



GEORGETOWN UNIVERSITY

Policy on Impact Investments and Fossil Fuel Divestment

Adopted by the Georgetown University Board of Directors on February 6, 2020

1. Georgetown University will continue to seek investments in renewable energy, energy efficiency, and other companies contributing to our transition to a more sustainable world provided that these investments target a market rate of return on par with similar assets in the endowment.
2. Georgetown University will cease making new investments in any company or fund whose primary business is the exploration or extraction of fossil fuels, including all forms of coal, oil, and natural gas.
3. Georgetown University will divest from *public securities* of any company whose primary business is the exploration or extraction of fossil fuels, including all forms of coal, oil, and natural gas, within the next five years.
4. Georgetown University will divest from *private investments* in any company whose primary business is the exploration or extraction of fossil fuels, including all forms of coal, oil, and natural gas, as soon as it is prudent and within the next ten years. The University will divest fossil fuel holdings during this time in a manner that is both financially responsible and expeditious.
 - o The University is committed to divesting from *private investments* when prudent and within ten years because private investments involve binding multi-year commitments. The University requires flexibility to avoid incurring losses by withdrawing prematurely.
5. Although the University intends to achieve full divestment going forward, some commingled investment funds may hold exposures to fossil fuel companies. Georgetown will prudently evaluate these managers on a case-by-case basis.

Frequently Asked Questions

How did the university come to make the decision to divest from fossil fuel companies?

As a Catholic and Jesuit university, Georgetown is committed to environmental responsibility and sustainability. The University is carrying out a comprehensive commitment to respond to Pope Francis' call to care for creation by promoting education, action, and investment to advance the common good in responding to climate change.

Guided by Georgetown University's Socially Responsible Investing Policy (SRI Policy) and in response to a proposal from GU Fossil Free, the University's Board of Directors approved a recommendation from the Committee on Investments and Social Responsibility that called for an expansion of its impact investment strategy to increase investments in renewable energy and energy efficiency if market rates of return are available and prudently divest from fossil fuel companies.

What is Georgetown's Socially Responsible Investing Policy?

Georgetown University's Socially Responsible Investing Policy (SRI Policy) outlines the university's approach to socially responsible investing and demonstrates its intention to integrate its commitment to social justice, protection of human life and dignity, stewardship for the planet and promotion of the common good into its investment management practices.

Its mission statement: "Georgetown University (the "University") is committed to exercising ethical management of the University's endowment in the course of seeking to generate the highest level of returns commensurate with the goal of ensuring intergenerational equity. Recognizing that the endowment shall not be used as a tool to promote a political agenda, the University shall continue to integrate its commitment to social justice, protection of human life and dignity, stewardship for the planet, and promotion of the common good into its investment management practices."

What is CISR?

Georgetown's Committee on Investments and Social Responsibility (CISR), which comprises students, faculty and administrators, makes recommendations on issues related to socially responsible investing to the Committee on Finance and Administration of the University's Board of Directors, which is responsible for fiduciary oversight for the endowment. As a part of this work, CISR often considers written proposals from members of the Georgetown community.

What recommendations did CISR make and the Board endorse?

At its meeting on Friday, January 10, 2020, CISR unanimously approved the following recommendation to the Committee on Finance and Administration in response to GUFF's proposal:

Georgetown University should expand its strategy to make investments in renewable energy and energy efficiency, and seek to avoid investments in fossil fuel companies. Fossil fuel companies are defined as any company whose primary business is the exploration or extraction of fossil fuels, including all forms of coal, oil, and natural gas.

It was endorsed by the Georgetown Board of Directors on Thursday, February 6, 2020.

Hasn't Georgetown already taken divestment actions?

Georgetown has demonstrated its commitment to socially responsible investing in recent years through several actions.

In 2015, CISR recommended divestment of “direct investments in companies whose principal business is the mining of coal for use in energy production.” The Board accepted that recommendation in 2015.

Since then, the Board has accepted additional recommendations from CISR to avoid investments in private prison companies (2017) and companies whose primary business is the extraction of tar sands for use in energy production (2018).

In 2017, the Board also approved the University's SRI Policy, outlining the university's approach to socially responsible investing and demonstrating its intention to integrate social justice, protection of human life and dignity, stewardship for the planet and promotion of the common good into its investment management practices.

How will Georgetown achieve its objectives?

To achieve these objectives, Georgetown will commit to take the following actions:

- Continue investment in advanced energy and efficiency technologies
- Cease new investments in fossil fuels
- Phase out investments in publicly traded assets over five years
- Phase out private investments over 10 years
- Maintain flexibility with respect to commingled investment funds with exposure to fossil fuel companies and evaluate the managers of those funds on an ongoing basis

How will Georgetown monitor the effects of this policy?

The investment office will continue to monitor and evaluate energy producers in the hope that many move further towards contributing to a sustainable future.

How were students involved in the decision?

CISR carefully considered a proposal from the student organization GU Fossil Free (GUFF) calling for Georgetown to divest from fossil fuel companies over five years. GUFF submitted its original proposal on January 17, 2019, and a revised proposal on March 28, 2019. The university has had an extensive collaboration with GUFF since its formation in 2012.

CISR met several times to discuss GUFF's proposal, including meeting with representatives from GUFF, the Georgetown University Student Investment Fund, and the Graduate Investment Fund. We also consulted with leading experts in socially responsible investing. In addition, we researched actions taken by other higher education institutions regarding fossil fuel divestment.

What are commingled funds?

Commingled funds are vehicles managed by investment firms on behalf of a number of clients. These vehicles provide diversified exposure to a pool of securities. Examples include mutual funds, index funds, and exchange traded funds. For these vehicles, the investment manager has full discretion on security selection. Limited partners or shareholders cannot compel the investment manager of a commingled fund to buy or sell specific securities.

What is the difference between publicly traded assets and private investments?

Public securities are freely tradeable in an open market, through a stock exchange such as the New York Stock Exchange or NASDAQ. Private investments are not tradeable in the open market but are generally available to institutional investors, including endowments. These are often private investment funds formed as limited partnerships.