

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
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Cambridge, Massachusetts 02138

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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,

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