

SD 21-31

***INVESTMENT PLAN FOR PURDUE
ENDOWMENT***

FOR DISCUSSION – 3/21/22

University Policy Resources Committee and Faculty Sustainability
Committee

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Faculty Sustainability Committee

- Begun in 2012 through SD 11-15, reports to URPC
- Includes members from PWL (Senate, MAPSAC, CSSAC, PSG, PGSG), and faculty and students from PFW, PNW, IUPUI
- Charge is to set 5-year goals relating to sustainability for the University (West Lafayette)
- Office of Sustainability launched Physical Facilities Sustainability Master Plan in April 2020 - runs FY 2020-2024
- We consider as our current practice:
 - Consult with administration on academic matters relating to campus sustainability
 - Watchdog to keep track and follow-up of administration's commitments on sustainability
 - Bring faculty voice (and pressure) to matters relating to campus sustainability

Proposal

To represent the voice of the faculty

- Acknowledges a broader movement amongst universities (and companies) globally to divest their endowments from fossil fuels, invest in renewable energy and technologies
 - Illinois, Michigan, Rutgers, Harvard, University of California System, many more...
- Calls for a Renewable Resource Investment Plan (based on Michigan BOT plan):
 - Timeline to transition to net-zero GHG
 - Concentrate energy-related investments in renewable energy
 - Discontinue direct investments in companies that are largest contributors to GHG
 - Discontinue investing in funds focused on oil reserves, oil extraction, thermal coal extraction
- Requests the plan by June 30 2023 (end of next fiscal year).

Information from PRF about divesting the Endowment

Declined to speak with Sustainability Committee

- Does not discuss individual positions in the Endowment outside their governing committees
- Generally avoids taking specific investment action for political or social causes
- Relevant information on Endowment's asset allocation
 - Almost 50% of investments are invested "completely passively within public equity allocations" → replicates broader market through index funds.
 - This saves money on administration costs
 - Exposure of less than 3.5% to the energy sector
 - In private portion, energy is "not an area of focus as reflected by our modest asset allocation to all Natural Resources"
- "Divesting or not including specific sectors of broader economies can introduce tracking error with higher costs and is not something the governing bodies are currently considering."

Some of President Daniels's public remarks

- February 2020 Senate meeting from the minutes:
 - “We are not aware of any Big 10 schools that have divested from fossil-fuel companies in their endowment portfolios. Our fiduciary duty is to try and grow that money as much as possible and that is our governing principle. We will be involved in actions that make a **practical difference rather than some sort of posturing statement.**”
- October 19 2021: Presidential Lecture with Steven Koonin, author of *Unsettled*
 - Posted online: <https://www.youtube.com/watch?v=jFcJLLMhpEA>
- February 2021 Senate meeting:
 - Hints of a “Next Giant Leap” for CO₂ reduction
 - “Want to make certain that anything we decide to explore has **at least threshold credibility**”

“Practical difference”

- Divest-invest strategies are mainstream, fiscally responsible, and practical, including for universities.
- Broader divest-invest initiatives now include 1485 institutions committing to some form of fossil fuel divestment, representing \$39.2 billion globally. (Global Divestment Commitments Database)
- We make more of a difference working together with other organizations than striking out alone. This can be the floor of our efforts, not the ceiling.

Next steps

- Please send comments, questions, suggestions to Alice Pawley at apawley@purdue.edu
- Should this pass, it would take our continued attention to make the document do work.