Divest Princeton's Response to the Report of the Faculty Panel on Dissociation Metrics, Principles, and Standards of June 2, 2022

Divest Princeton acknowledges the effort put into the Faculty Panel Report by many individuals. Princeton University has academics who are working on urgent and important projects related to the climate crisis. However, instead of listening to them, Princeton invented a distraction and demanded faculty devote substantial time to an exercise that is stalling action and greenwashing the University.

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Introduction

On June 2nd, 2022 the University published the report of the Faculty Panel on fossil fuel dissociation. The administrative committee is finalizing the dissociation criteria and process that it will recommend to the Board of Trustees for approval in the fall.

Divest Princeton submitted its proposal for full and urgent divestment from the fossil fuel industry over 2 years ago and Princeton has still not divested a single dollar from its $1.7 billion holdings in fossil fuel companies. This is not divestment. This is not climate action. This is not leadership. And while Princeton delays, the climate crisis just gets worse and our time to act slips away.

Many Ivy League universities, prestigious foundations, and major pension funds have divested from fossil fuels and continued on with ambitious climate action while Princeton stalls and delays and applauds itself for "perfecting the process" (p.14, section 2.4). As over 160 Princeton faculty and staff have pointed out in their petition calling for immediate and full divestment, we are fast losing the only home we have. As long as Princeton neglects its moral and fiduciary responsibility to end its relationships with fossil fuel companies, Divest Princeton will continue to demand full, rapid, and transparent divestment and dissociation from the fossil fuel industry.

Dissociation Context and False Assumptions

Since divestment from fossil fuel companies was first proposed to the Resources Committee in 2014, the Eisgruber administration has maintained two principles as non-negotiable:

1. the process laid out by the Trustees in 1997
2. divestment means complete dissociation, including the purchasing of products

Neither of these assumptions is true.

With regard to Eisgruber's first unfounded premise, the Council of the Princeton University Community (CPUC) Resources Committee clearly intended to establish a flexible dissociation process where future trustees and administrators could revise or abandon established procedure as necessary. The CPUC was created in 1970 in response to calls for divestment from companies operating in apartheid South Africa, and in 1997, the Trustees approved a set of guidelines to orient the committee as it considered concerns related to investment responsibility. These Trustees had the foresight to provide future generations with flexibility:

> *First, these are quite literally guidelines and do not require the Board to follow any particular course of action with respect to any such issue. The Board explicitly reserves the right to deviate from the guidelines in dealing with any specific investor-responsibility issue, as well as to revise or replace the guidelines if and when that seems appropriate. (Preamble, p. 3)*

Faced with the existential threat of the climate crisis, the Princeton administration and Trustees not only have every right to deviate from the long and winding road of the Resources Committee process, but also have a moral obligation to act with urgency. This current process has been going on since February 13, 2020, when Divest Princeton submitted its proposal. The University is clearly not acting with urgency - it's actively stalling.

President Eisgruber's second article of faith is equally false. The Eisgruber administration has been defining dissociation as follows:

> *Dissociating means also refraining, to the greatest extent possible, from soliciting or accepting gifts from a company, purchasing the company's products, forming partnerships with the company, and facilitating the company's campus engagement activities. Dissociation may permit continued engagement with a company aimed at improving its conduct or standards such that dissociation is no longer necessary.*

President Eisgruber has pointed to the impossibility of ceasing to use fossil fuel products as a reason why dissociation is not feasible now (page 7). However, the definition of dissociation in the Guidelines is different. It said that dissociation in the context of South Africa meant that if a company's behaviour was so egregious that its shares should not be owned, then the University should also refuse donations or grants. The 1997 Guidelines make no reference to a prohibition on purchasing products from a company from which Princeton is dissociating.

> *At the same time, the Trustees have recognized that there may be very unusual situations in which the University simply does not wish to be associated with a particular company through ownership of its securities or acceptance of its gifts or grants. (p.2)*

Depending on the response of the companies, the Trustees could decide eventually to dissociate, at which time the University's investment managers would be instructed to sell all securities associated with the company or companies in question and would be precluded from repurchasing those securities. In addition, no gifts or grants would be solicited from or accepted from those companies other than those designed to match the gifts of individuals. (p.5)

The earlier 1987 Trustees Statement on Selective Divestiture also made no reference to a prohibition on purchasing products and refers specifically to dissociation as the ending of an "institutional relationship".

Again, beyond the definitions of dissociation, the preamble to the 1997 Guidelines made it abundantly clear that the Trustees could adapt the guidelines as warranted by the situation. In 2020, the Trustees could have authorized Princeton to begin to divest immediately, refuse new grants and donations as partnerships wound down, and then phase out the use of fossil fuels on campus as renewable energy options come online.

Inventing a Faculty Panel: The Art of the Delay

On May 10, 2021 the Resources Committee issued its recommendations in response to Divest Princeton's proposal. Two weeks later, the Board of Trustees issued their own statement about the possibility of future partial divestment and dissociation. Even though the statement included conditions that could mean divestment would never happen, this was an unprecedented moment. It was the first time a proposal to the Resources Committee had resulted in anything other than 'No'. The administration and Trustees were now in uncharted waters. The 1997 Guidelines (p.6) did not explicitly spell out how divestment and dissociation would actually happen in the case of a favourable vote:

Develop recommendation for the Trustees concerning: appropriate changes in investment and proxy policies; a fair and consistent monitoring process; ways to communicate the University position and evaluate response; and the possibility of dissociating from companies whose conduct violates the University's core values.

One option would have been to convene an administrative committee of experts drawing on Princeton's and PRINCO's highly qualified staff who could have immediately gotten to work on an implementation proposal in the summer of 2021. Princeton is nearly the last Ivy League university to address divestment; many prestigious organizations have already created road maps, guidelines and detailed criteria for assessing portfolios in relation to fossil fuels and emissions, including: Oxford-Martin Principles, Yale's Fossil Fuel Investment Principles, Paris Agreement Capital Transition Assessment (PACTA). (used by more than 3,000 financial institutions in 90 countries, as well as by supervisors and central banks) and the Science Based Targets initiative.

We know the University can move quickly when it wants to. On September 5th, 2017, President Trump's administration rescinded DACA. Less than 2 months later, on November 3rd, 2017, Princeton, along with a student and Microsoft, filed a federal lawsuit to preserve DACA.

Princeton prepared a federal lawsuit in 58 days. When Princeton wishes to act swiftly and effectively regarding urgent University and societal matters, it does.

However, for fossil fuel divestment, it took another four months for an announcement about implementation of the Trustees' statement. On September 20, 2021, President Eisgruber announced the creation of a new Faculty Panel on Dissociation Metrics, Principles, and Standards as well as a new Administrative Committee which would further study the question of divestment and dissociation. There were no deadlines nor explanations of how the bodies had been convened. Neither Divest Princeton, alumni, nor students were invited to be part of either body.

The Panel: Conflicts of Interest

The Faculty Panel had 8 members, 7 of whom were faculty members. Instead of an independent panel of experts that was chosen through a transparent process, President Eisgruber handpicked the people he wanted on the committee, as he mentioned at a CPUC meeting. Two of the panel members have been extensively funded by the fossil fuel industry. This is a clear conflict of interest: *a situation in which someone cannot make a fair decision because they will be personally affected by the result.*

The Chair of the Faculty Panel is the Sanjay Swani '87 Professor of India Studies and Professor of Civil and Environmental Engineering, and the inaugural director of the M.S. Chadha Center for Global India. The M.S. Chadha Center for Global India was established through a substantial donation from the Princeton trustee Sumir Chadha, a private equity investor with fossil fuel interests. Additionally, he is a major investor in India. This conflict of interest is especially relevant when considering page 31 in the "Consideration for Developing Economies section" in which a specific exemption is made for India:

The panel recommends consideration of an exemption from dissociation for fossil fuel companies identified in Sections 2 and 3 that predominantly serve consumers directly in developing nations. These countries may have a slower timeline for decarbonization (e.g., 2070 for India) established by their governments.

None of these conflicts were disclosed in the report. Despite being subtle, the cumulative effect of conflicts of interest undermines the integrity of the panel, just as institutionalized fossil fuel connections undermine Princeton's integrity as an academic institution.

The Charges as Laid out by the Trustees: Hands Tied

In the 2021 Trustees' statement, two charges to the University administration were declared:

> *First, the University will create an administrative process to determine what expert input is needed to establish, implement and sustain actionable criteria for dissociation from fossil fuel companies participating in campaigns that spread disinformation about climate change, and from companies in the thermal coal and tar sands segments of the fossil fuel industry — some of the biggest contributors to carbon emissions.*

> *Second, Princeton will establish a committee of subject matter experts to determine how to define, measure and benchmark the greenhouse gas impact of the University's endowment. The committee will recommend ways to reduce the aggregate harmful climate impact of Princeton's direct and indirect holdings, and it will set a target date by which to achieve net-zero greenhouse gas emissions in the University's portfolio, including intermediate goals to measure progress.*

The second charge of achieving a net-zero emissions portfolio could potentially have a significant impact on Princeton's contribution to the climate crisis and could establish it as a leader in lowering university emissions. However, this charge was entirely ignored by the Eisgruber administration and the Faculty Panel. To date, no mention has been made anywhere about the establishment of the expert committee to achieve net-zero greenhouse gas emissions in the University's portfolio.

Instead, these two charges were transformed by President Eisgruber into four new charges for the faculty panel. They ignore the second charge but have additional conditions and questions for the first charge that had not been seen before, with no explanation as to how or why these expanded charges were developed:

> *Charge to the Faculty Panel on Dissociation from Fossil Fuel Companies, issued by President Christopher Eisgruber (p.7)*
>
> *Charge 1: Disinformation - What metrics and standards should be used to assess whether a company is spreading climate disinformation or participating in disinformation campaigns? What information is available to assess whether a company is participating in a climate disinformation campaign? What distinguishes these acts from legitimate skepticism or challenging of scientific consensus?*
>
> *Charge 2: Thermal coal and tar sands - What constitutes material participation by a company in the thermal coal or tar sands segment of the fossil fuel industry? What would be an appropriate rigorous standard or target for greenhouse gas emissions for companies in this segment of the fossil fuel industry? How can the greenhouse gas intensity of these companies be assessed?*
>
> *Charge 3: Constructive engagement - What constructive engagement options exist to attempt to convince companies to remedy their conduct before dissociation? What standards and metrics can be used to assess whether a company is remedying its conduct? What is a reasonable time frame over which a company could be expected to make progress toward established standards and targets?*
>
> *Charge 4: Future evolution of metrics & standards - How can the metrics, standards, and targets referenced above be flexible enough to meet changing conditions over time? On what time frame should they be revisited to keep pace with evolving knowledge?*

As a consequence of these additional charges, instead of broad action encompassing the entire endowment, the Faculty Panel was only empowered to investigate narrow portions of the fossil fuel industry for dissociation as defined by President Eisgruber, with copious exceptions for most fossil fuel companies.

The Information Drop: Greenwashing Laid Bare

On March 21st, 2022, we learned that Princeton intentionally greenwashed its own 2021 divestment announcement. On that day, the Administrative Committee made a presentation about Princeton's investments and interactions with fossil fuel companies for the first time. This is the most significant achievement of the entire process to date. Finally, the community had a picture of Princeton's relationship with the fossil fuel industry:

- Princeton has $1.7 billion invested in fossil fuels which represents 4.5% of the endowment
- Princeton holds $6 million worth of oil, gas, and mineral rights
- In the last 5 years, over 50 fossil fuel companies have recruited on campus
- 11 fossil fuel companies have funded $26.2 million of research on campus over the last 5 years
- The endowment has no exposure to companies that derive more than 15% of revenues from tar sands
- The endowment's exposure to companies that derive more than 15% of revenues from thermal coal is approximately $19 million (.05% of the endowment). Almost all of this amount is accounted for by 4 "legacy" private investments that are in run-off mode with managers with whom the University stopped investing several years ago

This information made clear that Princeton's pledge to dissociate from thermal coal and tar sands was a greenwashing tactic because Princeton had almost no investments in coal and tar sands. Until the disclosure by the faculty panel, this information was known only to a small group of people, including the university president, the Board of Trustees and PRINCO directors. On March 21st, 2022 it became apparent to everyone that by limiting divestment to coal and tar sands, the lion's share of Princeton's $1.7 billion invested in oil and gas will remain untouched for the foreseeable future.

The Report Itself

The Positive

Despite the deep flaws in the report itself, the composition of the committee, and the dissociation process itself, the report still has important and valuable points that the University and divestment advocates should keep in mind:

- Includes calls for dissociation reports to be public (p.27, 33)
- Utilizes the widely-accepted and vigorous Urgewald's Coal Exit List for charge 2 (p. 28)
- Establishes quantitative metrics and a process for coal and tar sands (which is almost irrelevant given the comparatively negligible amounts in the endowment, but useful for later application to oil and gas) (p. 28-29, 32)
- Expands Charge 2 to include conventional heavy crude oil producers and oil refineries that refine tar sands oil and heavy crude (p.29)
- Calls out Princeton's lack of Scope 3 emissions commitments (p.30)

- Has a relatively short 60-day notification and response period for companies to be dissociated from (p. 33)

The Negative

The Report as a whole has four overarching failings, which are relevant as we explore specific issues within the report:

- Has the hubris and inaccuracy of the repeated positioning of Princeton as "out ahead" on this issue, when myriad institutions have already divested
- Uses fossil fuel talking points and phrases throughout including:
    - business as usual can solve the climate crisis
    - net zero is the optimal goal (vs. real zero)
    - CCS (carbon capture sequestration) and DAC (direct air capture) are solutions for climate change (p.33) (the technology hasn't worked at the scale needed to be a meaningful part of net zero)
- Insists on climate change as a "wicked problem" that will take decades to solve and for which we lack the tools, when it is widely understood what is missing is political will to commit the resources and enact the legislation to implement existing solutions (p.30). According to the UN, "Readily-available technological solutions already exist for more than 70 per cent of today's emissions."
- Enables a slow walk strategy which ignores what its own scientists and the most recent UN IPCC report have spelled out in terms of the need for urgent action

The Disinformation "get out of jail card"

Companies may seek to clear themselves of an allegation of having spread climate disinformation. Alternatively, they could acknowledge having spread disinformation in the past, but put forward a credible plan to change that behavior going forward. (*p. 26)*

- This sentence means that it is possible that not one company will be affected by the disinformation criteria, as all major fossil fuel companies have announced greenwashing "net-zero" plans. All they have to do is say " we promise to be better" and the most egregious perpetrators of disinformation will have escaped dissociation, according to Princeton's very forgiving rules.

Repeated overemphasis on personal consumption (p.9, 10, 13, 14, 30, 32)

In terms of inclusion, the report captures the diversity of views of the faculty, students, and our experts, including consideration of social inequality within the US, global climate justice issues, and recognition that multiple levers of change beyond technology and policies aimed at fossil fuel companies will be needed to advance a zero-carbon society, including the role of personal lifestyles and end-use efficiency supported by technological innovations, urban design, behavioral nudging, and policies that link production with consumption. (p. 14)

The Faculty Panel Report reveals a deep misunderstanding of the impact of personal consumption, and ignores the reality that personal choices have been deeply limited by the fossil fuel industry working to inhibit government action on climate. A recent example is state laws limiting local municipalities in restricting natural gas in private homes**.**

Confusion about what climate justice is and what enacting it entails (p.4, 8, 9)

- Fuzzy language: p. *4 "Conceptual foundation…global awareness of social inequality and climate justice in charting energy transitions*"

Climate injustice exists all over the world, including in every American state, not just in the global south, because of racism and capitalism. As Prime Minister Mottley of Barbados explained eloquently, countries like Barbados want and need money to invest in affordable renewables that can come online extremely quickly.

The report ignores that Princeton's endowment, in addition to profiting from companies emitting greenhouse gases, also continues to benefit from extractive fossil fuel industries which devastate the communities in which they are located in the US and around the world. When will Princeton address the legacy of extraction and exploitation that has made it a wealthy institution?

The report has a deeply flawed explanation of Princeton's values and commitments:

> *Princeton's commitment to addressing inequality through equity and social justice: This core value is relevant because personal consumption by individuals and high inequality in such consumption is found to be a key driver of greenhouse gas emissions, both within the United States (Jones & Kammen, 2014) and across the world (Oswald, 2021), with the top 10 percent of the global income spectrum consuming 20 and 75 times as much final energy as the bottom 10 percent in buildings and mobility sectors, respectively. Thus, energy transitions must be planned carefully and in conjunction with the development of cost-competitive alternatives, to avoid inequitable energy burdens for the least wealthy households. A singular focus on GHG emissions from companies often obfuscates these larger questions around societal inequality in consumption and energy burden. (p. 9)*

There are four main issues with this explanation:

- "social justice and global awareness" are listed as core values but not defined and the comments on page 9 are misleading because the overall weight of personal consumption is still less than half of that caused by the top 100 emitting companies. So while it is true that wealthy individuals emit more and should emit far less, it does not follow that lower income households will be penalised by switching to renewable energy; low income families are not going to be negatively impacted when wealthy people stop driving Ford Escalades and flying first class; moreover we know that government can remedy inequities as we transition off of fossil fuels;
- the phrase "*energy transitions must be planned carefully"* is a subtle attempt to reinforce the idea that the transition to a green economy is perilous. This is a concept from the fossil fuel industry;

- the idea that we must "*avoid inequitable energy burdens for the least wealthy households"* ignores the fact that that is actually exactly what we have now and moreover the least wealthy households bear the heavy burden of the health impacts of the fossil fuel industry because they are the fenceline communities living in their shadow;
- the last line is a fossil fuel talking point that itself obfuscates the true causes of inequality and energy poverty.

The profound lack of urgency

Urgency is mentioned only once on page 4 as a conceptual foundation, and 2050 is the only date used in the rest of the document (other than some references to Princeton's 2046 date for net zero). This is an affront to the IPCC releasing reports this past year urging action by 2030 to avoid catastrophic consequences. This divestment process was originally proposed 9 years ago and rejected twice by the administration; yet, the University now has no problem in lamenting that there is so little time to act: "Societies need time to achieve systemic changes to reach net-zero emissions" (p. 10). The time needed to transition is precisely why the transition needs to start now.

The misinformation in the report itself

> *There are also calls for investment portfolios to divest from fossil fuel companies, with varying motivations and opinions, e.g. Howard, 2015; Pope, 2022. (*p. 7)

This is a classic technique of disinformation — smearing divestment by saying that there is no consensus that divestment works, and invoking "motivations" which is code for attacking progressive views. The report cherry-picks a 2015 Guardian article about pros and cons of divestment (and actually links to an article that debunks the myths it mentions) and one short article quoting two people who aren't keen on divestment, while ignoring the reams of academic work in favour of divestment.

> *What information is available to assess whether a company is participating in a climate disinformation campaign? What distinguishes these acts from legitimate skepticism or challenging of scientific consensus? (*p. 7)

Fossil fuel companies knew from their own scientists' work, decades before everyone else, that burning fossil fuels causes global warming. It is either naive or deceptive to suggest that they are now innocently challenging scientific consensus or being legitimately skeptical.

> *Specifically, society cannot decouple from fossil fuels immediately without significant harm, both to the economy, and especially to the most disadvantaged in society. (p. 10)*

To imply that this was a request is a fossil fuel tactic and is a straw man argument — no one has asked for anyone to cut off fossil fuels immediately for obvious reasons. This logical fallacy is an example of how Princeton's and the faculty committee's ties to the fossil fuel industry undermine our academic and intellectual integrity. Moreover, this ignores the fact that the dissociation guidelines, which insist on going beyond divestment, are a Princeton invention which can be altered AT ANY POINT by the Trustees, so Princeton is free to divest and dissociate over a period of time. Furthermore, there is still no plan to decouple from all fossil fuels over time. Finally, there is already significant harm that will increase over time to the economy and "especially to the most disadvantaged in society" from continued use of fossil fuels, from air pollution through to the natural disasters caused by the climate crisis.

Climate disinformation can delay climate action (p.11)

Here the report is using disinformation itself – it is factually established that climate disinformation has and does delay climate action – so using *"can"* is a subtle but highly effective way of minimizing the impact of disinformation

…consultation with student groups… (p. 14)

Apart from the USG, we are unaware of any student groups being consulted, and the USG was only consulted when Divest Princeton publicized the fact that students had been completely excluded from the process. The irony is that nothing at all would be happening if Divest Princeton and other campus student organizations had not committed hundreds of hours of work, research, education, outreach and documentation for the last two and a half years to move divestment forward. This language is an attempt to insulate the report and panel from criticism and to falsely imply that student groups like Divest Princeton are in support of this report. This report is not divestment nor dissociation. It is not leadership. And it is not what students have overwhelmingly voted for in multiple referendums.

The report is a vehicle to greenwash Princeton for posterity

"This rapidly evolving context—with sustained engagement by students, alumni, faculty, and staff, including through Divest Princeton—stimulated a report by the Council of the Princeton University Community's (CPUC) Resources Committee (2021), which in turn helped prompt the decision by Princeton University's Board of Trustees to dissociate from fossil fuel companies." (p.7)

The "rapidly evolving context" is not what "stimulated" the report – Divest Princeton submitted a formal proposal in February 2020, which in turn forced a 3rd report by the CPUC on divestment and only led to a partial and conditional recommendation because of sustained engagement by Divest Princeton throughout the year and a half process. The "decision by Princeton University's Board" was in fact a partial and conditional decision to study dissociating from tar sands and coal companies that has still not led to one actual action.

In terms of innovation, we believe that the frameworks and associated metrics and standards developed by the Faculty Panel for Charges 1 and 2 are at the leading edge of what universities are proposing in their efforts to dissociate/divest from fossil fuels (p.14)

Princeton is one of only two schools out of 20 that are developing metrics and standards that can be broadly applicable to all fossil fuel companies (p.14)*

Princeton is unique in the broader scope of industries that are being evaluated in the Trustees' Charge (p.14)

> *Uniquely, we have developed a framework that can be broadly applied to other industry segments (p.14)*

The entire section on "Innovation" on page 14 is an exercise in hubris and grandstanding — many institutions have already divested quickly and efficiently and have moved forward with ambitious climate plans. Many others have laid out straightforward criteria and processes for divesting and guiding reinvestment. In 2022, to be proud of having the best "process" for rearranging the deck chairs on the Titanic is actually shameful.

Conclusion

Instead of divesting swiftly and moving forward with ambitious climate action on par with the severity of the climate crisis, another year has gone by. Princeton University has the largest endowment per student in the world, one of the largest endowments of any private university, and is one of the world's most prestigious universities. Consequently, what it does influences others far beyond FitzRandolph Gate. This delay and obfuscation feeds the fossil fuel narrative that we "have time," that this is "a wicked problem," that we "need fossil fuels more than ever." Princeton's continued association with the fossil fuel industry gives the industry social capital and serves as an endorsement of business as usual. Princeton must do better.

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