and Financial Analysis (Oct. 2022).
[190] *Id.* at 31-34.
[191] *Id.* at 25.
[192] *Id.* at 52.
[193] *Id.* at 1.
[194] Regina Mayor & Stefano Moritsch, "Top Risks Facing the Oil and Gas Industry in 2022 - and What You Can Do about It," KPMG (2022).
[195] Andreas Exarheas, Are Enough Young People Entering the Oil and Gas Workforce?, Rigzone (2023).

financing of their continued operations while reinvesting those resources in a just and stable future."

VII. The financial prudence of fossil fuel divestment

Fossil fuel divestment poses no risk to a portfolio's diversity and flexibility, nor does it negatively impact returns. The Trustees have violated their *duty of care* and its *duty of loyalty* by failing to embrace a divestment strategy that would both improve the endowment's performance and cure the fiduciary violations described in this complaint.

- More than 1,500 institutional investors have committed to divest from fossil fuels, including major institutional investors who have recognized divestment as a fiduciarily responsible course of action.[196]
- Two major financial management firms, BlackRock and Meketa, have separately concluded that investment funds have experienced no negative financial impacts from divesting from fossil fuels. Instead, they found evidence that divestment is neutral or marginally improves returns.[197] BlackRock's report to the City of New York takes note of the fact that, while public campaigns for fossil fuel divestment were initiated by small, religious investors and non-profit organizations,[198] the financial logic of divestment has been validated by large financial institutions,[199] including significant universities, insurance companies, foundations, and major asset managers.[200]
- In addition to reducing an investor's exposure to risky holdings, divestment can help influence companies, markets, and civil society more broadly as to adopt more stringent climate policies. As such, it can play a role in both reducing a portfolio's risk exposure, and decarbonizing the real economy.[201]
- A 2018 London School of Economics analysis led by Jeremy Grantham, one of the world's leading asset managers, concluded that removing any one of ten major asset classes such as technology or utilities from a portfolio produced no discernible impact on overall long-term returns. The analysis states that the purported financial peril of fossil fuel divestment was "mythical," and that "[i]nvestors with long-term horizons should avoid oil . . . on investment grounds."[202]
- Divestment from fossil fuels does not threaten the profitability of invested funds and, as such, does not violate a fiduciary's duty to ensure the prudent management of an

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[196] Stand.earth, Global Fossil Fuel Divestment Commitments Database (last visited Sept. 14, 2023).
[197] Tom Sanzillo, IEEFA: Major investment advisors BlackRock and Meketa provide a fiduciary path through the energy transition, Institute for Energy Economics and Financial Analysis (Mar. 22, 2021).
[198] *Id.*
[199] 200 and counting: Global financial institutions are exiting coal, Institute for Energy Economics and Financial Analysis (May 4, 2023).
[200] Invest Divest 2021: A Decade of Progress Towards a Just Climate Future, DivestInvest.org (Oct. 2021).
[201] For a study of divestment's ability to reduce a company's carbon emissions, see Martin Rohleder, *et al.*, The effects of mutual fund decarbonization on stock prices and carbon emissions, J. Banking & Finance (Jan. 2022). For a study of how the divestment movement has increased support for other climate regulations, such as a carbon tax, see Todd Schifeling & Andrew Hoffmam, Bill McKibben's Influence on U.S. Climate Change Discourse, Org. & Env't (Nov. 2017).
[202] Jeremy Grantham, The mythical peril of divesting from fossil fuels, London School of Economics (June 13, 2018).

endowment. In recent years, investment portfolios lacking fossil fuel holdings have matched or outperformed funds containing them.

- The most comprehensive study to date of the endowment performance at universities that have divested from fossil fuels concludes that divestment does not have a negative effect on investment returns.[203] Other research indicates that fossil fuel divestment does not significantly limit portfolio diversification opportunities, allowing investors to satisfy their fiduciary duty to maintain balanced holdings even as they avoid the risks posed by stranded assets and the energy transition.[204]
- A 2019 study of university endowments with "socially responsible investment" [SRI] policies concludes that such policies benefit universities. Surveying SRI endowment returns from 2010 to 2019, the study reports that "donations are 33.3% per year higher among universities that incorporate SRI policies into their endowments" and that "SRI policies predict greater university donations, higher student enrollment, and more extensive risk management practices by the endowment fund."[205]
- In 2020, the financial research agency Morningstar reported that European sustainable investment funds — defined as "funds that use environmental, social, and governance criteria as a key part of their security selection and portfolio-construction process, and/or indicate that they pursue a sustainability-related theme, and/or seek a measurable positive impact alongside financial return" — had outperformed traditional funds over the past ten years, generally posting higher returns and surviving longer than traditional funds.
- Comparing more recent MSCI indexes corroborates Morningstar's reporting. Indexes assigned by MCSI to have high Environmental, Social, and Governance (ESG) scores "were resilient [in 2021], outperforming the parent MSCI ACWI Index for the second year in a row, even though market conditions were very different [across the two years]."[206]
    - MSCI's research team reported a correlation between higher ESG scores and financial performance during the turbulent FY 2020. "All ESG indexes outperformed the "parent" MSCI ACWI index by the end of 2020. In fact, splitting the FY 2020 into slump and rally periods for the financial market, ESG indexes 'outperformed during both.'" Notably, both concentrations of ESG scores and the average ESG scores for the indexes predicted the relationship.[207]
    - Indexes with higher ESG scores experienced lower volatility during FY 2020. While reduced volatility "impaired performance during the rally," it

[203] Christopher Ryan and Christopher Mariscano, Examining the Impact of Divestment from Fossil Fuels on University Endowments, 17 NYU J. L. and Business, Roger Williams Univ. L. Studies Paper No. 195 (June 23, 2020).
[204] Auke Plantinga and Bert Scholtens, The financial impact of fossil fuel divestment, 21 Climate Policy 1 (2020).
[205] George O. Aragon, Yuxiang Jiang, Juha Joenväärä, and Cristian Ioan Tiu, Socially Responsible Investments: Costs and Benefits for University Endowment Funds at 5 (July 21, 2020).
[206] Yuliya Plyakha Ferenc, Despite Oil & Gas's Rebound, ESG Indexes Outperformed, MCSI (Jan. 28, 2022).
[207] Yuliya Plyakha Ferenc, ESG Indexes Through the Slump and Rally of 2020 at 1, MSCI (Mar. 2021).

also "provided a 'protective' effect during the slump" that ultimately led ESG indexes to outperform by the end of the year.[208]
    - A 2018 analysis concluded that the New York State Common Retirement Fund would have earned an additional 22.2 billion dollars (137 billion dollars versus 114.8 billion dollars) from 2008 to 2018 had it divested from fossil fuels.[209]
- In a sign of the growing consensus that fund managers have a duty to assess climate risks in their portfolios, the multibillion-dollar Australian Retail Employees Superannuation Trust (REST) recently settled a beneficiary lawsuit that faulted the fund for failing to disclose how it would manage the risks posed by climate change and the plummeting value of fossil fuel stocks. REST acknowledged that "climate change is a material, direct and current financial risk" and committed to manage its investments in a way that would support net-zero greenhouse gas emissions by 2050 and the Paris Agreement goal of 1.5 degrees Celsius warming.[210]
- Elevated commodity prices for oil and gas in 2021 and 2022 do not justify continued portfolio holdings in the fossil fuel industry. Although high commodity prices have driven rising profits and stock valuations for energy companies, the main causes of current high prices are the debottlenecking supply chains from the pandemic,[211] along with Russia's invasion of Ukraine.[212] These are not investable events, as they cannot be relied upon to reoccur in the future. In fact, elevated prices and the weaponization of fossil fuel energy are undermining forecasted future demand for fossil fuels in Asia and Europe.[213]

VIII. Industry fraud and the fiduciary duty to avoid fraudulent investments

Allegations that the fossil fuel industry has attempted to defraud investors are widely known and well documented. The Trustees' persistence in buying industry securities in spite of these warning signs violates the *duty of care*.

- Fossil fuel companies have allegedly long engaged in a fraudulent attempt to hide the financial risks associated with emissions regulations and future fossil fuel extraction. This alleged fraud has been a matter of public record since at least 2015,[214] and a matter of common knowledge for investors since at least 2019.
- In 2019, the Massachusetts Attorney General sued ExxonMobil for three alleged violations of the Massachusetts Consumer Protection Act.

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[208] *Id.* at 2.
[209] Toby A.A. Heaps, Divestment would have made NY pension fund $22B richer, Corporate Knights (Oct. 4, 2018).
[210] Michael Slezak, Rest super fund commits to net-zero emission investments after Brisbane man sues, ABC News (Nov. 2, 2020).
[211] David Gaffen, Analysis: Oil's journey from worthless in the pandemic to $100 a barrel, Reuters (Feb. 24, 2022).
[212] Kevin Dobbs, Natural Gas, Oil Prices Soar as Russia Attacks Ukraine, Creating Potential Supply Headwinds, Natural Gas Intel (Feb. 24, 2022). *See also*: Russian supplies to global energy markets, International Energy Agency (Feb. 2022).
[213] Shafiqul Alam, *et al.*, Global LNG Outlook 2023-27, Institute for Energy Economics and Financial Analysis (Feb. 15, 2023).
[214] Neela Banerjee, Lisa Song, & David Hasemyer, Exxon's Own Research Confirmed Fossil Fuels' Role in Global Warming Decades Ago, Inside Climate News (Sept. 16, 2015).

- The state's Second Amended Complaint alleges that "[f]or many years, Exxon Mobil Corporation . . . the world's largest publicly traded oil and gas company, systematically and intentionally has misled Massachusetts investors and consumers about climate change. In order to increase its short-term profits, stock price, and access to capital, ExxonMobil has been dishonest with investors about the material climate-driven risks to its business and with consumers about how its fossil fuel products cause climate change—all in violation of Massachusetts law."[215]
- According to the Complaint, ExxonMobil scientists in the 1970s accurately predicted the rate of global warming that would be caused by fossil fuel use. The company was well aware of how its business activity would damage the planet; for example, a company scientist told management in 1981 that climate change will "produce effects which will indeed be catastrophic" and that it would be necessary to sharply reduce fossil fuel use.[216]
- Despite this knowledge, ExxonMobil — like many of its peers in the industry — persisted in a "highly misleading" campaign to spread doubt about climate science and to prevent measures that would decrease the use of fossil fuels. As late as 2015, ExxonMobil's CEO was publicly disputing the scientific consensus that rising atmospheric carbon dioxide levels produce catastrophic warming.[217]
- The Attorney General concluded that ExxonMobil's value will fall precipitously in coming years, thanks in large part to an expected transition to renewable energy: "When those reserves cease to have future value, other things being equal, ExxonMobil securities are likely to decline in value as well, perhaps dramatically, much as the market value of coal companies has collapsed in recent years as the deployment of cleaner, more efficient fuel sources has reduced expected future coal demand."[218]
- According to the Complaint, "[t]he systemic risk climate change poses to the world's financial markets is comparable to, and could well exceed, the impact of the 2008 global financial crisis . . . The risks of climate change and regulatory responses to it pose an existential threat to [the company's] business model and therefore to investments in ExxonMobil securities, including by Massachusetts investors."[219]
- The Attorney General explicitly stated that investment in companies like ExxonMobil puts investors at risk: "ExxonMobil's omissions and misrepresentations put its Massachusetts investors at increased risk of losses in the future, as greater recognition of the physical and transition risks of climate change to ExxonMobil, other fossil fuel companies, and the global economy increasingly diminishes the market valuation of ExxonMobil securities, potentially under sudden, chaotic, and disorderly circumstances."[220]

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[215] Second Amended Complaint, Massachusetts v. ExxonMobil, No. 1984-CV-03333-BLS1 (Mass. Sup. Ct. June 5, 2020) at 1.
[216] *Id.* at 5.
[217] *Id.* at 9, 50-51.
[218] *Id.* at 8.
[219] *Id.* at 65, 80-81.
[220] *Id.* at 138.

- In September 2020, the State of Connecticut sued ExxonMobil for violations of the state's Unfair Trade Practices Act, alleging that the company has for decades "misled and deceived Connecticut consumers about the negative effects of its business practices on the climate."[221]
    - The lawsuit alleges that, beginning in the 1980s, ExxonMobil defied its own scientists' warnings dating back to the 1950s and "began a systematic campaign of deception to undermine public acceptance of the scientific facts and methods relied upon by climate scientists who knew that anthropogenic (human-caused) climate change was real and dangerous to humanity."[222]
    - The complaint goes on to note that "ExxonMobil's strategy to create uncertainty about climate science successfully kept consumers purchasing ExxonMobil products by deceiving consumers about the serious harm caused by ExxonMobil's industry and business practices."[223]
- Also in September 2020, Hoboken became the first city in New Jersey to sue fossil fuel companies for climate change damages. Hoboken "seeks to recover the cumulative cost of hundreds of millions of dollars to compensate the city for past, current and future costs associated with climate change adaptation, remediation, and economic losses." Hoboken alleges violations of the New Jersey Consumer Fraud Act and claims for negligence and common law remedies "to prevent and abate hazards to public health, safety, welfare and the environment."[224]
- In January 2021, a former senior accounting analyst for ExxonMobil alleged in a whistleblower complaint to the Securities and Exchange Commission that the company has repeatedly overstated the value of its U.S. oil and gas assets — which will likely prove unprofitable due to the collapse of the fracking boom — fraudulently inflating the company's worth to investors by as much as fifty-six billion dollars.[225]
- In April 2021, neighboring New York City sued Exxon Mobil, Royal Dutch Shell, and the American Petroleum Institute (an industry trade association) for systematically and intentionally deceiving consumers.[226] A former senior accounting analyst for ExxonMobil has alleged in a whistleblower complaint to the Securities and Exchange Commission that the company has repeatedly overstated the value of its U.S. oil and gas assets — which will likely prove unprofitable due to the collapse of the fracking boom — fraudulently inflating the company's worth to investors by as much as fifty-six billion dollars.[227]
- In June 2021, an Exxon lobbyist admitted that ExxonMobil was engaged in a concerted effort to block climate change measures and deceive the public.[228] This revelation led the

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[221] Complaint, Connecticut v. ExxonMobil, No. HHDCV206132568S (Conn.. Super. Ct. Spe. 14, 2020) at 1.
[222] *Id.*
[223] *Id.* at 2.
[224] Hoboken becomes first NJ city to sue Big Oil companies, American Petroleum Institute for climate change damages, Hoboken, NJ Gov (Sept. 2, 2020).
[225] Nick Cuningham, Exclusive: Whistleblower Accuses Exxon of 'Fraudulent' Behavior for Overvaluing Fracking Assets For Years, Desmog Blog (Feb. 2, 2021).
[226] New York City Sues ExxonMobil, Shell, BP, and The American Petroleum Institute for Systematically and Intentionally Deceiving New Yorkers, The Official Website of the City of New York (Apr. 22, 2021).
[227] Nick Cuningham, Exclusive: Whistleblower Accuses Exxon of 'Fraudulent' Behavior for Overvaluing Fracking Assets For Years, Desmog Blog (Feb. 2, 2021).
[228] Hiroko Tabuchi, In Video, Exxon Lobbyist Describes Efforts to Undercut Climate Action, The New York Times (June 30, 2021).

House Oversight Committee to ask the chief executives of Exxon Mobil, Chevron, BP, and Shell, along with the American Petroleum Institute and the Chamber of Commerce, to appear at a hearing and provide emails and documents about whether the industry led an effort to mislead the public and prevent action to fight climate change.[229]
- According to PBS, as of August 2022, "there [were] at least 20 pending lawsuits filed by cities and states across the U.S., alleging major players in the fossil fuel industry misled the public on climate change to devastating effect."[230]
- In November of 2022, sixteen Puerto Rican municipalities filed a complaint against ExxonMobil Corp, Shell plc, Chevron Corp, BP plc and others, alleging that they had "misrepresented the dangers of the carbon-based products which they marketed and sold despite their early awareness of the devastation they would cause Puerto Rico."[231] Specifically, the complaint seeks damages for the 2017 hurricane season (Hurricanes Irma and Maria), which left thousands dead and much of the island's critical infrastructure in peril.[232] Filed in federal court, this case is the first with Racketeer Influenced and Corrupt Organizations Act (RICO) claims.[233]
- Despite these revelations of alleged fraudulent behavior, and in the face of existential threats to their business models, oil companies continue to refuse to provide investors with any assurances that they are preparing for the effects of climate change. ExxonMobil and Chevron, for example, have blocked shareholder proposals that ask the companies to describe how they will adjust their operations to satisfy the warming targets established under the Paris Agreement.[234]

IX. The fossil fuel industry's misinformation campaigns and attacks on academia

Fossil fuel companies have engaged in decades-long efforts to obscure scientific reality and undermine academic research. By funding this activity, the Trustees contravene the University of Chicago's core *charitable purposes* as an educational institution and violate their *duty of loyalty.*

- Beginning in the 1980s, in response to mounting evidence of climate risks, fossil fuel companies halted their climate research and "began a campaign to discredit climate science and delay actions perceived as contrary to their business interests."[235] This

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[229] Timothy Gardner, U.S. House panel to probe oil companies over climate disinformation, Reuters (Sept. 16, 2021).
[230] Bruce Gill, U.S. Cities and States Are Suing Big Oil Over Climate Change. Here's What the Claims Say and Where They Stand, PBS (Aug. 1, 2022).
[231] Municipalities of Puerto Rico v. Exxon Mobil Corp, et al., No. 3:22-cv-01550, Complaint for Damages, at p. 4 (2022).
[232] Clark Mindock, Puerto Rican towns sue Big Oil under RICO alleging collusion on climate denial, Reuters (Nov. 29, 2022).
[233] Korey Silverman-Roati & Maria Antonia Tigre, Municipalities of Puerto Rico v. Exxon: a unique class action against fossil fuel companies presses for climate accountability in the United States, Climate Law: A Sabine Center Blog, Sabin Center for Climate Change Law (Dec. 2, 2022).
[234] Dana Drugman, Exxon, Chevron, Chase Reject Shareholder Requests to Address Climate Risk, The Climate Docket (Jan. 29, 2020).
[235] Brief of Amici Curiae Robert Brulle, Center for Climate Integrity, Justin Farrell, Benjamin Franta, Stephan Lewandowsky, Naomi Oreskes, and Geoffrey Supran in Support of Appellees and Affirmance at 17, County of San Mateo v. Chevron Corporation, et al., County of Imperial Beach v. Chevron Corporation, et al., County of Marin v.

campaign was multi-pronged, consisting of the development of internal policies to suppress the companies' own knowledge, public communications to sow doubt about the dangers of fossil fuels, and the funding of organizations and research to undermine climate science.[236]

  - In 2019 testimony to the Senate Special Committee on the Climate Crisis, Dr. Justin Farrell described a decades-old movement "to deceive the American people about the reality of climate change." This movement has been largely successful "sowing seeds of widespread popular doubt, transforming climate change into a sharply politicized issue, infusing climate denial into the highest levels of government, and obstructing policy solutions that are so direly needed to decarbonize our economy and mitigate the impacts of warming."
  - Research shows that fossil fuel companies launched a "multi-pronged manipulation effort" to manufacture uncertainty around climate science by funding climate denial groups as well as creating "fake grassroots efforts" to promote climate misinformation. "Money facilitated coordination between 200 organizations," said Farrell, to create the "appearance of scientific credibility."[237]
  - In his analysis of the funding sources of 164 climate denialist organizations, Farrell found that ExxonMobil and the Koch foundations were "the most reliable and theoretically important across-time indicators of corporate involvement."[238]
  - Between 1998 and 2005, ExxonMobil alone spent nearly sixteen million dollars funding groups that promote climate denial, according to a report by the Union of Concerned Scientists.[239]
  - Since 1997, Koch Industries, through its various foundations and institutes including the Koch Family Foundation, has donated more than 145 million dollars from 1997 to 2018, financing ninety organizations that attack climate science and policy solutions.[240]
  - Over about the last three decades, "five major U.S. oil companies have spent a total of at least $3.6 [billion] on advertisements."[241] These ads, along with other public communications, have promoted narratives the companies know to be false: In the case of ExxonMobil, for example, between 1977 and 2014, only twelve percent of ads acknowledged that anthropogenic climate change is real, compared to eighty percent of internal documents.[242]
- These activities were summarized in an amicus brief by academics and researchers as part of the ongoing tort litigation by California counties against fossil fuel companies,[243]

Chevron Corporation, et al., County of Santa Cruz, et al., v. Chevron Corporation, et al., Nos. 18-15499, 18-15502, 18-15503, 18-16376 (9th Cir. 2019).
[236] See *generally id.*
[237] Senate Dems Special Committee on the Climate Crisis Hearing, Senate Dems (Oct. 29, 2019).
[238] Justin Farrell, Corporate Funding and Ideological Polarization, 113(1) Proceedings of the National Academy of Sciences 92-97 (2016).
[239] Smoke, Mirrors & Hot Air: How ExxonMobil Uses Big Tobacco's Tactics to Manufacture Uncertainty on Climate Science at 5, Union of Concerned Scientists (Jan. 2007).
[240] Koch Industries: Secretly Funding the Climate Denial Machine, Greenpeace (last visited Jan. 31, 2022).
[241] Emily Holden, How the oil industry has spent billions to control the climate change conversation, The Guardian (Jan. 8, 2020).
[242] Geoffrey Supran & Naomi Oreskes, Assessing ExxonMobil's climate change communications (1977–2014), 12(8) Envtl. Res. Letters (Aug. 2017).
[243] *See* Brief of Amici Curiae Robert Brulle, *et al.*, *supra* at note 235.

and by the Massachusetts Attorney General's complaint against ExxonMobil in its deceptive advertising litigation.[244]

- Academic research has confirmed that the fossil fuel industry's "major tactic was and continues to be manufacturing uncertainty . . . [and] constantly asserting that the evidence is not sufficient to warrant regulatory action. Historically these efforts focused on specific problems such as secondhand smoke, acid rain, and ozone depletion, but in the case of [climate change] they have ballooned into a full-scale assault on the multifaceted field of climate science, the IPCC, scientific organizations endorsing [climate change], and even individual scientists."[245]
- Direct attacks on academics and scholars have become a regular tactic of the fossil fuel industry.
    - Following publication of his famous "hockey stick graph," climate scientist Michael E. Mann faced years of efforts to discredit him and his work, and "many with the Paris Climate Agreement, and subsequently ordered the company "to reduce CO2 emissions associated with its products by 45 per cent from 2019 levels by 2030."[246]
    - ExxonMobil has repeatedly sought to portray the Intergovernmental Panel on Climate Change — a coordinating body of respected scientists and academics, including Princeton scholar Professor Michael Oppenheimer, who publish periodic reports on climate science to aid policymakers — as biased and untrustworthy.[247]
    - In 2013, the Harvard Law School Environmental Law Program Policy Initiative released a report suggesting that existing disclosure regulations were insufficient to regulate the fracking industry's behavior.[248] An industry-funded website accused the study of being "fundamentally and transparently flawed."[249]
    - In 2015, an industry-funded group sought to win access to the private correspondence of University of Arizona climate scientists in order to cast doubt on their work.[250]
    - In 2017, Harvard researcher Geoffrey Supran and professor Naomi Oreskes published a peer-reviewed study analyzing ExxonMobil's climate communications.[251] Exxon's response included commissioning and paying for a (non-peer-reviewed) academic analysis that accused Supran and Oreskes of bias,[252] running a Twitter ad calling its conclusions "manufactured,"[253] urging the

[244] *See* Second Amended Complaint, Massachusetts v. ExxonMobil, *supra* at note 215, at Part IV.B.
[245] Riley E. Dunlap & Peter J. Jacques, Climate Change Denial Books and Conservative Think Tanks: Exploring the Connection, 57(6) Am. Behav. Scientist 699, 700 (2013) (internal citations omitted).
[246] United Nations Environment Programme, Global Climate Litigation Report: 2023 Status Review at 50-51 (2023).
[247] David Hasemyer & John H. Cushman Jr., Exxon Sowed Doubt About Climate Science for Decades by Stressing Uncertainty, Inside Climate News (Oct. 22, 2015).
[248] Legal Fractures in Chemical Disclosure Laws: Why the Voluntary Chemical Disclosure Registry FracFocus Fails as a Regulatory Compliance Tool (Apr. 23, 2013).
[249] John Krohn, Four Things to Know about the Harvard FracFocus Study, Energy in Depth (April 25, 2013).
[250] Michael Halpern, Arizona Superior Court Protects Academic Freedom in Climate Email Disclosure Case, Union of Concerned Scientists (Mar. 30, 2015).
[251] Geoffrey Supran & Naomi Oreskes, Assessing ExxonMobil's climate change communications, *supra* at note 242.
[252] Nicholas Kusnetz, Exxon Turns to Academia to Try to Discredit Harvard Research, Inside Climate News (Oct. 20, 2020).
[253] Just today, @exxonmobil ran Twitter ads, Fossil Fuel Divest Harvard (Jun. 16, 2020).

European Parliament to ignore the study's conclusions,[254] and suggesting on a website known to take editorial direction from Exxon[255] that the study was written for the purpose of "suppressing free speech."[256]
    - In 2020, Harvard doctoral student Xiao Wu, professors Rachel Nethery and Francesca Dominici, and others released a study suggesting a correlation between exposure to air pollution and incidence of COVID-19.[257] The American Petroleum Institute lobbied the EPA to reject the study's conclusions, arguing that it could not "be used to draw policy inferences."[258]
- Even while engaging in these attacks, the fossil fuel industry has quietly courted academic institutions and individual researchers in an attempt to burnish its image and legitimize its policy positions. Funding from fossil fuel companies, which is widespread at prominent universities,[259] calls into question the intellectual independence of academic programming and the balance of perspectives within the academy. According to Robert Brulle, a sociologist at Drexel University, "[T]he financial steering of intellectual inquiry is a big issue. . . . The academy is really dependent on external funding sources, and it drives a certain research agenda. I'm not saying that the people they fund are dishonest or illegitimate. But this has a systematic effect, in that it heightens certain voices and leaves others invisible, or reduces their staying power, within the academy. And so you end up with a biased system."[260]
- Exxon has in the past tried to influence the outcome of ongoing litigation by funding academic research, again undermining the institutional integrity of universities.
    - In 1989, the Exxon Valdez oil spill led to a $5.3 billion verdict against the oil giant by an Alaskan jury in *In re Exxon Valdez*. By the 1980s Exxon had embraced an aggressive form of philanthropy known as "venture philanthropy,"[261] and rather than simply appeal the award, the company undertook to fund academic research that might undermine the verdict. As one Exxon official opined, "With the judges, there's at least a reasonably good chance that they'll be able to see things as they ought to be . . . ."[262]

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[254] ExxonMobil refused to attend a hearing, Food & Water Action Europe (Mar. 21, 2019).
[255] Hiroko Tabuchi, How One Firm Drove Influence Campaigns Nationwide for Big Oil, The New York Times (Nov. 11, 2020).
[256] Spencer Walrath, Activists Admit Climate Campaign Is About Attacking Free Speech, Energy In Depth (Aug. 22, 201pra7).
[257] X. Wiu, R. C. Nethery, M. B. Sabath, D. Braun & F. Dominici, Air pollution and COVID-19 mortality in the United States: Strengths and limitations of an ecological regression analysis, 6(45) Sci. Advances (Nov. 2020).
[258] Kelsey Tamborrino, Inside carbon capture tax credit claims, Politico (Apr. 30, 2020).
[259] Benjamin Franta & Geoffrey Supran, The fossil fuel industry's invisible colonization of academia, The Guardian (Mar. 13, 2017).
[260] Wen Stephenson, Other Universities Are Divesting From Fossil Fuels—but Harvard Is Doubling Down on Them, The Nation (May 4, 2016).
[261] Lee Smith, The Unsentimental Corporate Giver, Fortune (Sept. 21, 1981) ("With relatively few employees and correspondingly little need to support local institutions that employees depend upon, Exxon [could] concentrate its charity on projects remote from immediate concerns, such as interdisciplinary studies at universities."). Exxon's charity program director at the time was Stephen Stamas, who was also on the Harvard Board of Overseers. *Id.*
[262] Stephanie Mencimer, Blocking the Courthouse Door: How the Republican Party and its Corporate Allies Are Taking Away Your Right to Sue 231 (2006) (quoting Freudenberg notes from conversation with Exxon official). "The authors of the studies have insisted they were given complete autonomy in pursuing their work. One academic who took Exxon money, however, was fired after he produced an article that conflicted with the company's political agenda." *Id.* at 230.

- The upshot of the research was that juries' punitive damage awards in cases that involve "normative judgments" are "arbitrary," "unpredictable," "erratic," and "incoherent," and ought to be replaced with a schedule-based system of fines.[263] One professor called for the total abolishment of punitive damages.[264]
- A comparison of industry-funded law review articles on punitive damages with those supported by universities "found that the former were uniformly critical of punitive damages and jury awards, while the latter overwhelmingly defended them."[265] The same study found that courts cited industry-funded studies more often.[266]

X. Divestment by other large institutions

Hundreds of large institutional investors have opted in recent years to divest from fossil fuel producers, including many universities situated similarly to UChicago. Their reasoning applies to UChicago's circumstances as well as their own. The Board has failed to *invest with the care that an ordinarily prudent person in a like position would exercise under similar circumstances.*

- Institutional divestment from the fossil fuel industry has become increasingly common. More than 1,500 institutional investors have committed to divestment from fossil fuels, including major institutional investors.[267] In so doing, they have recognized divestment as a fiduciarily responsible course of action.[268]
- BlackRock's recent reports to the City of New York note that although fossil fuel divestment was initiated by small, religious investors and non-profit organizations, its financial logic has been validated by globally significant financial institutions as larger

[263] Mencimer at 230; Thomas O. McGarity, A Movement, A Lawsuit, and the Integrity of Sponsored Law and Economics Research, 21(1) Stan. L. & Pol'y Rev. 51, 52, 55-56 (2010); Cass Sunstein, Daniel Kahneman, & David Schkade, Assessing Punitive Damages (With Notes on Cognition and Valuation in Law), 107 Yale L.J. 2071 (1998); Cass Sunstein, Daniel Kahneman, et al, Predictably Incoherent Judgments, 54 Stanford L. Rev. 1153 (2002); Cass R. Sunstein, Reid Hastie, John W. Payne, David A. Schkade, & W. Kip Viscusi, Punitive Damages: How Juries Decide (University of Chicago Press 2002). In Exxon Shipping Co. v. Baker, the U.S. Supreme Court substantially reduced the damage award against Exxon, holding that punitive damages may not exceed actual damages in maritime cases. 554 U.S. 471, 513 (2008). The Court declined to rely on the funded studies but was aware of their existence. *Id.* at 501 n. 17.
[264] McGarity, *supra* at note 263, at 55-56 (citing W. Kip Viscusi, The Social Costs of Punitive Damages Against Corporations in Environmental and Safety Torts, 87 Geo. L.J. 285 (1998)).
[265] McGarity, *supra* at note 263, at 56 (citing Shireen A. Barday, Note, Punitive Damages, Remunerated Research, and the Legal Profession, 61 Stan. L. Rev. 711, 713 n. 9, app. A (2008)). Beyond power to control research, sponsorship can compromise research integrity by coloring peer evaluation and through the implicit threat of funding termination. *Id.* at 53. McGarity writes, "Since it is normally impossible to know whether a sponsor has in fact determined the outcome of research . . . it may be appropriate to conclude that sponsorship undermines the integrity of sponsored research when the researchers behave as if the sponsor controlled the research." *Id.*
[266] *Id.* at 56.
[267] Global Fossil Fuel Divestment Commitments Database, Stand.earth (last accessed Aug. 15, 2022).
[268] *See, e.g.*, Update to the Legislature Regarding NYSTRS' Deliberative Process to Address Climate Risk and Opportunities, New York State Teachers' Retirement System (Dec. 28, 2021) (discussing at length the relationship between climate-conscious investment and fiduciary duty).

funds have begun divesting from fossil fuels.[269] This group of institutions includes significant universities, insurance companies, foundations, and major asset managers.[270]

- Although investor discontent with an industry typically recedes during periods of rising prices and profitability, major institutional investors continued divesting from fossil fuels throughout 2021 and 2022:
    - In April 2021, the New York State Comptroller announced divestment from major oil sands companies after probing the sector's lack of preparation for the energy transition.[271] In February 2022, the New York State Comptroller announced divestment from major shale oil and gas companies after probing the companies' readiness for the energy transition.[272]
    - In September 2021, Harvard University President Lawrence Bacow announced the school would divest its endowment of fossil fuels.[273]
    - In October 2021, the Ford Foundation made a similar commitment.[274]
    - In July 2022, commissioners at a general assembly of the Presbyterian Church (U.S.A.) voted to divest from five oil companies.[275] The same month, other churches from seven countries and multiple denominations jointly announced their divestment from fossil fuel companies.[276]
    - Later in July 2022, the United Kingdom's Wellcome Trust, a major philanthropic funder of health-related scientific research, quietly announced that it had divested from large fossil fuel companies such as BP and Shell.[277]
- Many institutions have pointed to the moral and financial imperative of abandoning holdings in oil, gas, and coal, and there is broad consensus that fossil fuel divestment is both necessary and effective as a means of mitigating climate disaster.[278]
    - Institutional investment in fossil fuel firms "provid[es] [those firms] with the capital to continue oil and gas production, to persuade members of Congress to

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[269] BlackRock, Investment and Fiduciary Analysis for Potential Fossil Fuel Divestment, Phase 1: Survey of Divestments of Fossil Fuel Reserve Owners and Identification of Securities Issued by Fossil Fuel Reserve Owners at 5 (Mar. 2021).
[270] *See* Invest Divest 2021: A Decade of Progress Towards a Just Climate Future, DivestInvest.org (Oct. 2021); 100 and Counting: Financial institutions are restricting fossil fuel funding, Institute for Energy Economics and Financial Analysis (last accessed Aug. 15, 2022).
[271] Office of the New York State Comptroller, DiNapoli Moves State Pension Fund Toward Net Zero Target, Restricts Investments in Oil Sands Companies (April 12, 2021).
[272] Office of the New York State Comptroller, DiNapoli Restricts Investments in 21 Shale Oil & Gas Companies (February 9, 2022).
[273] Lawrence Bacow, Climate Change: Update on Harvard Actions, Harvard Office of the President (Sept. 9, 2021).
[274] Darren Walker, Aligning our investments and our values, Ford Foundation (Oct. 18, 2021).
[275] Darla Carter, GA committee approves MRTI's fossil fuel divestment proposal, Presbyterian Church (U.S.A.) (July 6, 2022). *See also* Bob Smietana, Presbyterians to divest from 5 oil companies, including Exxon Mobil, after years of debate, Religion News Service (July 7, 2022).
[276] Operation Noah, Global faith institutions announce divestment as oil and gas companies threaten 1.5°C climate goal with reckless expansion plans (July 5, 2022).
[277] Jim Waterson & Damian Carrington, Wellcome Trust sells stakes in large oil and mining companies, The Guardian (July 21, 2022).
[278] *See, e.g.*, How falling demand for oil is set to transform international relations, World Economic Forum (Aug. 20, 2019) (citing the "global campaign in support of divestment from fossil fuels" as one of the key factors in the ongoing energy transition worldwide); Gunther Thallinger, The zero that every investment portfolio needs, World Economic Forum (Jan. 14, 2021) ("To address climate change effectively, investors must steer their entire portfolios towards climate neutrality. . . . [I]t could become necessary to reduce assets with a non-satisfactory sustainability approach. In the extreme case of non-existence of such approaches, divestment is the ultima ratio.").

provide industry-specific tax breaks and other favors, and to thwart carbon taxes and new public-transportation projects and other policies — actions that ultimately delay the transition from the greenhouse gas-emitting fuels."[279]

  - In its lawsuit against ExxonMobil, the Massachusetts Attorney General concluded that institutional divestment is effective in reducing the fossil fuel industry's harmful effects on the climate: "Insofar as they damage companies' reputations for their social responsibility and environmental stewardship, and thus their societal 'license to operate,' divestment efforts pose an additional climate-related risk to oil and gas companies. In 2018, an oil major that competes with ExxonMobil acknowledged that divestment campaigns and related efforts pose a material risk to its business and the price of its securities."[280]
    - The Attorney General was referencing an investor disclosure by Shell, in which the company stated that the divestment movement "could have a material adverse effect on the price of our securities and our ability to access equity capital markets . . . other financial institutions also appear to be considering limiting their exposure to certain fossil fuel projects. Accordingly, our ability to use financing for future projects may be adversely impacted."[281]
    - Other fossil fuel companies have likewise acknowledged the effects of investors' decisions to pull their funds: Prior to its bankruptcy declaration, for example, Peabody Energy stated in SEC filings that "[t]here have also been efforts in recent years affecting the investment community, including investment advisors, sovereign wealth funds, public pension funds, universities and other groups, promoting the divestment of fossil fuel equities and also pressuring lenders to limit funding to companies engaged in the extraction of fossil fuel reserves. The impact of such efforts may adversely affect the demand for and price of securities issued by us, and impact our access to the capital and financial markets."[282]
  - In addition to "hasten[ing] the [fossil fuel] industry's decline," divestment commitments from large institutions create pressure on governments to take action and make political space for the shift away from fossil fuels."[283]
- Many of UChicago's peer educational institutions have pledged to abandon their fossil fuel assets, citing the financial and ethical obligation to divest. Such institutions have often chosen divestment *in addition* to a suite of other policies, including producing climate- and sustainability-related research, reducing on-campus environmental impact through emissions reductions and other measures, and engaging in shareholder advocacy with companies that have demonstrated their real commitment to the goals of the Paris Agreement and whose core business model is not at odds with those goals. Many of

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[279] Prem Thakkar, Reading the Fine Print of University Fossil Fuel Divestment Pledges, The American Prospect (Mar. 1, 2021).
[280] Second Amended Complaint, Massachusetts v. ExxonMobil, *supra* at note 215, at 108-09.
[281] Royal Dutch Shell PLC, Annual Report and Form 20-F 2017 — Strategic Report at 13 (2017).
[282] Peabody Energy Corporation, Form 10-K: Annual Report at 30 (2014).
[283] Emma Howard, A beginner's guide to fossil fuel divestment, The Guardian (Jun. 23, 2015) (quoting Jamie Henn, of 350.org, who explains that institutional divestment commitments "hasten the [fossil fuel] industry's decline and help push governments to take action," while also serving to stigmatise fossil fuel companies in order to "make the space for progress" and reduce those companies' corrupting influence on politics).

UChicago's peer institutions have also committed to meaningful climate action on a much more rapid timescale.

- On September 29, 2022, Princeton University's Board of Trustees voted to dissociate from 90 fossil fuel companies, including ExxonMobil, NRG Energy, Total, Suncor, and Syncrude.[284] The companies dissociated from were identified as responsible for some of the most-polluting segments of the fossil fuel industry and were involved in corporate climate disinformation campaigns. The decision ended not only investments but also research funding and other associations between the university and the companies identified. Princeton also created a fund to support funding needs for energy research as a result of the dissociation. Princeton University President Christopher Eisgruber said of the decision, "Princeton will have the most significant impact on the climate crisis through the scholarship we generate and the people we educate."[285]
- On October 8, 2021, Dartmouth College announced that the Dartmouth Investment Office would let its remaining public investments in the fossil fuel industry expire.[286] The decision was made based on both moral and financial considerations. Dartmouth's statement cited the worsening effects of climate change, saying that the "damaging effects will continue to exacerbate existing threats to global health, nutrition, and biodiversity while also creating new hazards."[287] Dartmouth President Phil Hanlon said the College has noticed "that investments in energy transitions are now comparable or better than the investment opportunities in fossil fuel companies."[288]
- On October 6, 2021, California State University System, the largest in the US, announced that the system would no longer invest in fossil fuels.[289] The California State University Chancellor said that the move was "consistent with our values" and that "it is an appropriate time to start to transition away from these types of investments, both to further demonstrate our commitment to a sustainable CSU but also to ensure strong future returns on the funds invested by the university."[290]
- On September 23, 2021, Boston University announced that it would fully divest from fossil fuels as part of an overarching climate action strategy.[291]
    - President Robert Brown stated that the decision was motivated by an urgently worded climate report released by the Intergovernmental Panel on Climate Change in 2021, and said that "we face the challenge of changing our way of life at unprecedented speed if we are going to preserve Earth's environment as we know it."[292]

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[284] Princeton University, Fossil Fuel Dissociation (Sept. 29, 2022).
[285] *Id.*
[286] Office of Communications, Darmouth Taking Formal Steps to Address Climate Crisis, Dartmouth College (Oct. 8, 2021).
[287] *Id.*
[288] Taylor Haber, College formally announces plan to divest from fossil fuels, The Dartmouth (Oct. 8, 2021).
[289] California State University Will Not Make Future Fossil Fuel Investments in University Investment Portfolios and Funds, The California State University (Oct. 6, 2021).
[290] *Id.*
[291] Robert A. Brown, Board of Trustees Approves Fossil Fuel Divestment Policy, Boston University (Sept. 23, 2021).
[292] *Id.*

- Brown added that the move to divest "is putting us on the right side of history," highlighting the existential threat of climate change and the need to take immediate action.[293]

- On September 9, 2021, Harvard University announced that it would divest from fossil fuels.[294]
  - President Lawrence Bacow stated: "Given the need to decarbonize the economy and our responsibility as fiduciaries to make long-term investment decisions that support our teaching and research mission, we do not believe such investments are prudent."[295]
  - President Bacow also noted that "[c]limate change is the most consequential threat facing humanity… without concerted action, this dire situation is only going to get worse."[296]
- In January 2021, Columbia University announced that it did not hold any direct investments in publicly traded oil and gas companies, and was formalizing this policy of non-investment for the foreseeable future. The university had already divested from thermal coal in 2017.[297] "There is an undeniable obligation binding upon Columbia and other universities to confront the climate crisis across every dimension of our institutions," said Columbia University President Lee C. Bollinger.
- In March 2020, Brown University made public that it had begun selling its investments in fossil fuel extraction companies in October 2017, arguing that the climate crisis called for serious action beyond teaching and research.
  - "The urgency of the situation calls for additional action," Brown's president Christina Paxson wrote in a letter to the Brown community.[298]
  - Paxson explained the move as aligning with "the view that, as the world shifts to sustainable energy sources, investments in fossil fuels carry too much long-term financial risk."[299]
- On May 22, 2020, the Cornell University Board of Trustees announced a moratorium on new private investments focused on fossil fuels and a phase-out of existing investments in that area, effectively divesting the endowment from the fossil fuel industry.[300] Like many investors, when Cornell's Trustees announced their moratorium on fossil fuel investments, they cited the financial imperative behind their actions: "We're doing the right thing from an investment perspective, particularly for an endowment with a perpetual time horizon" said Ken Miranda, the university's chief investment officer, in a Cornell press release.[301]

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[293] *Id.*
[294] Anemona Hartocollis, Harvard Says It Will Not Invest In Fossil Fuels, The New York Times (Sept. 10, 2021).
[295] Harvard Office of the President, Harvard University (last visited Jan. 27, 2022).
[296] *Id.*
[297] University Announcement on Fossil Fuel Investments, Columbia News (last visited Jan. 27, 2022).
[298] Christina Paxson, Letter from President Paxson: Brown's actions on climate change, Brown University (Mar. 4, 2020).
[299] *Id.*
[300] Kathryn Stamm, Cornell to Effectively Divest from Fossil Fuels, Trustees Vote, Cornell Daily Sun (May 22, 2020).
[301] James Dean, Cornell announces moratorium on fossil fuel investments, Cornell Chronicle (May 22, 2020).

- On October 1, 2020, the University of Cambridge announced plans to divest all direct and indirect holdings from the fossil fuel industry and to achieve net-zero greenhouse gas emissions by 2038.[302]
  - As of December 2020, the university had already withdrawn investments in "conventional energy-focused public equity measures," and planned to divest from "all meaningful exposure in fossil fuels" by 2030. It now aims to achieve net-zero greenhouse gas emissions across its entire investment portfolio by 2038.[303]
  - Cambridge's announcement was justified on moral grounds. "The University is responding comprehensively to a pressing environmental and moral need for action with an historic announcement that demonstrates our determination to seek solutions to the climate crisis," said Stephen Toope, the university's vice-chancellor.[304]
  - In addition to leveraging the university's endowment, Cambridge also made clear its continued commitment to research and teaching, emphasizing that all research funding and donations will now be scrutinized against the university's goal of reducing greenhouse gas emissions "before any funding is accepted."[305]
- In April 2020, the University of Oxford announced plans to divest its endowment from fossil fuel companies.[306]
  - Oxford's divestment decision was made in accordance with its Oxford Martin Principles for Climate-Conscious Investment, a set of guidelines that led the university to determine that fossil fuel investments "hinder" worldwide efforts to (1) bring CO2 emissions to zero and (2) limit global warming to 1.5 degrees Celsius.[307]
  - While some universities have insisted on "shareholder engagement" *instead of* divestment, Oxford chose to pursue both strategies, divesting from fossil fuel companies while also pledging to work with companies around the world, "helping them assess whether investments are compatible with transition to a more stable climate and the goals of the Paris Agreement on climate change." Oxford also plans to engage with fund managers "to request evidence of net-zero carbon business plans across their portfolios."[308]
  - Oxford's divestment pledge was seen as consistent with the university's academic and teaching mission, and administrators did not see divestment as precluding climate- and sustainability-related research or efforts to promote sustainable campus operations. In fall 2020, months after announcing its divestment pledge, Oxford released drafts of a

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[302] Matthew Taylor, Cambridge University to divest from fossil fuels by 2030, The Guardian (Oct. 1, 2020).
[303] *Id.*
[304] Cambridge to divest from fossil fuels with 'net zero' plan, University of Cambridge (Oct. 1, 2020).
[305] *Id.*
[306] University of Oxford cuts ties to fossil fuels industry, BBC News (Apr. 28, 2020).
[307] Oxford Martin Principles for Climate-Conscious Investment, Oxford Martin Net Zero Carbon Investment Initiative (Feb. 2018) (adapted from R.J. Millar, C. Hepburn, J. Beddington, J., & M.R. Allen, Principles to guide investment towards a stable climate, 8 Nature Climate Change 2-4 (2018)).
[308] Oxford announces historic commitment to fossil fuel divestment, University of Oxford (Apr. 27, 2020).

sustainability plan to achieve net-zero carbon and biodiversity net gain by 2035.[309]

- In February 2020, Georgetown University announced the divestment of its endowment from all public and private fossil fuel assets.[310]
  - In its announcement, Georgetown stressed the financial risk of continued investment, with Michael Barry, Georgetown's chief investment officer, noting that "climate change, in addition to threatening our planet, is increasing the risk of investing in oil and gas companies, as we expect a more volatile range of financial outcomes."[311]
  - Georgetown President John J. DeGioia also identified moral concerns as important to the decision, noting that "caring for our environment is one of the most urgent moral and practical concerns of our time."[312]
- In September 2019, the University of California system announced divestment of its over eighty-three billion dollar endowment and pension fund from fossil fuels.[313]
  - In an op-ed in the Los Angeles Times, fund managers cited their fiduciary duty to the long-term financial wellbeing of the institution, writing that "[t]he reason we sold some $150 million in fossil fuel assets from our endowment was the reason we sell other assets: They posed a long-term risk to generating strong returns for UC's diversified portfolios."[314]
  - The fund managers also pledged to take the opportunity to reinvest in climate change solutions, writing that "[w]e have been looking years, decades and centuries ahead as we place our bets that clean energy will fuel the world's future. That means we believe there is money to be made."[315]

- Aside from peer universities, many other large-scale charitable funds with analogous fiduciary duties have divested.
  - Pension and public funds that have divested from fossil fuels include the California Public Employees' Retirement System (coal), the California State Teachers' Retirement System (coal), the country of Ireland, the New York City Employees Retirement System, the New York State Common Retirement Fund, the Teachers Retirement System of the City of New York, the Chicago Teachers' Pension Fund, the City of Chicago, and the City of Providence, Rhode Island (partial).[316]In September 2021 the Caisse de dépôt et placement du Québec — Canada's second-biggest pension fund at 310 billion dollars — announced it was divesting from oil production investments by the end of 2022.[317]

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309 Aiming for zero carbon and biodiversity net gain by 2035, University of Oxford (Nov. 20, 2020).
310 Fossil Fuels Divestment Continues Georgetown's Commitment to Sustainability, Georgetown University (Feb. 6, 2020).
311 *Id.*
312 *Id.*
313 Jagdeep Singh Baccher & Richard Sherman, Opinion: UC investments are going fossil free. But not exactly for the reasons you may think, The Los Angeles Times (Sept. 17, 2019).
314 *Id.*
315 *Id.*
316 1000+ Divestment Commitments, GoFossilFree.org (updated Dec. 9, 2020).
317 CDPQ announces its new climate strategy, Caisse de dépôt et placement du Québec (Sept. 28, 2021).

- In the fall of 2021, two of America's largest and most prestigious foundations announced their divestment from fossil fuels. The MacArthur Foundation announced that it was divesting from fossil fuels, citing a number of reasons including fiduciary duty.[318] Shortly after, the Ford Foundation announced it was divesting its thirteen billion dollar endowment from fossil fuels.[319] The foundation president apologized for not having divested sooner.[320]
- Other major funds that have divested include the five-billion-dollar Rockefeller Foundation,[321] Norway's 1.1 trillion dollar sovereign wealth fund (oil and gas exploration and production)[322] and the ninety-billion Storebrand hedge fund (ExxonMobil, Chevron, and other environmental bad actors).[323]

XI. UChicago's ties to the fossil fuel industry and conflicts of interest

Several UChicago Trustees maintain professional or financial ties to the fossil fuel industry. These apparent conflicts of interest may violate the Trustees' *duty of loyalty* insofar as they hinder impartial decision-making with regard to fossil fuel securities, which, as detailed above, conflict with UChicago's mission as a public charity. They also violate the Board's conflict of interest policy because they impair the Trustees' ability to be objective in serving the UChicago community.[324]

- David M. Rubenstein, Chair of the Board of Trustees, is Co-Founder and Co-Chairman of the Board for The Carlyle Group, a private equity and financial services corporation.[325] According to LittleSis, "Carlyle has billions invested in more than two dozen oil and gas companies whose operations include power plants, fracking projects and oil and gas pipelines."[326] The Private Equity Stakeholder Project reported in October 2021: "Carlyle has significant energy investments within its own portfolio, and additionally has a controlling ownership stake in NGP Energy Capital that dates back more than a decade and which provides Carlyle with additional exposure to fossil fuels. The Carlyle Group owns more than 35 energy companies while NGP has over 45. Combined, more than 80 percent of Carlyle and NGP's energy companies are in fossil fuel assets."[327] Rubenstein has $1,042,749,809 worth of holdings in The Carlyle Group.[328]

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318 Our Approach toAchieving Impact with Investment Assets, MacArthur Foundation (Sept. 22, 2021).
319 Darren Walker, Aligning our investments and our value, Ford Foundation (October 18, 2021).
320 InvestDivest 2021 Event Video, DivestInvest (last visited Jan. 27, 2022).
321 *Id.*
322 Terje Solsvik, Norway sovereign wealth fund to divest oil explorers, keep refiners, Reuters (Oct. 1, 2019).
323 Jillian Ambrose, Major investment firm dumps Exxon, Chevron and Rio Tinto stock, The Guardian (Aug. 24, 2020).
324 Policy 2706: Conflict of Interest. University of Chicago. (March 2008)
325 Board of Directors, Carlyle. (last visited August 31, 2023).
326 Derek Seidman, Tax Records Reveal University of Chicago is Massively Invested In Fossil Fuels, Little Sis (March 16, 2023).
327 Alyssa Giachino and Riddhi Mehta-Neugebauer, Private Equity Propels the Climate Crisis, Private Equity Stakeholder Project (October 2021).
328 Business Leaders: David Rubenstein, MarketScreener (last visited August 31, 2023).

- John Liew is a co-founder and principal of AQR Capital Management,[329] which as of August 2023 holds over $1.66 billion in shares of fossil fuel companies, including $292.33M of shares in ExxonMobil, $218.89M in Valero, and $94.37M in HF Sinclair.[330]
- Emmanuel Roman is the CEO of Pimco,[331] an investment management firm. Pimco has a fossil fuel production exposure of $1.09 billion in oil and gas and $64.4 million in coal.[332] Six of its managed funds were given an "F" rating by Fossil Free Funds for having more than 9% of their assets in fossil fuel companies.[333] Pimco is also owned by Allianz, "the third biggest bondholder [in the oil and gas industry]... with US $17bn in bonds held by its asset management branches PIMCO and Allianz GI."[334]
- Gregory Wendt is a partner at Capital Group,[335] which has over $1 billion investments in coal, oil, and gas companies,[336] and is the fourth highest institutional investor in fossil fuels.[337] Four of seven Capital Group funds scored a D or below for fossil fuels composing over 7% of the portfolio.[338]
- Kenneth M Jacobs is the Chairman and CEO of Lazard,[339] which has a fossil fuel production exposure of $2.37 billion in oil and gas and $49.1 million in coal.[340] The Lazard Emerging Funds Equity Portfolio scored an F for 13% of its portfolio consisting of fossil fuels.[341]
- Michael P. Polsky is the Founder and CEO of Invenergy.[342] The company, though it promotes its "clean energy" projects, currently has thirteen natural gas projects in North America.[343]
- Kenneth C Griffin is the founder, CEO, and co-Chief Investment Officer of Citadel,[344] which holds at least $253 million in Chevron Corporation, $198 million in Phillips 66, $194 in First Energy Corp., $185 million in Public Service Enterprise Group Incorporated, and $182 million in PPL Corporation, among other investments in fossil fuel companies.[345]
- Jason J Tyler is the CFO and Executive Vice President of Northern Trust,[346] an asset manager with $5.9B in fossil fuel production exposure, as well as $372M in coal production exposure.[347] Within the Northern Trust's "Emerging Markets Low Carbon

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329 John M. Liew, AQR, (last visited August 31, 2023).
330 AQR CAPITAL MANAGEMENT LLC, Whale Wisdom, (last visited August 31, 2023).
331 Emmanuel Roman, Pimco, (last visited August 31, 2023).
332 Pimco, InfluenceMap, (last visited August 31, 2023).
333 Pimco, Invest Your Values, (last visited August 31, 2023).
334 Lara Cuvelier, The Asset Managers Fueling Climate Chaos, Reclaim Finance, Urgewald, Re:Common, & The Sunrise Project (April 2022).
335 Gregory Wendt. The University of Chicago Leadership and Science Initiative. (last visited August 31, 2023)
336 Capital Group, Urgewald, (August 8, 2023).
337 Dr. Ognyan Seizov and Katrin Ganswindt, Investing in Climate Chaos: NGOs Release Data on Fossil Fuels Holdings of 6,500 Institutional Investors, Urgewald, (April 20, 2023).
338 Capital Group, Invest Your Values, (last visited August 31, 2023).
339 Kenneth M. Jacobs, Lazard, (last visited August 31, 2023).
340 Lazard. InfluenceMap. (February 28, 2023).
341 Lazard. Invest Your Values, (last visited August 31, 2023).
342 Executive Leadership. Invenergy, (last visited August 31, 2023).
343 Projects. Invenergy, (last visited August 31, 2023).
344 Kenneth C. Griffin, Citadel, (last visited August 31, 2023).
345 Tim Fredericks, Citadel Stock Holdings: 5 Biggest Energy Stocks, Insider Monkey (December 31, 2022).
346 Jason J. Tyler, Northern Trust, (last visited August 31, 2023).
347 Northern Trust Corporation. InfluenceMap, (last visited August 31, 2023).

Optimised Equity" portfolio – despite the "Low Carbon" label – there are estimated to be over 900,000 tons of thermal coal reserves and 5,200,000 BOE of oil and gas reserves owned by companies contained within the fund.[348]

- John W Rogers is the chairman and co-CEO of Ariel Investments,[349] which has invested at least $34 million in oil and gas and $28 million in coal, with $62 million invested in 7 fossil fuels companies.[350]
- Valerie Jarrett is also on the Board of Directors of Ariel Investments.[351]
- Emily Nicklin has represented oil and gas companies BP and Amoco with the law firm Kirkland & Ellis.[352] Kirkland & Ellis received an F on its 2023 Law Students for Climate Accountability scorecard.[353]
- Barry E. Fields personally represented BP in the litigation surrounding the Deepwater Horizon explosion and resulting oil spill,[354] also with the law firm Kirkland & Ellis.
- Thomas A. Cole is the Chair Emeritus of the Executive Committee of Sidley Austin LLP.[355] Law Students for Climate Accountability graded the firm an F on climate and lists Sidley Austin as one of the worst 10 firms when it comes to litigation exacerbating the climate crisis.[356] Cole was formerly a partner at Sidley Austin from 1981 through 2016 and senior counsel from 2017 through 2022. He was personally involved with various company mergers in the energy sector, including the following: Duke Energy/Piedmont Natural Gas merger, NiSource spinoff of Columbia Pipeline Group, MidAmerican Energy/NV Energy merger, AGL/Nicor merger (Nicor is based in Naperville), Barrett/Plains merger (petroleum company), IMC Global/Vigoro merger (mining), Williams/Barrett merger (natural gas), IMC/Cargill merger, Maverick Tube/Tenaris merger (pipelines).
- Satya Nadella is the CEO of Microsoft.[357] Microsoft's supply chain is heavily reliant on fossil fuels (supply chain emissions grew between 2020 and 2022) [358] and the company has multiple partnerships with fossil fuel companies, including Chevron and the oilfield services company Schlumberger.[359]
- Paul Yovovich is on the Board of Directors for GATX Corporation, a freight railcar lessor that serves petroleum among other industries.[360] Yovovich has $4,773,709 worth of holdings in GATX.[361]
- Myrtle S Potter is on the Board of Directors of Liberty Mutual,[362] one of the world's top

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[348] Who Owns the World's Fossil Fuels? InfluenceMap, (December 2018).
[349] John W. Rogers, Jr. Ariel Investments, (last visited August 31, 2023).
[350] Ariel Investments, Urgewald (August 8, 2023).
[351] Our Team, Ariel Investments (last visited August 31, 2023).
[352] Emily Nicklin, P.C, Kirkland & Ellis, (last visited August 31, 2023).
[353] The Law Firm Climate Change Scorecard, Law Students for Climate Accountability (2023).
[354] Barry E. Fields, P.C, Kirkland & Ellis (last visited August 31, 2023).
[355] Thomas A. Cole, Sidley, (last visited August 31, 2023).
[356] The Law Firm Climate Change Scorecard, Law Students for Climate Accountability (2023).
[357] Satya Nadella - Stories, Microsoft, (last visited August 31, 2023)
[358] Sebastián Rodríguez & Jéssica Maes, Microsoft's dirty supply chain is holding back its climate ambitions, The Verge (Jun. 13, 2023).
[359] Matt O'Brien, Big Tech's eco-pledges aren't slowing its pursuit of Big Oil, The Los Angeles Times (Oct. 2, 2019).
[360] Board of Directors, GATX (last visited August 31, 2023).
[361] Business Leaders: Paul G. Yovovich, MarketScreener (last visited August 31, 2023).
[362] Board of Directors, Liberty Mutual Group (last visited August 31, 2023).

fossil fuel insurers.[363]

- Brady W. Dougan was the CEO of Credit Suisse from 2007-2015,[364] a bank embroiled in scandals for helping wealthy Americans evade taxes. During his time in this role, Dougan was encouraged to resign by multiple lawmakers.[365] Credit Suisse contributes heavily to fossil fuels as Europe's leading bank for the provision of coal mining finance, and has lent over $82B to various fossil fuel projects and companies in the past seven years.[366]
- Brett J. Hart is president of United Airlines,[367] a company that is almost entirely dependent on the fossil fuel industry.

XII. The Trustees' refusal to consider divestment from fossil fuels

The Trustees have consistently refused to engage with students and faculty seeking to align the university's investment practices with its charitable mission, thereby failing to act in *good faith* or with *due care*.

- In 2010, the University of Chicago Action Network (UCAN) formed as an offshoot of Green Campus Initiative, an existing campus environmental group.[368]
- In the spring of 2011, the UChicago Student Government held a student referendum to call for a Socially Responsible Investment Committee, which would have advised the University on legal and ethical investment questions.[369] It passed "with an overwhelming majority," but the University never followed up.[370]
- In 2011, UCAN, along with other local student environmental organizations, helped form the Chicago Youth Climate Coalition.[371]
- In 2012, UCAN launched the UChicago fossil fuel divestment campaign as Stop Funding Climate Change (SFCC), which would become the heart of the UChicago divestment campaign.[372]
- On February 21, 2013, WBEZ Chicago published a news article about the divestment campaigns of Chicago-area universities—including UChicago—highlighting the movement's growing reach.[373]

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363 Elana Sulakshana, Liberty Mutual's Annual Policyholder Meeting is Fossil Fuel Business as Usual, Rainforest Action Network. (April 19, 2023).
364 Brady W. Dougan to leave Credit Suisse after eight years as CEO – Tidjane Thiam to become Chief Executive Officer Credit Suisse (October 3, 2015).
365 Katharina Bart, Lawmakers pressure Credit Suisse boss Dougan to resign, Reuters (May 12, 2014).
366 Camilla Hodgson, Credit Suisse under investor pressure on fossil fuel finance, Financial Times (March 8, 2022).
367 Biography: Brett J. Hart, United Airlines, (last visited August 31, 2023).
368 Rachel Liu, The Past, Present, and Future of Fossil Fuel Divestment at UChicago, The Chicago Maroon (Feb. 10, 2022).
369 Crystal Tsoi, New referendum aims to guide U of C investments, The Chicago Maroon (Apr. 19, 2011).
370 Ankit Jain, Divestment referendum to appear on SG ballot, The Chicago Maroon (Apr. 19, 2013).
371 Liu, The Past, Present, and Future of Fossil Fuel Divestment at UChicago, *supra* at note 368.
372 *Id.*
373 Chris Bentley, Chicago students push for divestment from fossil fuels, WBEZ Chicago (Feb. 23, 2013).

- In March of 2013, about thirty SFCC representatives presented then-President Robert Zimmer with a petition demanding divestment.[374] This would be the first of two significant petitioning efforts by divestment student-activists.
- From April 30 to May 2 of 2013,[375] UChicago's Student Government, coordinating with SFCC, held an online referendum on divestment for the student body. It asked if the University should "shift its investment strategy to account for the environmental impact of oil, gas, and coal used by the companies it invests in." The referendum was approved by a seventy percent margin with 3,100 students participating.[376]
- In the spring of 2013, citing the referendum, UCAN began directly petitioning the administration to more seriously consider divestment. In response, the administration requested a comprehensive report of the campaign's arguments.[377]
- On May 7, 2013, during an off-the-record Q&A with the Student Government Cabinet, President Zimmer indicated he wanted to see a more rigorous argument for divestment before the University considered the issue.[378]
- On February 27, 2014,[379] SFCC delivered the fifty-nine-page Fossil Fuel Divestment Report in a meeting with the administration. It had six sections: four separate scientific, moral, institutional, and financial cases for divestment; a response to counterarguments; and an outline of possible actions post-divestment.[380]
- Later in 2014, then-Secretary of the University Darren Reisberg promised UCAN in writing the opportunity to meet in person with at least one University Trustee.[381]
- Soon after, Reisberg told UCAN that he had overpromised. The administration instead offered UCAN a spot at a "student group dinner" with a trustee.[382]
- UCAN declined, calling the offer "egregiously insufficient for any type of meaningful dialogue."[383]
- After news of the canceled meeting in late 2014, SFCC attempted to find other ways of engaging with the community.
- By spring 2014, it seemed that SFCC had found meaningful support with the University faculty.
- On March 31, 2015, the Council of the University Senate discussed divestment and sent a summary of the meeting to the President and the Board. Attitudes toward divestment were "generally positive" among members of the council, with only one person objecting.[384]

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[374] Cecilia Beaver, Approximately 30 attendees filed up to Zimmer's fifth-floor office to deliver the petition, The Chicago Maroon (Mar. 12, 2013).
[375] A photo on UCAN's homepage shows a yard sign with these dates. *See* Homepage, UChicago Climate Action Network (last visited Aug. 14, 2024).
[376] Liu, The Past, Present, and Future of Fossil Fuel Divestment at UChicago, *supra* at note 368.
[377] *Id.*
[378] Anastasia Kaiser, SFCC plans future after referendum, The Chicago Maroon (Jun. 4, 2013).
[379] Stop Funding Climate Change UChicago, Fossil Fuel Divestment Report - University of Chicago (2014), Issuu (Mar. 3, 2014).
[380] The Past, Present, and Future of Fossil Fuel Divestment at UChicago, *supra* at note 369.
[381] Tamar Honig, Students "walk back" for UCAN fossil-fuel divestment march, The Chicago Maroon (Apr. 21, 2015).
[382] Liu, The Past, Present, and Future of Fossil Fuel Divestment at UChicago, *supra* at note 368.
[383] *Id.*
[384] Anne Nazarro, Council of the University Senate discusses divestment from fossil fuels, The Chicago Maroon (Apr.7, 2015).

- On April 17, 2015, approximately 100 students attended UCAN's "Walk Back," a march that ended in speeches at the University administration building. SFCC representatives planned on meeting Reisberg in his office, but he was not there.[385]
- On that same day, a majority (fourteen out of sixteen) of the faculty in the Department of Ecology and Evolution urged rapid divestment from fossil fuels in a letter to the Office of the President.[386]
- In a June 2015 meeting with members of the Chicago Maroon, President Zimmer said the Board was "unlikely" to divest from fossil fuels. While he acknowledged activists' arguments that the 1967 Kalven Report—the University's standard for maintaining institutional neutrality—allows fossil fuel divestment, Zimmer maintained that he didn't find the argument "convincing, compared to the arguments the other way."[387]
- On November 4th, 2015, SFCC wrote an open letter to President Zimmer and Secretary Reisburg, asking to be allowed to present the divestment campaign's arguments directly to the Board of Trustees before the end of the following winter quarter.[388]
- On November 13, 2015, SFCC held a protest outside the William Eckhardt Research Center during President Zimmer's speech to the Board of Trustees.[389]
- On February 22, 2016, UCAN released an open letter urging the University to divest, this time with 256 faculty signatures,[390] and simultaneously installed 256 orange squares on the quad, each one symbolizing a faculty signatory.[391]
- On March 3, 2016, UCAN representatives met with Mark Schmid (Chief Investment Officer and Tom Cole (from the Board of Trustees).[392]
- In May of 2016, UCAN—along with other student groups—participated in a sit-in protest in Levi Hall to call for fossil fuel divestment, along with a $15 per hour University minimum wage and greater accountability for the University of Chicago Police Department. The protest ended an hour later, when the administration threatened to arrest and expel participating students.[393]
- On November 3, 2016, three SFCC representatives attended the first Student Perspective Series (SPS) event, which consisted of a meeting between nine students and four trustees. SFCC members argued that the "exceptional instances" clause of the Kalven Report allowed for divestment. Members of the board disagreed, saying climate change was not an extreme enough circumstance. While divestment was extensively discussed, some attending SFCC members felt that there was little attempt on the part of the trustees to seriously discuss the matter.[394]

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385 Tamar Honig, Students "walk back" for UCAN fossil-fuel divestment march, The Chicago Maroon (Apr. 21, 2015).
386 Liu, The Past, Present, and Future of Fossil Fuel Divestment at UChicago, *supra* at note 368.
387 Isaac Stein, Zimmer says University unlikely to divest from fossil fuels, The Chicago Maroon (Oct. 9, 2015).
388 SFCC, open correspondence (Nov. 4, 2015), attached image in Stop Funding Climate Change, UChicago, *Yesterday six UCAN members delivered a letter to President Zimmer and Secretary Reisberg asking for an opportunity to present our arguments…* [Image attached] [Facebook]
389 Liu, The Past, Present, and Future of Fossil Fuel Divestment at UChicago, *supra* at note 368.
390 Suzanne Goldenberg, University of Chicago professors urge fossil fuel divestment over climate change fears, The Guardian (Feb. 22, 2016).
391 Liu, The Past, Present, and Future of Fossil Fuel Divestment at UChicago, *supra* at note 368.
392 EJTF, internal timeline notes, on file with EJTF (last visited Aug. 5, 2023).
393 Liu, The Past, Present, and Future of Fossil Fuel Divestment at UChicago, *supra* at note 368.
394 Vivian He, Board of Trustees Discusses Divestment, Ellison Letter with Students, The Chicago Maroon (Nov. 4, 2016).

- In November 2016, the University released its Sustainability Plan Baseline Report.[395] It consisted of a plan for future greenhouse gas emission reductions, but did not mention the endowment or divestment. [396]
- In November of 2016, during his quarterly meeting with *The Chicago Maroon*, President Robert Zimmer reaffirmed his position that the Kalven Report prohibits the University from pursuing a "political investment strategy."[397]
- On March 2, 2017, SFCC and the Undergraduate Student Government convened a forum on the Kalven Report, the main line of argument used by the administration to deny fossil fuel divestment.[398]
- The first fossil fuel divestment campaign ended in 2017, not to start again until another student group, the Environmental Justice Task Force (EJTF), relaunched it in 2021. The second campaign would have a dual focus on both divestment and endowment transparency and accountability.[399]
- In March and May of 2018, the University published its Greenhouse Gas Emissions Reduction Plan for 2018-2025[400] and its Greenhouse Gas Emissions Inventory Overview for 2012-2017.[401] As with the Baseline Report, the document did not mention the University's investments in fossil fuels.
- On February 11, 2020, IfNotNow UChicago (a movement of American Jews working to end the Israeli occupation of Palestine) wrote a letter to the editor of the Maroon calling for the University to make all endowment investments public and transparent.[402]
- On May 11, 2020, Atman Metha and an unnamed contributor wrote a Maroon article detailing the University endowment's extensive links to fossil fuels, deforestation, and weapons manufacturing.[403]
- On August 16, 2021, members of EJTF met with the Undergraduate Student Government, where several members expressed their support for the divestment campaign.[404]
- In September of 2021, EJTF launched a second divestment petition with updated demands for the administration.[405] These are to: divest from fossil fuels, regularly disclose endowment data, reduce the endowment's carbon footprint in line with the Greenhouse Gas Emission Reduction Plan guidelines,[406] establish environmentally and socially just investment guidelines, and create an oversight committee to ensure

[395] The Office of Sustainability, Sustainability Plan Baseline Report, The University of Chicago (2016).
[396] Liu, The Past, Present, and Future of Fossil Fuel Divestment at UChicago, *supra* at note 368.
[397] Peter Grieve and Editor-in-Chief, Zimmer Talks University Finances, Divestment, and Trigger Warnings, The Chicago Maroon (Nov. 22, 2016).
[398] SFCC, Stop Funding Climate Change: A Discussion on the Kalven Report, Facebook (last accessed Aug. 13, 2023).
[399] Liu, The Past, Present, and Future of Fossil Fuel Divestment at UChicago, *supra* at note 368.
[400] The Office of Sustainability, Greenhouse Gas Emissions Reduction Plan, The University of Chicago (2018).
[401] The Office of Sustainability, Greenhouse Gas Emissions Inventory Overview, The University of Chicago (2018).
[402] IfNotNow UChicago, IfNotNow Calls on University to Release the Endowment, The Chicago Maroon (Feb. 11, 2020).
[403] Atman Metha and contributor, UChicago's Investments are Tied to Fossil Fuels, Deforestation, and Weapons Manufacturers, The Chicago Maroon (May 11, 2020).
[404] Internal meeting, on file with EJTF (Aug. 16, 2023).
[405] Internal meeting, on file with EJTF (Sep. 9, 2021).
[406] The Office of Sustainability, Greenhouse Gas Emissions Reduction Plan, The University of Chicago (2018).

accountability on all the above points.[407] As of the time of writing, the petition has gathered 2,169 total signatures.[408]

- On December 1, 2021, during a sustainability town hall hosted by the Undergraduate Student Government, the new President of the University Paul Alivisatos stated the University had no plans to divest from fossil fuels.[409]
- On December 6, 2021, UChicago student Tejas Narayan published an op-ed in *The Chicago Maroon* calling on the University to uphold its commitment to sustainability by divesting the endowment from fossil fuels.[410]
- On January 26, 2022, EJTF students hosted a teach-in event with a panel of students involved in the divestment campaign.[411]
- On April 8, 2022, EJTF hosted a poster and music installation on the main quad to improve the campaign's visibility among students.[412]
- On April 29, 2022, EJTF held an Earth Day action and march. Representatives from multiple student organizations gave speeches in front of Levi Hall.[413]
- On May 6, 2022, in a meeting originally scheduled for the fall of 2021,[414] representatives from EJTF met with the University's Office of Investment. There, the Chief Investment Officer stated they had no current plans for divestment.[415]
- In September of 2022, the newly-announced Graduate Students United—later legally recognized by as a union by the NLRB and the University in March of 2023[416]—called for a publicly available University budget and transparent accounting of all funds and investments.[417]
- In November of 2022, EJTF started a new push to garner more signatures.[418]
- On March 16, 2023, a report by Eyes on the Ties confirmed that the University has "extensive investments in fossil fuels" and revealed that many Trustees have worked in the fossil fuel industry and have indirect investments in the fossil fuel sector, potentially placing them in violation of standing conflict of interest policy.[419]
- On April 21, 2023, over 200 students, community members, and staff attended Divestival, an event with marches, speeches, and live music calling on the University to divest from fossil fuels and increase transparency around the endowment.[420]

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407 Divestment Petition, Divest UChicago (last visited Aug. 13, 2023).
408 Home, Divest UChicago (last visited Aug. 13, 2023).
409 Adekemi Kasali, University Has No Plans to Divest, Set Carbon Neutrality Goal, Alivisatos Says, The Chicago Maroon (Dec. 16, 2021).
410 Tejas Naranyan, The End of the Pipeline: Divest from Fossil Fuels, The Chicago Maroon (Dec. 6, 2021).
411 UChicago for a Fossil Free Endowment Teach-in, Eventbrite (last visited Aug. 5, 2023).
412 Internal meeting, on file with EJTF (Mar. 28 & Apr. 4, 2022).
413 Casey Kim, At Rally, Environmental Justice Task Force Demands University Divestment From Fossil Fuels, The Chicago Maroon (May 28, 2022).
414 Casey Kim, At Rally, Environmental Justice Task Force Demands University Divestment From Fossil Fuels, The Chicago Maroon (May 28, 2022).
415 Internal meeting, on file with EJTF (May 8, 2022).
416 David Roeder, University of Chicago graduate student workers unionize, Chicago Sun-Times (Mar. 17, 2023).
417 GSU Proposed Platform: What We Need, UChicago Graduate Students United (last visited Jul. 31, 2023).
418 Internal meeting, on file with EJTF (Nov. 21, 2022).
419 Derek Siedman, Tax Records Reveal University of Chicago is Massively Invested In Fossil Fuels, Eyes on the Ties (Mar. 16, 2023).
420 Naina Purushothaman, Students Hold "Divestival" Rally to Urge University Divestment, The Chicago Maroon (Apr. 29, 2023).

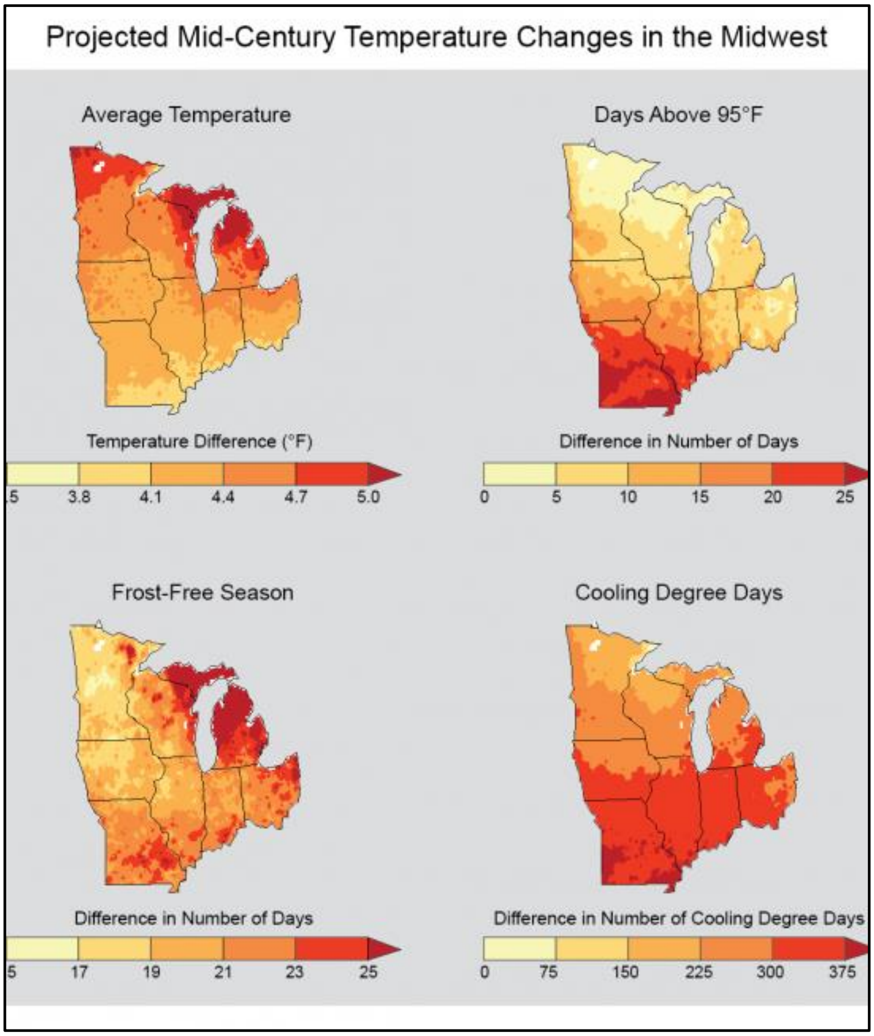
- On April 26, 2023, Amnesty International USA released a scorecard on the human rights due diligence of large university endowments. UChicago failed on every metric and received a score of 0/40, the only school in the study to do so.[421]
- From May 18-20, 2023, the divestment petition[422] gained 300 signatures from alumni during UChicago's Alumni Weekend.[423]
- On May 18, 2023, at a campus sustainability event, EJTF members spoke briefly with Katherine Baicker and Christian Mitchell about ongoing divestment concerns and the Amnesty International report.[424] However, there was no follow-up to the conversation.

Conclusion

The Attorney General and the Secretary of State are responsible for ensuring that charitable assets are allocated appropriately and for investigating charitable managers' violations of fiduciary duties. We ask that you investigate the violations described above and that you take action to ensure that the investment activity of the Board no longer harms the UChicago community, the State of Illinois, or the public.

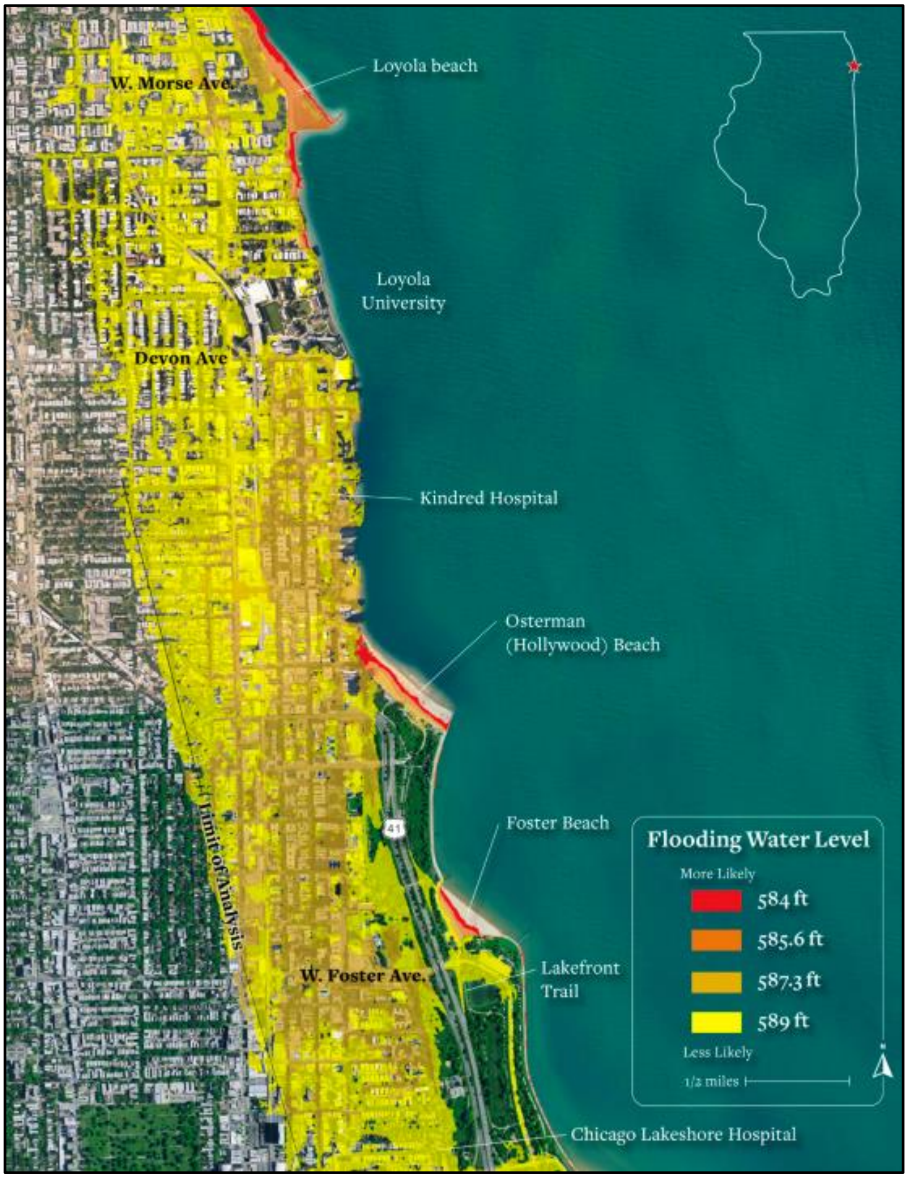
[421] How university investment offices often fail to conduct human rights due diligence when investing in venture capital funds, Amnesty International (2023).
[422] UChicago for a Fossil-Free Endowment!, EJTF (last accessed Sep. 1, 2023); signature drive notes on file with EJTF.
[423] Internal communication, on file with EJTF (May 20, 2023).
[424] Internal communication, on file with EJTF (Aug. 14, 2023).

Appendix A



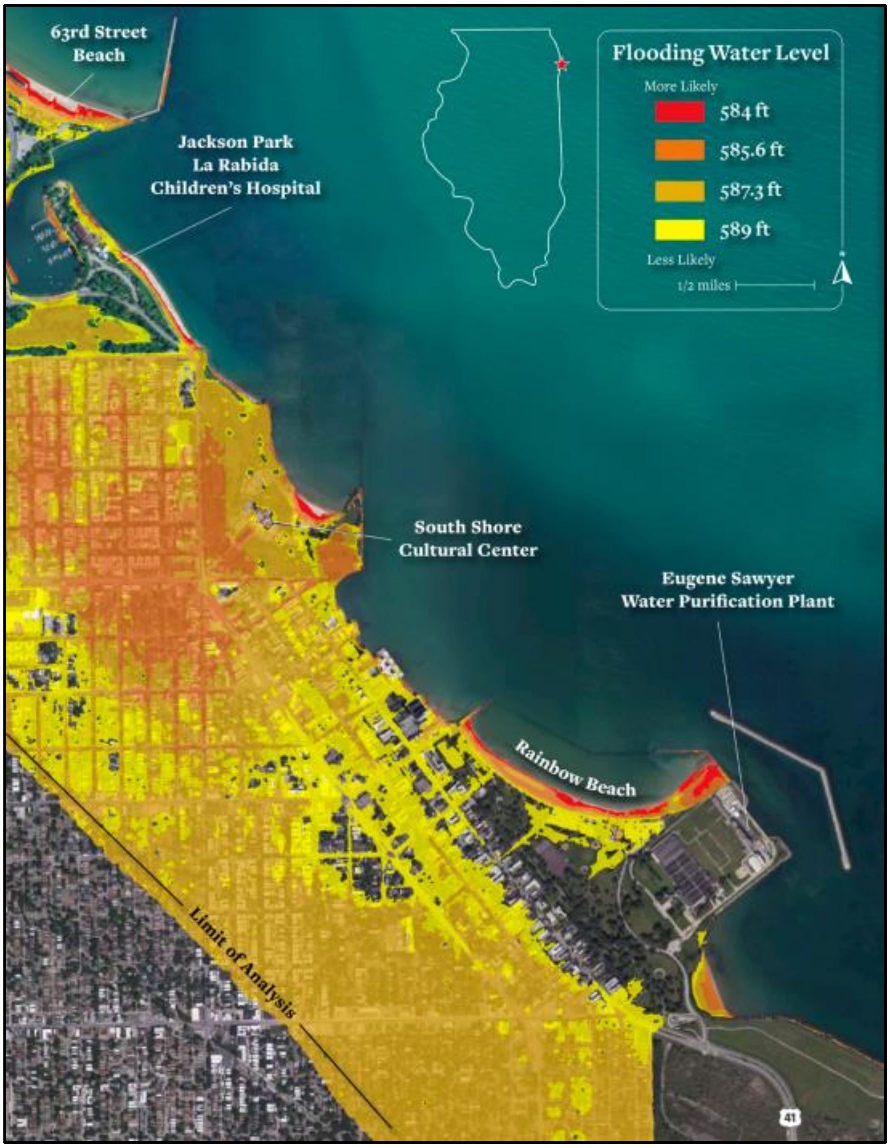
Projected Mid-Century Temperature Changes in the Midwest, United States Environmental Protection Agency. Source: United States Global Change Research Program (2014).

Appendix B

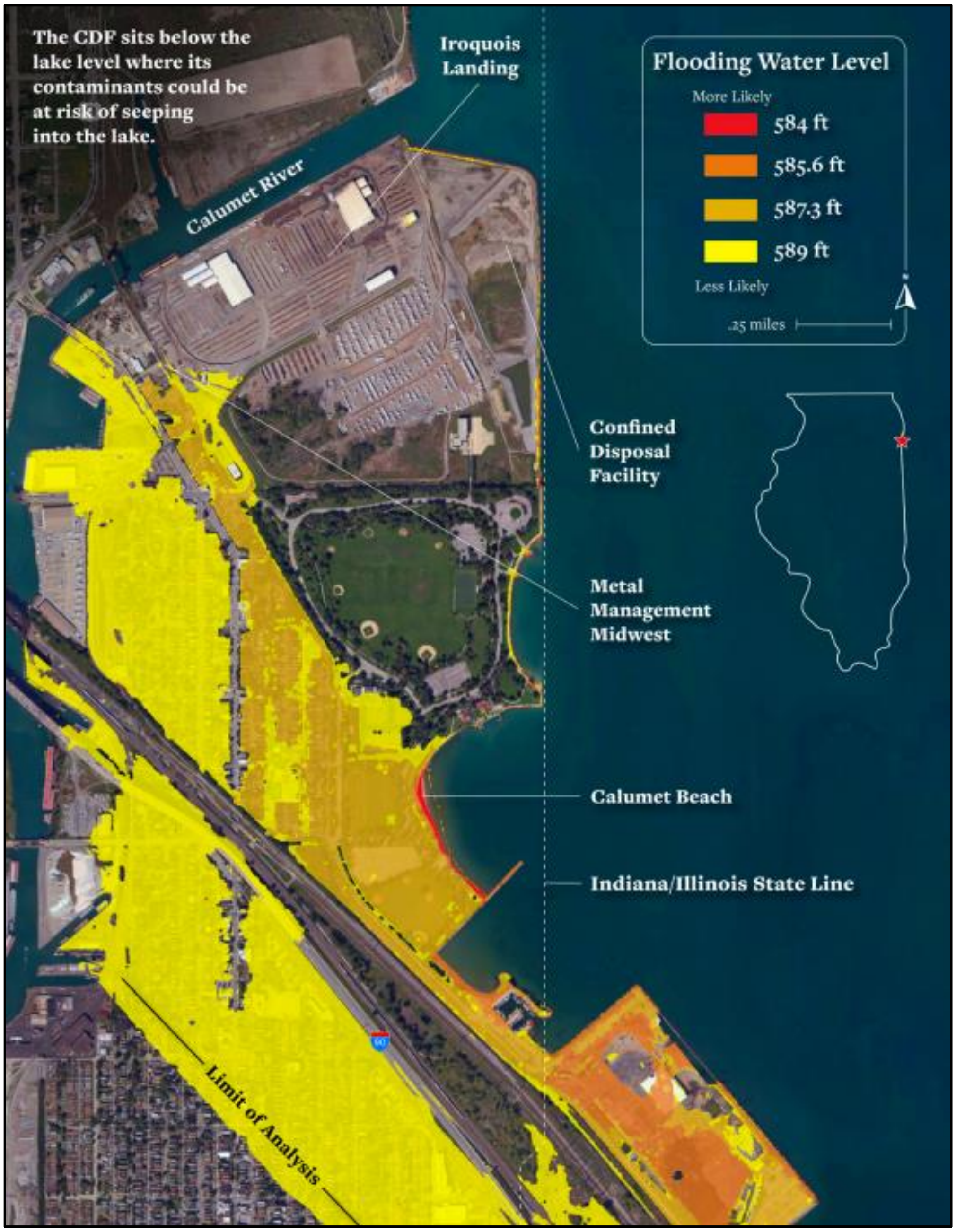


Maps depicting rising water levels and flooding in different regions and neighborhoods in Chicago (Far North Side, Hyde Park, South Shore, and East Side). Source: [Rising Waters: Climate Change Impacts and Toxic Risks to Lake Michigan's Shoreline Communities](), Environmental Law & Policy Center (2022).

Maps depicting rising water levels and flooding in different regions and neighborhoods in Chicago (Far North Side, Hyde Park, South Shore, and East Side). Source: [Rising Waters: Climate Change Impacts and Toxic Risks to Lake Michigan's Shoreline Communities](), Environmental Law & Policy Center (2022).

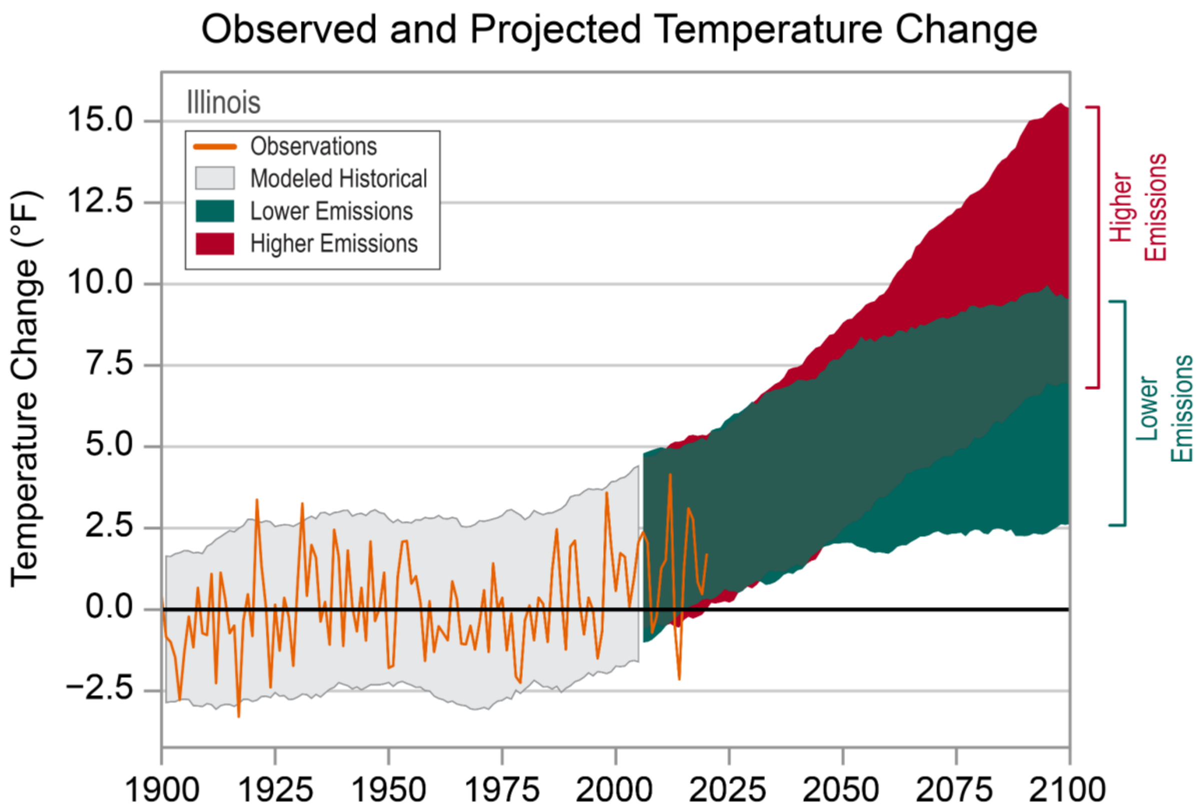


Maps depicting rising water levels and flooding in different regions and neighborhoods in Chicago (Far North Side, Hyde Park, South Shore, and East Side). Source: Rising Waters: Climate Change Impacts and Toxic Risks to Lake Michigan's Shoreline Communities, Environmental Law & Policy Center (2022).



Maps depicting rising water levels and flooding in different regions and neighborhoods in Chicago (Far North Side, Hyde Park, South Shore, and East Side). Source: [Rising Waters: Climate Change Impacts and Toxic Risks to Lake Michigan's Shoreline Communities](), Environmental Law & Policy Center (2022).

Appendix C



Observed and projected temperature change (degrees Fahrenheit) in Illinois in comparison to the 1901-1960 average. Temperatures in Illinois have increased by approximately 1.5 degrees Fahrenheit since 1900. Source: State Climate Summaries 2022 - Illinois, NOAA National Centers for Environmental Information (2022).

Appendix D

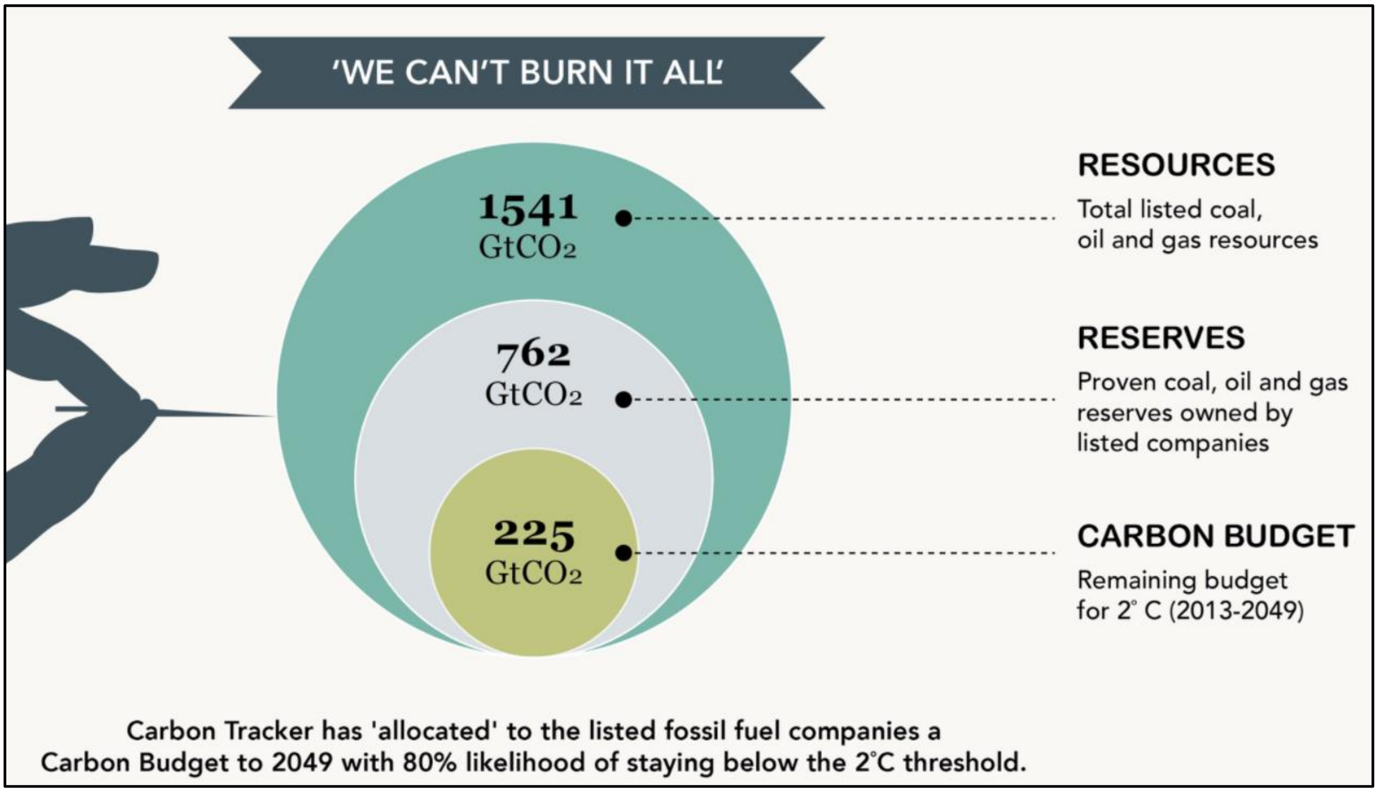
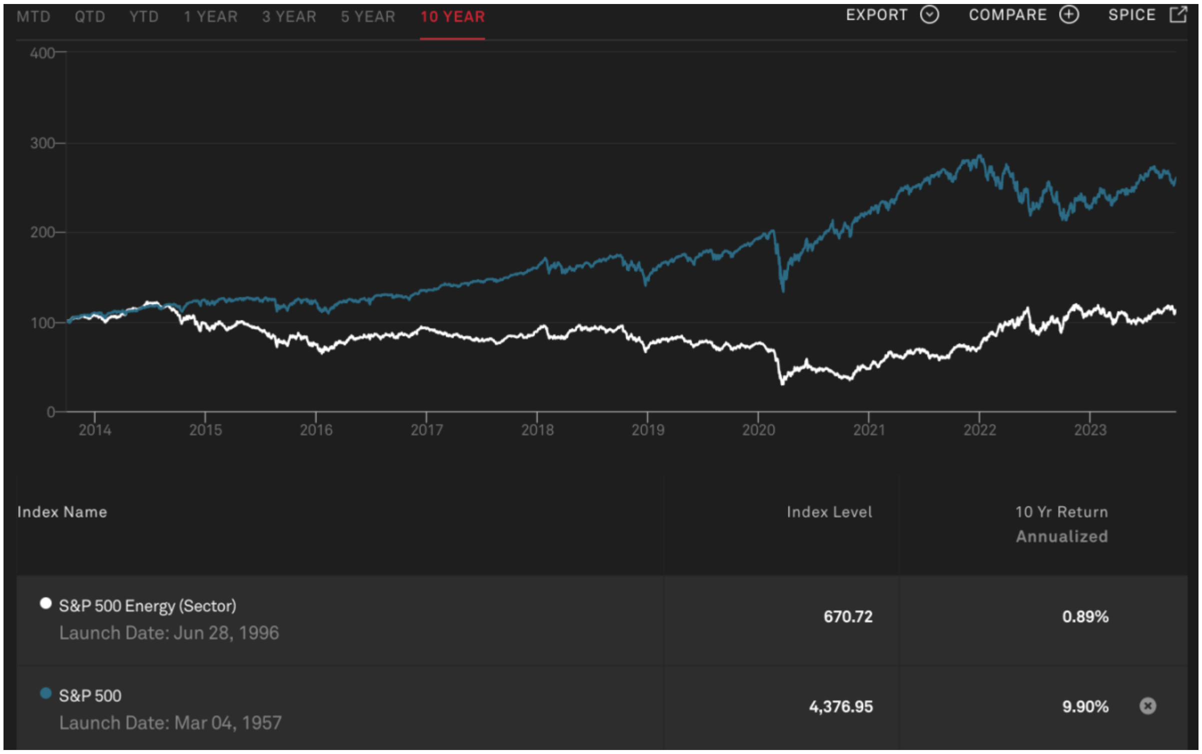


Illustration of carbon bubble, as reprinted in Katharine Earley, Carbon Tracker measures oil and coal risk for investors, The Guardian (Apr. 30, 2015). Source: Carbon Tracker Initiative.

Appendix E

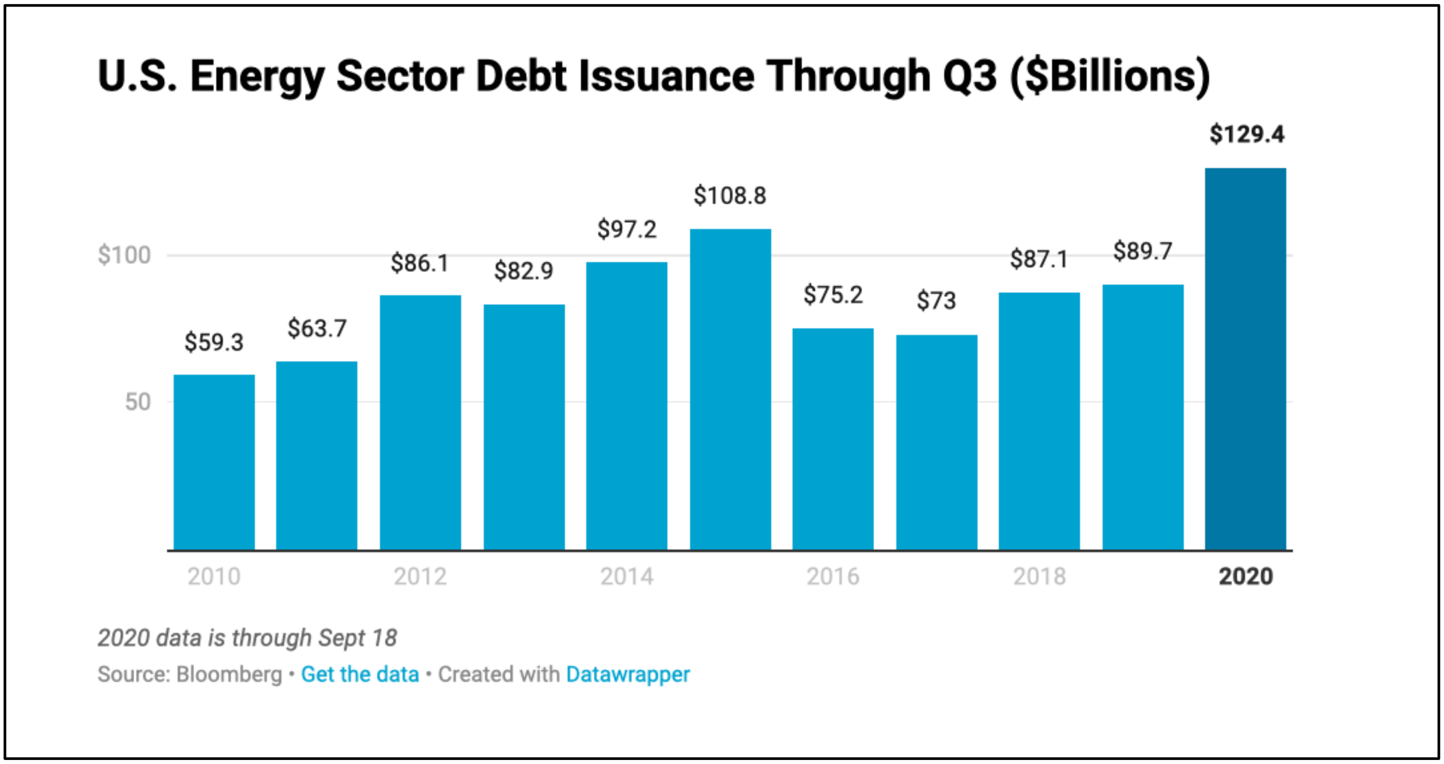


Comparison of ten-year performance of S&P 500 Energy Index[425] (white) with S&P 500 Index (blue).[426] Created using comparison tool at S&P 500 Dow Jones Indices (as of Oct. 12, 2023).

[425] The S&P 500 Energy Index includes only fossil fuel companies and does not encompass renewable energy.

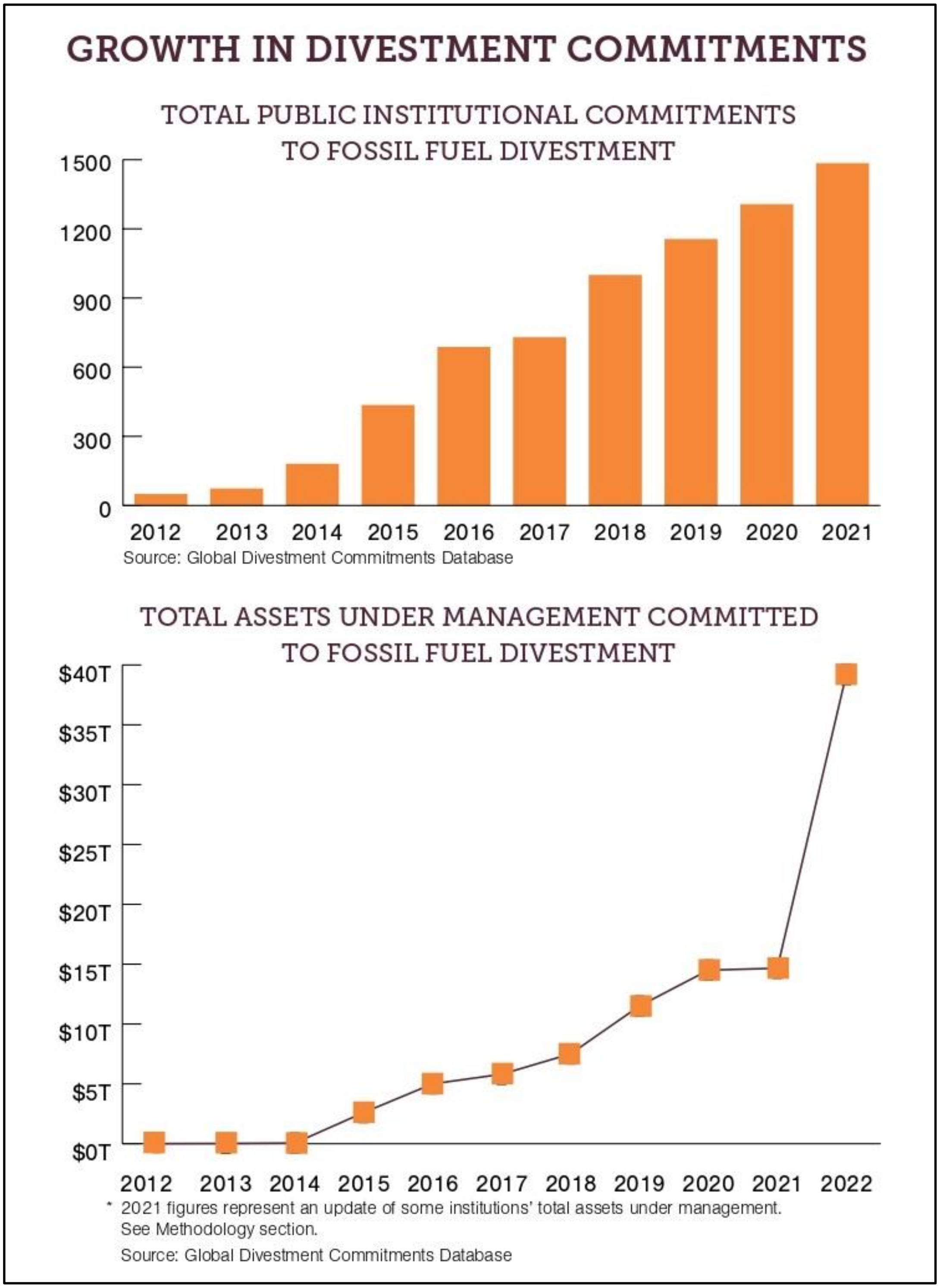
[426] The energy sector's recovery in late 2020 came in part thanks to a large bailout of corporate debt markets by the federal government. *See* Lukas Ross, Alan Zibel, Dan Wagner & Chris Kuveke, Big Oil's $100 Billion Bender, Public Citizen (Sept. 30, 2020).

Appendix F



U.S. Energy Sector Debt Issuance Through Q3 ($Billions), as reprinted in Lukas Ross, Alan Zibel, Dan Wagner & Chris Kuveke, Big Oil's $100 Billion Bender, Public Citizen (Sept. 30, 2020). Source: Bloomberg.

Appendix G



Growth in Divestment Commitments. Source: A Decade of Progress Towards a Just Climate Future, Institute for Energy Economics and Financial Analysis, Stand.earth, C40, & Wallace Global Fund (2021).