

To: Foundation Governing Board Members

From: WWU Foundation Governing Board Divestment Study Committee

Subject: Findings and Recommendations to the Board Regarding Divestment

Date: September 9, 2014

Climate change is indisputably one of the most critical challenges of our time. We thank Western students for stimulating discussion about the Foundation's role in fighting this imminent threat. Their request to us spurred a thoughtful and thorough approach and analysis. We listened to students and campus colleagues, explored the national discussion, spoke with our peers across the country, and researched investment alternatives. From this work we reached a considered recommendation: our investment policy should remain unchanged. The WWU Foundation Governing Board should not support requests to (1) freeze future investments in fossil fuels, (2) divest from current investments in specific fossil fuel companies over the next five years and (3) incorporate divestment from fossil fuels into the investment policy.

Our conclusion is that divestment is not consistent with our mission: *by inspiring our community to give, the WWU Foundation secures and stewards resources to advance scholarship, research and creativity*. We do this to support fundraising priorities established by the University. We have a strong history of success in supporting University initiatives, including the proactive research projects and programs – such as the Institute for Energy Studies – that are already addressing the challenges of climate change. And we are poised for and remain committed to future projects and programs.

In addition to adhering to our mission, we find:

- Divestment would be, in our opinion, ineffective and inconsistent with our fiduciary values. Companies with ties to fossil fuels are currently supporting student and faculty sustainability research and hiring our graduates. Foundation funds promote dialogue that leads to learning and meaningful change.
- The financial impact of divestment, including associated investment fees, would mean the loss of potential scholarship and faculty support. The size of our asset base largely defines our investment structure and available investment alternatives. Our current structure, using pooled investment funds, meets our investment needs with reasonable cost.

Given the interests of our stakeholders, we recommend that the WWU Foundation Governing Board Finance and Audit Committee work to create a climate-friendly investment fund in our portfolio as an option for future donors. And, to lower associated fees with this fund, we further recommend that the WWU Foundation

Governing Board members and staff lead discussions of climate friendly portfolio development with other foundations of our size and type.

We admire and appreciate the time and effort that the Associated Students Board of Directors and all Western students have put into this process; they are catalysts for change.