

Sustainability Tracking, Assessment & Rating System (STARS) – Investment Call Notes

April 8, 2008

Feedback on the Investment section

A participant asked if AASHE considered recognizing schools that are signatories to the UN Principles for Responsible Investment. Previously, AASHE received feedback suggesting that policies, while they provide a good foundation, don't necessarily correspond with outcomes and that STARS should focus on actions. As a result of this feedback, AASHE is leaning toward including this as a Tier Two credit.

Callers suggested supplementing the guidance sections of these credits with information about how socially and environmentally responsible investment can be beneficial from a purely financial perspective.

AF Credit 1: Investment Transparency

A participant asked if it would be possible to earn this credit if the information isn't posted on the website but is available through other channels. If there were another distribution method that made the information easily accessible to interested parties, it would meet the intent of the credit. AASHE will consider revising the criteria for future versions. Please report on alternate distribution methods.

AF Credit 2: Committee on Investor Responsibility

The criteria section for this credit says that the committee makes recommendations "on responsible investment opportunities." A caller suggested that "responsible investment" could mean earning a high rate of return for some people. AASHE should specify that the committee should be charged with addressing sustainability impacts of investment choices and make sure that the credit is tied to social and environmentally responsible investment.

AF Credit 3: Screening for Negative Investments

A participant said that negative investment is a broad term and it may be helpful for AASHE to add a stronger definition or guidelines. Previously, AASHE received feedback that the STARS credits shouldn't be too prescriptive but should allow schools to pursue approaches that would be best for their individual circumstances. The key consideration for this credit is that schools are looking at the social and environmental implications of their investments.

AF Credit 4: Positive Sustainability Investments

A caller noted that institutions may not be able to direct all investments because some monies are directed by donors and others are held in perpetuities. Schools often distinguish between encumbered and unencumbered funds. It may make sense for the credit to focus on unencumbered funds.

The current version of the credit allows for any (even <0.001%) to earn one point. Callers suggested establishing a floor for earning the first point, and suggested 0.1 percent may be appropriate.

Several participants suggested that AASHE offer additional guidelines on what does and does not count for this credit. Similar to AF Credit 3, AASHE received feedback that STARS should not be too prescriptive, but should allow for schools to have an internal conversation about what standards would be appropriate for their schools. A participant suggested that information provided by pilot participants will be helpful in identifying gray areas that will need further clarification.

AF Credit 5: Shareholder Engagement

There were no comments on this credit.