

To: Honorable Mayor and Members of the City Council

From: Councilmember \_\_\_\_\_

Subject: City Manager Referral: Examine the Feasibility of Divesting all City Funds from Industrial Scale Animal Protein and Factory Farming Companies and Send Letter to CalPERS Requesting they also Examine Divesting from Industrial Scale Animal Protein and Factory Farming Companies

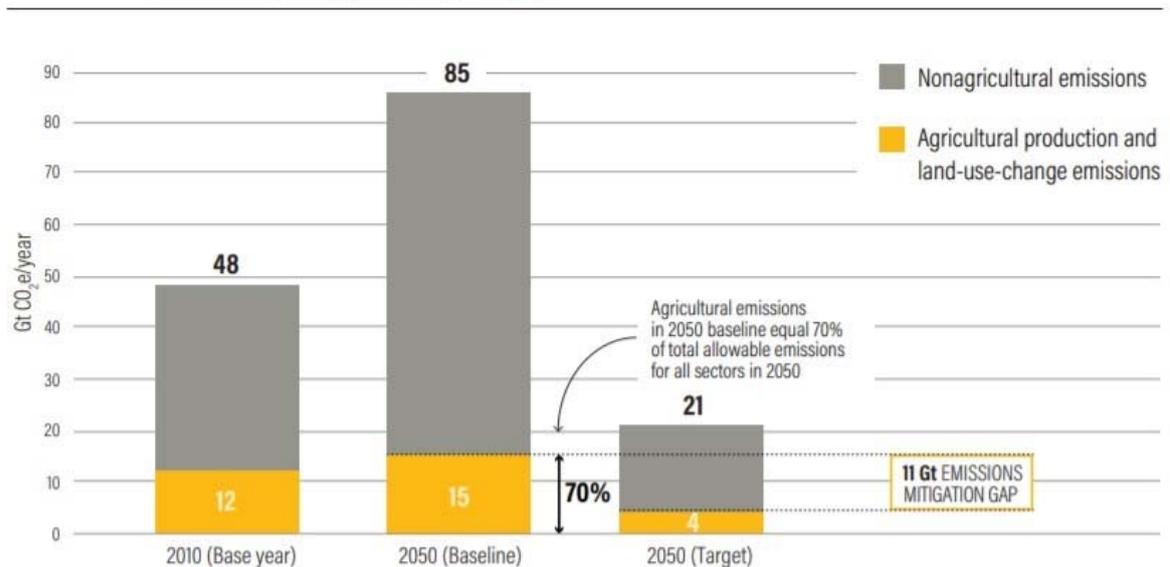
**RECOMMENDATION**

Refer to City Manager to examine the feasibility of divesting all City funds from industrial animal protein and factory farming companies. Also, send a letter to California Public Employees' Retirement System (CalPERS) requesting their consideration to divest from industrial animal protein and factory farming companies along with a recommendation to invest in California's local plant-based food economy.

**BACKGROUND**

Go Fossil Free continues to be the key campaign to fight global warming. It has brought the public, elected officials and non-profit organizations together to divest from the fossil fuel industry and invest in clean energy. In 2013, the City of Berkeley joined the movement and became the first city in the nation to divest from the fossil fuel industry. Berkeley City Council's action to divest from the fossil fuel industry added to a growing movement with several other cities, universities and banks, collectively divesting more than \$11 trillion.

Figure 2-7 | Agricultural GHG emissions are likely to be at least 70 percent of total allowable emissions from all sectors by 2050, creating an 11 gigaton mitigation gap



Sources: GlobAgri-WRR model, WRI analysis based on IEA (2012); EIA (2012); Houghton (2008); OECD (2012); and UNEP (2013).

Figure 1: WRI's analysis of agriculture GHG emissions.<sup>1</sup>

Several reports are now suggesting that the livestock industry is one of the biggest threats in our goal of keeping the average global surface temperature below 2 degrees Celsius by 2050. According to the World Resource Institute (WRI), agriculture is expected to contribute 70% of the allowable greenhouse gas (GHG) emissions by 2050, risking the Paris Agreement.<sup>1</sup> Animal agriculture accounts for approximately 60% of agriculture emissions.<sup>2,3</sup> Therefore, the agriculture industry can meet the Paris Agreement goal of limiting GHG emission to four Gigatons of Carbon dioxide per year (GtCO<sub>2</sub>/year)<sup>1</sup> only by addressing animal agriculture. The Institute of Agriculture and Trade Policy (IATP) reported that the top 5 meat and dairy companies alone emit more GHG emissions than Exxon-Mobile, Shell or BP.<sup>4</sup>

Moreover, the loss of tropical forests contributes 4.8 GtCO<sub>2</sub>/year (8-10% of all anthropogenic emissions).<sup>5</sup> Industrial animal agriculture is the leading cause of this tropical deforestation and it accounts for 80% of Amazonian deforestation.<sup>6</sup> Amazon forests are the home of 10% of the world's known species, and its deforestation is destructive for native wildlife.<sup>7</sup> Deforestation forces wildlife to live closer to human populations, with increased risk of spreading zoonotic diseases like Ebola and COVID-19. Moreover, the livestock industry uses 77% of agricultural land to provide only 18% and 37% of global calories and protein supply, respectively.<sup>8</sup> According to WRI, it will require 593 million hectares of extra agriculture land, which is twice the size of India, in order to supply 56% of increased crop calorie demand by 2050.<sup>1</sup> As a result, the status quo will destroy our remaining tropical forests, with subsequent impacts on wildlife, and worsened issues for world hunger.

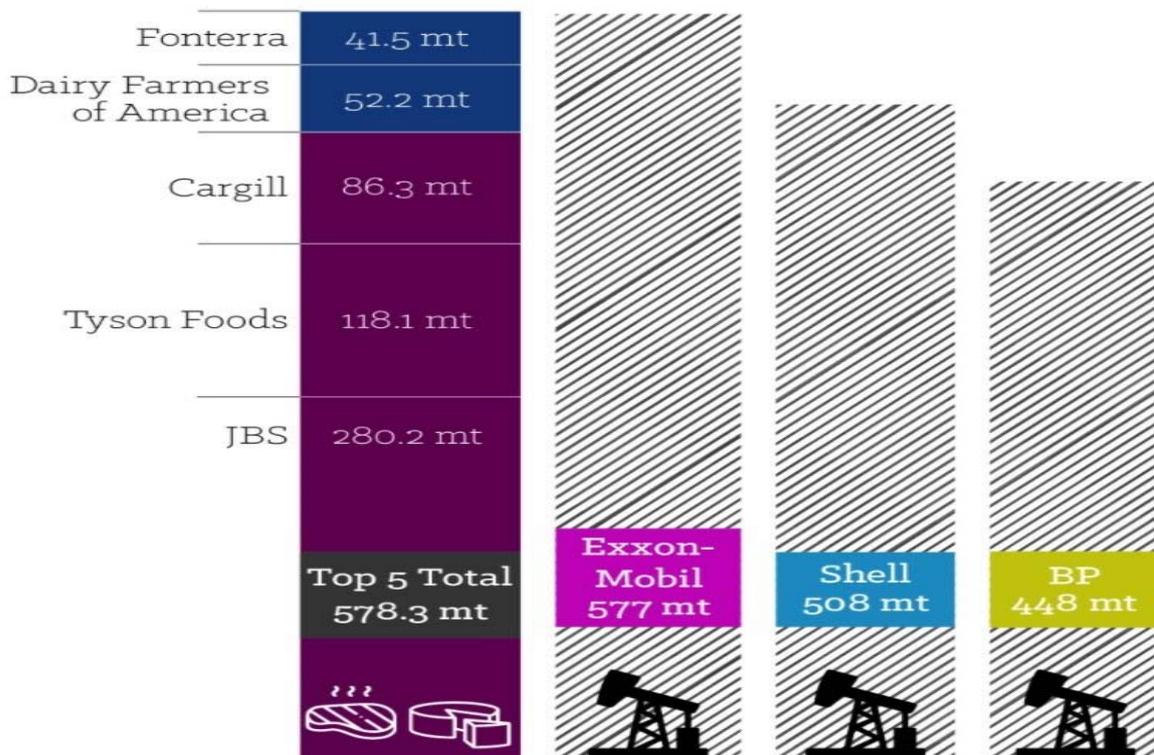


Figure 2: IATP's reporting of GHG emissions from the top five meat and dairy companies.<sup>4</sup>

Several organizations have now launched animal factory farming divestment campaigns along with educating investors on the potential risk of environmental, social and governance (ESG) issues. Farm Animal Investment Risk & Return (FIARR) has recently published a report to educate investors on 28 ESG issues ranging from GHG emissions, global pandemics, and policy changes towards government subsidies.<sup>9</sup> The World Bank's International Finance Corporation (IFC) funding of Quito-based Pronaca is an example of ESG issues associated with industrial-scale animal farming.<sup>10</sup> IFC has funded Pronaca \$120 million between 2004 to 2013, ignoring the impact on local communities, public health, air and water quality, and local economies.<sup>10</sup> Now, IFC is urged by several public interest groups, led by Sinergia Animal, to divest from industrial animal farming.<sup>11</sup>

Financial entities like Storebrand have already recognized ESG issues within industrial animal farming and have started to divest from companies like JBS and Cargill.<sup>12</sup> In the U.S., Senator Corey Booker has introduced the Farm System Reform Act (FSRA) to phase out animal factory farms. This bill is cosponsored by Senators Bernie Sanders and Elizabeth Warren. House Representative Ro Khanna has introduced a companion bill with several cosponsors including House Representative Barbara Lee. This bill has also gained strong support from environmental groups like Sierra Club. Currently, government programs play an important role in the industry's revenue.



Figure 3: Aerial view of Pronaca farms, Ecuador. <sup>10</sup>

Industrial animal agriculture imposes extreme threats to various aspects of our society and environment. Therefore, the City of [Name of Your City] will be in alignment with ESG

principles by divesting from industrial animal protein and factory farming companies. The City of [Name of Your City] provides retirement benefits through California Public Employees' Retirement System (CalPERS) and deposits funds on behalf of their employees. CalPERS financial report 2019-20 reveals \$679 million worth of investments in industrial animal protein companies.<sup>14</sup> The investment portfolio includes more than \$200 million in the world's two largest industrial meat producers, JBS and Tyson.<sup>14</sup> The majority of the other invested companies are also listed in FAIRR's ESG risk index. CalPERS' investment in industrial animal protein and factory farming companies is contrary to the ESG principles. As a result, the City of [Name of Your City] should send a letter to CalPERS urging them to consider divesting from industrial animal protein and factory farming companies. The letter should also recommend consideration for investing in California's local plant-based economy. The sustainable plant-based industry is expected to grow 12% annually and is anticipated to reach more than \$70 billion market value by 2027.<sup>13</sup> California is the home of several innovative plant-based companies and, therefore, provides a strong opportunity to create green jobs along with an attractive return on investment.

The City should also send a copy of this resolution to CalPERS along with the divestment letter.

**CalPERS Investment in Industrial Scale Animal Protein Companies**

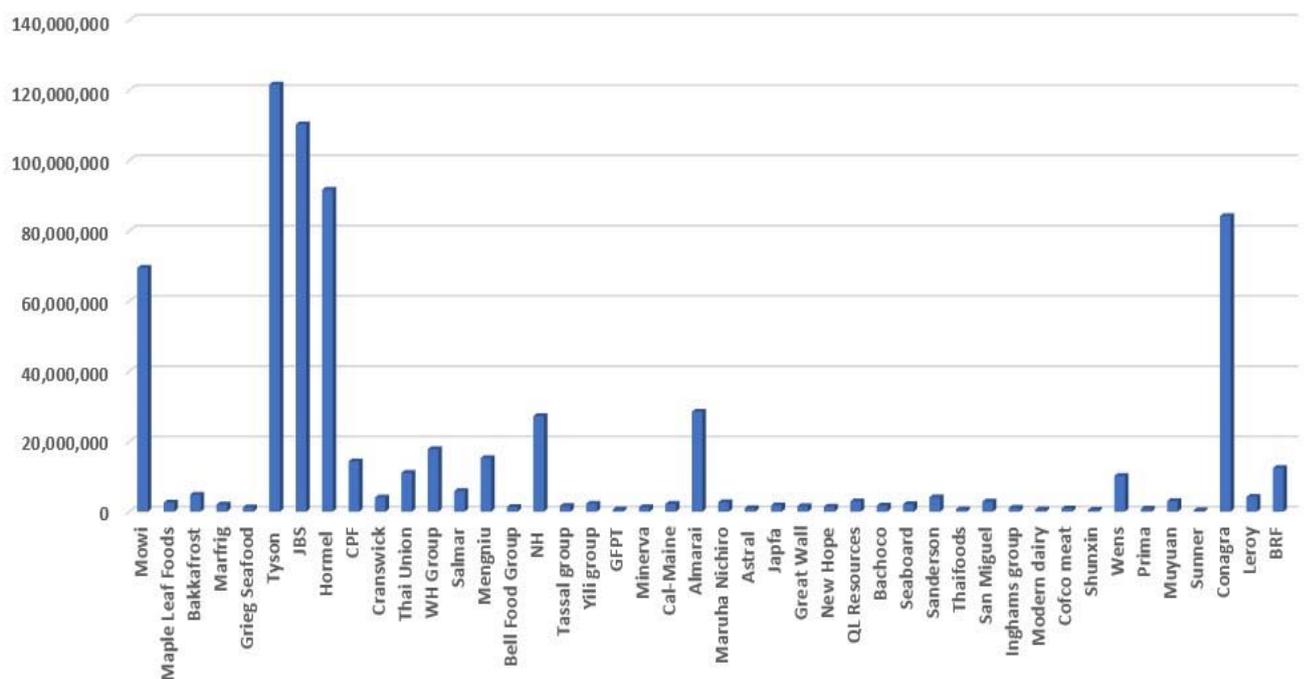


Figure 4: CalPERS investment in industrial animal protein and factory farming companies, 2019-20.<sup>14</sup>

**FINANCIAL IMPLICATIONS**

FAIRR investment report, 2016

[https://cdn.fairr.org/2019/01/09115647/FAIRR\\_Report\\_Factory\\_Farming\\_Assessing\\_Investment\\_Risks.pdf?fbclid=IwAR1Pra5Ugm60C9qFBhufoHhO9veaFtLYMlkmHTK0Cs\\_79KhcEjUAqjwgZQc](https://cdn.fairr.org/2019/01/09115647/FAIRR_Report_Factory_Farming_Assessing_Investment_Risks.pdf?fbclid=IwAR1Pra5Ugm60C9qFBhufoHhO9veaFtLYMlkmHTK0Cs_79KhcEjUAqjwgZQc)

## ENVIRONMENTAL SUSTAINABILITY

Divesting from industrial animal protein and factory farming companies can provide several environmental benefits, including reduction in GHG emissions and conserving natural resources like land and water.

## CONTACT PERSONS

### ATTACHMENTS:

1. Letter to CalPERS
2. Municipal Resolution

## REFERENCES

1. <https://research.wri.org/wrr-food>
2. <https://www.epa.gov/ghgemissions/global-greenhouse-gas-emissions-data>
3. <http://www.fao.org/3/i3437e/i3437e00.htm>
4. <https://www.iatp.org/emissions-impossible>
5. <https://www.wri.org/blog/2018/10/numbers-value-tropical-forests-climate-change-equation>
6. [https://wwf.panda.org/discover/knowledge\\_hub/where\\_we\\_work/amazon/amazon\\_threats/unsustainable\\_cattle\\_ranching/?#:~:text=The%20hidden%20costs%20of%20burgers&text=Extensive%20cattle%20ranching%20is%20the,2008\).](https://wwf.panda.org/discover/knowledge_hub/where_we_work/amazon/amazon_threats/unsustainable_cattle_ranching/?#:~:text=The%20hidden%20costs%20of%20burgers&text=Extensive%20cattle%20ranching%20is%20the,2008).)
7. <https://www.conservation.org/places/amazonia>
8. <https://ourworldindata.org/land-use>
9. [https://cdn.fairr.org/2019/01/09115647/FAIRR\\_Report\\_Factory\\_Farming\\_Assessing\\_Investment\\_Risks.pdf?fbclid=IwAR1Pra5Ugm60C9qFBhufoHhO9veaFtLYMlkmHTK0Cs\\_79KhcEjUAqiwgZQc](https://cdn.fairr.org/2019/01/09115647/FAIRR_Report_Factory_Farming_Assessing_Investment_Risks.pdf?fbclid=IwAR1Pra5Ugm60C9qFBhufoHhO9veaFtLYMlkmHTK0Cs_79KhcEjUAqiwgZQc)
10. [https://news.mongabay.com/2020/07/world-bank-funded-factory-farms-dogged-by-alleged-environmental-abuses/?fbclid=IwAR2jnwS3sPX66pTI5jn0S2PdKNCbM\\_KeDYWsOVfYaw9w7CDYxdrXyG1MJlg](https://news.mongabay.com/2020/07/world-bank-funded-factory-farms-dogged-by-alleged-environmental-abuses/?fbclid=IwAR2jnwS3sPX66pTI5jn0S2PdKNCbM_KeDYWsOVfYaw9w7CDYxdrXyG1MJlg)
11. <https://plantbasednews.org/news/environment/banks-told-stop-funding-factory-farming/>
12. <https://www.pivotfood.org/facts/>
13. <https://www.prnewswire.com/news-releases/plant-based-food-market-worth-74-2-billion-by-2027--exclusive-report-by-meticulous-research-301094884.html>
14. <https://www.calpers.ca.gov/docs/forms-publications/annual-investment-report-2020.pdf>

Dear members of California Public Employees' Retirement System,

We, the City of [Name of Your City], request to immediately cease any new investment in industrial animal protein and factory farming companies and begin the process of divesting our CalPERS portfolio from said companies.

World Resource Institute reports that the agriculture sector is expected to contribute 70% of allowable greenhouse gas (GHG) emissions by 2050 and animal agriculture accounts for approximately 60% of agricultural GHG emissions. The world's five largest meat and dairy companies generate more GHG emissions than Exxon Mobile, Shell or BP. Therefore, the divestment from industrial animal protein and factory farming companies is an inevitable step in order to meet the Paris Agreement and to protect our local communities against the existential threat of global warming.

Industrial animal farming is also the leading cause of Amazon rainforest destruction. This deforestation further releases GHG emissions and speeds up global warming. It is also destroying wildlife along with increasing the risk of zoonotic diseases like Ebola and COVID-19. Globally, 83% of farmland is being used to provide only 18% and 37% of the global calorie and protein supply, respectively. If our food trends are not shifted to plant-based agriculture, it will require 593 million hectares (twice the size of India) of extra agricultural land by 2050 with subsequent negative impacts on the remaining forests, wildlife, public health and world hunger.

Several organizations have launched campaigns to divest from industrial animal protein and factory farming companies. Farm Animal Investment Risk & Return (FAIRR) has released a report to educate investors on 28 environmental, social and governance (ESG) issues associated with industrial animal protein companies. These ESG issues range from GHG emissions, zoonotic outbreaks, and changes in government subsidies. It also indicates the future investment risk as described in FAIRR's assessment report (attached under the section of Financial Implication).

Therefore, we recommend evaluation of details shared in this item and consider divesting from industrial animal protein companies, starting with the world's 60 largest animal protein companies listed in FAIRR ESG risk index (<https://www.fairr.org/index/>). We also positively recommend considering future investment in California's growing local plant-based market to create green jobs and strengthening the State's economy.

Sincerely,

[Name of Your City] City Council

RESOLUTION NO. ##,###-N.S.

RESOLUTION URGING THE CITY OF [NAME OF YOUR CITY] TO BEGIN TO DIVEST FROM INDUSTRIAL ANIMAL PROTEIN AND FACTORY FARMING COMPANIES

WHEREAS, The climate crisis is a serious threat to our current and future generations here in [Name of Your City] and around the world; and

WHEREAS, The Intergovernmental Panel on Climate Change's (IPCC) Fifth Assessment Report found that Agriculture, Forestry and Land use generate 24% of all anthropogenic greenhouse gas (GHG) emissions; and

WHEREAS, The World Resource Institute reports that Agriculture is expected to generate 70% of the total allowable GHG emissions by 2050, risking the Paris Agreement; and

WHEREAS, Animal farming accounts for almost 60% of agricultural GHG emissions; and

WHEREAS, the Institute of Agriculture and Trade Policy (IATP) reports that the top five meat and dairy companies generate more GHG emissions than Exxon Mobile, Shell or BP; and

WHEREAS, Loss of tropical forests account for 8-10% (4.8 GtCO<sub>2</sub>/year) of total anthropogenic GHG emissions and animal agriculture is the leading cause of this tropical deforestation; and

WHEREAS, Animal agriculture accounts for 80% of Amazonian deforestation; and

WHEREAS, Amazon rainforests harbor the world's 10% of known species and destruction of wildlife is associated with spreading zoonotic diseases like Ebola and COVID-19; and

WHEREAS, Animal agriculture is already occupying 77% of the world's agricultural land but provides only 18% and 37% of global calorie and protein supply, respectively; and

WHEREAS, Almost 593 million hectares of extra agricultural land, twice the size of India, will be required to meet a 56% increase in calorie demand for the growing population by 2050; and

WHEREAS, More than 800 people around the world suffer from world hunger in the 21<sup>st</sup> century; and

WHEREAS, Industrial animal agriculture will continue to destroy the remaining forests, wildlife and further worsen the food security for growing populations; and

WHEREAS, The City of [Name of Your City] deposits funds to CalPERS on behalf of its public employees; and

WHEREAS, CalPERS' financial report 2019-20 shows its investment in industrial animal protein and factory farming companies are a combined total of at least \$679 million; and

WHEREAS, CalPERS is investing in factory farming companies like JBS associated with Amazonian deforestation; and

WHEREAS, Public interest groups have launched divestment campaigns against industrial animal protein and agriculture companies; and

WHEREAS, Financial entities like Storebrand and Legal & General Investment Management (LGIM) have already divested from industrial animal protein and factory farming companies like JBS, Cargill and Hormel; and

WHEREAS, The funding of industrial animal protein and factory farms is against ESG investment principles; and

WHEREAS, The plant-based market is expected to grow at a 12% annual rate reaching more than \$70 billion market value by 2027;

WHEREAS, California's growing plant-based economy offers both attractive return on investment as well as creating green jobs; and

NOW THEREFORE BE IT RESOLVED that the [Name of Your City] City Council urges the City Manager and CalPERS to identify any direct or indirect investment in industrial animal protein and factory farming companies; and

BE IT FURTHER RESOLVED that the [Name of Your City] City Council urges the City Manager and CalPERS to immediately cease any new investments or commingled assets that include holdings in industrial animal protein and factory farming companies; and

BE IT FURTHER RESOLVED that, for any investments in commingled funds that are found to include industrial animal protein and factory farming companies, the [Name of Your City] City Council urges the City Manager and CalPERS to consider contacting the fund managers and requesting that industrial animal protein and factory farming companies be removed from the funds; and

BE IT FURTHER RESOLVED that the [Name of Your City] City Council urges the City Manager and CalPERS to ensure that none of its directly held and commingled assets include holdings in industrial animal protein and factory farming companies by 2025; and

BE IT FURTHER RESOLVED that the [Name of Your City] City Council urges the City Manager and CalPERS to consider investing in California's growing local plant-based economy; and

BE IT FURTHER RESOLVED that the [Name of Your City] City Council urges the City Manager and CalPERS to release quarterly updates, available to the public, detailing full progress towards divesting from industrial animal protein and factory farming companies.