Charter of the Fossil Fuel Fact Finding Committee Charter

Name: Fact Finding Committee on Fossil Fuel Investments (FFC)

Background: Over the past two years the student body has engaged with members of administration and the Board of Trustees of SCU regarding the pertinent issue of our investment in fossil fuel companies. ASG, as a representative government serving the entirety of the SCU student body, has debated the subject of divestment from these resources twice over the past year (as of January 2016). Given the complexity of this issue, both from a financial and ethical standpoint, there is a need for members of ASG to have a comprehensive and balanced body of knowledge related to the topic to draw from.

Mission: This *ad hoc* committee within Senate will conduct research by gathering data and analytics from informed students and members of administration to better assess what role ASG should have in addressing the subject of divestment.

Membership: Paul Armstrong, Jason Back, Sammi Bennett, Neil Datar, Eddie Kelinsky, Alex Perlman, Austin Smith.

The committee members will consistently and purposefully engage with both student experts and the general student population, as well as the SCU Finance Office and the Center for Sustainability, throughout the process of fact-finding.

Goals:

1. Establish a direct relationship with the Finance Office of SCU and the Center for Sustainability
2. Make this committee the hub for administrative discussion with ASG on the topic of fossil fuel investments

3. Help facilitate dialogue between engaged student groups and SCU administration
4. Regularly update Senate about the latest developments related to the topic of SCU's fossil fuel investments
5. Be readily available to answer Senate, student, and administrative inquiries regarding SCU's fossil fuel investments

First Steps:

- Inform Michael Hindery and the Center for Sustainability about the creation of this committee
- Request a meeting with VP Michael Hindery and another meeting with Center Director Cara Uy to describe our "Fact Finding" mission
- Consult with engaged student groups and make the first meeting an open meeting

Summary of Prior Fossil Fuel Divestment Resolutions

Winter Quarter of the 2014-2015 Senate Term, Junior Senator Avery Unterreiner wrote the initial Divestment Resolution. Through peers in Fossil Free SCU (FFSCU) and personal involvement in SCCAP, she learned about the divestment movement and wanted to help support it through ASG, a previously unused resource and method. The resolution proved to be controversial within Senate mainly because of the lack of knowledge that could be found regarding the financial impact that divestment might have. The movement was in its third year, and little had been revealed by the finance office or related parties to the members of FFSCU who had been trying to gain more information. This factor was ultimately the main reason the resolution did not pass. Another issue was that more senators expressed a greater interest in researching reinvestment options than felt comfortable voting to support divestment. See **Appendix A**.

On June 1, 2015, Vice President for Finance and Administration Mr. Michael (Mike) Hindery wrote this email as a response to FFSCU and other student organizations' inquiries into SCU's investment policies: See **Appendix B**.

In the Fall of 2016, Senior Senator Eddie Kelinsky decided to reintroduce the divestment resolution after adjusting it with the additional information present in Mr. Hindery's campuswide email. First Year Senators Sammi Bennett and Alex Perlman also co-sponsored the resolution and all three worked closely with FFSCU to understand what was needed for a well-researched divestment resolution. The writers of the second divestment resolution approached the issue from the perspective that one of Santa Clara's missions is to make ethical and sustainable decisions. Appealing to SCU's established goals of climate neutrality by 2020 and SCU's Socially

Responsible Investment Guidelines--which call for us to respect and preserve our environment and human communities--student authors recognized that climate change is harmful to both the environment and people. They further stated that SCU should remove investments from fossil fuel extraction companies and refrain from these investments in the future. SCU, they argued, should then reinvest in renewable energy sources, like wind and solar. See **Appendix C**.

During the presentation of the second divestment resolution, writers of the resolution were in contact with members of FFSCU who had an interest in the student divestment resolution. As they were the pioneers of the divestment movement, FFSCU’s demands were written into the resolution to ensure new suggestions and ideas from FFSCU would constantly push divestment forward in a meaningful way. When it was discovered that FFSCU had requested alumni not donate to SCU until the university fully divested, the resolution was withdrawn because it became clear that Senate could not endorse this tactic nor explicitly endorse the student organization that used it. The text of Mr. Hindery’s responsive email to this event is attached in **Appendix D**.

Summary of Interactions with the Finance and Administration Office

On Thursday, February 18th from 5:30 to 6:30pm Austin Smith, Neil Datar, Aaron Poor and Margo Gentile had a fact finding meeting with Mr. Hindery. The Finance and Administration Office oversees SCU's Investment Office--led by Mr. John Kerrigan--and makes all reports on the status of the University's investments to the Board of Trustees. Mr. Hindery followed a leadership strategy of thoughtful engagement with the issue of divestment by coming to Senate on two consecutive weeks in January to present the position of his office with regard to the divestment resolution. Following this interaction, Mr. Hindery suggested that ASG could do its own research by setting up a fact finding group to conduct an investigation on this matter. The Fact Finding Committee, formed in February, followed a charter which included Mr. Hindery's suggestions.

The FFC had general and specific questions with regard to SCU commingled investments when it met with Mr. Hindery on February 18th. The committee was particularly interested in getting more transparency on the study that the office had commissioned with the Cambridge group to evaluate the projected net effect of divestment. The Cambridge study projected an $8 million financial loss for the university if it were to divest from all commingled funds which contain fossil fuel investments and reinvest in funds that omitted fossil fuel extraction companies. The $8 million projection was released to Senate by Mr. Hindery in January, but the report is kept confidential, and no members of ASGSCU have seen the Cambridge study report. The FFC hoped to shed light on the financial figure that was quoted and to ensure that the directive given to Cambridge was unbiased.

Further, due to the stated projection of an $8 million loss to the endowment fund, FFC wanted to know what specifically at SCU is supported by the endowment fund, and to what degree. Mr. Hindery released these figures to us and they are listed below. The Fact Finding Committee requested this information because it would benefit Senate to know which areas the potential loss in endowment funds--as a result of divesting--would be affected and to what degree. This information helps to clarify Senate's understanding of the costs and benefits of divestment. This information was specifically cleared for publication to Senate by Mr. Hindery: "*It's OK to share the endowment uses information. Thanks for asking.*" His email is below in **Appendix E**.

Two additional requests were made by the Fact Finding Committee to Mr. Hindery. Upon consideration, Mr. Hindery had these responses to the Committee's requests:

FFC's Request: 1. Mike, you had said that you will consider whether we can get access to the directive that was issued to the Cambridge group for the study. We understand that was something you were going to have to consider, perhaps over time. Are you comfortable sharing them?

Response*: I reviewed the directions and believe that they were fair, appropriate and comprehensive. I am not comfortable sharing them.*

The Fact Finding Committee obtained Mr. Hindery's explicit assurances that the directive given to Cambridge was a fair directive. But, the Finance Office will not release the directive to the FFC, the Senate, or the student body.

FFC's request: 2. If and when divestment as a policy comes up again at Senate, how would the Finance Office respond to a specific request in a Resolution to communicate to commingled fund managers on behalf of SCU students that the student body does not approve of their inclusion of fossil fuel extraction companies in the portfolio they assemble for us?

Response: *This is a thoughtful question and approach. However, I don't want to get involved with communicating to fund managers such sentiments. I worry about the precedence of doing so and that we would then be asked to communicate the sentiments of a wide range of constituents on a wide range of issues. I'm concerned about the burden and effectiveness of such an effort.*

In short, requesting that the Finance Office undertake this effort on Senate's behalf is a thoughtful approach but the request will likely not be granted. In its communication with Mr. Hindery, the FFC obtained assurances that SCU's investment portfolio was and is in compliance with the university's Socially Responsible Investment Guidelines (SRI).

On Friday, March 18th, Mr. Hindery resigned his position as Vice President for Finance and Administration.

Santa Clara University replaced Mr. Hindery with the current Assistant Vice President for Operations Chris Shay. After the change in leadership at the Finance Office, Neil Datar invited Mr. Shay to the April 28th and May 12th Senate meetings to present the position of his office with regard to the new Tripartite Investments Strategy resolution. Mr. Shay politely declined the invitation to make a statement at Senate, but did convey that he would answer questions about the resolution when he addresses Senate on May 26th.

Finally, all of SCU's fossil fuel investments are in commingled funds, since SCU makes no direct investments in the top 200 fossil fuel extraction companies. The FFC sought to learn more about the line of communication between the Investment Office and the commingled fund managers which hold and invest SCU's money. It wanted to learn how often the Investment

Office communicates with these commingled funds, and how many of them that SCU is invested in. FFC hoped to bring Senate options for how the university could potentially influence these investment management groups. Through conversations with SCU administration and independent research, the FFC has learned about the structure of commingled funds and ways to influence them through investor's resolutions (refer to **FAQ** section).

Interaction with the Center for Sustainability

As a result of the 2015 divestment resolution, the Finance Office and then-VP Mr. Hindery decided to create the Campus Sustainability Investment Fund (CSIF). The Finance Office delegated $250,000 to the fund for the purpose of having the committee find and subsequently fund projects that would promote a more sustainable SCU, while giving some form of economic payback within a timespan of 5-8 years. Currently, the CSIF has not yet exhausted its funding, as it is in the genesis of the committee. Students, faculty, and staff are all encouraged to collaborate and propose projects to the committee every quarter. Should the CSIF prove itself a worthy investment, there is the possibility of growing the fund in the future.

While the committee initially saw the Center for Sustainability as a beneficial center on campus to discuss divestment with, the FFC did not believe it would be beneficial to meet with the Center. Over the course of its investigation, the FFC discovered that the Center directly reports to the Finance Office, meaning it would not share any details that the Finance Office had not already deemed acceptable to share. Bearing this in mind, the FFC decided that meeting with the Center for Sustainability would not be a productive use of time.

Summary of Student Special Interest Group Concerns

Although FFSCU had previously interacted with ASG for its second divestment resolution, the FFC also met with its members as well as the Green club and BLEJIT (a division of SCCAP) so that members of the committee could discuss any questions or concerns they might have and gain feedback for inclusion in this report. Much of the communication was to assure the members of these groups that the FFC did not intend to co-opt the divestment movement from these organizations, and FFC members had productive discussions engaging in what options and strategies for divestment ought to be pursued. No other student groups reached out to the FFC during its tenure, nor did the FFC manage to identify other interested groups.

Executive Summary:

For the past two years, Senators have recognized the desire of members of the student body for the University to divest from fossil fuels. Following two failed fossil fuel divestment resolutions, many Senators had expressed concern that there was not enough objective information regarding SCU's investment strategies and that any subsequent resolutions should include a summary of the information available to students. One particular lack of clarity was in the use of "co-mingled funds," although there were also questions regarding the financial models the office had run and how it had arrived at its particular numbers. Therefore, this *ad hoc* committee was created to summarize and investigate the Senate's questions and concerns by talking to relevant student interest groups and faculty and administration members (especially Mr. Hindery) to ascertain everything the Senate could be privileged to learn about the university's investment strategies. In summary, although there has been an increase in the information shared between the university's financial offices and student interest groups, the amount of information seems relatively close to the fullest disclosure the student body will ever receive.

Furthermore, it is the opinion of this committee that the change in leadership in the Finance and Administration Office indicates a new strategy of engagement with the topic of the university's investments. Specifically, a movement for a style of active engagement to one of incremental progress by unilateral University action and gradual disengagement.

Future Divestment Movements

During the tenure of this ad hoc committee, a third divestment resolution entered ASGSCU. Written by Eddie Kelinsky, Neil Datar, Sammi Bennett, and Alex Perlman, this resolution did not aim for immediate divestment from fossil fuels. Instead, it focused on sustainable investor guidelines with three specific requests:

1. that the university's investment officers explicitly communicate with fund managers that the student body does not approve of investment in fossil fuel extraction companies
2. that the Center for Sustainability should include commingled fund investments in fossil fuel companies in its overall carbon footprint calculations
3. that SCU provides future opportunities akin to the Campus Sustainability Investment Fund (CSIF) program sponsored by the Office of Finance and Administration and use this program as a model for future reinvestment and climate neutrality efforts

FAQs

What are Commingled Funds?

Commingled Funds is a financial term for a pool of money that comes from several different individuals or groups, and is managed by one management firm. SCU is one such group that participates in several such commingled funds. From our dialogue with the Finance Office, we have not yet ascertained that the amount of commingled funds the University is invested in but are waiting for a concrete answer from the Investment Office. Imagine that, hypothetically, SCU, Stanford, Gonzaga, Boston College and Georgetown and wanted to pool their money and have one person do all their investing. If they were to each put in 1 million dollars, this would become a 5 million dollar fund, with each party owning 20% of the fund. If the fund as a whole made 10% that year, then each party would gain 100,000 dollars minus the fee is paid to the fund manager, because the earnings are equally dispersed among the investors according to percentage of assets in the fund.

Why does SCU invest through commingled funds?

According to experts, investments in commingled funds result in lower trading costs, diversification and professional management of a group's money. By diversifying, SCU limits its reliance on any one stock or industry, and can instead participate in the gains from many different industries both in the United States, and abroad. The use of a professional firm to handle these investments allows SCU to put its money in the hands of people with a proven reputation of making higher than market returns, and avoiding the negative impacts of recessions.

What is an Investor's resolution?

An investor's resolution is legally binding if it attains greater than 50% (by amount of money in fund) of the commingled fund clients' support. An investor's resolution may also be known as a shareholders resolution, but these two terms as largely synonymous--shareholder's resolutions typically apply to individual companies while investor's resolutions apply to commingled funds. Both seek to alter the behavior of the management group which makes decisions on behalf of the stakeholders. SCU's introduction of an investor's resolution to, for example end investment in apple harvesting companies, would need the same amount of support as a resolution to end investment in fossil fuel extraction companies. Support for an investor's resolution comes from the other clients of the commingled fund--in our example this would be the five colleges that pooled their money together. In this example, if SCU could get any two of the remaining four colleges--ie. Seattle University and Gonzaga--to support its resolution that the commingled fund management not invest in fossil fuel extraction, then the resolution would have a support level of 60%, and become legally binding.

Where can I learn more about the FFSCU divestment movement?

As of May, 2016: https://fossilfreescu.wordpress.com/

Does SCU have over $800 million in commingled funds?

No; although an unspecified percentage of our endowment is invested in commingled funds on a semi-annual basis, the University almost definitely also holds investments in real estate, bonds, and direct investments. However, the University is uncomfortable sharing the percentage breakdown of this information.

Appendix

Appendix A) Divestment Resolution 2015 (March 12, 2015)

SCU: Divest From Fossil Fuel Companies

HAVING CONSIDERED the Jesuit values of Santa Clara's mission to "build a more humane, just, and sustainable world," our university's history of concern with making ethical and environmentally just choices and investments, our influence in the global community as a leading Jesuit university in a powerful nation, and the dangerous decline in the state of our climate due to carbon emissions; and

BEARING IN MIND that Santa Clara University has already established a Climate Commitment Goal of carbon-neutrality by 2015, and that to deviate from this ultimate objective would be to relinquish the trust of our community in our commitment to sustainability and justice; and

RECOGNIZING that climate change disproportionately harms and endangers vulnerable, poverty-stricken countries, populations which Catholic teaching and Jesuit morality call us to protect; and that relevant research has found that divesting from the entire fossil fuel industry, which is a significantly larger task than we are asking, would only increase absolute portfolio risk by 0.01%, with a theoretical penalty to return of 0.0034%; and

REAFFIRMING the role of ASGSCU to support and represent the student body in seeking to create a just world and to challenge global institutions that restrict sustainable practices;

BE IT RESOLVED that we, the Associated Student Government of Santa Clara University, ask the Socially Responsible Investment Committee to recommend that Santa Clara University immediately freezes any new investment in fossil fuel companies, and divests from any direct or combined funds that include public fossil fuel equities and corporate bonds within the next five years.

Appendix B) Email from Mr. Hindery to the student body (June 1, 2015)

NB: All formatting was retained from the original emails

Dear Colleagues,

In April 2014, a group of students organized as Fossil Free SCU (FF SCU) asked the University to examine its $850 million endowment investments to identify holdings in companies engaged in activities related to fossil-fuel extraction. The group asked that the University cease investment in "fossil-fuel extraction companies" and divest any directly or indirectly owned shares of fossil-fuel-related public companies within five years in an effort to exert influence on companies deemed to be contributing to damaging climate-change trends. A copy of FF SCU's letter is attached.

This request provided the catalyst for a yearlong series of meetings between FF SCU students, the Investment Office, the Socially Responsible Investment (SRI) Subcommittee of the Trustee Investment Committee, and SCU investment managers. The discussions have involved respectful agreement and disagreement, as part of an important and appropriate dialogue for us to have, involving, as it does, our campus-wide mission and values.

Recognizing that this issue is of interest to the entire SCU community, I am writing to share with you the outcome of these discussions and our response to FF SCU.

Over the course of our interactions with FF SCU, we have found them to be thoughtful advocates, serious in their desire to leverage the power of Santa Clara's endowment portfolio to influence the worldwide effort to keep the rise in global surface temperatures below 2 degrees Celsius.

While this letter will address the Investment Committee's decision regarding divestment at this time, the University — led by President Engh — plans a campus-wide conference in November 2015 on issues arising from the Pope's upcoming encyclical, expected this summer, on climate change and the common good. The conference will include speakers on facets of the moral, economic, and ethical issues surrounding climate change. The conveners of the series will include the three Centers of Distinction — the Ignatian Center for Jesuit Education, the Markkula Center for Applied Ethics and the Miller Center for Social Entrepreneurship – as well as Santa Clara faculty, our Center for Sustainability, and student groups. More information on this conference will be released by the organizing committee headed by David DeCosse of the Markkula Center.

Throughout the past year's discussions, we have sought areas of common ground with FF SCU on the important topics of the environment, climate change and responsible financial stewardship. Investment Office staff reviewed all of the materials submitted by FF SCU and performed extensive due diligence on the issue, including: gathering over 700 pages of research and commentary from both sides of the debate; a 2014 assessment of SCU's socially responsible investing language; hosting two 60-minute meetings between students and the SRI Subcommittee; and other sessions with FF SCU students, faculty and senior administrators.

I am very grateful to John Kerrigan and Tony Nguyen, the University's Chief Investment Officer and Investment Director, respectively, for their deliberate, considerate, generous and thoughtful leadership in these meetings and discussions.

We also involved the students in meetings with managing-director-level professionals at The Carlyle Group and BlackRock, two significant portfolio managers subcontracted to SCU, to shed light on how such investors factor in and monitor environmental, social and governance criteria for current and prospective investments. The Carlyle Group meeting included a former senior official of the Environmental Protection Agency and Environmental Defense Fund. The BlackRock session reviewed a global renewables fund (e.g., wind, solar, hydro), an investment that the Investment Office is considering.

While we understand and respect the sincere concerns of FF SCU, we believe that it is the University's responsibility to strike the right balance between adhering to our socially responsible investing guidelines and achieving optimal, risk-adjusted returns, while also maintaining a keen focus on emerging issues around sustainability.

As a University, SCU has made tremendous strides in environmental sustainability by making sustainability and climate issues a high priority, including the planned symposium as well as:

- Committing the University to achieving climate neutrality (or zero net carbon emissions) by 2020;
- Making sustainability a prominent and integral part of campus academic and social life; and
- Investing in LEED-certified buildings and in alternative-energy generation equipment such as solar and wind.

After careful consideration, the Investment Committee has decided to maintain the University's current approach to investing, including in the energy sector. We believe that our approach respects our current ethical and investment principles while fulfilling our fiduciary responsibilities. The Investment Committee does not believe at this time that selling any or all holdings within the University's endowment that are deemed to support fossil-fuel extraction would clearly serve the purpose of either slowing the production or use of fossil-fuel created energy or encouraging the production of alternative energy sources. This perspective is supported by the fact that, at this time, only a limited number of universities have opted to divest completely from fossil-fuel-oriented companies. Unlike the days of apartheid and its associated divestment movement, no consensus on the wisdom and efficacy of fossil-fuel divestment has been reached, even among faith-driven institutions such as SCU.

The Investment Committee reached its conclusions after a review of the endowment fund's compliance with its SRI guidelines. SCU's investment policy includes "respect and preservation of the environment" among its five core socially responsible investment principles, and the Socially Responsible Investing Subcommittee is tasked with considering these issues as they arise.

The SRI Subcommittee and the broader Investment Committee concluded that, on the whole, our current investment strategy is not in conflict with SCU's mission to be an environmental steward. The endowment fund serves as a vital source of student scholarships, endowed professorships, and University resources that ensure the long-term viability of the University. Making the drastic changes advocated by FF SCU would not be a fiscally responsible course of action.

I want to make clear what the University's positions are in this important matter.

Direct Ownership:

- The SCU endowment's direct ownership portfolio is already positioned consistently with our SRI principles and with FF SCU's request: SCU's endowment contains no direct investments in any of the top 200 fossil fuel extraction companies as listed by the Carbon Tracker Initiative (http://www.carbontracker.org/wp-content/uploads/2014/05/New-Brochure-4-CTI-web.pdf) and the University has no plans to initiate direct investments in these sectors.

Commingled Funds:

- SCU's only investments in fossil fuel extraction companies are contained in third-party managed funds. Within these commingled funds, no individual investor can liquidate underlying securities or mandate that certain holdings – such as the 200 in the Carbon Tracker Initiative at issue in the FF SCU request — be screened out.
- SCU's holds almost no coal-related investments in our diversified commingled funds. Coal represents a de minimis portion of our portfolio – less than one-half of one percent.
- The array of fund choices that would be available to SCU if we chose to withdraw from every fund investing in companies or activities proscribed by FF SCU would leave us in an irresponsibly un-diversified and financially unsound position. We have determined that the financial erosion would do far more harm to the University and its overarching mission – including its ability to champion environmental stewardship, carbon-footprint reduction, and environmental justice – than any hoped-for benefit from such divestment.
- It would be prohibitively costly for SCU to sell shares in funds holding securities of the 200 companies FF SCU has identified and replace them with other investments. We engaged the services of consulting firm Cambridge Associates to analyze the cost of shedding and replacing all funds which invest in the 200 companies that FF SCU says are objectionable. Cambridge's estimate of the potential return impact from restricting the asset classes available, as well as reduced opportunities for manager outperformance, is 110 basis points – over $8 million – annually. Their analysis did not include the potential transaction costs of redeeming private capital investments.

We have decided to take several constructive actions to further advance our progress toward our ethical, socially responsible and financial goals. We believe that it is appropriate to seek discrete opportunities that help advance SCU's mission and values while also meeting our standards for responsible and prudent investing. Some new steps we have therefore decided to take include:

New Investments:

1. A minimum $5 million seed investment in the Catholic Endowment Fund ("CEF" www.catholicinvest.org) that meets the socially responsible investing criteria (including protecting the environment) of the United States Conference of Catholic Bishops ("USCCB"). The CEF was recently launched to enable smaller endowments and religiously affiliated organizations to invest in a diverse, high-quality portfolio that is managed in harmony with their SRI principles. SCU's investment will help nurture the fund and make its socially responsible investments available to more institutions.
1. Increase our investments and commitments in funds that are focused on sustainability and renewable sources of energy by $5 million to $10 million over the next six to 12 months.
1. Provide funding to on-campus "green" revolving investment vehicles that will invest in sustainability innovations. As recommended by the Sustainable Endowments Institute's Billion Dollar Green Challenge, energy savings from ideas created from the fund could be reinvested to foster further innovations. Our initial allocation to these innovations will be $250,000. We will create a committee that includes representation from faculty, students and staff to manage these vehicles. Students will be engaged both to innovate and to participate in the selection process of the projects that will receive funding.

We appreciate the sincere and responsible efforts by FF SCU to raise the issue of environmental sustainability on campus. The University continues to incorporate best practices in this important area and will examine them in future meetings when appropriate.
In the immediate future, Fr. Engh has initiated further discussions brought about by these students' inquiry and passionate activism. Look for more information about the upcoming planned conference in November about the complex topic of climate change, fossil fuels, and our responsibilities as individuals, global community members, and a Jesuit Catholic institution of higher education.

Appendix C) Divestment Resolution 2016 (January 14, 2016)

Concerning the University's Fossil Fuel Investments

HAVING CONSIDERED Santa Clara's mission to "build a more humane, just, and sustainable world," our university's history of concern with making ethical and environmentally just choices and investments, our international influence as a leading Jesuit university in a powerful nation, and the disruption in the Earth's climate due to greenhouse gas emissions; and

BEARING IN MIND that Santa Clara University has established Climate Commitment Goals of climate neutrality by 2020; and that our Socially Responsible Investment Guidelines call for us to respect and preserve our environment and human communities; and that to deviate from these objectives would be to endanger the trust of our community in our commitment to sustainability and justice; and

RECOGNIZING that climate change disproportionately harms and endangers vulnerable, poverty-stricken countries, populations which Catholic teaching, Jesuit morality and Pope Francis' *Laudato Si* compel us to protect, and that divestment from fossil fuels is a financially sustainable decision that promotes long-term prosperity and strategic diversification of funds; and

REAFFIRMING the role of ASGSCU to represent our greater student body's interests and to further the university's environmental mission;

BE IT RESOLVED that we, the Associated Student Government of Santa Clara University, support the stated demands of Fossil Free SCU that Santa Clara University removes their investments in fossil fuel extraction companies and commits to refraining from these and similar investments in the future; and reinvests in renewable energies and cooperative, local economies; and

BE IT FURTHER RESOLVED that this resolution be delivered to President Michael Engh S.J., VP of Finance Michael Hindery, Chief Investment Officer John Kerrigan, the Faculty and Staff Senates, and Vice Provost for Student Life Jeanne Rosenberger, within 2 weeks of being passed by the Senate of ASGSCU by Senate Chair Avery Unterreiner.

Appendix D) Mr. Hindery's response to FFSCU's follow-up email (February 10, 2016)

Dear Members of Fossil Free SCU:

I am writing in response to your January 11, 2016 email to Santa Clara University students, faculty, staff, alumni and other members of the SCU community. Your email reiterated the request that you made to the SCU administration in April 2014: "the immediate cessation of new investments in fossil fuel extraction companies and complete divestment from these corporations within five years."

In response to your April 2014 request, the administration met with you nine times from April 2014 through May 2015 to discuss your request. On June 1, 2015, I issued a written response to you that we shared with the entire SCU community. In that response, I stated that SCU has no direct investments in any of the top 200 fossil fuel extraction companies and has no plans to initiate direct investments in these companies. SCU's position in this regard is among the most socially responsible of all colleges and universities in the United States.

I also stated that the University would make direct investments over the next 12 months of at least $15 million in funds focused on sustainability and renewable sources of energy. In addition, we would establish a $250,000 fund for investing in on-campus "green" initiatives and ideas. As of January 2016, we have made commitments in excess of $10 million, and the $250,000 fund is in place and will receive the first round of project proposals later this month. Again, these actions make SCU among the most proactive in the United States.

The University's administration and Trustees took very seriously your April 2014 proposal. We met with FF SCU at length to discuss the issues, options and impacts. We engaged outside resources to assist us with our analysis of the issues, and we kept you informed of this work at our periodic meetings. One of the extremely important things we determined is that the cost to the University of complying with your request for complete divestment would be more than $8 million annually in endowment earnings. As context, our endowment currently provides approximately $32 million annually to support student financial aid, faculty compensation and research, academic programs, and athletics. Consistent with our Socially Responsible Investment Policy and with our commitment to Jesuit values and ideals, we determined that divestment of commingled funds was not in SCU's best interests.

We have recently reviewed the fossil fuel investment positions of the other leading Jesuit and Catholic colleges and universities and learned that none of them have completely divested of fossil fuel companies. The University of Dayton is the only known Catholic university to commit to full divestment. We've been unable to identify another college or university in the United States with an endowment of more than $100 million who has made a decision to divest completely as you advocate. Some colleges and universities have recently announced decisions to divest of direct investments in coal companies or other fossil fuel extraction companies. As noted in my June 1, 2015 email, SCU already is in this position ahead of many others.

Your January 11, 2016 email raises a number of points. However, it does not introduce new data or arguments from those that we explored with you during our 14-month engagement preceding my June 1, 2015 letter. You state that SCU's ultimate decision not to divest is "unacceptable." However, those responsible for managing and overseeing the University's endowment arrived at this decision last May only after extensive deliberations and thoughtful reflection on the University's Socially Responsible Investment Policy and our Jesuit values.

In another email of January 20, 2016, FF SCU sent a message to SCU alumni reframing the discussion. You raised demands and asked SCU alumni to "halt all donations and gifts to the University until fossil fuel divestment is agreed upon." In that email, you shifted the conversation from thoughtful engagement and discourse to making "demands" and staging a philanthropic boycott. I was pleased with your subsequent actions withdrawing your position that alumni and friends stop contributing to SCU and apologizing for the email. The administration remains committed to respectful dialogue on this issue.

As you articulate, Santa Clara's commitment to Jesuit values and practice of environmental and social justice are distinguishing characteristics of our identity. We are unwavering in our commitment to these core values. In that spirit, we have engaged with you on this important issue. We remain open to continuing our dialogue with you and to consider any new information or relevant factors as they develop. In response to your January 11, 2016 email, we affirm the decisions that we made last May.

While my June 1, 2015 email, your January 11, 2016 email, and this response were sent to the entire SCU community, in the future we will work with you directly and respond only to FF SCU in order to relieve the entire community of a steady stream of emails on this topic.

Appendix E) Mr. Hindery's breakdown of the SCU endowment (March 6, 2016)

Neil, Austin and Aaron,
Please share this email with Margo (I hope that I have her name correct).
Thanks for initiating last night's discussion; I enjoyed and benefitted from it.
Here is the information on endowment support that I said that I would provide. Our endowment payout goes to:

financial aid	37%
athletics financial aid	3%
faculty chairs	21%
prizes and awards	1%
general uses	39%

Let me know if you have any follow-up questions.