

Boston University Advisory Committee on Socially Responsible Investing
Recommendations to the Boston University Board of Trustees
April 9, 2016

1. To signal the importance of, and the University's commitment to, the global effort to reduce the human carbon footprint, the University should, within its endowment, prohibit new and divest of any existing direct investments in those companies that (a) continue to explore for new fossil fuel reserves of any kind since the global fossil fuel reserves are estimated to be larger than the amount that can be used and still remain under the accepted estimated warming limit of 2 degrees Celsius or (b) extract coal and tar sands, the most carbon-intensive fuels, until, in the University's judgment, those companies curtail such activities to drive their carbon footprint to acceptable levels.
2. In order to speed up the global effort to reduce the human carbon footprint, the endowment investment office should seek to include managers who specialize and have expertise in renewable energy sources and/or technologies focused on the reduction of greenhouse gas emissions. It is expected that the number of institutional quality "green" investment products will continue to grow in the future, which will offer an expanding opportunity set for the endowment investment office to consider.

Recommendations 1 and 2 must be undertaken in concert with the requirement to meet the University's fiduciary duties to its endowment.

3. In order to increase the University's commitment to and focus on sustainability across teaching, research and operations, the University should develop and incorporate into its Strategic Plan a detailed Climate Action Plan (the "CAP") that should outline specific near, intermediate and long-term plans and associated goals for markedly increasing:
 - a. The amount of energy sourced from green alternative power producers (e.g., solar and/or wind either via the University's power purchasing arrangements or on-campus installations);
 - b. Energy use efficiency to reduce power demand;
 - c. Educational opportunities for students to understand climate change, its ramifications, the need to solve the problem in their lifetimes and explore mitigation and adaptation strategies;
 - d. The University's cross-disciplinary coordination and support of research related to climate change, mitigation and adaptation;
 - e. The understanding of all community members (students, faculty and staff) that their individual choices and actions can have a profound impact on reducing the University's (and their own personal) carbon footprints; and
 - f. The University's preparation for the possible effects of future climate change on its physical plant.

The CAP should include implementation time frames, associated costs and funding sources, as appropriate, articulate specific measurable goals with respect to both sourcing greener energy and reducing overall energy demand, and be a living document that is continuously refreshed and updated. Also, given its inclusion in the University's Strategic Plan, the CAP should be posted publicly on the University's website and progress, with respect to its contents, should be regularly reported to the Board of Trustees and the community.

Recognizing that the operating budget is a zero-sum proposition and that preservation of intergenerational equity for endowment distributions is important, the entire community will bear the burden of the compensating operating budget pressures (e.g., reduced student services, employee compensation, financial aid and/or tuition increases). However, the savings generated by the University's efforts to reduce overall energy demand should partially offset this burden.