

To: Luther Investment Committee
Connie Plaehn, Chair

From: Center for Sustainable Communities
Jon Jensen, Director

Re: Proposal for Responsible Investment Committee

Date: January 25, 2019

We respectfully request that the Luther College Investment Committee consider authorization of a Responsible Investment Committee of students, faculty and staff. As outlined below, such a committee would provide an opportunity for stakeholders to learn about Luther's investments and provide input on how best to align the College's investments with our mission. Similar committees exist at many peer institutions. They are merely advisory and do not change the decision-making power or structures of current operations. Creating a Responsible Investment Committee would also enhance Luther's sustainability reputation by increasing our score on STARS, the national sustainability assessment. We request time at the February regents meeting to discuss this proposal.

Background

This idea emerged as part of Luther's self-assessment as part of STARS, the Sustainability Tracking, Assessment and Rating System, the recognized assessment tool for sustainability in colleges and universities. STARS covers all aspects of an institution - from curriculum and research to college operations to planning and investments. While Luther scores very well on many aspects of STARS, we received an extremely low score on our investments (.05/7 points). Improving a rating should not be a reason to change our practices but it is an opportunity for self-examination and internal discussion about what we do and why.

Using a "sustainability lens" in investments involves ensuring avenues for student education and engagement as the college seeks to align investment decisions with mission. One way to accomplish this goal is by having a clear structure for students (and faculty and staff) to learn about Luther's investment decisions and to bring ideas and proposals to a group for consideration and (possibly) recommendations to decision-makers. A Responsible Investment Committee is the normal structure for meeting this goal.

Proposal Details

While specifics vary, such committees tend to be diverse in the roles of their members and to serve in an advisory role to the key leaders responsible for investing. As such we propose the following structure:

- Creating a Responsible Investment Committee as a sub-committee of the existing Campus Sustainability Council
- Membership that includes 3 students, 2 faculty, and 2 staff with the Controller and Vice President for Finance and Administration serving ex-officio
- Development of a charter based on similar committees at other schools with a clear explanation that the committee's role is purely advisory

While many models exist, we suggest that Dickinson College provides a relevant example for Luther to consider. See Appendix A and [this link](#) for more details.

Rationale

Establishing a responsible investment committee would meet several objectives for Luther College including the following:

- Enhance student education about one key aspect of college operations and the ways that decisions are made regarding Luther's investments
- Create greater transparency around key decisions thus improving relations between leadership and stakeholders at Luther
- Provide a structure for consideration of student proposals about investments such as fossil fuel divestment
- Foster broader discussion of alignment between mission and operational decisions such as investments.
- Enhance Luther's sustainability reputation by improving Luther's STARS score

Next Steps

We hope that this proposal will be seriously considered by Investment Committee and the college leadership. We would welcome the chance to discuss this issue further at the February 2019 meeting and to answer any questions. Authorization of the general idea by the Investment Committee would be the next step and would allow the preparation of a formal proposal for consideration.

Thank you for consideration of this request.

Appendix A: Dickinson College Model

The Dickinson Sustainable Investment Group (DSIG) was established as a subcommittee of the President's Commission on Environmental Sustainability (PCES) in fall 2014. The DSIG is charged to:

1. Provide a forum for members of the Dickinson community to raise and discuss questions regarding environmental, social, and governance (ESG) practices of the college, recognizing that there is no commonly held definition or criteria of ESG principles or goals.
2. Annually, meet with the Committee on Investments of the Board of Trustees to discuss a regular annual report on our investment portfolio. As a participant in that discussion, provide input and share policies, practices, and goals of other higher education institutions and other relevant sectors.
3. Act as a liaison between the Dickinson community and the Committee on Investments with regard to the annual review of our investment portfolio.

https://www.dickinson.edu/homepage/600/investing_in_sustainability

