

**Campus Investment Responsibility Committee (CIRC)  
Statement re. Vassar College Fossil Fuel Divestment Proposal  
October 9, 2017**

The Campus Investment Responsibility Committee (CIRC) at Vassar College is responsible for making recommendations to the Trustee Investor Responsibility Committee (TIRC) on votes on social action proxies being considered by shareholders of public companies represented in the college portfolio and broader investor responsibility issues.

CIRC consists of the Dean of Strategic Planning and Academic Resources, two alumnae/i, two students, two members elected from the faculty for two year terms, and two administrators. CIRC's recommendations are advisory in nature; TIRC is responsible for making recommendations directly to the Board of Trustees.

On Friday, April 28<sup>th</sup> 2017 members of CIRC met with representatives of Vassar College Fossil Fuel Divestment ("Divest VC") regarding their "Proposal for Divestment from Direct Holdings in Fossil Fuel Companies". The fossil fuel divestment proposal requests permanent divestment from direct holdings, those investments held in the name of Vassar College, in the Fossil Free Index Carbon Underground 200 companies (companies that have the largest reserves of fossil fuels). Divest VC proposed that two actions be taken by the Board of Trustees of Vassar College before the end of the 2017 calendar year:

- By two years from the date that divestment is announced, completely withdraw direct investments from the two hundred companies listed by the Fossil Free Index Carbon Underground 200, and remain permanently divested from the companies on this list.
- Make an immediate public announcement that the college will divest its direct holdings from the listed corporations

On Friday, May 4<sup>th</sup> 2017, members of CIRC met to discuss and vote on a recommendation to TIRC on the proposed divestment actions. While not all CIRC members agreed with the entire rationale of the divestment proposal, a majority of members voted to endorse the divestment proposal's specific actions and recommend to TIRC that the Board of Trustees review the proposed actions.

CIRC members agreed unanimously that the importance of this decision necessitated a clear, public statement to the Vassar College community that explains why a majority of the committee decided to endorse moving this proposal forward to TIRC.

## Rationale

The 2017 divestment proposal goes beyond economic, political, moral and social justice arguments for divesting from fossil fuels to focus on the institutional responsibilities of the Board of Trustees. While some CIRC members agree with the political and moral case for taking action, the decision to endorse the proposal is largely driven by the majority of the committee's belief that acting on divestment adheres to the *Board's fiduciary duty, conforms with past policies and practices, and protects the integrity of Vassar's reputation.*

## Fiduciary Duty

New York's version of the Uniform Prudent Management of Institutional Funds Act (NYPMIFA) governs the standards of conduct for prudently managing and investing institutional funds and applies to all of New York's not-for-profit corporations and education corporations as defined in Education Law.

The act clearly states that not only do endowment investment decisions have to be guided by the financial interests of the institution, but also must take into account "the purposes of the institution and the purposes of the institutional fund" and an "asset's special relationship or special value, if any, to the purposes of the institution".<sup>1</sup> As the Divest VC proposal notes, "this clarifies that not only do fiduciary responsibilities involve optimal investment strategies, but also that these investments must support the mission of the college or university." Investment decisions are not divorced from a consideration of the relationship between the asset and the mission ("purpose") of the institution.

The mission of Vassar College is to provide an education that promotes "analytical, informed, and independent thinking and sound judgment; encourages articulate expression; and nurtures intellectual curiosity, creativity, respectful debate and engaged citizenship."<sup>2</sup> Most people would agree that "analytical, informed, and independent thinking and sound judgment" includes a commitment to scientific inquiry and factual evidence.

NYPMIFA clearly states that in executing fiduciary duty, the college's Board of Trustees must consider any "asset's special relationship or special value, if any, to the purposes of the institution" when making investment decisions. Is there any special relationship between fossil fuel investments and Vassar's purpose that presents a conflict?

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<sup>1</sup> "A Practical Guide to the New York Prudent Management of Institutional Funds Act". Office of the Attorney General, Charities Bureau. (March, 2011). Retrieved from: <https://www.charitiesnys.com/pdfs/NYPMIFA-Guidance-March-2011.pdf>

<sup>2</sup> <https://info.vassar.edu/about/vassar/mission.html>

As the Divest VC proposal notes, one reason they were motivated to submit this new proposal is because “new evidence has emerged showing the extent to which fossil fuel companies like ExxonMobil have covered up the environmental crisis...fossil fuel companies have funded massive campaigns to undermine scientific literacy on climate change and have financed climate-denying lobbyists, researchers, and think tanks to promote self-serving and unfounded controversy about climate change.”

This new evidence<sup>3</sup> led the Board of Trustees at Barnard College in March, 2017 to vote to divest investments from fossil fuel companies that “deny climate science or otherwise seek to thwart efforts to mitigate the impacts of climate change” in order to align its investments with its core mission of academic freedom and scientific inquiry. In her address to students following the divestment decision, outgoing Barnard College President Debora Spar wrote, the decision sets “a new standard for investment that seeks to balance the fiduciary need to manage our resources with the moral responsibility to harness science for sustainability.”<sup>4</sup> The Barnard College decision presents a new approach to institutional divestment efforts that many CIRC members agreed with.

Vassar College has made a deep commitment to promoting science as an essential element of a liberal arts education, recently committing \$125 million to developing the Integrated Science Commons and the Bridge for Laboratory Sciences on campus. When the Bridge was unveiled, then-President Catharine Hill commented, “We are educating our students to change our world...Many of the challenges facing us will demand a knowledge of the sciences as well as a broad understanding of the liberal arts—greenhouse gasses, poverty, global pandemics, health care reform, aging populations. These facilities will help our graduates make a difference.”<sup>5</sup>

As evidence verifies that many of the Fossil Free Index Carbon Underground 200 companies have participated in climate denial efforts by undermining scientific consensus about the links between fossil fuels and climate change, remaining invested in fossil fuel companies seems in direct contradiction to our dedication to “a knowledge of the sciences as well as a broad understanding of the liberal arts” to

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<sup>3</sup> “The Climate Accountability Scorecard: Ranking Major Fossil Fuel Companies on Climate Deception, Disclosure, and Action”. Union of Concerned Scientists. (October 2016).

Retrieved from:

<http://www.ucsusa.org/global-warming/fight-misinformation/climate-accountability-scorecard-ranking-major-fossil-fuel-companies#.WRCyEaOZPBI>

<sup>4</sup>

<http://blog.ucsusa.org/kathy-mulvey/barnard-college-to-divest-from-fossil-fuel-companies-that-deny-climate-science? ga=2.152100272.821299893.1494266509-1775064413.1494266205>

<sup>5</sup> <http://vq.vassar.edu/issues/2011/01/a-look-ahead/a-bridge-to-discovery.html>

fulfill our institutional purpose of fostering “analytical, informed, and independent thinking and sound judgment”.

### Past Policies and Practices

One of the principles that guides CIRC’s voting on social action proxy resolutions, and its deliberations more generally, is “conformity with Vassar’s own policies and practices”. It is therefore worth asking if divesting from fossil fuels conforms with Vassar’s policies and practices.

Vassar College is a public supporter of both the Paris Climate Agreement and national carbon pricing efforts. Along with over 300 other colleges and universities, Vassar joined the White House’s American Campuses Act on Climate (ACAC) initiative in 2015. The ACAC pledge stated:

*As institutions of higher education, we applaud the progress already made to promote clean energy and climate action as we seek a comprehensive, ambitious agreement at the upcoming United Nations Climate Negotiations in Paris. We recognize the urgent need to act now to avoid irreversible costs to our global community’s economic prosperity and public health and are optimistic that world leaders will reach an agreement to secure a transition to a low carbon future.<sup>6</sup>*

Recently, interim-President Chenette endorsed the Put a Price on it Campaign, signing a letter with over twenty other University and College Presidents calling for a national carbon price. The endorsement letter read:

*As leaders of higher education institutions, we call upon our elected representatives to act collectively on behalf of current and future generations by putting a price on carbon... A strong carbon price will rise quickly enough to work without burdening low-income and middle-class families, and won’t create new dependencies on profits from carbon-based energy.*

The divestment proposal aligns with the other climate positions Vassar College has taken publicly: Vassar’s statements of support for a “transition to a low carbon future”, exploring “sustainable investing”, and avoiding “dependencies on profits from carbon-based energy”.

In July, 2016, Vassar published its Climate Action Plan, which “details a plan for Vassar to become carbon neutral by the year 2030.” The plan was endorsed by senior officers of the College and presented to the Board of Trustees. The plan

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<https://obamawhitehouse.archives.gov/the-press-office/2015/12/11/american-campuses-act-climate>

included “sustainable investing” as a future opportunity to help achieve Vassar’s carbon neutrality goal, stating:

*In order to maintain a livable climate for society, we, collectively, need to limit climate change below 2 degrees Celsius of warming. By 2050, we will know whether we have succeeded or failed at managing the impacts of climate change. Given that the College’s endowment is one of the key players in ensuring the college’s prosperity through 2050 and beyond, there should be some consideration to the role that these investments play in supporting the kind of society we wish to live and work in.*

If we are to square our investment strategy with the institution’s public positions regarding climate action, NYPMIFA’s requirement that “each person responsible for managing and investing an institutional fund shall manage and invest the fund in good faith and *with the care* an ordinarily *prudent person* in a like position would exercise” seems to commit us to treating fossil fuel investments as increasingly imprudent.

### Closing Thoughts

While this statement has not included the political and moral aspects of an argument to divest from fossil fuels, many CIRC members are moved by these arguments.

The founding of Vassar College was itself a political act, and we all value our history as the first degree-granting institution of higher education for women in the United States. In fact, much of the early financial support for this politically bold institution served as the foundation of our current endowment. When it came time to take action and join the higher education movement against apartheid in South Africa or the genocide in Sudan, Vassar divested. If fossil fuel divestment is viewed as a political act to “live our values”, it continues our tradition of being on the right side of history.

At the end of the day, many CIRC members were also concerned with the importance of protecting Vassar’s reputation. After all, our reputation is what allows us to continue to attract the world’s most talented and promising students and faculty. To maintain our reputation, we believe it’s important to ask the following questions:

- Given Vassar’s dedication to advancing scientific knowledge in the pursuit of our mission, how can we support continued investment in an industry that actively promotes scientific misinformation?

- Given Vassar’s public support for climate actions like implementation of the Paris Climate Agreement and national carbon pricing, how can we fail to treat fossil fuel investments as increasingly imprudent?
- Given Vassar’s public commitment to “carbon neutrality” and avoiding “new dependencies on profits from carbon-based energy”, how can we logically remain invested in fossil fuels and benefit from their profits?

In the coming years, Vassar will continue to compete for the best and brightest of the next generation. Surveys show that these young people consistently view climate action as a top priority and expect the institutions they are a part of to walk the talk when it comes to upholding important social values and ethics.<sup>7</sup> If we fail to address these questions, we may be putting Vassar’s greatest asset — our reputation — at risk.

Why is it worth taking up the question of divestment again? As CIRC members considered this question, we discussed the role lower courts played in the fight against segregation in America, hearing cases against segregation from the time Plessy v. Ferguson legalized it until Brown v. Board of Education ended it. New arguments, new evidence and new historical moments call for new consideration of an issue.

Based on recent estimates, approximately 1% of Vassar’s endowment is currently invested in fossil fuels, providing very small returns in the grand scheme of our investment strategy. At the end of the day, do all of the accumulating risks — fiduciary, moral, and reputational — make maintaining investments in fossil fuels worthwhile?

For these reasons, CIRC members voted 7-1 to endorse the divestment proposal’s specific actions and recommend to TIRC that the Board of Trustees review the proposed actions at their next meeting.

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[https://www.brookings.edu/wp-content/uploads/2016/06/Brookings\\_Winogradfi nal.pdf](https://www.brookings.edu/wp-content/uploads/2016/06/Brookings_Winogradfi nal.pdf)