

Teaching by Example: Divestment from Fossil Fuels
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We are proud of the Stanford Board of Trustees' decision to divest the university endowment of direct investments in coal. This was an important first step towards removing all fossil fuels from the Stanford endowment portfolio, an action that we believe is a critical to setting a moral example for the future leaders being educated here. We are pleased that Stanford is setting an example that other institutions of higher learning should be encouraged to follow.

If ever there was a moral challenge facing our society, climate change is it. President Hennessy himself has called it "the problem of our time."

Over 97% of climate scientists, led by many of Stanford's own faculty, have agreed that anthropogenic climate change is a scientific reality. Any hope of holding the globe to a 2 degree C increase in temperature – a target agreed upon by 173 nations, and the importance of which is reiterated in the most recent IPCC report - requires that 80% of the world's proven fossil reserves stay in the ground. The fact that these reserves are currently carried on the balance sheet of publicly traded fossil fuels companies strongly supports the argument for a strategy that transitions away from investments in these companies.

If we remain on our current path, the world's fossil fuel consumption will place hundreds of millions of mostly poorer people in harm's way, and will leave our children faced with a future characterized not by possibility and opportunity, but by the need to manage the horrendous impacts of climate change.

Furthermore, the fossil fuel industry, as a whole, has spent hundreds of millions of dollars corrupting our political system to ensure that it does not have to operate on a level playing field, and on manufacturing and spreading doubt among the American public about the very climate science being produced by institutions like Stanford – *all at the cost of the poorest around the world, and of our children and grandchildren's future.*

The Board of Trustees' decision to withdraw from coal investments is encouraging, but we hope the Board will extend the policy to ensure divestment from all fossil fuels. Students learn from the culture and the behavior of an institution and its leaders as much as they learn from classes. Thus, a mission-driven educational institution like Stanford cannot ignore its own core values in making investment decisions without damaging its ability to achieve its mission to educate. Stanford has already acknowledged this formally in its [Statement on Investment Responsibility](#), which we commend. There is no greater moral challenge facing our society than that of climate change. So, while we recognize that most investment portfolios like Stanford's include a variety of investments (e.g. hedge funds; mutual funds), thus leaving few opportunities to pick or choose from a menu of specific stocks, it is clear that in order to fulfill its commitment to investment responsibility, Stanford's Trustees should immediately instruct the university's investment

managers to cease and divest from any investments designed to explore for or develop new sources of fossil fuels.

Not to do so is simply putting our children and grandchildren in harm's way. If we don't get off our current path, and make every effort to hold the earth's increase in temperature at no more than 3.6 degrees F, their futures will be defined not by opportunity and possibility, but by the need to contend with the impacts of climate change. Since the dawn of the industrial era, we have burned enough fossil fuel to release nearly 300 gigatons of carbon dioxide; to stay under the 3.6 degree red line, we can burn only 600 gigatons more; then we must stop cold turkey. Such a short term radical economic change will not be possible, and the phase out of fossil fuels must be done over time. But we will have no chance of accomplishing this ambitious transition if we continue on our current course.

All of the proven reserves owned by public and private companies and governments would, if burned, produce nearly 3,000 gigatons of carbon, or enough to plunge the earth into an uncontrolled climate spiral with temperatures far above any that life as we know it could support. A simple understanding of these numbers should bring any sensible investor to the understanding that we simply cannot burn the fossil fuel reserves that the world already has. Only 20 % of total reserves can ever be burned unabated; to invest further in finding or developing even more reserves of fossil fuels is immediately unwise economically.

Again, we applaud the Board for its far-sighted policy with respect to investments in coal. But Stanford's Trustees must come to understand the full dimensions of the carbon equation; when they do, they will change Stanford's investment policy, and ensure that Stanford retains its hard-earned place of global leadership.