

Princeton University Sustainable Investment Proposal

“One aspect of a student's moral education lies not in the curriculum but in the behavior of the faculty, staff, and administration and in the policies of the institution.”

~ Harold Shapiro (president of Princeton University, 1988-2000)

“Moreover, the University has an additional responsibility to prepare its students to do their part to protect the planet's natural resources for future generations.”

~ Princeton University Sustainability Plan

Global environmental degradation, most notably in the form of climate change, is among the defining issues of our time. Its impacts have already been felt here in Princeton and around the world, and Princeton University has both an ethical obligation to respond and the capacity to lead. It is time Princeton invests its \$21 billion endowment in a manner consistent with the core values it has demonstrated through its commitment to environmental research and on-campus emissions reductions. Pursuit of a sustainable future begins but cannot end on our campus; the University must consider its wider impact.

Accordingly, this proposal sets forth a mechanism to establish a long-term sustainable investment strategy for Princeton's endowment. Sustainable investing entails a holistic approach to the management of the University's finances that recognizes the interdependence of environmental ethics and future financial security. To that end, we propose that a committee representing all stakeholders within the University community deliberate on and generate recommendations to direct Princeton in the sustainable and ethical management of its endowment.

This proposal will enable the University to protect both the endowment and the environment. Princeton's future is tied to the future of the planet, and our investment practices should reflect that reality. Sustainable investment practices contribute to the endowment in the long-term by reducing its reliance on carbon-based assets with hidden social and environmental costs.

Princeton's current investment practices contradict its declared commitment to sustainability and our future. Regardless of intent, continued investment in environmentally irresponsible companies condones and further enables the disastrous consequences of their operations. Maintaining the status quo is an inherently political act on the part of the University. To act in the service of all nations, Princeton must recognize that its endowment has just as tangible an ecological footprint as its buildings. A realignment of the University's investment practices with its basic values is in order.

This is not an unprecedented step. Princeton has previously incorporated ethical imperatives in the management of its endowment. From South Africa to Darfur, the University has taken actions that advanced far-reaching, successful movements and separated Princeton from assets that conflicted with its values. The University has the power to further the environmental movement in similar ways.

Furthermore, as the University itself has stated in its Sustainability Plan, “Princeton has a responsibility to shape the national sustainability agenda and to promote environmental leadership on its campus ... There are few efforts more aligned to this mission than the pursuit of global sustainability.” Princeton has a tradition of pursuing these values through groundbreaking

research and innovative on-campus initiatives. However, it is undermining these valuable achievements by financing the destruction of the environment. A University that acts contrary to its values sets a model of unethical behavior before its students and the world. Until it changes the way it invests its endowment, the University will remain hypocritical in its approach to the environment.

Therefore, we propose that the University:

1. Adopt the United Nations' Principles for Responsible Investment (PRI). This step will demonstrate the University's commitment to more substantive measures.
2. Become a signatory of the Carbon Disclosure Project (CDP). By signing CDP, Princeton will gain additional access to information regarding the environmental impact of its investments and encourage corporate transparency.
3. Publish an annual report estimating the carbon footprint of the endowment starting next year. The reports will help quantify the progress made towards the goal of minimizing our environmental impact.
4. Create a committee to develop a set of environmentally and financially responsible investment guidelines for the management of the University's endowment, both now and in the future. The committee's proposed plan must require Princeton to regularly engage with companies and shift investments away from those with egregiously unsustainable practices such as fossil fuel extraction, deforestation, and support for anti-environmental policy. The committee will be equally comprised of members from three groups within the Princeton community: the Resources Committee and PRINCO, faculty and staff, and students. Each group will nominate and elect its own representatives. We suggest that a PRINCO employee and a faculty member, both with previous experience in sustainability, act as co-chairs. The committee would have one year to create the guidelines. In this process, it will engage with stakeholders and experts, both inside and outside the University community. Princeton should direct a subset of its asset managers to implement these guidelines in a trial period that would allow for revisions until the committee is satisfied with the results.
5. Adopt the committee's guidelines and apply them to the entire endowment. The University will present them to all of its external asset managers and if they decline to comply with the investment guidelines, Princeton must transition to others willing to adopt the sustainable investment guidelines.