

# The Intentional Endowments Network

## About the Intentional Endowments Network (IEN)

IEN is a **non-profit, peer-learning network** advancing *intentionally designed endowments* – those that seek to enhance financial performance by making investments for an equitable, low carbon, and regenerative economy.



**Vision:** All endowed institutions mobilize capital to create a world where all people thrive with equal access to personal and economic opportunity.



**Mission:** Encourage and support higher education institutions to adopt long-term investment strategies that create an equitable, low-carbon, and regenerative society.

# Network Focus Areas & Activities

## Focus Areas

### Themes

**Social Equity**  
diversity, equity, inclusion, justice

**Climate Change**  
net zero portfolios, fossil free

### Capital Pools

**Intentionally Designed Endowments**

**Sustainable Retirements**

**Student Managed Funds**

### Impact

**Engaging Corporations**  
align lobbying for equity and climate policy

## Peer-Learning Activities

- **Events & Online Learning**
- **Strategic Communications, News**
- **Fiduciary Education, Peer-to-peer Facilitation**
- **Research, Reports, Case Studies**
- **Working Groups, Collaborative Initiatives**

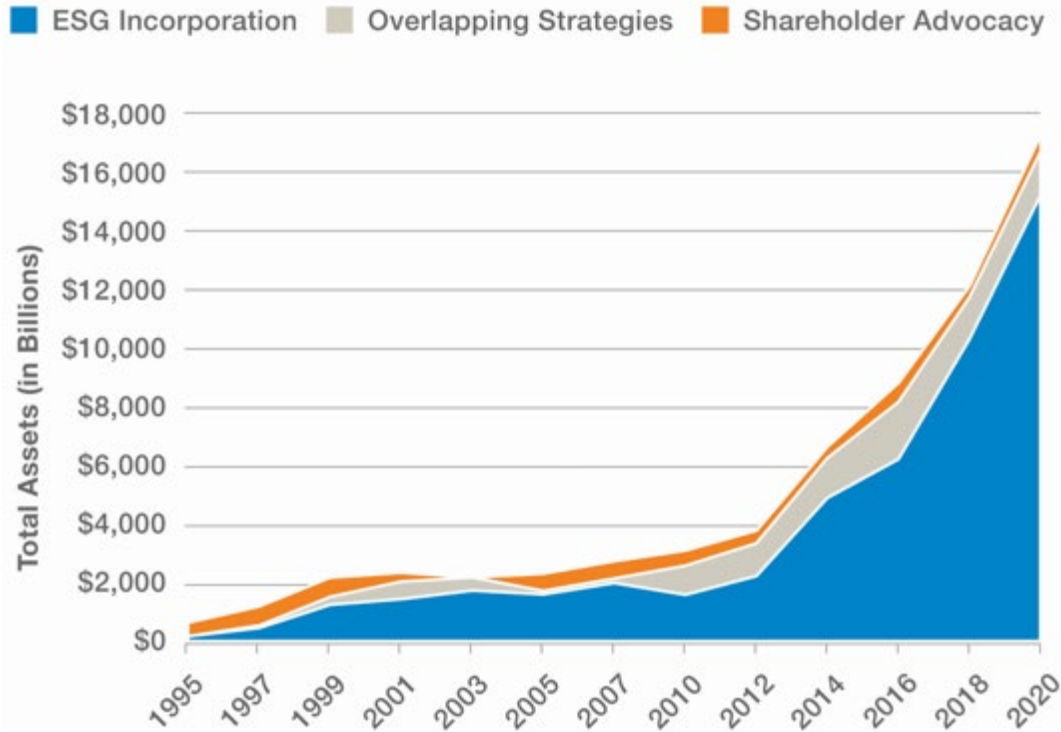
# IEN Membership

- **198** members - endowments, OCIOs, consultants, managers, nonprofit partners
- Breakdown of member type
  - 42% Asset Owners
  - 35% Asset Managers
  - 23% Consultants & OCIOs/Non-endowed NGOs/Individuals

## Some Recent New Members

Wellington Management Company LLP  
Mercer  
Ridgewood Infrastructure  
Schroders  
Lafayette College  
Scherman Foundation  
University of Illinois  
University of San Diego  
University of Washington  
Institutional Shareholder Services Inc. (ISS)  
Bay Street Capital  
Transform Finance  
Rotary International  
UC Davis  
East Bay Community Foundation  
Bard College

**FIGURE A**  
**Sustainable Investing in the United States 1995–2020**

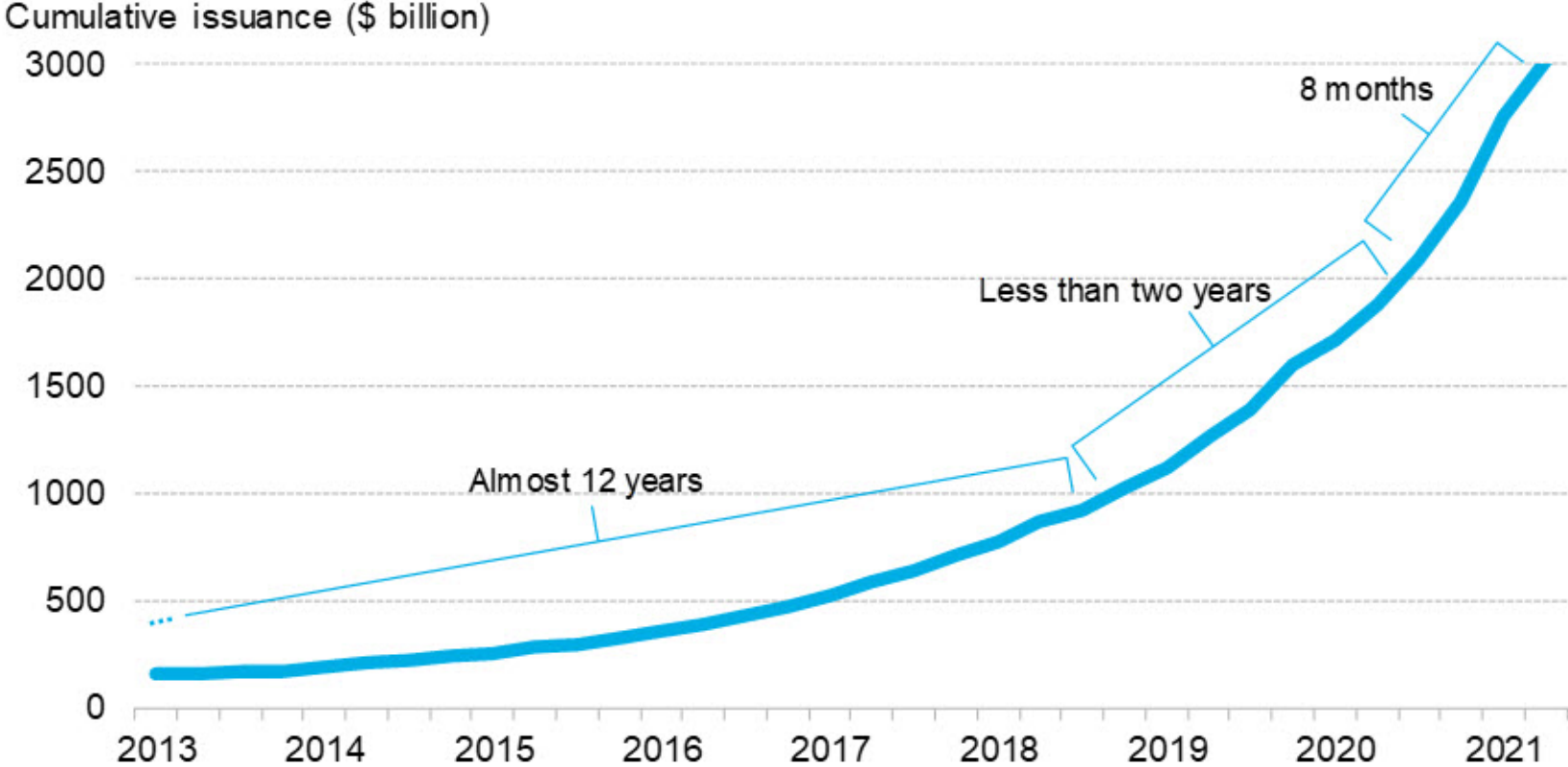


SOURCE: US SIF Foundation.

# State of the Field

## Growth in ESG

**Figure 1: Cumulative sustainable debt issuance by quarter, through June 7, 2021**



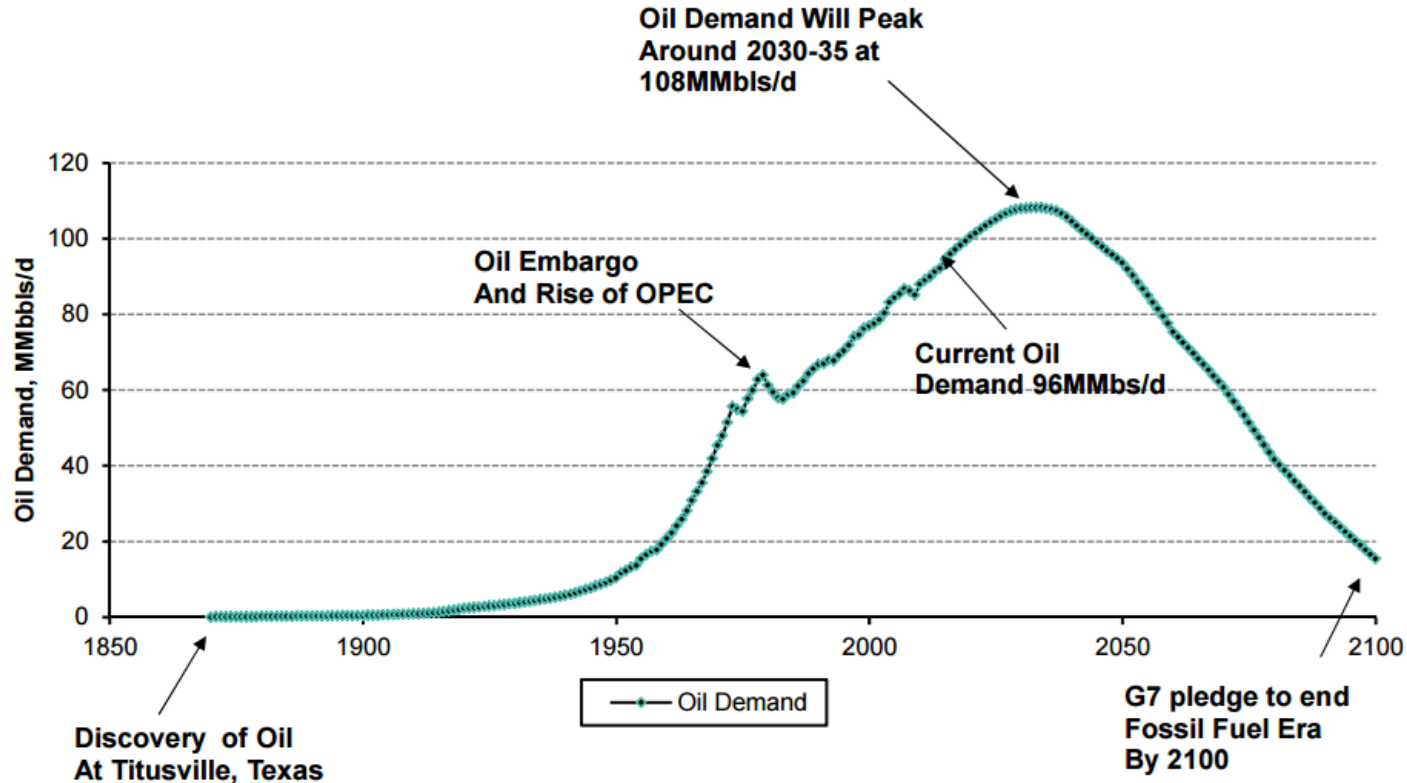
Source: BloombergNEF, Bloomberg L.P.

<https://about.bnef.com/blog/sustainable-debt-issuance-hits-3-trillion-threshold/>

Oil Era Is Not Over – But The Peak Could Be In 15-20 Years

2016

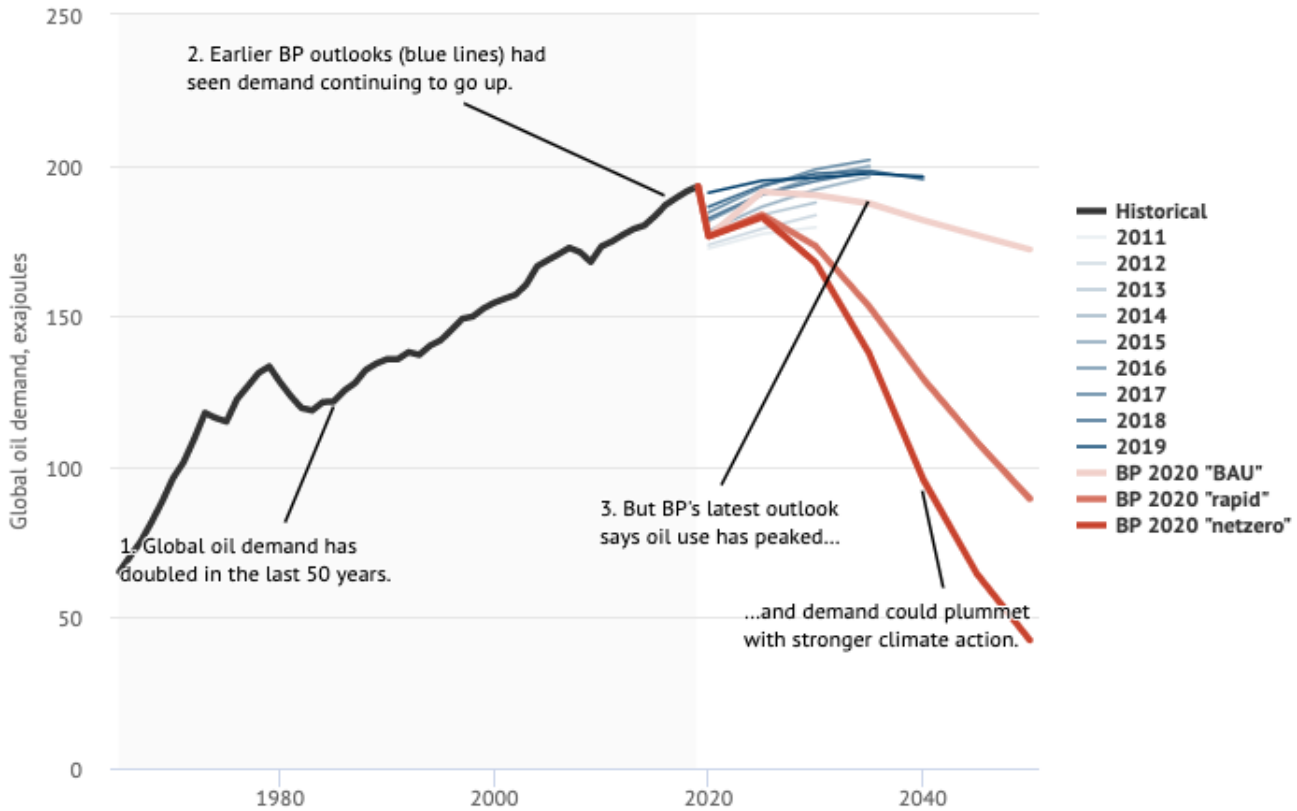
Peak Oil  
= 2030



Source: BP Statistical Review, and Bernstein estimates (2016 and beyond) and analysis.

# BP now concedes that oil demand has already peaked – and could soon plummet

Last year's outlook had seen peak oil still being 15 years away



# 2020

## Peak Oil = 2020



# Endowment Landscape

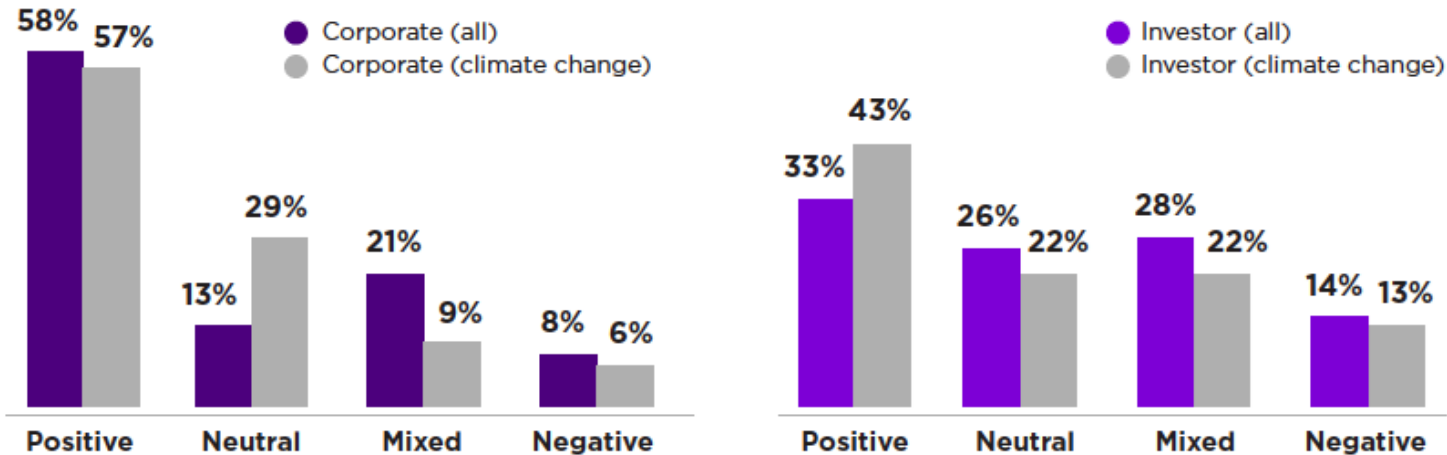
- **2020 US SIF Trends Report - Education Institutions**
  - **\$378B** invested according to some sort of ESG criteria
  - **\$223 B** - Climate change or carbon emissions conscious
  - **\$185 B** - Human rights
  - **\$175 B** - Equal employment opportunity and diversity
  - **\$100 B** - Fossil fuel divestment
  - **\$61B** - Prison related issues
- **2020 NACUBO - TIAA Study of Endowments (705 participants)**
  - **12-19%** of respondents incorporated responsible investing criteria in portfolio construction across asset classes
- **ESG Investment Policy Statement**
  - **226** endowments have IPS language with ESG considerations.
- **Investor sustainable investing commitments**
  - **94** signed on to at least one major commitment on sustainable investing (PRI, CDP, Ceres, Montreal Pledge and the Fossil Free Declaration)

# Endowment Landscape

- **Divestment**
  - **238** partially or fully divested from fossil fuels, private prisons and other sectors
- **Net zero portfolios (climate change)**
  - **13** committed to creating net zero portfolios
- **Diverse managers**
  - **37** working to actively allocate to more diverse managers (0 signed on to Due Diligence 2.0);
- **Belonging Pledge (racial equity)**
  - **4** universities signatories of the Belonging Pledge
- **Active Ownership**
  - **3** universities filed/co-filed shareholder resolutions; 2018 NACUBO report showed only 8–10% of the institutions surveyed had their managers vote proxies consistent with their sustainable investing policies.

# Financial Performance of ESG

**Figure 1.** Positive and/or neutral results for investing in sustainability dominate. Very few studies found a negative correlation between ESG and financial performance (based on 245 studies published between 2016 and 2020).



Source: NYU Stern, Center for Sustainable Business

<https://www.stern.nyu.edu/experience-stern/about/departments-centers-initiatives/centers-of-research/center-sustainable-business/research/research-initiatives/esg-and-financial-performance>

# Financial Performance of ESG



- Financial performance in sustainable investing by endowments
- Shorter track record, lack of transparency
- Those implementing ESG policies found performance inline or better than expectations

[https://www.intentionalendowments.org/financial\\_performance\\_of\\_sustainable\\_investing](https://www.intentionalendowments.org/financial_performance_of_sustainable_investing)

# Fiduciary Duty

- Sustainable investing for pecuniary reasons fulfills fiduciary duty (evidence base is strong); DOL guidance consistent on this point
- Under UPMIFA, fiduciaries are directed to consider the charitable purposes and mission goals of the institution when making investment decisions.

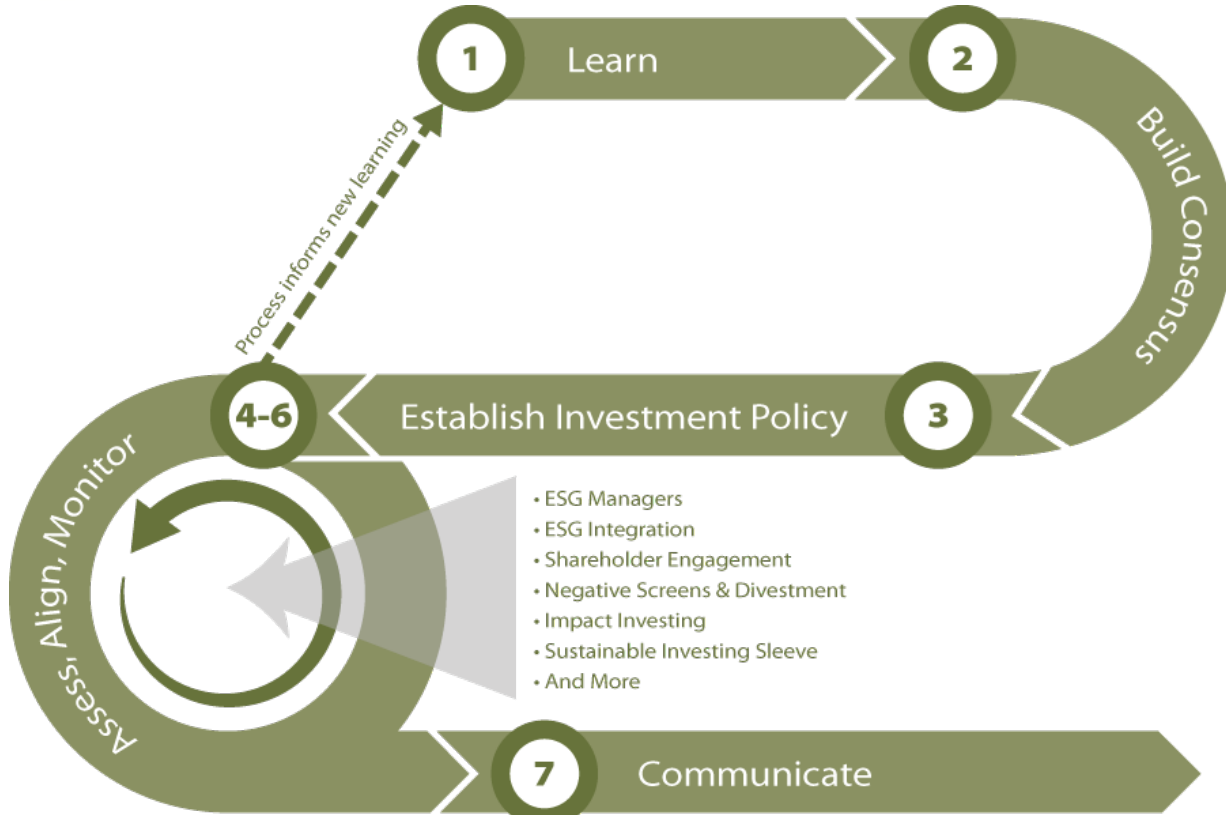
[https://www.intentionalendowments.org/fiduciary\\_duty](https://www.intentionalendowments.org/fiduciary_duty)

*“a prudent fiduciary investor not only may, but should, use ESG information in developing financial policy and decisions.”*

- Susan Gary, University of Oregon School of Law “Best Interests in the Long Term: Fiduciary Duties and ESG Integration”

*“we believe that fiduciary duty now requires systematic attention to sustainability factors.”*

- Jagdeep Bachher, CIO, University of California



# Roadmap for Intentionally Designed Endowments

# An Integrated Approach to Inequality and Climate Change

Inequality and Climate Change are **systemic risks** that affect the whole portfolio that cannot be “invested around,” and they are **inherently linked**

- Pollution and climate change impacts harm communities of color “first and worst”
- Climate solutions must be led by and benefit communities of color
- Prioritize diverse managers and DEI integration when pursuing Net Zero
- Women and people of color on boards and in leadership are more apt to address climate change
- Racial justice and climate justice are two sides of the same coin

# Social Equity

## Diversity, Equity, Inclusion, Justice



### Goals:

- All investors integrate DEI in throughout investment process
- Investment in Diverse Asset Managers
- HBCUs/MSIs leading the sustainable investing conversation
- Diverse talent has access to the sustainable investing space

### Activities:

- Fellowship and Mentorship Programs
- Educational webinars and resources
- Strategic Partnerships
- Working Groups



# Climate: Net Zero Endowments

- **40 asset owners**, representing \$6.6 trillion in assets, signed on to **Net Zero Asset Owners Alliance**
- **126 managers**, representing \$43 trillion in assets, signed on to **Net Zero Asset Manager initiative**
- **12 consultants**, in the **Net Zero Investment Consultants initiative**

13 endowments with Net Zero Portfolio commitments

- [Arizona State University](#)
- [David Rockefeller Fund](#)
- [Harvard University](#)
- [Stanford University](#)
- [Trinity College Cambridge](#)
- [University of Cambridge](#)
- [University of Oxford](#)
- [University of Manchester](#)
- [University of Michigan](#)
- [University of Pennsylvania](#)
- [University of Sydney](#)
- [University of Waterloo](#)
- [World Resources Institute](#)

[www.intentionalendowments.org/net\\_zero\\_endowments](http://www.intentionalendowments.org/net_zero_endowments)

# Sustainable Retirements

## 4,500 Colleges & Universities

### \$900 Billion in Retirement Assets

IEN's supports institutions in ensuring retirement options take material ESG factors into consideration by:

- Developing resources and toolkits
- Providing networking opportunities and working groups
- Hosting webinars



# Student Managed Funds & the Next Generation of Sustainable Investors

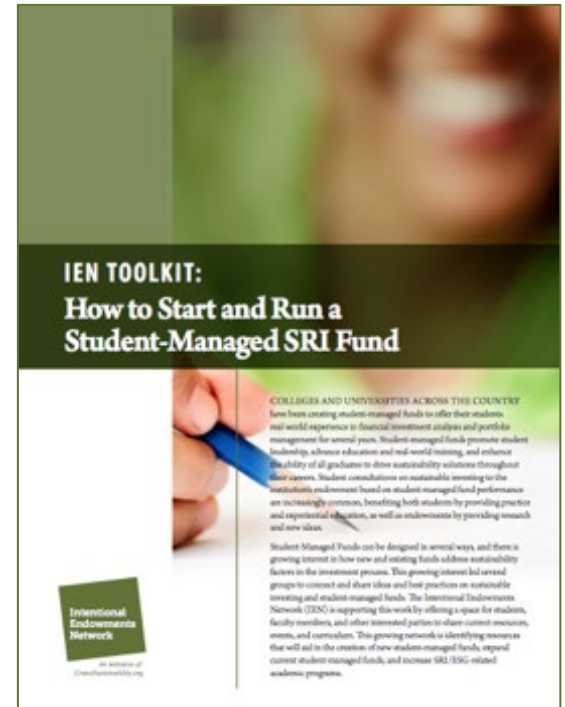
Scale Sustainable Investing Education

Bridge-Build between Student-Managed Funds and Endowments

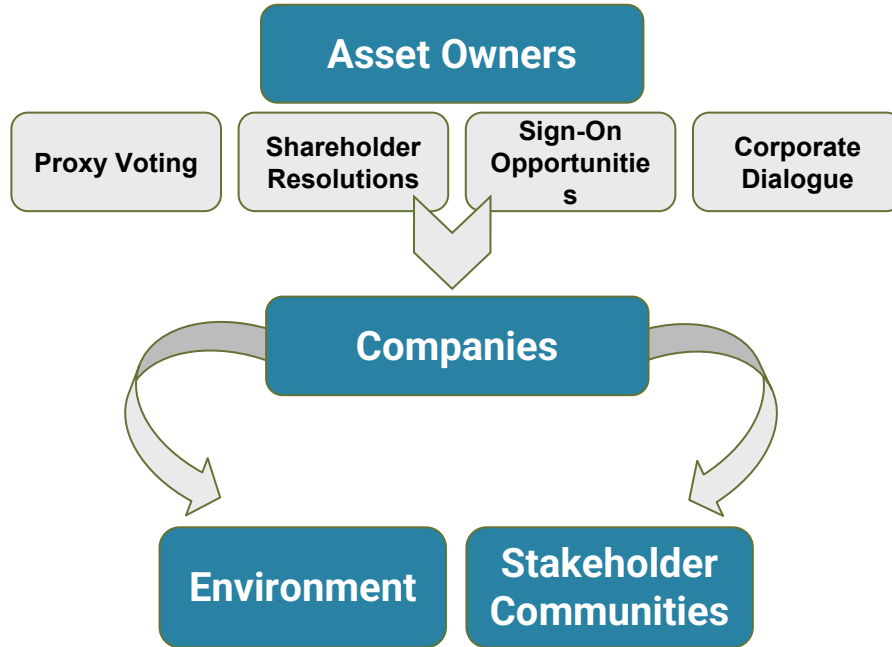
Grow the Talent Pipeline

Model High Impact Sustainable Investment Strategies that Support Just Transition

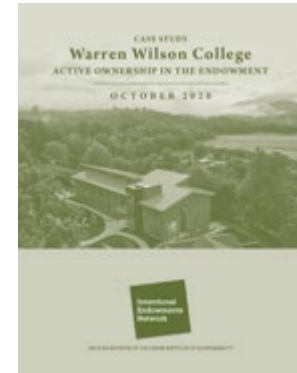
Activities: Pee Learning, Events, Fellowships & Mentorships, Student Competition



# Engaging Corporations



- IEN supports asset owners by:
- Developing resources and toolkits
  - Providing networking opportunities and working groups
  - Hosting webinars



# Metrics & Measuring Success



# Metrics & Measuring Success

- Principles for Responsible Investment (PRI) <https://www.unpri.org/>
- Value Reporting Foundation <https://www.valuereportingfoundation.org/> *(newly combined entity of the Sustainable Accounting Standards Board (SASB) and the International Integrated Reporting Council (IIRC))*
- CDP <https://www.cdp.net/en>
- Task Force on Climate-related Financial Disclosures (TCFD) <https://www.fsb-tcfd.org/>
- Endowment Watch <https://www.endowmentwatch.org/> *Diverse Asset Managers Initiative (DAMI)*

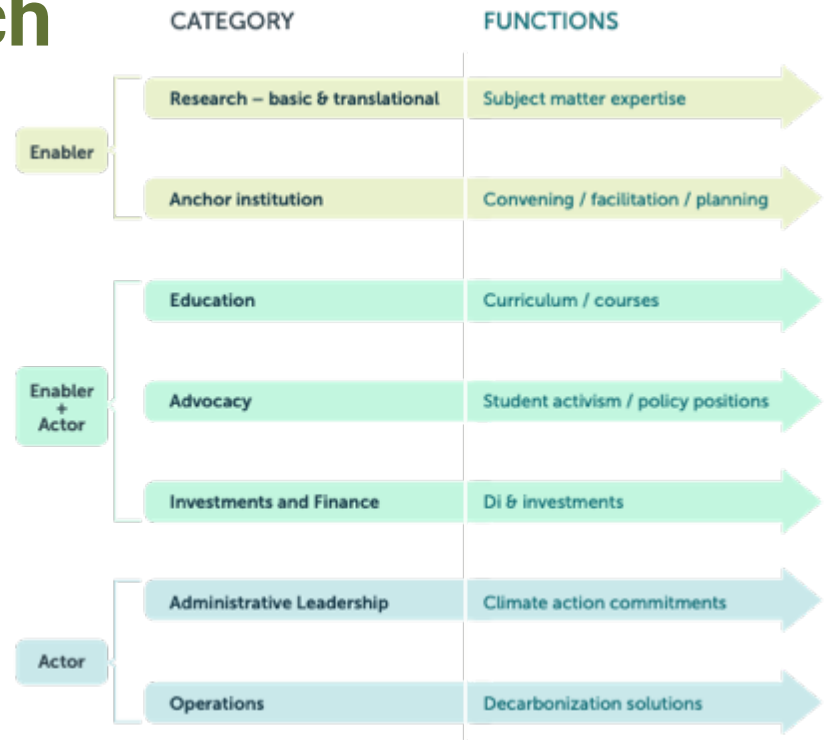
# Metrics & Measuring Success

## **AASHE STARS** *(Sustainability Tracking, Assessment & Rating System)*

- Committee on Investor Responsibility (2 pts)
- Sustainable Investment (3-5 pts)
  - Positive Sustainability Investment - *in companies/projects, ESG/impact funds, CDFIs, Green Revolving Funds*
  - Investor Engagement - *ESG Investment Policy Statement, Proxy Voting, Shareholder Resolutions, Divestment, Participate in Investor Networks*
- Investment Disclosure (1 pt)

# Whole-Institution Approach

- Academics (*education & research*)
- Operations (*carbon neutral campus, green building, renewable energy, sustainable food, etc.*)
- Community Engagement (*local, state, national, international*)
- Endowment Investing





# Arizona State University Foundation (\$1.3 billion)



- ✓ Interest in sustainable investing generated internally by ASU Foundation leadership.
- ✓ Moving toward sustainable investing provided additional layer of analysis to fulfill fiduciary duty.
- ✓ Alignment with university's values and sustainability leadership.

## ASU Foundation's path:

- Developed a sustainable investment policy
- Added ESG donor options
- Launched an ESG sub-committee
- Developed carbon and ESG report for investment committee
- Created new socially responsible investment fund
- DEI investing principles
- Net Zero Portfolio commitment

# University of Michigan (\$12.5 billion)

## Achieving Net Zero

Balancing U-M investments in greenhouse gas emissions with emissions reductions



Transitioning U-M endowment to net zero greenhouse gas emissions by 2050



Shifting natural resource investments to renewable energy investments



Discontinuing direct investment in publicly traded companies contributing most to greenhouse gas emissions



Discontinuing investment in funds that primarily focus on oil reserves, oil extraction or thermal coal extraction



Continuing existing strategy of not investing in companies that extract thermal coal or extract oil from tar sands

- ✓ Net Zero Portfolio commitment
- ✓ Shifting natural resources investments to renewable energy
- ✓ Discounting direct investments in fossil fuels
- ✓ Discounting investing in funds focused on fossil fuels

## Middlebury College (\$1.13 billion)



- ✓ Founding Member of the Intentional Endowments Network
- ✓ Faced increasing pressure from students demanding divestment from fossil fuels
- ✓ Common challenges: how to enhance financial returns, lower investment risk, and deliver increased cash flow to ensure adequate support of operating and capital budgets.

### Middlebury's path:

- Divestment from fossil fuels initially rejected
- New President and Trustees facilitated stakeholder conversation on divestment; 80% of students and 98% of faculty supported divestment
- Worked with pooled OCIO (Investure)
- Committed to 15-year drawdown plan
- Middlebury Energy 2028 Plan - ties together campus energy, education, fossil free endowment investing

## Lewis & Clark College (\$246 million)

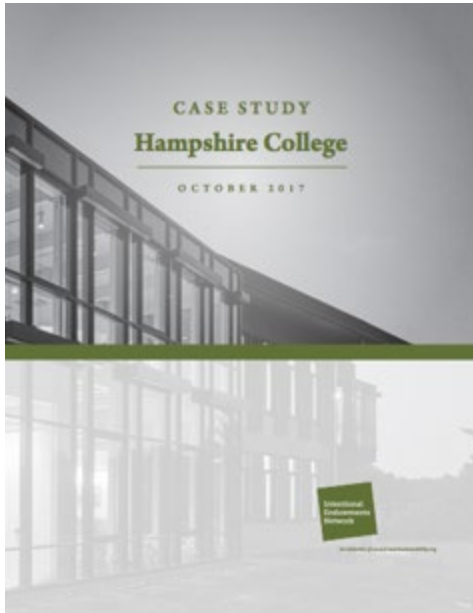


- ✓ Early hesitation around financial performance of ESG and divestment strategies began to shift as new strategies, evidence, and standards – like the Principles for Responsible Investing – became available.
- ✓ Students met directly with investment committee to discuss options and reach consensus.

### Lewis & Clark's path:

- Adopted an ESG policy, and three years later adopted an enhanced policy
- Set up a divestment subcommittee to conduct a robust review of options
- Board adopted a fossil fuel divestment policy with a phased-in approach to eliminating exposure to fossil fuel companies

## Hampshire College (\$54.5 million)



- ✓ Among the first colleges with an SRI policy in the 1970s,
- ✓ First to divest from South Africa to protest apartheid
- ✓ Long-time sustainability leader with very engaged student body and progressive culture among the Board, alumni

### Hampshire's path:

- In 2011, new president Jonathan Lash initiated a process of updating the SRI policy and looking at fossil fuel exposure
- Adopted new ESG investment policy that emphasized positive screening
- New policy led to being one of the first colleges to divest from fossil fuels
- Policy acknowledges ESG principles as part of the college's fiduciary duties.

## Pitzer College (\$144.3 million)

- ✓ Strong commitment to campus sustainability
- ✓ Student activists pressured Board to consider divestment
- ✓ IC Chair Don Gould brought decision to full Board, institutional mission & sustainability commitment, beyond the IC's remit

### Pitzer's path:

- 2014, Pitzer established Policy to consider ESG in manager selection and monitoring, establish a sustainability fund as a subset of its portfolio, and divest from fossil fuels
- In 2017, Pitzer partnered with BlackRock to become the founding investor to the first-ever global equity index that is both ESG-focused and fossil fuel-free.
- Aligned shift to ESG with shift from active to passive strategy, dramatically reduced # of managers
- Messaging aligned divestment with carbon neutral campus commitment (25% by 2016, 100% by 2050)



# Thank you!

*[georges@intentionalendowments.org](mailto:georges@intentionalendowments.org)*

*[julia@intentionalendowments.org](mailto:julia@intentionalendowments.org)*

# Appendix Slides

## More about IEN



# Inequality and climate change threaten a thriving society.



The richest 1% own 44% of the world's wealth.



Black families have only 2% of the level of white families' average wealth in the US.



Women globally earn on average \$11k/yr, compared to men who earn \$20k/yr.

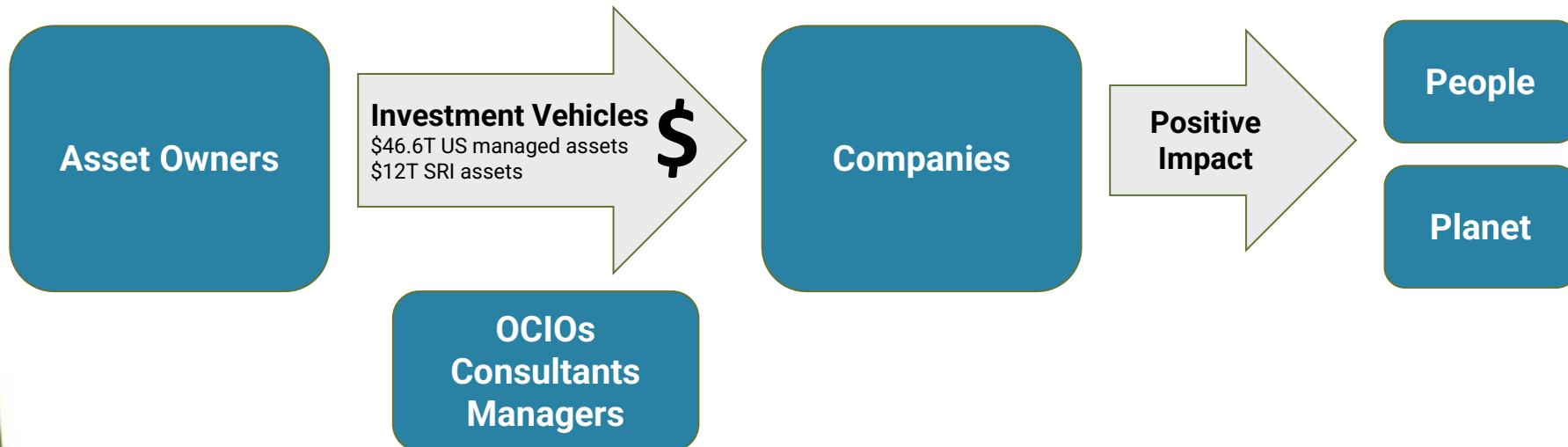


Millions of people globally are at risk of forced relocation due to climate change.

## These issues drive *systemic and portfolio risk*.

- **Inequality** identified as top risk to US investors according to a 2020 Deutsche Bank study
- **Climate Change** drives both transition risk and physical risk in all portfolios

**Finance is a major driver of the problem and must be an integral part of the solution.**



# IEN supports endowments for the benefit of society and their own institutions.



## SOCIETAL IMPACT

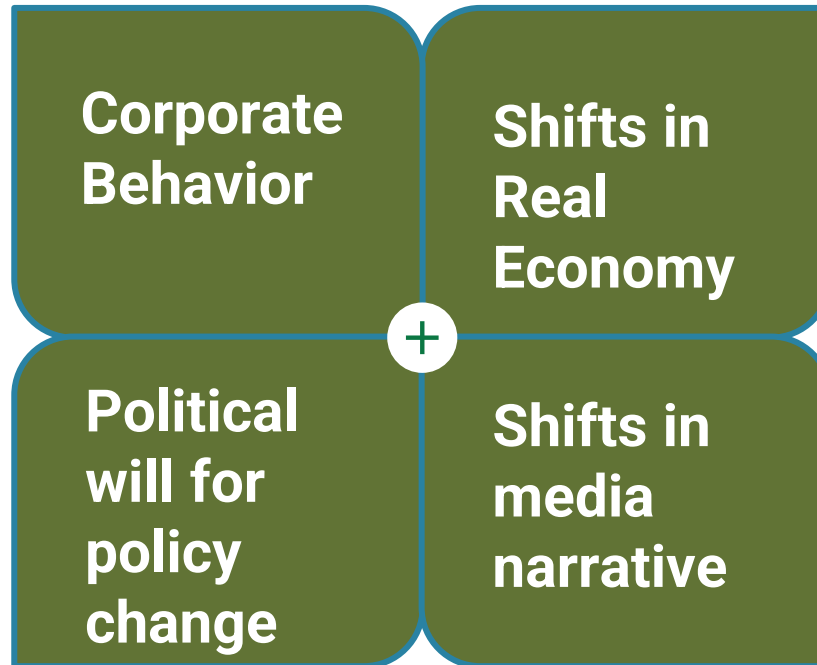
- **Social purpose institution:** role models for society
- **Ability to shift economy:** 2,000 endowments, \$650b assets, \$890b retirement funds
- **Full ecosystem** of investment committees, advisors, consultants, managers, data providers
- **Developing next generation of leaders:** 20m students/year



## INSTITUTIONAL IMPACT

- **Attracts and retains** students, staff, faculty, donors, and community allies
- **Reduces future risks** to the institution's operating model
- **Builds an economy** in which the institution can thrive

## **IEN's network activities influence**



# IEN's 2020 Impact Metrics

**185**

Member  
Organizations

**80**

Endowments  
&  
Foundations

**\$30B**

Asset Owner  
AUM

**\$7.8T**

Total AUM

**3,500**

Subscribers to  
IEN's Weekly  
Newsletter

**40,000**

Website  
Visitors

**1,090**

Event  
Attendees

# Our approach is different.

- We use a peer-learning network, where network members support each other.
- We convene useful conversations between decision-makers, as neutral brokers and trusted partners.
- We leverage existing, high-trust relationships among a large network of senior administrators.
- We enable customized, fit-for-purpose steps for each institutions' unique journey.
- We focus on organizational change management and transformational change leadership; not just technical, informational challenges.

# IEN STAFF



**Julia Parker**  
*Managing Director*



**Georges Dyer, M.Sc.,**  
*Co-Founder and  
Executive Director*



**Kaede Kawauchi**  
*Director, Strategic Initiatives*



**Nicole Torrico**  
*Program Manager*



**Noreen Marton**  
*Business Manager*



**Gwladys Ngatchou**  
*Communications  
Associate*



**Anthony Cortese, Sc.D.**  
*Co-Founder & Senior  
Fellow*

# IEN BOARD MEMBERS



**Natasha Lamb**  
Board Chair, IEN  
Managing Partner, Arjuna  
Capital



**Dianne Dillon-  
Ridgley**  
Environmentalism &  
Human Rights Activist



**Robert Johnson**  
President  
Western New England University



**Bob Litterman**  
Chairman  
Kepos Capital LP.



**Glen Macdonald**  
Senior Vice President, Morgan  
Stanley / Graystone Consulting



**Joanna Olin**  
Chief of Staff, Smith College



**Jameela Pedicini**  
Executive Director Climate  
Finance Initiatives, Bloomberg LP



**Valerie Red-Horse Mohl**  
CFO, East Bay  
Community Foundation



**Gabe Rissman**  
Co-Founder  
Yourstake.org



**Anthony Rust**  
Investment Committee Chair  
Warren Wilson College



**Sandra Urie**  
Chairman Emeritus  
Cambridge Associates



# Learn More:

[www.IntentionalEndowments.org](http://www.IntentionalEndowments.org)

**Intentional  
Endowments  
Network**

*An initiative of  
CraneSustainability.org*