

Intentional Endowments Network

*An initiative of
CraneSustainability.org*

Higher Education, Endowments and the Paris Agreement

Summary of the Intentional Endowments Network 2016 Strategic Planning Summit



INTRODUCTION

The historic Paris Agreement - agreed to during the December 2015 climate negotiations – represents a major turning point in the global effort to confront climate change. This agreement will have profound impacts on just about every aspect of our society – individuals, communities, technology, energy, business models, markets, and investors. Bloomberg New Energy Finance estimates that limiting warming to 2°C represents a \$12.1 trillion investment opportunity in new renewable electric power generation alone.

Leaders in higher education need to be ready. At a time when many are questioning the value and relevance of tertiary education, colleges and universities have an opportunity to reaffirm their critical role by leading on sustainability, and providing the education, research, and innovation needed for stable and productive societies. Specifically, colleges and universities need to educate young people to be full leaders in business, government and other sectors, advance their research on climate solutions and shift their endowment investments.

Higher education has tremendous social, intellectual, moral, and financial capital that it can leverage to play a crucial and unique role in ensuring the US meets its goals under the Paris Agreement. Higher education has the opportunity by playing a leading role in order to reaffirm its place as a pillar of a free and productive society.

The time is ripe. Over 600 colleges and universities are actively pursuing climate neutrality through the Second Nature Carbon Commitment (formerly the ACUPCC) – and many have made great strides in reducing emissions over the past 10 years. There is now a growing interest in sustainable investing among endowments – and continued calls for fossil fuel divestment among students and other stakeholders. Record numbers of students are declaring academic interest in human’s relationship to natural systems and the environmental and energy questions that surround it.

Additionally, there is renewed energy among stakeholders in the United States in response to the current administration’s climate change skepticism. More than 1,000 businesses and investors from more than a dozen Fortune 500 firms as well as small, family-owned businesses, have reaffirmed their support from the Paris Agreement and the transition to a low carbon economy in the U.S. and globally by signing an open letter to the current administration¹. Former New York City mayor Michael Bloomberg has said that “the US’ success in fighting climate change has never been primarily dependent on Washington,” challenging the 128 U.S.

¹ <http://www.lowcarbonusa.org/>

mayors who are part of the Global Parliament of Mayors to collectively decide to enact policies that would put the country on track to achieve the goals of the Paris Agreement².

Presidents and Chancellors from more than 230 Colleges and Universities have signed an open letter to the new administration calling on elected officials to support participation in the Paris Agreement, climate research, and investment in the low carbon economy³. As David Blood, Co-founder & Senior Partner at Generation Management, said when speaking at the Intentionally Designed Endowment Forum at Loyola University Chicago in November 2016:

“Everything that we've done today will need to change pretty significantly over the next five to ten years if we are to achieve what the Paris Accord sets out, which is to limit temperature rises to less than 2 degrees Celsius . . . This will be the most significant economic transition in history. It is a great opportunity to deploy capital, it is a significant risk, and it has to happen very quickly over the next five to ten years . . . We do need to make sure that we bring back to finance a best practice, a recognition that finance can be a force for good, and that we in the investment community can be leaders in that, and of course I can't think of a better place than academic institutions to be leaders.”

Higher education and endowments have the influence and expertise to become even stronger leaders in the transition to a low carbon economy and achievement of the Paris Agreement Goals. On December 5th, 2016, the Intentional Endowments Network (IEN) and the World Resources Institute (WRI) hosted a strategic planning summit to explore projects focused on empowering higher education to lead the way in implementing the Paris Climate Agreement. This reports summarizes the key ideas and potential next steps that resulted from that meeting.

BACKGROUND

Higher education has been a leader in addressing climate change through research and education, and by role-modeling climate solutions in campus operations and through community engagement. In 2007, Second Nature, AASHE, and ecoAmerica launched the American College & University Presidents' Climate Commitment (ACUPCC), through which presidents commit their institutions to developing comprehensive climate action plans, including target dates for achieving carbon neutrality in campus operations. Ten years later the

² <http://www.businessinsider.com/mayors-could-override-trump-on-paris-accord-2016-11>

³ <http://secondnature.org/higher-education-climate-action-letter/>

initiative, now called the Second Nature Carbon Commitment, consists of more than 600 institutions, making great strides in reducing their greenhouse gas emissions and advancing education and research to help the rest of society do the same.

By 2013, the student movement calling for endowments to divest from fossil fuel investments was active on hundreds of campuses across the country. Limiting global warming to an increase of no more than 2 degree C will require reducing greenhouse gas emissions to net-zero (or close to it). The logic of the divestment movement was that doing so would render a large portion of the globe's known oil reserves "unburnable" – with dramatic implications for the value of fossil fuel companies, which would be left with these "stranded assets." Calls for divestment have altered the conversation on climate action. It also prompted many questions from endowment administrators and fiduciaries about how divestment might fit with their aspirations around sustainability, as well as their duty as fiduciaries. Many had concerns that divestment policies might reduce financial returns, and violate their fiduciary duty. Others see this as a critical long-term investment consideration, which their fiduciary duty would compel them to consider and prepare for.

In April 2014, to help colleges and universities navigate these questions Hampshire College and Second Nature hosted the *Intentionally Designed Endowment* Forum in Cambridge, MA. The event brought together senior administrators and trustees from endowments and foundations with sustainable investing experts to explore the whole range of strategies related to sustainable investing or environmental, social, and governance (ESG) investing. The Intentional Endowments Network (IEN) grew from this initial meeting. It is a broad-based, collaborative network with the goal of making sustainable investing the norm at college and university endowments. The IEN builds on this work to align endowment portfolios with institutional mission, values, and sustainability goals. The network works *with* and *through* leading organizations and initiatives, including WRI, Ceres, PRI, CDP, Second Nature, the Sustainable Endowments Institute, the Responsible Endowments Coalition, and many others.

Over the past two and half years the IEN has hosted seven major forums and dozens of workshops on these topics and engaged with over a thousand individuals at hundreds of institutions. The IEN has a Steering Committee of more than thirty leaders from higher education and the sustainable investing field and several active working groups on key topics, including financial performance, fiduciary duty, shareholder engagement, and investing in clean energy.

HIGHER EDUCATION, ENDOWMENTS AND THE PARIS AGREEMENT

In early 2016, members of the Intentional Endowments Network began discussions around the implications of the Paris Agreement for higher education institutions – as educators, knowledge creators, operators of physical infrastructure, stewards of their communities, and institutional investors through their endowments.

The premise for the project began with the questions: “If the Paris Agreement were being fully implemented five years from now, what would the world look like? What assumptions would investors be making? And how can higher education and endowments use their influence today to ensure a smooth and successful implementation of the commitments? How can higher education maintain its leading role in society by making sure its institutions are ready for the future 1.5 degree world?”

To advance these conversations, we set out to convene a diverse group of leading thinkers – working on various aspects of the Paris Agreement, sustainability efforts in higher education, and sustainable investing by endowments – for a “Strategic Planning Summit.” Held in December 2016, the purpose of the meeting was to brainstorm potential project activities and identify opportunities for collaboration and synergies among non-profits, foundations, investment firms, and colleges and universities. The aim was to come away with elements of a bold plan for a 3-5-year project to expand, accelerate and amplify higher education’s climate leadership in support of the Paris Agreements.

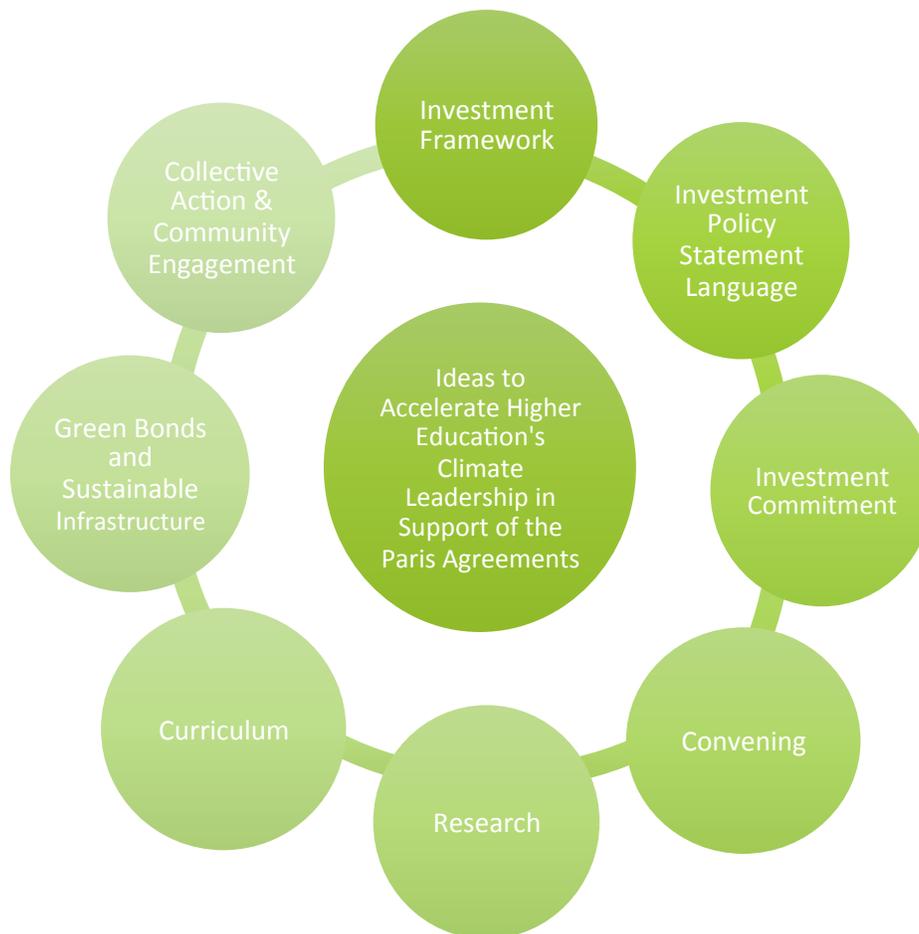
SUMMARY OF THE STRATEGIC PLANNING SUMMIT DIALOGUE AND KEY PROJECT IDEAS

At the meeting, after reviewing and discussing other initiatives related to the Paris Agreement, each participant introduced their background and point of interest in climate action. The entire group discussed how higher education can lead in supporting the Paris Agreement, reiterating themes such as collaborative, cross-sector, systemic change, extensive knowledge sharing, moving low-carbon concepts towards the mainstream, and the importance of leadership from sub-national governments and the private sector.

Participants then split into smaller groups to explore prevalent focus areas. Eight main concepts and ideas emerged from these smaller groups, as illustrated in Figure 1. Of these eight concepts, the idea for an investment framework, investment policy statement language, an investment commitment, and regular convening events had the greatest immediate potential

to expand. These four ideas to accelerate and amplify higher education’s climate leadership in support of the Paris Agreement are explained in more detail below.

FIGURE 1: IDEAS TO ACCELERATE HIGHER EDUCATION'S CLIMATE LEADERSHIP IN SUPPORT OF THE PARIS AGREEMENTS



Investment Framework: The World Resources Institute (WRI) is developing an investment framework and methodology that will enable university endowments’ to advance the goals outlined in the Paris Agreement while maintaining risk-adjusted returns. The framework will address the risks and opportunities of sustainable development and climate change, and ultimately align investment capital towards these global initiatives. The framework will include:

- A general investment framework for asset owners and their CIOs/OCIOs/consultants to construct portfolios in line with a sustainable future.
- A set of guidance, evaluation and monitoring criteria for asset owners to evaluate their investment manager’s performance in this area, including due diligence guidance on managers’

capacity to integrate environmental, social and governance (ESG) considerations into the investment decision making process.

- Guidance for investment managers on selecting holdings that meet the demands and criteria of the investment framework.

As a result of this meeting, IEN will support the development of this framework by garnering input from endowments on the design, and the dissemination and testing of the framework among endowments.

Investment Policy Statement Language: Another practical idea that emerged at the meeting was to develop template language that endowments can add to Investment Policy Statements to clearly indicate the intent of aligning investments with the Paris Agreement. IEN and other groups could then make this available to endowments and other investors to provide an easy way for investment committees to take this step, while feeling confident that the language they use is appropriate and has been reviewed by peers and industry experts. This resource is currently under development.

Investment Commitment: The idea for a commitment emerged as a way for asset owners to demonstrate their intent and dedication to aligning their investments with the goals of the Paris Agreement. The commitment would not be prescriptive, but might require signatories to create a plan that sets the institution's investment goals in this area and creates a timeline for achieving them. Institutions might report on their progress compared to their plan annually, and would be offered resources and support as they work toward achieving their investment goals. Various versions of this idea are currently under consideration by some of the participating groups.

Convening: To encourage adoption among asset owners, resources related to the Paris Agreement would be presented to interested investors through a series of CIO Roundtable Events on sustainable investing. Some would target university endowments, while others would bring together a broader set of institutional investors. The events would include practical discussions on how to implement sustainable investing - from designing an investment policy to monitoring investment outcomes. Further, the guidance, resources, and frameworks used or developed at these convenings could be made available to other investors or the public, as appropriate. Several groups from the meeting are currently in the process of exploring co-hosting such roundtable events in 2017.

Another interesting theme that came up repeatedly at the Summit, and over the course of the past year exploring this issue was how the 17 Sustainable Development Goals (SDGs) could be used as a broader framework for investors who see the long-term value of integrating

environmental, social, and governance (ESG) criteria into their investment decision-making. WRI's investment framework will be built out to encompass the SDGs over time, and IEN has begun using the SDGs as an organizing framework to collate resources on specific ESG issues.⁴

CONCLUSION AND NEXT STEPS

Of the eight main ideas and concepts that came out of the Strategic Planning Summit, IEN is actively developing the four ideas that had the greatest immediate potential to accelerate and amplify higher education's climate leadership in support of the Paris Agreement.

IEN is currently working with Tom Mitchell of Cambridge Associates and Carl Vance of Lewis and Clark College to produce an investment policy statement language resource to act as a starting point as endowments work to align their investments with the Paris Agreement. IEN is also currently in the process of planning roundtable events for 2017 focused on implementing sustainable investment practices that also support the Paris Agreement. WRI is developing an investment framework for asset owners to construct portfolios that are in line with the Paris Agreement, along with guidance for investment managers on selecting holdings that meet the demands and criteria of the investment framework. WRI and IEN are exploring a potential collaboration on the development and dissemination of the investment framework.

Higher education has tremendous social, intellectual, moral, and financial capital that it can leverage to play a crucial and unique role in ensuring the U.S. meets its goals under the Paris Agreement. After bringing together a diverse group of leaders from non-profits, foundations, investment firms, and colleges and universities, IEN is currently pursuing four projects that together can inform a 3-5 year plan to expand, accelerate and amplify higher education's climate leadership in support of the Paris Agreement. The Summit fostered many new connections and opened up new avenues for collaboration among the participating groups and individuals. We will continue to pursue ways to advance these conversations further, and expand the network of individuals and institutions working to support successful implementation of the Paris Agreement.

⁴ <http://www.intentionalendowments.org/sdgs>

ABOUT THE INTENTIONAL ENDOWMENTS NETWORK

The Intentional Endowments Network (IEN) is a broad-based, collaborative network with the goal of making *intentionally designed endowments* the norm. The organizers have a successful track record in leading transformational change efforts for sustainability in the higher education sector, including securing climate neutrality commitments from the presidents of nearly 700 institutions. IEN builds on this work to align endowment portfolios with institutional mission, values, and sustainability goals.

IEN has hosted seven major forums and dozens of workshops on these topics and engaged with over a thousand individuals at hundreds of institutions. IEN has a Steering Committee of more than thirty leaders from higher education and the sustainable investing field and several active working groups on key topics, including financial performance, fiduciary duty, and shareholder engagement.

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ABOUT THE WORLD RESOURCES INSTITUTE

World Resources Institute (WRI) is a global research organization that spans more than 50 countries, with offices in Brazil, China, Europe, India, Indonesia, and the United States. Our more than 450 experts and staff work closely with leaders to turn big ideas into action to sustain our natural resources—the foundation of economic opportunity and human well-being. Our work focuses on six critical issues at the intersection of environment and development: climate, energy, food, forests, water, and cities and transport.

In 2015, WRI launched the Sustainable Investing Initiative to support the Institute's efforts to mobilize public and private sector investments toward sustainable, inclusive, and low-carbon development. Utilizing WRI's own investment experience, cutting edge research and data, and convening power, the Initiative is building a movement of institutional investors aligning their investments with a sustainable future. The program develops practical tools and investment frameworks to inform and facilitate the mainstream adoption of sustainable investing among institutional investors.

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Appendix I – Select List of News items, initiatives, and resources relevant to higher education and the paris agreement

November 29, 2016: *Letter from Higher Education Leaders on Climate Action, Second Nature & Climate Leadership Network*

<http://secondnature.org/higher-education-climate-action-letter/>

A letter from 230 colleges and university presidents to President-elect Trump and Members of the United States Congress, stating:

“We, the undersigned leaders of higher education institutions throughout the United States, recognize our academic and ethical responsibilities to current and future generations to take aggressive climate action; to reduce our sector’s carbon pollution, to support interdisciplinary climate education, and to continue research that expands our understanding of rapidly changing earth systems. We are committed to developing and deploying innovative climate solutions that provide a prosperous future for all Americans.

We join our colleagues in the business and investment communities in supporting the science-based targets outlined in the Paris Climate Agreement. In fact, many of our institutions have voluntarily set even more aggressive carbon reduction goals to lead our sector forward and to demonstrate what is possible for others.

Therefore, we ask that you support the following:

1. Participation in the Paris Agreement, with the resulting national carbon reduction and clean energy targets, to protect the health of our current communities and our future generations.
2. Research in our academic institutions and in federal agencies to ensure that our national climate, energy, and security policies are based on leading scientific and technical knowledge.
3. Investments in the low carbon economy as part of a resilient infrastructure to ensure the country can adapt to changing climate hazards. These investments will also help grow American jobs and businesses....”

November 21, 2016: *Why The U.S. Should Stay in The Paris Climate Agreement, Neil Leary, Dickinson College*

http://www.huffingtonpost.com/neil-leary/why-the-us-should-stay-in_b_13114958.html

The big news from the United Nations climate meeting that concluded in Marrakech on November 18 is that more than 190 nations, with or without the U.S., are united in their determination to push forward with the Paris Agreement to cut greenhouse gas emissions and keep climate warming to well below 2 degrees C.

November 17, 2016: 365 Companies Urge Trump Administration to Stick with Paris Climate Deal, Market Place

<https://www.marketplace.org/2016/11/17/sustainability/climate-change>

Many U.S. companies, including Levi Strauss, Nike and Starbucks, have signed a letter asking the incoming Trump administration to stick to the Paris Agreement.

November 15, 2016: Tuft's Fletcher School Launches Climate Policy Lab, Tufts University

<http://fletcher.tufts.edu/News-and-Media/2016/11/15/Climate-Policy-Lab-Announcement>

"The Lab is a source of independent and objective advice for governments contemplating new policies consistent with the Paris Agreement on Climate Change."

September 12, 2016: Achieving the Sustainable Development Goals: The Role of Impact Investing, The Global Impact Investing Network

<https://thegiin.org/knowledge/publication/sdgs-impinv>

"GIIN has launched a campaign calling for investors to make impact investments that align to the SDGs. More about this call to action can be found in Amit Bouri's Op-Ed in Institutional Investor here. As part of this campaign, the GIIN profiled a variety of impact investors to better understand how they are approaching the SDGs and how this growing community can collectively drive results."

May 18, 2016: CICERO Climate Finance Center, CICERO

<http://www.cicero.uio.no/en/posts/single/scientists-and-investors-join-forces-to-explain-climate-risk>

CICERO launches a meeting place for climate scientists and leading global investors to improve the understanding of climate risk. Jointly, they will develop tools to incorporate climate risk in long-term investments, tailored to investors' needs and inspired by the latest climate science. One important aspect that has come up as they work on their first project for institutional investors is that a 2 degrees scenario may not be that likely, even if the Paris agreement is effective. This point is not meant to discourage action, but rather to encourage investors to prepare for physical impacts of climate change that are likely to be beyond 2 degrees.

April 21, 2016: Pricing Carbon Will Help Deliver on Promises Made in Paris, CDP

<https://www.cdp.net/en/articles/climate/pricing-carbon-will-help-deliver-on-promises-made-in-paris>

Growing numbers in the private sector are aware that carbon pricing can drive the transition to a thriving, clean economy. Industry leaders have identified that the proliferation of these policies are an indication that business, too, needs to plan ahead for an end to the era of cost-less carbon emissions. Even before COP21, over 1,000 companies told CDP they will be pricing

their own carbon emissions by 2017, to make smarter investments, catalyse innovation, and to show investors that they are leading on climate. One can only imagine the impact these new policies will have on business outlook.

April 20, 2016: *Paris Agreement Signing Ceremony Shows Clean Energy Era-is Upon Us*, The Climate Group

<http://www.theclimategroup.org/what-we-do/news-and-blogs/paris-agreement-signing-ceremony-shows-clean-energy-era-is-upon-us-mark-kenber/?platform=hootsuite>

The signing ceremony will kick off a series of global events that will keep up political momentum toward the implementation of the Paris Agreement in 2020 – and in the run up to the next global COP22 climate talks, which will take place in Marrakech this December.

April 20, 2016: *Paris Agreement Pledges Must Be Strengthened in Next Few Years to Limit Warming to 1.5°C or Well Below 2°C*, Climate Interactive

<https://www.climateinteractive.org/programs/scoreboard/early-ambition/>

The Paris Agreement sets a goal to limit warming well below 2°C with an effort to limit warming to no more than 1.5°C. However, full implementation of the current pledges, as of April 20, 2016, would result in expected warming by 2100 of 3.5°C (6.3°F). Deeper, earlier emissions cuts are needed to limit warming well below 2°C. The Paris Agreement provides a mechanism for the nations of the world to increase their commitments and submit stronger pledges by 2020. Climate Interactive’s analysis here shows what this could mean.

April 20, 2016: *100+ Companies Salute the Signing of the Paris Agreement and Call For Swift Action On Clean Power Plan*, Ceres

<http://www.ceres.org/press/press-releases/companies-salute-paris-agreement>

More than 100 companies, including leading global giants, expressed their support today for the Paris Agreement on climate change and called for swift action on the Environmental Protection Agency’s Clean Power Plan, a proposal aimed at significantly cutting carbon pollution in the United States. The 110 companies, including IKEA, Mars Incorporated, PG&E, Salesforce, General Mills, Kellogg Company, HP, and Starbucks, released a statement organized by a coalition of groups, including the nonprofit sustainability organization Ceres and World Wildlife Fund, during a teleconference today. The statement comes two days before 150 world leaders gather at the United Nations in New York City to sign the Paris Agreement.

April 19, 2016: *Why Investors Need Early Entry Into Force of Paris Agreement*, CDP

<https://www.cdp.net/en/articles/investor/why-investors-need-early-entry-into-force-of-paris-agreement>

As the UNFCCC notes, “early entry into force of the Paris Agreement would have a catalytic effect, spurring strong and decisive action by Parties and stakeholders.” Private investors are key among these stakeholders. They have the ability to drive not just billions, but trillions of dollars into shaping the low-carbon economy. The window of opportunity to do this and do it effectively is rapidly closing, which is why early entry into force is necessary.

February 18, 2016: *Pensions Seen Backing More Renewable Infrastructure*, Bloomberg Brief
http://newsletters.briefs.blpprofessional.com/document/QzYNWmYx2OTHXtdL6QWJFg--_9ez1m1jqv0rz74c8ma/front

The Paris agreement could also push investments toward renewables. “The agreement is going to serve as a long-term positive signal for renewable technologies,” said Doug Morrow, associate research director at Sustainalytics.

February 8, 2016: *On Divestment, Adopt the Toronto Principle*, Harvard Crimson
<http://www.thecrimson.com/article/2016/2/8/franta-divestment-toronto-principle/>

Last December, a committee at the University of Toronto released a report⁵ on the issue of divestment, drawing a clear line by aligning itself with the needs of the Paris agreement. It recommended that the university not finance companies whose “actions blatantly disregard the international effort to limit the rise in average global temperatures to not more than one and a half degrees Celsius above pre-industrial averages by 2050...These are fossil fuels companies whose actions are irreconcilable with achieving internationally agreed goals.” This principle, basic as it is, aligns rhetoric and action. It suggests that it is all institutions’ responsibility to give life to the Paris agreement. Harvard could adopt this Toronto principle, too, and the world would be better for it. In practice, adopting the Toronto Principle would likely mean moving investments away from coal companies and coal-fired power plants, companies seeking non-conventional or aggressive fossil fuel development (such as oil from the Arctic or tar sands), and possibly also companies that distort public policies or deceive the public on climate. At present, these activities are incompatible with the agreement in Paris.

December 11, 2015: *White House’s American Campuses Act on Climate Initiative*, The White House
<https://www.whitehouse.gov/the-press-office/2015/12/11/american-campuses-act-climate>

318 schools pledged the following: “Today our school pledges to accelerate the transition to low-carbon energy while enhancing sustainable and resilient practices across our campus.”

⁵ <http://www.president.utoronto.ca/secure-content/uploads/2015/12/Report-of-the-Advisory-Committee-on-Divestment-from-Fossil-Fuels-December-2015.pdf>

December 10, 2015: *Key to Success of Climate Pact Will Be Signals to Global Markets*, Coral Davenport, *The New York Times*

<http://www.nytimes.com/2015/12/11/world/europe/key-to-success-of-climate-pact-will-be-its-signals-to-global-markets.html>

In the midst of the historic climate negotiations in Paris, the New York Times reported: “experts said the ultimate measure of success of the agreement will be whether it sends a clear signal to global financial investors that they should move money away from fossil fuels and toward clean-energy sources such as wind and solar power. Without that signal, there is little chance that emissions will be reduced enough to stave off the most catastrophic impacts of global warming.”

November 19, 2015: *200+ schools sign Campus Act on Climate Statement*, Obama White House

<https://obamawhitehouse.archives.gov/the-press-office/2015/11/19/fact-sheet-ahead-conference-climate-change-more-200-colleges-and>

On November 19, 2015, 218 campuses representing over 3.3 million students across the country are committing to take action on climate by signing American Campuses on Climate Pledge: “As institutions of higher education, we applaud the progress already made to promote clean energy and climate action as we seek a comprehensive, ambitious agreement at the upcoming United Nations Climate Negotiations in Paris. We recognize the urgent need to act now to avoid irreversible costs to our global community’s economic prosperity and public health and are optimistic that world leaders will reach an agreement to secure a transition to a low carbon future. Today our school pledges to accelerate the transition to low-carbon energy while enhancing sustainable and resilient practices across our campus.”

October 28, 2015: *Stanford Issues Statement on Climate Change Ahead of Paris Conference*, Stanford University

<https://news.stanford.edu/2015/10/28/climate-change-statement-102815/>

On behalf of the Stanford Board of Trustees, Board Chair Steven A. Denning and Stanford President John Hennessy have issued a statement to the summit conveners, urging global leaders to look to universities for climate solutions. The statement highlights the steps Stanford has taken to provide leadership on climate change, both in its academic enterprise and in its operations, and welcomes dialogue and idea-sharing with other universities.

September 7, 2015: *Fiduciary Duty in the 21st Century Report*, PRI, UNEP FI, UNEP Inquiry, and the UN Global Compact

<https://www.unpri.org/page/new-report-aims-to-end-debate-about-esg-and-fiduciary-duty>

The starting point for this report was the question of whether there is a need to reframe or redefine fiduciary duty in a way that is relevant for 21st century investors. In this excerpt from the report, interviewees highlighted the role policy plays in investor action: “However, they also acknowledged that public policy would be a key determinant of the rate at which investors took action (e.g. to reduce portfolio-related emissions or to invest in clean technologies). They therefore suggested that investors need to continue to engage with governments to encourage the adoption of policy measures to correct market failures and to require companies and investors to internalize externalities as an integral part of their fiduciary duties (p.18).”

June, 2015: *Investing in the Time of Climate Change*, Mercer

<https://www.mercer.com/our-thinking/investing-in-a-time-of-climate-change.html>

The four key findings of this report suggest that anticipating and preparing for the impact of climate change on investment returns should be an integral part of the investment process. The key findings include (1) Climate change will have an impact regardless of the scenario; (2) Potential sector impacts are most meaningful - particularly over the next 10 years to 2025; (3) Asset class impacts can also be material - and vary by climate scenario; and (4) A 2°C (Transformation) scenario need not harm total diversified portfolio returns out to 2050.