

**From:** Springer, Darren [Darren.Springer@vermont.gov]

**Sent:** Tuesday, February 23, 2016 10:15 AM

**To:** Coriell, Scott

**Subject:** Re: Gov. Shumlin Makes Case for Divestment to Vermont Pension Investment Committee

Is there link for this?

Sent from my iPhone

On Feb 23, 2016, at 9:49 AM, Coriell, Scott <[Scott.Coriell@vermont.gov](mailto:Scott.Coriell@vermont.gov)> wrote:

**FOR IMMEDIATE RELEASE**

February 23, 2016

**Gov. Shumlin Makes Case for Divestment to Vermont Pension Investment Committee**

**MONTPELIER** – Gov. Peter Shumlin today urged the Vermont Pension Investment Committee (VPIC) to reevaluate their opposition to divesting Vermont of coal and ExxonMobil stocks. The Governor called for Vermont to divest from those assets in his State of the State Address.

The Governor believes strongly that divestment is a tool that should be used to address climate change, especially after California Gov. Jerry Brown signed a bill last year to divest the state's nearly \$500 billion in pension assets from coal and study divestment from oil. Acknowledging VPIC's past opposition to arguments about the moral imperative of using divestment to combat climate change, the Governor focused his remarks on the bad economic investment that coal and ExxonMobil represent.

Gov. Shumlin said, "Let's put aside the fact that as a matter of moral responsibility, Vermont should not be invested in coal when our state is the tailpipe to the dirty energy choices made by states to our West. Let's put aside the fact that coal is responsible for acid rain which has harmed our forests, and mercury pollution that puts poison into our fish such that pregnant women and children have to limit their consumption. Let's put aside the fact that coal burning is a leading contributor to global warming that threatens the future of our planet. Let's put aside the fact that Vermont is a leader in combatting climate change and together with California we can lead the country in making the right choices for our planet. Clearly those arguments have not persuaded this committee to-date to take action."

The Governor instead argued that Vermont should not be invested in coal or ExxonMobil for the following economic reasons.

- ***Financial Institutions Agree, Coal is a Bad Investment*** – Large financial institutions such as Wells Fargo, Morgan Stanley, Citigroup, Bank of America, and Goldman Sachs have pledged to “stop or scale back support for coal projects,” according to [Bloomberg Business](#). A new report from [Citigroup](#) shows that moves to combat climate change could lead to \$100 trillion in stranded assets, with coal companies accounting for more than half of that potential loss in value. That’s “not the type of industry I would want my money invested in, or Vermont’s money invested in,” Gov. Shumlin said.
- ***Coal Use and Mining is on the Decline*** – In the mid-2000’s coal represented 50 percent of America’s power supply. Today it accounts for only 35 percent according to the [Energy Information Administration](#), a trend that is likely to continue because few coal plants are being built – [in 2015](#), only one new coal plant came online. “The market has spoken and it’s divesting itself of coal,” Gov. Shumlin said.
- ***Coal Companies are Failing*** – The second-largest coal company, [Arch Coal](#), filed for bankruptcy earlier this year, following bankruptcy filings by other major coal companies such as Walter Energy, Alpha Natural Resources, and Patriot Coal.
- ***Founding Family of ExxonMobil Has Lost Faith in Exxon’s Value*** – Neva Rockefeller Goodwin, the great grand-daughter of ExxonMobil’s founder, has divested from the company. After 15 years of failed shareholder engagement and meetings between the Rockefeller family and ExxonMobil to encourage diversification, she declared that “I lost faith in ExxonMobil’s future value.” She has also said that as “the enormity of the effects of [ExxonMobil’s] lies becomes more evident, ExxonMobil is positioned to supplant Big Tobacco as global Public Enemy No. 1...[t]his is not good for a company’s bottom line.”
- ***ExxonMobil Stock is Underperforming*** – In testimony before the House and Senate Government Operations Committees last week, Vermont Law School Professor and former Public Service Board Chair Michael Dworkin discussed how ExxonMobil has significantly underperformed the S&P 500 over the last five years. Earlier this month several investment advisors indicated they were downgrading ExxonMobil to a sell or an underperform rating. Raymond James senior energy analyst [Pavel Molchanov](#) said even as the oil sector hopes for a recovery of value, “Exxon is probably the last oil stock you want.”

The Governor concluded his remarks by recounting [Vermont’s proud history](#) of using divestment to tackle big challenges and encouraging VPIC to follow that tradition and do the right thing.

“It does not matter if the legislature passes a bill, or if VPIC decides to make the right decision,” Gov. Shumlin said. “The process is not ultimately what this is

about. It is about Vermont using our power as an investor to put pressure on coal companies economically, and to protect our pensioners from holding securities that have a bleak future. As the coal industry continues to suffer economically and harm our environment and our health, and as ExxonMobil continues to oppose changing its business model even at the urging of our own Treasurer, this committee can continue to delay and to study. Or this committee can take action. I believe the time has come to act on our values, and divest.”

The Governor’s full testimony, as prepared for delivery, is attached.

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