

University of Vermont Board of Trustees  
Sustainability Work Group  
Report and Recommendation  
July 14, 2020

Background

In March 2020, the Chair of the University of Vermont Board of Trustees, in consultation with UVM's President, called for the establishment of the Sustainability Work Group (SWG) to advise the Board on fast-moving trends around sustainable investment, including fossil fuel divestment. Immediately following its formation, the SWG issued a call for public comment to the entire campus and was pleased to receive 422 responses. During the course of two public meetings, the work group reviewed the input received, along with the Board's current investment policy and previous board statements regarding fossil fuel divestment and coal divestment. It also examined the actions of other colleges and universities related to sustainability and investment practices.

In order to establish a shared foundation for evaluating the role of investments in sustainability practices, the SWG requested a review of divestment feasibility by the Investment Subcommittee (ISC) of the Board of Trustees. It also tasked the University to provide a comprehensive report of UVM's sustainable practices, including but not limited to academic programs, research, facilities, transportation and campus programs. The breadth and diversity of efforts that were captured in the report reflect a long-standing, deep and meaningful commitment to sustainable practices, the comprehensive nature of which clearly makes UVM a leader in higher education. The ongoing commitment to education and research, in particular, distinguish UVM from other institutions. The SWG includes this report to demonstrate not only the success of UVM, but also the varied approaches available to impact sustainability and demonstrate a commitment to the environment.<sup>1</sup>

In review of existing university investments, the SWG notes current sustainable investment practices already in use. The University of Vermont's financial assets include cash reserves, which are managed by the University's Vice President for Finance and Treasurer, and an endowment, which is managed by the ISC. The cash reserves are not invested in any fossil fuel-related financial instruments. UVM's endowment is invested primarily in commingled funds, which reduce the risk of volatility due to market fluctuations. The funds are administered by independent

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<sup>1</sup> A copy of the report is attached as Appendix A.

investment managers who have investment discretion but operate according to direction received from the Board of Trustees Investment Subcommittee. The UVM Foundation also has a Green Fund that excludes fossil fuel investments and utilizes ESG (Environmental, Societal, and Governance) screens, which take into account a company's environmental, social and governance practices, including measures such as climate change.

At the request of the SWG, the ISC conducted a special meeting to review the feasibility of divestment from direct investments in fossil fuels. During the meeting, the ISC acknowledged financial and societal shifts since the board last looked at the issue of divestment in 2013. It also noted the connection between divestment and the University's brand—specifically, UVM's focus on sustainability as an area of academic strength and research emphasis.

The ISC reviewed the divestment process of nearly a dozen other academic institutions along with UVM's portfolio to measure exact exposure, the potential costs/penalties, the practicality of timing, and investment management agreements, each of which is unique and in need of review with legal counsel. In addition, the ISC evaluated impact on asset allocation and risk return implications. It also considered the impact of imposing restrictions on the fiduciary obligation to maximize risk adjusted returns. Further, the ISC evaluated ways to more broadly incorporate ESG metrics for all investment decisions and researched investment options that focus on sustainability. The detailed analysis of the ISC reflects both the seriousness of the task and the complexity of any change in investment policy.

The SWG recognizes the responsibility of the ISC to steward endowment assets in a manner that enables the Board to fulfill its fiduciary responsibility to protect the assets of the University in order to best enable the University to fulfill its academic mission. The SWG also recognizes that a large, diverse, thoughtful community like UVM's community will have well-reasoned and strongly held views on a range of issues. Where some may find personal actions and university initiatives to be the appropriate venue to address social concerns, others may advocate for action through investment decisions. Generally, it will not be appropriate to express the positions on issues of the day through investment and divestment decisions. However, in this case the SWG believes there is common ground with respect to direct investment in fossil fuels.

Based on this review and following much discussion, the Sustainability Work Group presents the following recommendation.

## Recommendation

The Sustainability Work Group of the University of Vermont Board of Trustees recommends:

- UVM immediately cease all new direct investments in fossil fuels.<sup>2</sup>
- UVM exit all public direct investments in fossil fuels by July 2023.
- UVM allow all preexisting commitments to multi-year private investment funds involving fossil fuels to lapse without extension or renewal. UVM stopped making investments in such funds in 2017 and will make no additional investments in such funds.
- UVM continue investing in opportunities that focus on sustainability, climate change mitigation, and other Environmental, Social and Governance issues.
- UVM accelerate an engagement campaign with its commingled fund managers requesting that they factor the financial risks of climate change into their investment decision-making process and share their framework for doing so with UVM.

## Conclusion

Since establishing the nation's first cross-college program in Environmental Studies in 1972, the University of Vermont has been recognized as a national leader in sustainability action. By taking this action regarding fossil fuel investments, and doing so within a timeframe that is markedly shorter than other universities that recently have taken fossil fuel actions, UVM once again is asserting a leadership position with respect to sustainability—a position that also is expressed through the University's academic programming, research, facilities, transportation, and campus programs. Many past investment practices have recognized the centrality of environmental sustainability, but it is time to extend this work with a commitment that reaffirms UVM's leadership status.

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<sup>2</sup> For purposes of this commitment, direct investments include (a) investments via separate accounts in public equity, or other financial interests of fossil fuel companies, defined as those companies whose primary business is oil and gas exploration and/or production, coal mining, and those companies whose primary business is oil and gas equipment services and/or pipelines and (b) investments in public equity or debt strategies whose focus is on fossil fuel companies.

## APPENDIX A

### UVM’s Sustainability Culture and Actions

A record of sustainability research, study, and action has long distinguished the University of Vermont. UVM has been a leader in sustainability efforts since 1972, when the University of Vermont established the nation’s first cross-college program in Environmental Studies. Our nearly 50-year commitment to sustainability continues to shape UVM’s campus, culture, and community, and extends outward around the world in the dedicated work of UVM researchers and alumni whose actions for the good of the whole are shaping our collective future.

Below is a sampling of the University’s commitments to sustainability leadership over the past several decades.

Overarching Institutional Commitments	
<b>Defining sustainability</b>	<p>UVM’s <b>commitment to environmental and social responsibility reverberates through <a href="#">Our Common Ground</a> principles</b>. This commitment is articulated in the Faculty Senate’s definition of <i>sustainability</i>, developed from <i>Our Common Ground</i> and guiding the creation of the Sustainability General Education curriculum:</p> <p style="padding-left: 40px;">“At University of Vermont, we recognize that the pursuit of ecological, social, and economic vitality must come with the understanding that the needs of the present be met without compromising the ability of future generations to meet their own needs.”</p>
<b>Coordinating sustainability action</b>	<p>The Environmental Council, a campus-wide consortium on sustainability, was organized in 1996 to infuse environmental responsibility into campus operations. UVM hired a full-time Environmental Coordinator in 1998, and was among the first ten campuses nationwide to create such a position. In 2008 the Environmental Council sunsetted with the creation of the <a href="#">Office of Sustainability</a>, formed to support sustainable development at UVM through coordinating academics, culture, operations and policy.</p>
<b>Commitment to leadership</b>	<p>In 2006, UVM committed to active membership in the <a href="#">Association for the Advancement of Sustainability in Higher Education</a> (AASHE). Membership in the primary professional organization for campus sustainability brings national visibility and credibility to UVM initiatives.</p>
<b>Public reporting</b>	<p>In 2013, the university committed to submitting data for rating the university’s sustainability practices using the <b>Sustainability Tracking, Assessment &amp; Rating System</b> (STARS), sponsored by AASHE. The University reports every three years on sustainability in academics, research, co-curriculum, operations, policies, planning administration, and outreach. UVM earned a Gold rating in our three successive reports—in 2014, 2017, and 2020—under ever-evolving metrics.</p>

<b>Commitment to climate action</b>	<p>In 2007, UVM became a charter member of <a href="#">American College &amp; University Presidents' Climate Commitment</a>—now the <a href="#">Carbon Commitment</a>—a high-visibility effort to address global climate disruption by committing to neutralize campus greenhouse gas emissions and accelerate research and education to restabilize the Earth's climate. In 2010, UVM approved a Climate Action Plan with ambitious targets to meet the Carbon Commitment. As part of this commitment, we have integrated sustainability studies into the curriculum, and sourced local renewable energy.</p>
<b>Academics</b>	
<b>Undergraduate General Education requirement in Sustainability</b>	<p>UVM's Faculty Senate initiated the <a href="#">General Education requirement in Sustainability</a> starting with the Fall 2015 incoming class. In FY19, 20% of all UVM courses were considered sustainability focused.</p>
<b>Sustainability-focused degrees and certificates</b>	<p>In 1972, UVM established the nation's <b>first cross-college program in Environmental Studies</b>. The School of Natural Resources was established in 1973, becoming the Rubenstein School of Environment and Natural Resources in 2003.</p> <p><b>UVM now offers sustainability-focused bachelor's degrees (12), master's degrees (5), PhDs (3), and graduate certificates (3).</b> UVM is the first and only university in the country to offer undergraduate, master's, and doctoral degrees in Food Systems. The Grossman SI-MBA program is ranked the #1 Green MBA program by <i>Princeton Review</i>. Forty-five percent of UVM's continuing education courses are sustainability related and include a Campus Sustainability Leadership Professional Certificate, drawing sustainability professionals from across the country by showcasing UVM's best practices.</p>
<b>Faculty and curriculum development</b>	<p>Started in 2008, UVM's <a href="#">Sustainability Faculty Fellows Program</a> supports an annual cohort of 12-16 faculty who develop courses eligible for Sustainability General Education designation. In FY19, 75% of academic departments offered sustainability-related courses.</p>
<b>Research</b>	
<b>Interdisciplinary sustainability research</b>	<p><b>Research related to the UN Sustainable Development Goals</b> is conducted by 62% of all departments.</p>
<b>Gund Institute for Environment</b>	<p><a href="#">The Gund Institute for Environment</a> launched in 2017 to accelerate transdisciplinary environmental research at UVM; connect the University with leaders in government, business, and society; and develop real-world solutions to urgent global issues. The Gund research community focuses on <a href="#">four pressing research themes</a>: climate solutions, health and well-being, sustainable agriculture, and resilient communities. Since launching, the Gund Institute has awarded funding to support UVM research grants, PhD fellowships and postdoctoral fellowships. Gund Fellows Aimée Classen (RSENR), Taylor Ricketts (Gund director, RSENR), and Nicholas Gotelli (CAS) were just named Fellows of the Ecological Society of America (ESA) for outstanding contributions to the science of ecology. Nathan Sanders (RSENR) was named an ESA Fellow in 2018.</p>

<b>Research centers</b>	Among the UVM research centers that focus on sustainability are Rubenstein Ecosystems Science Laboratory, UVM Extension, Center for Sustainable Agriculture, Center for Research on Vermont, Center for Rural Studies, Dairy Center of Excellence, Proctor Maple Research Center, Horticulture Research Center, Vermont EPSCoR, Vermont Complex Systems Center, and Transportation Research Center.
<b>National and international acclaim</b>	Sustainability research at UVM continues to garner broad and impactful media attention. Here are just a few examples: <ul style="list-style-type: none"> <li>• <a href="#">PBS, Grist</a>, and other media outlets covered research by Plant &amp; Soil Sciences Department research affiliate Samantha Alger showing that viruses may be spilling over from commercial honeybee colonies into wild bumblebee populations, with the potential for significant harmful consequences to crop pollination.</li> <li>• Rubenstein School professor <a href="#">Jon Erickson</a> won an Emmy award as a producer of films such as the four-part PBS series <i>Bloom</i> on nutrient pollution in Lake Champlain. Erickson is widely published in areas including energy and climate change policy, land conservation, watershed planning, and environmental public health.</li> <li>• <a href="#">Living robots created a global media splash</a> after computer Science professor Joshua Bongard and his graduate student Sam Kriegman designed new creatures called “xenobots” on a supercomputer, and colleagues at Tufts University used the designs to create “a living, programmable organism” that could be used to clean up plastic debris in oceans or clear out clogged arteries.</li> </ul>
<b>Campus Programs</b>	
<b>Advancing cleaner energy sources and education</b>	In 2007, responding to student interest in clean energy, UVM created the <a href="#">Clean Energy Fund</a> , raising \$225,000 per year through a \$10/student fee directed to energy education, <a href="#">research</a> , and campus renewable energy projects. UVM was one of the first institutions in the country to create a substantial fund of this nature. Since 2008, the fund has invested over \$1.5M on 40+ projects. The Clean Energy Fund also supports public lectures, internships, and energy-related planning processes.
<b>Promoting sustainable food systems</b>	In 2012, UVM was the <b>fifth signatory school to the <a href="#">Real Food Challenge</a></b> , supported by student leaders and faculty in the <a href="#">Food Systems spine</a> . UVM met the initial goal of 20% Real Food—ingredients certified local, organic, humanely raised, and/or fair trade—three years early, in 2017. The revised goal of 25% was met in 2019. In 2020, UVM scored the highest STARS points for sustainable dining among public institutions.
<b>Promoting healthy beverage choices</b>	<b>In 2013, UVM was one of the first public universities in the country to <a href="#">end bottled water sales</a></b> , in response to student advocacy. A new dining contract in 2015 included specific sustainable and healthy beverage choices.

<b>Tobacco free campus</b>	UVM became a tobacco-free campus in 2015 to address the serious health and environmental concerns associated with tobacco use.
<b>Teaching environmentally responsible living</b>	Since 2004, the <a href="#">Eco-Reps Program</a> has trained undergraduate students to teach peers environmentally responsible behavior on campus. One of the first of its kind in the nation, UVM is recognized nationally for its effective program.
<b>Sustainability residential learning community</b>	<b>750 students live in sustainability-themed housing</b> , including UVM's first a LEED-Gold-certified building, University Heights South. All residents learn about sustainability through Residential Life's curriculum learning model.
<b>Transportation</b>	
<b>Designing and managing transportation</b>	UVM partners with CATMA, the <a href="#">Chittenden Area Transportation Management Association</a> , in support of better transportation outcomes for employees and the community. Membership supports commuter, bike, and transit programs; minimizing use of land for single-occupancy vehicle parking; reducing emissions from transportation; maintaining a high quality of life in the community; and periodic surveying.
<b>Free bus rides</b>	<b>Bus rides have been free</b> on campus and in the community for anyone with a UVM ID since 2003. Express buses take commuters to Montpelier, Middlebury and Milton.
<b>Parking restrictions</b>	Parking passes are sold on an income-based sliding scale; <b>the number of permits is capped</b> to incentivize more sustainable commuting. First-year students may not bring cars to campus. Applicants for permits must take a 15-minute training on safety and on alternatives to single-occupancy vehicle use.
<b>Cleaner fleet vehicles</b>	In 2012, UVM <b>was the first organization in Vermont to replace diesel-burning buses with clean-burning compressed natural gas buses</b> . Since 2019, a procedure for purchasing fleet vehicles now requires departments to justify the need for a vehicle, and to research cleaner options.
<b>EV parking</b>	UVM has <a href="#">installed seven dual-port Level 2 stations</a> on campus, for a total of 14 Level 2 ports. There are also two Level 1 single-port workplace chargers on campus.
<b>Support for biking</b>	UVM is recognized as a <b>Gold Bicycle Friendly University</b> by the League of American Bicyclists. <a href="#">UVM Bikes</a> is a student-led bicycle education co-op on campus. UVM helped launch a regional bikeshare program, <a href="#">Greenride</a> , in April 2018 with 105 bikes across 17 hubs.
<b>Active transportation plan</b>	In 2017, UVM Transportation and Parking Services completed the Active Transportation Plan, <a href="#">UVMoves</a> . Recommendations cover engineering, education, encouragement, enforcement and evaluation methods for improving the active transportation conditions and establishing a culture that supports walking, bicycling and other forms of non-motorized mobility.

Facilities	
<b>Central heating and cooling upgrades</b>	<b>Investments made since 2007 have resulted in adjusted energy use dropping from 140,000 to 100,000 BTUs per square foot of building space.</b> Most buildings are connected by highly efficient steam heating pipes to the central heating and cooling plant. The plant uses natural gas to heat the campus, and has steam-driven chillers, which were the first of their kind in Vermont when installed in 2007. Control systems allow for remote data analysis and implementation of energy efficiency measures.
<b>Green Buildings</b>	In 2005, UVM committed to <b>a new construction policy adhering to <a href="#">LEED practices</a></b> , and requiring formal commissioning. In 2007, the policy included minimum certification to LEED Silver level for new construction, striving for Gold. Increased project construction costs are offset by reduced operations costs and other benefits. In 2020 the campus has one Platinum building, six Gold, and six Silver.  The Dudley H Davis Center was the first LEED Gold-certified student union in the country. The new STEM Complex (Innovation Hall and Discovery Hall) and Central Campus Residence Hall, home to the nationally recognized <a href="#">Wellness Environment</a> , are both pending LEED certification.
<b>Energy sources</b>	While natural gas has been the primary heating fuel at UVM for decades, the backup fuel has changed over time from #6 oil to #2 oil, resulting in <b>lower emissions</b> . Since 2015, UVM has generated a small amount of electricity from on-campus solar (0.7%) and purchased power from local farm methane (0.3%) and Midwest wind power (99%) for the remainder of campus electricity use.
<b>Food and dining</b>	UVM issued a groundbreaking request for dining contract proposals in 2014 that ensured <b>transparent food sourcing</b> with an emphasis on local, unprocessed and Real Food*, waste reduction programs and practices, and greater integration of Food Systems academic initiatives into the campus dining experience. (*See “Promoting sustainable food systems” under Campus Programs.)
<b>Grounds and land</b>	UVM is a member of both <a href="#">Tree Campus USA</a> and <a href="#">Bee Campus USA</a> . Main campus grounds are managed using <b>Integrated Pest Management principles</b> . The Environmental Program manages UVM’s 2,100 acres of natural areas for biodiversity.
<b>Solid waste</b>	<b>UVM is diverting 50% of waste from the landfill through recycling and composting.</b> UVM also operates a <a href="#">surplus property program</a> for selling and donating used furniture, equipment and vehicles.
<b>Water</b>	Stormwater is managed with a comprehensive watershed plan that requires low impact development practices for all new projects. Low-flow faucets and showerheads are standard.



Investment	
<b>Endowment Environmental, Social and Governance Investments</b>	UVM Endowment invests in opportunities that focus on sustainability, climate change mitigation and other Environmental, Social and Governance (ESG) issues. UVM Endowment currently invests \$12million with a private investment manager whose objective is to accelerate the transition of the US economy into an environmentally sustainable system.
<b>Endowment screens</b>	The University’s pooled endowment is invested with <b>screens that exclude tobacco, cluster munitions, uranium, and landmines. The UVM Foundation also has a \$1M endowment fund that is invested in green/fossil fuel free investments.</b>
<b>Cash reserves screen</b>	The approximate \$225M of cash reserves are invested in <b>fossil fuel-free financial instruments and the same screens used for the endowment are applied to these investments as well.</b> \$20M of these assets are proactively invested in “green”/ESG companies.
<b>Funding energy efficiency</b>	In 2012, UVM trustees established a <a href="#">\$13M Energy Revolving Fund</a> and joined the <a href="#">Sustainable Endowment Institute’s Billion Dollar Green Challenge</a> . The \$13M fund borrows from the University’s low interest-bearing cash account to invest in campus energy-efficiency projects of up to \$3M, with a payback of less than seven years.
<b>Advisory</b>	The <a href="#">Socially Responsible Investing Advisory Council</a> (SRIAC) advises the Vice President for Finance and makes recommendations on funding for Clean Energy Fund Projects. SRIAC is led by the Controller.