

15/01/2014



SFU350  
WMC 2622, 8888 University Drive  
Burnaby, BC

**Dear Member of SFU Board of Governors,**

I write as a representative of the student organization, SFU350, which is helping to organize a campus fossil fuel divestment campaign called DivestSFU. We seek a dialogue with the Board about our call to end SFU's investment in the companies primarily responsible for dangerous global warming. DivestSFU is a student-led campaign seeking to align SFU's investment practices with its stated values of integrity and sustainability and its research record on climate change, clean energy, and global justice. We believe that if it's wrong to wreck the planet, it's wrong to profit from that wreckage.

In March 2014, we hope to present our case in person and ask the Board of Governors to:

1. Increase transparency about the climate risk and carbon intensity of SFU's investments;
2. Immediately freeze any new investment in fossil-fuel companies; and
3. Divest within five years from direct ownership and from any funds that include fossil-fuel public equities and corporate bonds.

There are both ethical and economic arguments for fossil fuel divestment. We know that climate change is the greatest global problem facing our world today. The Intergovernmental Panel on Climate Change's (IPCC) most recent assessment report warns us that "continued emissions of greenhouse gases will cause further warming and changes in all components of the climate system."<sup>1</sup> Researchers at Simon Fraser University, the Intergovernmental Panel on Climate Change, the International Energy Agency and other institutions are telling us that we need to leave most fossil fuels in the ground to avoid irreversible, runaway global warming. SFU's Adaptation to Climate Change Team highlighted the "carbon bubble" risk earlier this year, warning: "developed countries are basing the value of their assets on their reserves of oil, gas and coal, assets

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<sup>1</sup> IPCC, "Summary for Policymakers," in *Climate Change 2013: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.*, ed. T.F. Stocker et al. (Cambridge, UK and New York, NY, USA: Cambridge University Press, 2013).

that may not only depreciate due to efforts to slow down runaway climate change, but that also may never be fully developed for the same reason.”<sup>2</sup>

As students, we are proud of SFU’s commitment to creating a better future through community engagement and our academic work. However, like many alumni, faculty and staff, we are gravely concerned that SFU invests in companies whose fundamental business model undermines a safe climate today and in our futures.

SFU has a fiduciary responsibility to make prudent and responsible investments. In a world facing climate change, fossil fuel companies are no longer a wise long-term investment. Climate scientists tell us that to prevent dangerous global warming, less than 500 Gt of carbon dioxide can be released into the atmosphere.<sup>3</sup> This significantly limits the amount of fossil fuels we can burn in order keep climate change manageable. Assuming we act to prevent runaway global warming, these fossil fuel reserves will become stranded assets. As more investors and analysts acknowledge this situation, warnings of a “carbon bubble” become more urgent. <sup>4</sup> In addition, a study by S&P Capital IQ for the Associated Press found that if universities had divested 10 years ago from their fossil fuel-based investments, their endowments would be even larger than they are now.<sup>5</sup> A study by the Aperio Group (an investment management firm) shows that fossil fuel divestment would have a miniscule (0.0034%) impact on the risk on returns.<sup>6</sup> We see divestment as an important step for SFU to show sustainability leadership and an opportunity for SFU to reinvest its endowment fund in assets that support the future we as a campus want to create.

In recent months, municipalities, universities, pension funds, and faith organizations in the United States have committed to divestment.<sup>7</sup> In October 2013, a group of 70 global investors managing more than \$3 trillion worth of collective assets launched the first-ever coordinated effort to spur 45 of the world’s top oil, gas, coal and electric power companies

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<sup>2</sup> SFU Adaptation to Climate Change Team, “New Stern report warns of “carbon bubble,” economy at risk,” 2013, <http://act-adapt.org/new-stern-report-warns-of-carbon-bubble-world-economy-at-risk/>

<sup>3</sup> Mark Lee and Brock Ellis, *Canada’s Carbon Liabilities: The Implication of Stranded Fossil Fuel Assets for Financial Markets and Pension Funds*, 2013, [http://www.policyalternatives.ca/sites/default/files/uploads/publications/National Office%2C BC Office/2013/03/Canadas Carbon Liabilities.pdf](http://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office%20BC%20Office/2013/03/Canadas%20Carbon%20Liabilities.pdf).

<sup>4</sup> Mark Lee and Brock Ellis, *Canada’s Carbon Liabilities: The Implication of Stranded Fossil Fuel Assets for Financial Markets and Pension Funds*.

<sup>5</sup> Kevin Begos and Joann Loviglio, “College fossil-fuel divestment movement builds,” *Associated Press*, <http://news.yahoo.com/college-fossil-fuel-divestment-movement-173859677.html>.

<sup>6</sup> Patrick Geddes, *Do the Investment Math: Building a Carbon Free Portfolio*, 2013, [http://www.aperiogroup.com/system/files/documents/building\\_a\\_carbon\\_free\\_portfolio.pdf](http://www.aperiogroup.com/system/files/documents/building_a_carbon_free_portfolio.pdf)

<sup>7</sup> Mark Lee, “Global Carbon Budget Is Harsh Reality Check for Canadian Investors,” *The Globe and Mail*, October 30, 2013, <http://www.theglobeandmail.com/report-on-business/economy/economy-lab/global-carbon-budget-is-a-harsh-reality-check-for-canadian-investors/article15158549/>.

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to assess the financial risks that climate change poses to their business plans.<sup>8</sup> This shows that fossil fuel divestment is a serious movement with growing momentum—SFU is faced with the dilemma of becoming a part of the change or falling behind.

As SFU students, we are excited by SFU's 50th anniversary campaign and our university's inspiring history of leadership in community engagement, progressive policy implementation, and sustainability. While SFU has done many great things to engage students and ensure that SFU is recognized as a world-class academic institution, we believe divestment from fossil fuels poses another opportunity to lead. Aligning our sustainability goals with our investment practices will show our commitment to a safe and just future informed by science and research.

With this letter, our intent is to open a dialogue with the Board about fossil fuel divestment. We welcome the opportunity to meet with you personally to listen to your views on fossil fuel divestment and provide any additional resources you may need to make an informed decision. Attached to this letter is a recent report on Canada's carbon liabilities, co-authored by an SFU alumnus and an SFU public policy graduate student, that succinctly introduces the moral and economic arguments for fossil fuel divestment.

Sincerely,

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Andhra Azevedo  
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**SFU 350**

*SFU350 is a student club working to bring global concentrations of carbon dioxide back to a safe level of 350 parts per million by taking action on campus.*

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<sup>8</sup> Aaron Pickering and James Leaton, "Investors Ask Fossil Fuel Companies to Assess How Business Plans Fare in Low-carbon Future," *Ceres*, 2013, <https://www.ceres.org/press/press-releases/investors-ask-fossil-fuel-companies-to-assess-how-business-plans-fare-in-low-carbon-future>.