The IU Fossil Fuel Divestment Initiative began in December 2013 with the Graduate and Professional Student Organization (GPSO) Fossil Fuel Divestment and Carbon Neutrality Resolution. This Initiative has since garnered campus-wide student support, and a multidisciplinary student task force will present to the IU Foundation’s Investment Committee in December 2014.

Divestment is a strategy to be considered when an issue is of the utmost importance, when it makes both moral and financial sense. Fossil fuel divestment is such a case – this issue affects the life and prosperity of Americans, Hoosiers, and humans across the globe. As an institution of higher education that offers “leadership in creative solutions for 21st century problems,” Indiana University’s unfulfilled moral and financial obligations to its students, alumni, and the community demand that:

We, the students of Indiana University, call upon the IU Foundation to divest the IU endowment from the top 200 fossil fuel companies¹ within five years.

We understand this is not a simple request to act upon, but we could not be more firm in our belief in its importance. This document outlines the justifications for IU Foundation’s divestment from fossil fuel companies.

Why Divestment?

Scientists and governments around the world agree: if the world warms more than 2°C above pre-industrial levels, comprehensive and drastic change to the way we live, the functioning of our economy, and our quality of life will be unavoidable. To stay within this 2°C threshold, we may burn only 565 more gigatons of carbon dioxide. Currently fossil fuel reserves owned by the fossil fuel industry amount to 2,795 gigatons. Thus, fossil fuel companies currently hold nearly five times the amount of fuel reserves we can safely burn.

Fossil fuel companies will not act without political and public pressure, both of which are already mounting. Divestment makes a strong statement to fossil fuel companies: current business models are unsustainable. Divestment from fossil fuels is the right path for the financial prosperity and moral standing of IU and the IU Foundation.

In 1986, Indiana Republican senator Richard Lugar urged President Reagan to “get on the right side of history” and support congress’ sanctions on the South African apartheid regime.

¹ As defined and listed by the Carbon Tracker Initiative, a firm of financial specialists in carbon investment risk, in the Unburnable Carbon Report
These sanctions followed years of mounting pressure from divestment campaigns and activists. By the mid-1980s, 155 universities had divested from companies doing business in South Africa. Now, the fossil fuel divestment campaign momentum has begun, and we urge Indiana University to take a stand – to be on the right side of history.

Other prominent higher education institutions have partially or fully divested from fossil fuels. In May 2014 Stanford University committed to divesting from coal. Its board of trustees pledged to divest its financial holdings from 100 coal companies. Twelve other universities have divested, and the fossil fuel divestment campaign is surging through dozens of additional colleges and universities.

It is the duty of a university to take a stand on issues of profound importance regarding not just moral rightness, but the very future of the students it serves and the society of which it is a part. Climate change is both a local and global urgency, and the IU Foundation must act. Divesting is the strongest available action that IU can take to avoid the most negative effects of global climate change.

**Climate Change Is Already Acknowledged by IU and the World’s Universities**

IU has recognized the need to adjust behavior now to adapt to a changing environmental, political, and economic climate. IU Bloomington’s Campus Master Plan, approved by the University’s Board of Trustees, declares that “carbon reduction strategies” are a key element to ensuring “that growth is forward thinking.” The plan declares goals of reducing greenhouse gas emissions 30% by 2020 and 80% by 2050.

684 college and university presidents, including the leaders of four Big 10 schools, have signed the American College & University Presidents’ Climate Commitment. This agreement acknowledges the need for higher education institutions to mitigate climate change, and establishes steps for doing so. IU has fallen behind the trend to intervene in climate change. The time to fix that is now.

Powerful action will advance IU’s standing amongst its peers and its image in the eyes of history as a leader in taking on this generation-defining social, political, environmental, moral, and financial issue. As we prepare to enter our third century of existence, we must proactively “[address] grand challenges in every part of our mission,” a pervasive theme of the IU Bloomington Campus Strategic Plan.

**Divestment Is Financially Justified**

IU Foundation must weigh the risk to the IU endowment presented by stricter carbon regulations against the risks associated with reducing our endowment exposure to fossil fuel equities. This financial calculus is an important addition to the moral and scientific basis for the call for IUF to divest from fossil fuel companies.

Financial analysts from HSBC, Citi, Standard & Poor’s Aviva Investors, and several other firms and organizations are using research from the Carbon Tracker Initiative (CTI) to consider the risks to investors posed by climate change. CTI reports that 80% of the world’s proven fossil fuel
reserves cannot be consumed without exceeding the international target of carbon emissions to prevent a 2°C rise in global temperature.

The implication for all investors is clear. When governmental regulations follow scientific consensus, fossil fuel companies will be unable to monetize the bulk of their proven reserves. Since these companies are valued partially based on their proven fuel reserves, their value will fall as a result of their inability to tap into these resources. IU’s endowment and other large investors will have to disinvest in the long run. We urge you to divest now, for financial as well as moral reasons.

Cambridge Associates, the IU Foundation’s own external investment consultant, acknowledges the risk of carbon assets being stranded for three reasons: policy changes, substitution, and sociopolitical pressure. Momentum in all three of these areas is moving in one clear direction characterized by stricter regulations, a changing market where renewable energy is cheaper and more efficient, and increased sociopolitical pressure around the globe. One poignant example is that of the U.S. coal industry. Within the past five years, 166 coal-fired power plants have closed or announced plans to close, while construction plans for 183 new coal plants have been canceled. The fiscally prudent action is to divest now, rather than wait until the market has already adjusted and financial losses are even greater.

**Call To Action**

In our increasingly globalized world, IU and the IUF must proactively address the grand challenge of climate change. It is time for us to join the growing list of environmentally responsible universities and fulfill our role as a progressive institution that confronts global issues. We cannot continue to honestly purport to be a leader in public and environmental affairs if the financial foundation of our university continues to support and profit from institutions whose goals diametrically oppose our own, and whose actions are harmful to the welfare of our students, state, nation, and world.

Please join the students of our great university in taking a stand to protect our future. We request the IU Foundation to divest its holdings from fossil fuel companies in a timely and responsible fashion.

**Representative Bodies in Support of Divestment**

- All University Student Association, representing all ~115,000 IU students (AUSA)
- IU Bloomington, Graduate and Professional Student Organization (GPSO)
- IU Bloomington, IU Student Association (IUSA)
- IU South Bend, Student Government Association (SGA)
- IU Southeast, Student Government Association (SGA)
- IU East, Student Government Association (SGA)

**Faculty Representative Bodies in Support of Divestment**

- IU Bloomington Faculty Council (BFC)