



## A good-faith effort or a red herring? Salovey debuts committee for ethical investment

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On Thursday, University President Peter Salovey announced the creation of a committee that will advise the Yale Corporation on how to implement its fossil fuel investment principles. The news was met with mixed reactions — students both expressed hope at the step and claimed it is an effort to avoid tangible change.

The new Committee on Fossil Fuel Investment Principles, or CFFIP, was formed following years of student activism calling on the University to divest from fossil fuels and Puerto Rican debt. The committee will develop a specific framework for the University's ethical investment strategy that can then be applied toward individual fossil fuel producers. The committee's report will guide the Yale Corporation as it decides where Yale invests its \$31.2 billion endowment. Specifically, the committee should identify any fossil fuel producers with practices that amount to "social injury" and warrant divestment, per its charge.

"Climate change poses an existential threat to life on our planet," Salovey wrote in the committee charge. "We have a responsibility to examine whether our investment policies are appropriate or need to be modified with respect to this challenge."

Salovey's announcement came on the day students began to occupy Cross Campus to demand that Yale divest from the fossil fuel industry and Puerto Rican debt.

Rachel Pontious '24 — an organizer for the student divestment advocacy group, the Yale Endowment Justice Coalition — said that the committee seems designed to placate people without taking substantive action.

Dwight Hall Socially Responsible Investment Fund Co-Presidents Johnny Xu '22, Angelreana Choi '23 and William McCormack '22, who is also a sports editor for the News, expressed excitement that Yale is continuing to take steps to "reflect on its investment policies and its influence as a large institutional investor."

A statement from the Yale Endowment Justice Coalition reads that the creation of the new committee is "proof that pressure from student activists works."

"Student activists have been saying for years that the moral question of fossil fuel investments is incredibly clear cut: the only ethical thing to do is disclose and divest those holdings, and reinvest in the New Haven community, which is struggling with the worst public health and economic crises in living memory," the statement reads.

**Student activism and the Committee**

Law professor Jonathan R. Macey LAW '82 will chair the new five-person committee. Additional members include one economics and two earth and planetary sciences professors, as well as the director of the Yale Investments Office. The CFFIP will crowdsource ideas, hosting Zoom forums in which members of the Yale community can advise the committee on making a framework for the Corporation.

Student activists have for years called on the University to disclose and divest any holdings in fossil fuels and Puerto Rican debt. The most recent public records indicate that Yale has invested at least \$454 million into corporations that are involved in the exploration or extraction of fossil fuels.

Students' demands have gained traction through a series of high-profile protests. In 2014, the University asked its money managers to consider the full cost of carbon emissions when investing, but Yale has held off on committing fully to divesting from fossil fuels. The most widely publicized effort came at last year's Yale-Harvard football game, when students took to the fields and delayed the game's second half.

In an interview with the News, Macey said that Salovey did not mention this week's EJC-led protests when asking him to chair the committee. Salovey approached him within the last week, Macey said. At that time, students had already publicized their plans to protest.

University spokeswoman Karen Peart said that plans for forming the committee began after a February 2019 Faculty of Arts and Sciences Senate meeting on fossil fuels divestment, which resulted in a proposal that the president appoint a committee to reexamine ethical investing at Yale with respect to companies that extract or produce fossil fuels.

The committee will begin meeting immediately, Macey said, and will meet at least once each week. He hopes the committee can present its report this winter, calling its charge "time-sensitive."

The committee will take the broader principles outlined in "The Ethical Investor," a 1972 book that guides Yale's investment practices, and make them specific enough that they can be applied to individual fossil fuel producers to see if divestment is warranted.

### **'Complex and intricate bureaucracy'**

Still, members of the Endowment Justice Coalition took issue with the creation of a new committee, alleging that it is an attempt to bog the process down in bureaucracy. The University already has an Advisory Committee on Investor Responsibility, also chaired by Macey. The Advisory Committee makes recommendations to be presented to the Yale Corporation concerning the voting of Yale's stock shares, according to its website. The new committee's guidelines will be used by the ACIR, which will in turn advise the Yale Corporation.

Nathan Lobel '17 said that it is unclear how the two committees will differ.

"That is the million-dollar question," Lobel said. "It seemed clear to us that Yale's response when presented with asks for it to change its behaviors is to create complex and intricate bureaucracy and abstract the problem from those who actually get to make a decision on it."

Lobel, who worked with the ACIR as the former policy coordinator for Fossil Free Yale, said that on multiple occasions, activists attempted to contact Corporation members directly but were instead routed through the ACIR, which does not ultimately have the power to change policy.

Macey told the News that the new committee and the ACIR will work closely together. The CFFIP will rely on the ACIR as it establishes concrete guidelines for divestment. Macey added that once the new committee creates the guidelines, the ACIR will apply them to specific companies in the fossil fuel industry.

Peart also explained to the News that the CCIR will work in consultation with the ACIR and collect input from the Yale community. “The CCIR and ACIR are not mutually exclusive,” she wrote. “Yale has many experts who can contribute in a meaningful and productive way, and this is a mechanism by which they can be helpful.”

Yash Bhansali '24 added that from an economic standpoint, fossil fuels have become an increasingly faulty investment, while renewable energy sources have become strong assets. From an ethical standpoint, Bhansali argued that Yale has a responsibility to create a better future for all stakeholders and leave a healthy climate for future generations.

### **Macey's roles**

Pontious and other members of the Endowment Justice Coalition took issue with Macey's role as the chair of the new committee. They cited his position as an adjunct scholar of the Cato Institute, a libertarian think tank with connections to the Koch family. And a 2018 opinion piece in the News claimed that Macey was an alternative on the board of directors for the Hess Corporation, a company engaged in the production of crude oil and natural gas.

In a follow-up email to the News, Macey said he has not been affiliated with the Cato Institute for years and disagrees with them on almost every position. Additionally, he said, he has never had a connection with Hess or another fossil fuel manufacturer but, rather, was involved in initiatives to change the corporate governance at Hess as someone opposed to its management.

According to Macey, the issue of whether an investment is ethical or not is independent of whether it will generate a profit. The profitability of the investment “doesn't enter into [his] calculus,” he said.