

Testimony in support of S.28 before the Vermont Senate Committee on Government Operations

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Submitted by:

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I am pleased to submit this written testimony to the Vermont legislature regarding House Bill 229 and Senate Bill 28, which would require that the state divest retirement funds from the 200 publicly traded companies that hold the largest carbon content fossil fuels reserves.

I have a special place in my heart for Vermont. As a young person I attended the Putney School, and its sensibilities remain ingrained in me. I returned to Vermont in 1985, serving first as Commissioner of Environmental Conservation and then as Secretary of Natural Resources for Governor Madeleine Kunin. Following that, I directed the Environmental Law Center at Vermont Law School. I left Vermont in 1993 to become president of the World Resources Institute, a Washington D.C.-based think tank that turns research on global environmental issues into informed action. Although no longer a Vermont resident, I remain as a member of the Board of the Institute for Sustainable Communities based in Montpelier.

Since 2011, I have served as president of Hampshire College in Amherst, Massachusetts, where I have the privilege of working with an impassioned community of students, faculty, and staff who embody the institution's motto: *Non satis scire*, "To know is not enough." As stated in our mission, we explicitly and intentionally work "to foster a lifelong passion for learning, inquiry, and ethical citizenship that inspires students to contribute to knowledge, justice, and positive change in the world."

I believe Hampshire College's experiences with regard to its investments may be instructive as Vermont considers the question of fossil fuel divestment. Hampshire's educational model is predicated on the proposition that we have an obligation to think about what we teach not only in what we profess, but also in how we manage our campus, treat our employees, and inhabit the world. Hampshire has a proud history of considering and acting on our values in

managing our endowment. We began to invest in accordance with our principles more than 30 years ago, when Hampshire became the first U.S. college to pull funds out of the stock of companies doing business with the apartheid government of South Africa.

In 2011, our board of trustees revisited the question of the College's investment approach and, after more than a year of community discussion, updated its investment policy by adopting an Environmental, Social, and Governance Investing policy^[1] that affirmatively directs our funds to investments that are consistent with our values. Instead of screening out the shares of companies whose products or practices we disagree with, we seek out and invest in businesses whose products and policies are consonant with our values. Among other priorities, this led Hampshire to invest in developers of renewable energy technologies – and, as a consequence, our small, \$40 million endowment held negligible fossil fuel holdings *before* the launch of the national fossil fuel divestment campaign. We met a goal important to students, one that many campuses are now struggling with and working through, not by *divesting* from this type of asset but through *investing* for the future in assets aligned with our values. Moreover, since we realigned our investments, Hampshire College's endowment has outperformed its benchmarks, and has been above the average compared to similar endowments. Affirmative investing has given us an opportunity for learning, innovation, and reasonable returns.

We are living in the “Anthropocene Era,” an age of instability that some scientists have begun to call the “great acceleration.” We face the existential threat of climate change. Warming is creating physical and political risks - and future economic risks that markets have not yet fully priced. We are speeding down a path to catastrophic warming that will create massive suffering, substantial geographic and geopolitical changes and foreclose options for future generations, for the very students Hampshire College is educating. If we ignore urgent material evidence of risk of such magnitude, we surely send a powerful message to the next generations about how we perceive science, and how we balance present comfort against future survival. We have a moral obligation to do much better for all our citizens.

I am convinced, and our Board of Trustees agrees, that the United States and other major economies must inevitably adopt policies to limit greenhouse gas emissions, including measures to regulate or tax fossil fuels. The effects of warming are accelerating and “climate denial” is becoming less tenable as a response to the scientific evidence. When we tax or regulate CO₂ emissions the value of fossil fuel reserves and of the companies that hold and develop them will decline. That is the risk associated with fossil fuel investments for those responsible for the management of funds designed to provide long term returns. We have also concluded that a part of our fiduciary responsibility for stewarding the College's endowment must involve a longer view on how we invest our money; that is imperative for us to do so with an eye toward a future long past our individual times of service to our institution.

Hampshire College's relatively small endowment is invested primarily in managed funds. That fact has created some technical challenges for us in implementing our investment policy. We have found, however, that our managers were very willing to work with us to develop tools and investment vehicles that have enabled us to achieve both our financial and our policy goals. We would be willing to provide further information about our approach, and how

we have been able to implement it should that prove useful to the State of Vermont at some future date.

Thank you.