

**UW Faculty Senate**  
**March 7, 2022**

**Our purpose**

WFAA exists as an independent non-profit to support UW-Madison by building pride and affinity and securing resources from alumni and friends to support the UW mission. Our “All Ways Forward” campaign raised over \$4.2 billion in new commitments from 2013-2021.

**Our beliefs**

WFAA leadership shares the concern of many Americans regarding environmental stewardship. We are committed to encouraging behaviors and business practices that reduce our organization’s environmental impact and will continue to take steps to decrease [our carbon footprint](#).

**WFAA investments**

At our last discussion at the Faculty Senate, WFAA was in the early stages of a national search for a new Chief Investment Officer. That process led to the hiring of Michael Stohler. Previously he was a managing director of investments at Washington University in St. Louis for six years after serving as managing director and international head of portfolio construction for J.P. Morgan’s Wealth Management unit. Mike brings an impressive history of investment management, and with his team at Washington University, he implemented a strategy that produced extraordinary results in recent years, including a [65 percent return](#) in FY 2021. We are in the process of implementing a similar strategy at Wisconsin today which will be more open to early-stage investments than we have been in the past. The strategy requires more work to be done by our internal team to find the best partnership opportunities through an engagement approach to investing, where the team looks for partners with a long-term investment orientation, concentrated underlying holdings, strong economic alignment with investors and good values alignment with WFAA.

**Fossil fuel divestment**

Divestment from fossil fuels is popular with some groups as a potential way to address climate change. Divestment is an issue that WFAA takes very seriously, and we communicate regularly with campus and other stakeholders with concerns. As an outcome of our fall Board meeting, the WFAA Board has formed a work group to explore an ESG (Environmental, Social and Governance) framework. This group still believes that constructive engagement to promote our values with investment partners is a more effective way to approach ESG factors than divestment from various assets, including fossil fuels.

As we shared previously, our fossil fuel holdings are negligible and exist mainly through a number of private partnerships that are harder to price fairly in a secondary market and thus hard to sell. We do not expect to take any immediate steps toward divestment, but we do not expect to add investments in oil and gas.

As noted in your resolution, there is not a universally accepted sustainability platform for the financial sector. While some universities are making commitments and announcements related to divestment efforts, they are often filled with constraints and qualifiers around the timing and the nature of their actions. We do not believe this is our best opportunity to make an impact - but we do have real opportunity to take steps to be more responsible stewards of our environment.

## **Current actions**

At WFAA we believe that our best avenue to advance positive social change is through our mission to provide the resources that help the university's research, education, and outreach efforts thrive. One example is our work to raise funds that enable sustainability research, coursework, and other initiatives on campus. To date we have secured more than \$60 million to support important environmental initiatives, including but not limited to:

- Nelson Institute for Environmental Studies
- John P. Holton Chair for Health and the Global Environment Fund
- Arboretum/Friends of the Arboretum Endowment Funds
- Wayland E. Noland Distinguished Chair in Limnology Fund

We have recently launched a new project to identify opportunities to fundraise on behalf of the university's sustainability priorities. We will be partnering with the Nelson Institute, the Office of Sustainability, and other key areas on campus to launch a campaign similar to our Raimey-Noland campaign which is designed to support diversity, equity, and inclusion campus priorities.

Environmental: In alignment with our commitment to sustainability, we have:

- Committed to the purchase, use, and disposal of products and materials in a manner that will best conserve natural resources and minimize negative impacts on the environment.
- Created incentives to encourage employees to limit daily vehicle commutes through busing, biking and carpooling — as well as remote work options.
- Invested in significant upgrades to make our mechanical systems more energy efficient, including boilers, water heaters, humidifiers, air conditioning chillers, lighting, and other facility components —leading to a nearly 50% reduction in gas and electric use in 2020.
- Reconfigured our temperature and lighting levels to reduce energy consumption.
- Converted many projects and programs to virtual or digital, reducing air and vehicle travel as well as printed mailings and invitations.

Social:

Diversity is a source of strength, creativity, and innovation for UW–Madison and the entire Badger community. We work with alumni, donors, and friends to ensure that the university's excellence benefits Wisconsin and the world for generations to come. We have a diversity and inclusion roadmap that drives our progress in the following areas:

- WFAA will recruit, select, and retain more diverse staff with the full range of competencies needed to deliver results.
- In line with our organizational values, all employees will enjoy a positive and inclusive work environment, where diversity of backgrounds and perspectives are valued and respected.
- WFAA will work to engage and build pride, affinity and community with a diverse set of alumni and friends and secure resources to support the UW's access, diversity and inclusion priorities. Since 2020, we have raised more than \$76 million to support campus diversity, equity, and inclusion priorities through the Raimey-Noland campaign.

All staff are encouraged to give back to the community, and we are proud to offer one paid day per year to dedicate to volunteer service.

## Governance:

- The financial investments of donors are managed by a team of professionals until the funds are called upon by the UW unit designated as the beneficiary. Our investment operations are overseen by the Investment Committee of the WFAA Board of Directors, all of whom are donors and alumni of UW. In order to avoid potential conflicts and preserve independence, employees of UW-Madison cannot serve on the WFAA Board.
- Investment decisions are driven by a Board of Directors-approved Investment Policy Statement (IPS). The Investment Committee and the Board approve our IPS which defines the eligible set of investment vehicles. WFAA's Investment Team does not select individual stocks (as much larger endowments do) but rather hires outside managers to invest funds on our behalf.
- WFAA Investment Team members are expected to carry out their responsibilities consistent with the IPS and compliance with the IPS is overseen by the Board of Director's Investment Committee. Team members are subject to a code of conduct policy that prohibits them from serving their personal interests ahead of the organization's, taking advantage of their position, and abusing their position of trust and responsibility.
- WFAA's Board of Directors is committed to increasing the diversity of its membership by actively seeking women nominees and nominees of color. It also looks to recruit diverse cohorts of Directors from a variety of professions, geographic areas, and educational backgrounds.
- Directors and Officers of the organization are required to complete annually a disclosure of any conflicts of interests they might have as part of WFAA's preparation of its Form 990. Directors serving on WFAA's Investment Committee are also provided a more detailed conflict of interest policy in connection with their investment-related work on behalf of the organization.
- Donors entrust their gift dollars with the Foundation to support a specific UW program (scholarship, faculty chair, research program, etc.) and our commitment to them is to manage their funds in the manner that provides the best risk and return tradeoff available to preserve the value of their endowment over a long period of time. Excluding assets from consideration at the demand of outside parties would be viewed as a violation of that responsibility to put donor interests first.