

30 July 2015

The Council
Ethical Investment Task Team Appointed by Council
The University of Cape Town

Dear Members,

Development of a fossil fuel divestment strategy for UCT

2015 is destined to be a year of historic global transformation. World leaders will be deciding within the next few months on new goals for sustainable development and on a new, legally-binding climate agreement. As the top academic institution in Africa, UCT should play a leading role in global transformation towards a climate-resilient, low-carbon society.^{1,2}

Climate change is now widely regarded as the most pressing issue of our time.^{3,4} It is affecting human societies and ecological systems worldwide.⁵ In Africa and South Africa, there are already impacts on ecosystems; agriculture and fisheries; water availability; and on food, health and economic security.^{6,7,8}

Although the situation is dire, there are a range of mitigation strategies that can reduce further risks and impacts of climate change.^{9,10,11} A substantial reduction in emissions caused primarily by the burning of fossil fuels^{12,13} is urgently required to remain within the globally-agreed but still potentially dangerous¹⁴ limit of 2°C warming above pre-industrial global temperatures.¹⁵

A growing number of universities, colleges, institutions, religious groups, foundations and individuals have therefore called on the world's major fossil fuel companies to support the shift to low-carbon, climate-resilient development. Their failure to do so however, has resulted in a global movement to divest capital from these companies in order to undermine their economic power, legitimacy and 'social license' in the eyes of the public.

The global divestment movement has received an unprecedented level of support, with over 260 institutions representing over US \$50bn in assets committing to divest thus far.¹

We understand that in February 2015, the Council agreed to form a task team to adopt an ethical investment strategy and to consider fossil fuel divestment by the University. While we understand the concerns about divestment risks, we believe that the future financial and societal risks due to climate change are considerably greater.^{16,17}

¹ The more notable supporters of the fossil fuel divestment campaign include: the United Nations, the Rockefeller Brothers Fund, Stanford University, Glasgow University, Australia National University, the School of Oriental and African Studies, the World Council of Churches, the Church of England, the world's largest sovereign wealth fund, the British Medical Association, Guardian Media Group, Germany's biggest power company, and the cities of San Francisco, Seattle and Portland. In addition, distinguished scientists and prominent individuals such as Prince Charles, President Barack Obama, and Archbishop Desmond Tutu (who has called on UCT specifically to divest) have also given their support.

We therefore write to encourage the Council task team to **prioritise** the critical issue of ethical investments and **accelerate** the development of an ethical investment strategy that includes fossil fuel divestment. We believe that fossil fuel divestment is morally, financially and developmentally the right thing to do.

1. Fossil fuel divestment is morally right because it will help sustain our planet for future generations.¹⁸ UCT Chancellor Graca Machel, during last year's UN climate summit in New York, urged all to *"have the courage to tell business that it is not only about profits but about our collective survival and wellbeing."* In addition, Pope Francis' recent encyclical reinforces the moral argument for transformative action on climate change and environmental stewardship.
2. Fossil fuel divestment is financially wise. Since approximately 80% of coal, 50% of oil and 30% of gas reserves need to remain in the ground¹⁹ to stay within the 2°C warming limit, global fossil fuel assets run the risk of losing their value and becoming 'stranded'.^{20,21,22} Citi Bank, HSBC,²³ the President of the World Bank,²⁴ the Bank of England,²⁵ the Bank of America²⁶ and a group of 367 investors representing more than US \$24 trillion in assets,²⁷ have all acknowledged the risks posed by the 'carbon bubble'.
3. Fossil fuel divestment will help Africa's development. Unlocking Africa's green energy potential will drive economic growth and job creation, addressing many of the economic and social constraints on development. In its most recent report, Africa Progress Panel's Kofi Annan asserts, *"Africa can leapfrog over the damaging energy practices that have brought the world to the brink of catastrophe."*²⁸

Global leaders are coming together at COP21 in December to reach a new, universal climate agreement. We feel the time is right for UCT to recognize this critical transformation in history, lend powerful support for addressing the most pressing issue of our time and become the first University in South Africa, Africa, and BRICS to divest from fossil fuels.

Sincerely,

Class of 2015 Masters in Climate Change & Sustainable Development
University of Cape Town

Class of 2015 Masters in Environment, Society and Sustainability
University of Cape Town

With "strong endorsement" from the Environmental and Geographical Sciences
Department

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- ² National Planning Commission. 2012. *Our Future - Make it Work: National Development Plan 2030, Executive Summary*. Pretoria: The Presidency, Republic of South Africa. Available: <http://www.gov.za/sites/www.gov.za/files/Executive%20Summary-NDP%202030%20-%20Our%20future%20-%20make%20it%20work.pdf> [2015, April 25].
- ³ Pew Research Center. 2015. *Climate Change Seen as Top Global Threat*. Washington, DC: Pew Research Center. Available: <http://www.pewglobal.org/files/2015/07/Pew-Research-Center-Global-Threats-Report-FINAL-July-14-2015.pdf> [2015, July 20].
- ⁴ European Union Institute for Security Studies. 2015. *A New Climate for Peace: Taking Action on Climate and Fragility Risks*. An independent report commissioned by the G7 members. Germany: Adelphi, International Alert, The Wilson Center.
- ⁵ Intergovernmental Panel on Climate Change. 2014. *Summary for Policymakers*. In: Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part A: Global and Sectoral Aspects. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [C.B. Field, V.R. Barros, D.J. Dokken, K.J. Mach, M.D. Mastrandrea, T.E. Bilir, M. Chatterjee, K.L. Ebi et al. (Eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA.
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²⁷ Global Investor Statement on Climate Change. Available: <http://investorsonclimatechange.org/> [2015, January 10].

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