

Kate Harrison
Councilmember District 4

CONSENT CALENDAR
April 27, 2021

To: Honorable Mayor and Members of the City Council
From: Councilmember Kate Harrison
Subject: Adopt Resolution Requesting CalPERS Divest from Industrial Animal Protein and Factory Farming Companies and Invest in California's Local Plant-Based Food Economy

RECOMMENDATION

Adopt Resolution Requesting CalPERS Divest from industrial animal protein and factory farming companies and invest in California's local plant-based food economy.

Send a copy and letter to California Public Employees' Retirement System (CalPERS) requesting their consideration.

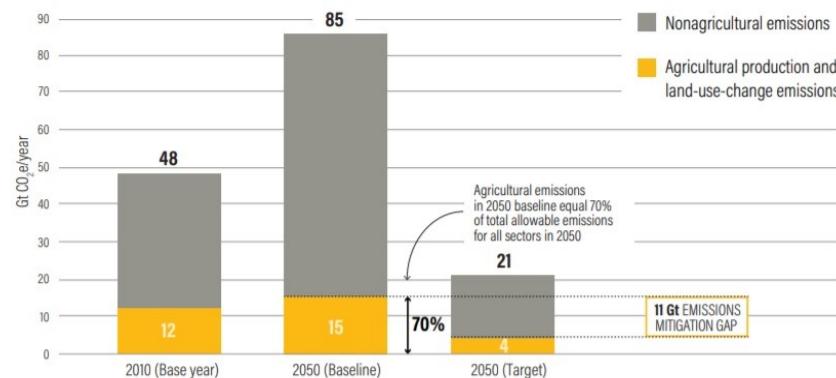
BACKGROUND

In 2013, the City of Berkeley joined the Go Fossil Free 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.

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 total allowable GHG emissions as outlined by the 2-degree targets of the Paris Agreement.¹

¹ "Creating a Sustainable Food Future: A Menu of Solutions to Feed Nearly 10 Billion People by 2050," World Resources Institute, July 2019, <https://research.wri.org/wrr-food>.

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.

Animal agriculture accounts for approximately 60% of agriculture emissions.^{2,3} 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.⁴

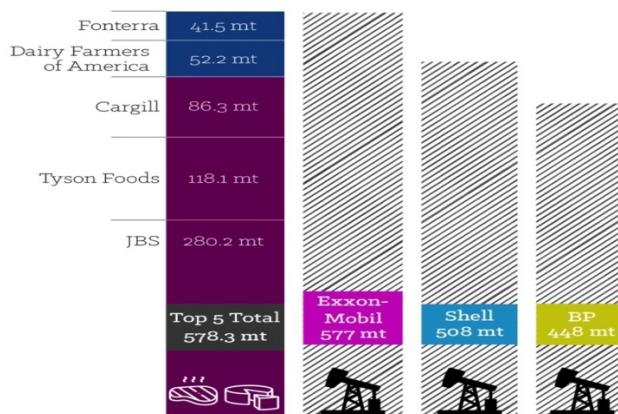


Figure 2: IATP's reporting of GHG emissions from the top five meat and dairy companies.

² "Global Greenhouse Gas Emissions Data" Environmental Protection Agency, <https://www.epa.gov/ghgemissions/global-greenhouse-gas-emissions-data>

³ "Tackling Climate Change through Livestock: A global assessment of emissions and mitigation opportunities," Food and Agriculture Organization of the United Nations, 2013, <http://www.fao.org/3/i3437e/i3437e00.htm>

⁴ "Emissions impossible: How big meat and dairy are heating up the planet," Institute for Agriculture & Trade Policy, July 18, 2018, <https://www.iatp.org/emissions-impossible>.

Moreover, the loss of tropical forests contributes 4.8 GtCO₂/year (8-10% of all anthropogenic emissions).⁵ Industrial animal agriculture is the leading cause of this tropical deforestation and it accounts for 80% of Amazonian deforestation.⁶ Amazon forests are the home of 10% of the world's known species, and its deforestation is destructive for native wildlife.⁷ 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.⁸ 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. As a result, the status quo will destroy our remaining tropical forests, with subsequent impacts on wildlife, and worsened issues for world hunger.

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 (FAIRR) has recently published a report to educate investors on 28 ESG issues ranging from GHG emissions, global pandemics, and policy changes towards government subsidies.⁹

The World Bank's International Finance Corporation (IFC) funding of Quinto-based Pronaca, a major producer of poultry and pork products, is an example of ESG issues associated with industrial-scale animal farming. IFC has funded Pronaca with \$120 million between 2004 to 2013, but ignored the impact on local communities, public health, air and water quality, and local economies.¹⁰ Now, IFC is urged by several public interest groups, led by Sinergia Animal, to divest from industrial animal farming.¹¹

⁵ David Gibbs, Nancy Harris and Frances Seymour, "By the Numbers: The Value of Tropical Forests in the Climate Change Equation", World Resources Institute, October 4, 2018, <https://www.wri.org/blog/2018/10/numbers-value-tropical-forests-climate-change-equation>.

⁶ "Unsustainable cattle ranching," World Wildlife Fund, 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 Hannah Ritchie and Max Roser, "Land Use," September 2019, <https://ourworldindata.org/land-use>.

⁹ "Amazonia: The rainforests of the Amazon River basin and Guiana Shield are vital to life on Earth — and they're under threat" Conservation International, https://cdn.fairr.org/2019/01/09115647/FAIRR_Report_Factory_Farming_Assessing_Investment_Risk_s.pdf?fbclid=IwAR1Pra5Ugm60C9qFBhufoHhO9veaFtLYMlkHTK0Cs_79KhcEjUAqiwgZQc

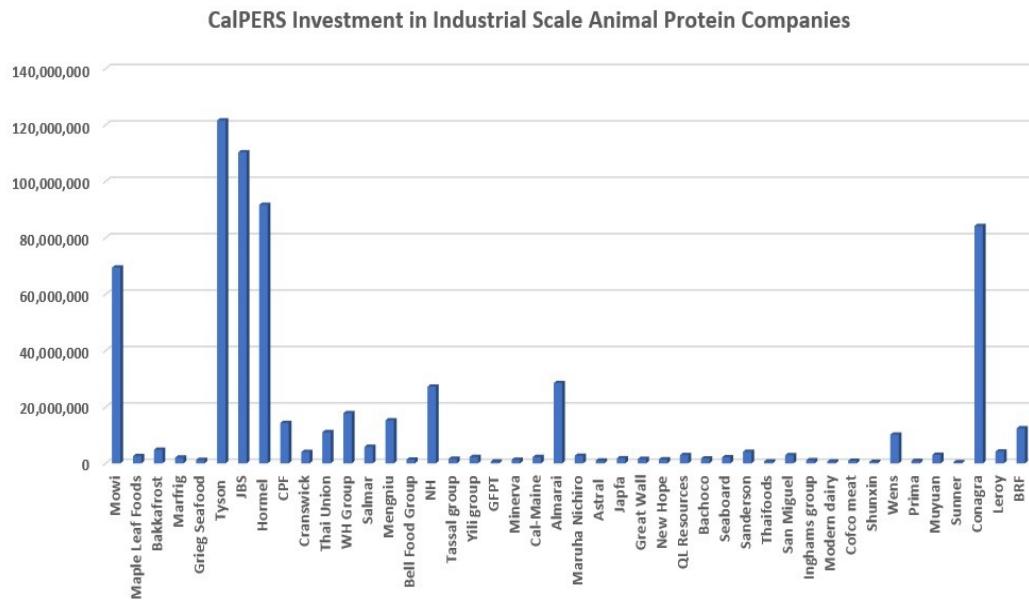
¹⁰ John C. Cannon, "World Bank-funded factory farms dogged by alleged environmental abuses," Mongabay, July 16, 2020, https://news.mongabay.com/2020/07/world-bank-funded-factory-farms-dogged-by-alleged-environmental-abuses/?fbclid=IwAR2jnws3sPX66pTl5jn0S2PdKNCbM_KeDYWsOVfYaw9w7CDYxdrXyG1MJlg

¹¹ Maria Chiorando, "Banks Facing Calls To 'Stop Funding Factory Farming' To Protect Animals, The Planet, And Public Health," Plant Based News, November 10, 2020, <https://plantbasednews.org/news/environment/banks-told-stop-funding-factory-farming/>.

Financial entities like Storebrand have already recognized ESG issues within industrial animal farming and have started to divest from companies like JBS and Cargill.¹² 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.

The City of Berkeley has a long history of responsible investments through several ordinances, resolutions, and directives. The City of Berkeley currently divests from industries like fossil fuel and gun manufacturers. Moreover, Berkeley City Council approved the recommendation to integrate ESG principles in the City of Berkeley's investment policy on November 27, 2018. Industrial animal agriculture imposes extreme threats to various aspects of our society and environment. Therefore, the City of Berkeley will be in alignment with ESG principles by divesting from industrial animal protein and factory farming companies.

The City of Berkeley 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. The investment portfolio includes more than \$200 million in the world's two largest industrial meat producers, JBS and Tyson.¹³ The majority of the other invested companies are also listed in FAIRR's ESG risk index.



¹² "Facts Database," Pivot Food, <https://www.pivotfood.org/facts/>.

¹³ "2019-20 Annual Investment Report," CalPERS, June 30, 2020, <https://www.calpers.ca.gov/docs/forms-publications/annual-investment-report-2020.pdf>

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Figure 3: CalPERS investment in industrial animal protein and factory farming companies, 2019-20.

CalPERS' investment in industrial animal protein and factory farming companies is contrary to the City of Berkeley's ESG principles. As a result, the City of Berkeley 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, sustainable, and regenerative 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 2027.¹⁴ 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.

FISCAL IMPACTS OF RECOMMENDATION

Staff time is necessary to send letter and examine feasibility of divesting all City funds from industrial animal protein and factory farming companies.

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 PERSON

Kate Harrison, Berkeley City Councilmember, (510) 981-7140

ATTACHMENTS

1. Resolution
2. Letter to CalPERS

¹⁴ "Plant Based Food Market Worth \$74.2 Billion by 2027- Exclusive Report by Meticulous Research" July 16, 2020, Cision PR Newswire, <https://www.prnewswire.com/news-releases/plant-based-food-market-worth-74-2-billion-by-2027--exclusive-report-by-meticulous-research-301094884.html>

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

RESOLUTION REQUESTING CALPERS DIVEST FROM INDUSTRIAL ANIMAL PROTEIN AND FACTORY FARMING COMPANIES AND INVEST IN CALIFORNIA'S LOCAL PLANT-BASED FOOD ECONOMY

WHEREAS, the climate crisis is a serious threat to our current and future generations in Berkeley and around the world; and

WHEREAS, the City of Berkeley has declared a climate emergency to fight the existential threat of climate crisis; and

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

WHEREAS, the Intergovernmental Panel on Climate Change's (IPCC) Fifth Assessment Report found that agriculture, forestry and other land use (not including buildings) generate 24% of all greenhouse gas (GHG) emissions; and

WHEREAS, the World Resource Institute reports that agricultural emissions are expected to grow by 2050 to represent 70% of the total allowable GHG emissions budget as outlined by the 2°C targets of the Paris Agreement; 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, animal agriculture already occupies 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 twenty-first century; and

WHEREAS, loss of tropical forests account for 8-10% (4.8 GtCO₂/year) of total human-caused GHG emissions and animal agriculture is the leading cause of tropical deforestation and 80% of Amazonian deforestation; and

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

WHEREAS, the City of Berkeley deposits funds in California Public Employees' Retirement System (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 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 City of Berkeley has a long history of socially responsible investing, including divesting from the fossil fuel industry and has urged CalPERS to follow these same footsteps; and

WHEREAS, the City of Berkeley has adopted Environmental, Social and Governance (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 and offers an attractive return on investment as well as creating green jobs.

NOW THEREFORE BE IT RESOLVED that the Berkeley City Council urges the CalPERS Board of Administration to cease any new investment in industrial animal protein and factory farming companies and begin the process of divesting the CalPERS portfolio from said companies in favor of investing in California's local, sustainable, and regenerative plant-based economy.

BE IT FURTHER RESOLVED that copies of this resolution be sent to the CalPERS Board of Administration.

CalPERS Board of Administration
P.O. Box 942701
Sacramento, CA 94229-2701

Re: Requesting CalPERS Divestment from Industrial Animal Protein and Factory Farming Companies and Recommending Investment in California's Local Plant-Based Food Economy

Dear Members of the CalPERS Board of Administration:

We, the City of Berkeley, request that CalPERS cease new investment in industrial animal protein and factory farming companies and begin the process of divesting our CalPERS portfolio from said companies.

The World Resource Institute reports that the agriculture sector is expected to grow by 2050 to represent 70% of the total allowable GHG emissions budget as outlined by the 2°C targets of the Paris Agreement and animal agriculture alone currently accounts for approximately 60% of the world's 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 necessary to meet the Paris Agreement and the 2018 U.N. IPCC Report targets and to protect our local communities against the existential threat of global warming.

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 towards plant-based agriculture, agriculture will require 593 million hectares (twice the size of India) of additional land by 2050 with subsequent negative impacts on the remaining forests, wildlife, public health and world hunger.

Industrial animal farming is also the leading cause of Amazon rainforest destruction, which releases GHG emissions and hastens global warming. Deforestation also heightens the risk of zoonotic diseases like Ebola and COVID-19.

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 and describe the future investment risk associated with this industry.¹

¹ "Factory Farming: Assessing Investment Risks" FAIRR, 2016,
https://cdn.fairr.org/2019/01/09115647/FAIRR_Report_Factory_Farming_Assessing_Investment_Risks.pdf?fbclid=IwAR1Pra5Ugm60C9qFBhufoHhO9veaFtLYMlkkmHTK0Cs_79KhcEjUAqiwgZQc

Therefore, we recommend divesting from industrial animal protein companies, starting with the world's 60 largest animal protein companies listed in FAIRR ESG risk index.² We also positively recommend considering future investment in California's growing local plant-based market to create green jobs and strengthen the State's economy.

Thank you for your leadership and consideration.

Sincerely,

The Berkeley City Council

² "Coller FAIRR Protein Producer Index," FAIRR, November 2020, <https://www.fairr.org/index/>.