Open Letter to Harvard University President Drew Faust from Civil Society Leaders concerning Harvard's endowment investments in land and natural resources

President Drew Gilpin Faust
Harvard University
Massachusetts Hall
Cambridge, Massachusetts 02138

April 2014

Dear President Faust:

As leaders of civil society organizations, we are writing to express our deep concern about Harvard University's troubling investments in farmland, forests and other natural resources around the world.

Over the last several years, Harvard and its investment arm, Harvard Management Company, have been repeatedly implicated in scandalous incidents of unsustainable and illegal investment practices in Africa, Latin America, and Eastern Europe. Research from numerous independent sources, including Bloomberg, Oakland Institute, Oxfam, the Responsible Investment at Harvard Coalition, and Tellus Institute, provides mounting evidence that the university, in pursuit of outsized profits, commonly uses offshore shell companies to hide its role in large-scale land acquisitions, often in impoverished rural communities and environmentally fragile ecosystems.

In sub-Saharan Africa, Harvard has been implicated in large-scale, neo-colonial “land grabs,” using opaque investment vehicles that have acquired tens of thousands of hectares of farmland. In Chile, Argentina, Brazil, and other Latin American countries, the university has created dozens of “local,” wholly-owned shell companies to buy up large-scale tracts of farmland and forests. Last year Chilean courts fined Harvard-owned investment subsidiaries for illegally logging protected forests. In Argentina, Harvard-owned timber companies have been the subject of intense community protests because of their use of invasive tree species in environmentally sensitive wetlands. In the Brazilian Cerrado, an international conservation “hot spot,” Harvard-controlled investment companies have transformed historical savannah lands into industrial-scale farms using unsustainable agricultural practices. In Eastern Europe, the manager of a wholly-owned Harvard subsidiary in Romania was recently arrested for accepting more than a million dollars in bribes and gifts in order to acquire tracts of timberland.

These are merely some of the more prominent examples of Harvard’s aggressive investments in land and natural resources that have attracted our attention. Given the lack of transparency of Harvard’s endowment and Harvard Management Company’s deliberate strategy of investing directly in emerging markets using these kinds of surreptitious tactics, we are concerned that these incidents constitute merely the tip of the iceberg.

With more than $32 billion in assets, Harvard has the world’s largest educational endowment. Institutional investors closely follow the university’s actions in the global capital
markets, and increasing numbers of investors try to emulate the Harvard endowment’s investment strategies. Because Harvard’s endowment benefits from nonprofit tax exemption, the public also has a key stake in the university’s investments; after all, taxpayers are effectively subsidizing Harvard’s investment activities since the endowment pays no capital-gains or other income taxes on the returns the endowment generates. Given both your influence in the global financial system and your nonprofit, tax-exempt status, we expect Harvard’s investments to go above and beyond minimal legal requirements. Harvard University should provide the world with a model for sustainable, responsible and ethical investment rather than just another example of what’s wrong with global finance today.

Four decades ago, Harvard was in fact a leader in the movement for more responsible institutional investment. In the aftermath of turbulent protests over Harvard’s investments in the late ‘Sixties and early ‘Seventies, Harvard President Derek Bok played a critical leadership role in creating new institutions of investor responsibility, including the Advisory Committee and Corporation Committee on Shareholder Responsibility and the nonprofit Investor Responsibility Research Center. Today Harvard can no longer claim to play such a role.

We therefore call upon you to reclaim Harvard’s historical leadership role in advancing the causes of responsible endowment management and sustainable investment stewardship.

As the Responsible Investment at Harvard Coalition has demanded, the university should become a more responsible owner of its investments. Harvard Management Company needs to incorporate the highest standards of environmental, social and governance investing criteria into its investment analysis, decision-making, and active-ownership policies and practices. We applaud your recent commitment to the United Nations-backed Principles for Responsible Investment and your appointment of a Vice President for Sustainable Investment, but we need to see more concrete evidence that these recent developments are translating into more sustainable and responsible practices in the communities and ecosystems directly impacted by your land investments.

To that end, Harvard needs to develop more transparent investment policies and procedures fully incorporating environmental, social and governance concerns so that students, staff, faculty, alumni, and other stakeholders affected by your investments can understand where your capital is being deployed and whether your investments meet basic public expectations for sustainability and responsibility.

We welcome the opportunity to discuss these matters with you directly.

Sincerely,

Jim Ace
Senior Campaigner
ForestEthics

Badrul Alam
President
Bangladesh Krishok Federation

Dan Apfel
Executive Director
Responsible Endowments Coalition

Naomi Beingessner
Executive Director
Regina Public Interest Research Group
Beverly Bell
Coordinator
Other Worlds

Judy Byron, OP
Coordinator
Northwest Coalition for Responsible Investment

Ben Collins
Research and Policy Campaigner
Rainforest Action Network

Jeff Conant
Senior International Forests Campaigner
Friends of the Earth-US

Elizabeth Díaz
Secretary
World Rainforest Movement (WRM)

Fiona Dove
Executive Director
Transnational Institute

Emilia Edelstein
President
Alerta Patagonia

Almuth Ernsting
Co-Director
Biofuelwatch, UK/US

Adriana Fernandez
Grupo Ecologista Mbareté de Chavarría

Jeff Furman
Oakland Institute

Edward Gerardo
Director, Community and Social Investments
Bon Secours Health System, Inc.

Richard Girard
Executive Director
Polaris Institute

Joshua Humphreys
President
Croatan Institute

Shilpa Jain
Board Member
Other Worlds

Gerry Lee
Director
Maryknoll Office of Global Concerns

Kerstin Lindgren
Campaign Director
Fair World Project

Simone Lovera
Executive Director
Global Forest Coalition

Rasigan Maharajh
Director
Institute for Economic Research on Innovation

Teresa Malalan
Coordinator
Espacio Intercuencas - RRR (Riachuelo, Reconquista, Río de la Plata)

Tom McCaney
Associate Director, Corporate Social Responsibility
Sisters of St. Francis of Philadelphia

Nora McKeon
Member
Terra Nuova

Wally Menne
Project Coordinator
Timberwatch Coalition

Ruth Messinger
President
American Jewish World Service
Anuradha Mittal  
Executive Director  
Oakland Institute

John Kanywithia Mutunga, PhD  
Chief Executive Officer  
Kenya National Farmers Federation  
Coordinating Committee of the More and Better Network

Deepa Panchang  
Education and Outreach Coordinator  
Other Worlds

Marcella Pedersen  
Women’s Vice President  
National Farmers Union of Canada

Cristian Piriz  
Grupo Ecologista Ysyry de San Miguel

David Pred  
Managing Director  
Inclusive Development International

Silvia Rodriguez Cervantes  
Secretary  
Red de Coordinación en Biodiversidad  
Costa Rica

Natalia Salvático  
President  
Amigos de la Tierra Argentina

Hernan Sotelo  
La Comunidad Guaraní de Yahaveré

Emilio Spataro  
General Coordinator  
Guardianes del Iberá

Jan Van Tol  
National Organizer  
United Students Against Sweatshops

Carlos Vicente  
GRAIN - Acción por la biodiversidad  
Argentina

Wendy Wolford  
Robert A. and Ruth E. Polson Professor of Development Sociology  
Cornell University  
Co-founder, Land Deals Politics Initiative

Note that affiliations are listed for identification purposes.

cc: Jane Mendillo, President and CEO, Harvard Management Company  
Samuel Y. Weinstock, President, The Harvard Crimson