



# Channel Islands

CALIFORNIA STATE UNIVERSITY

OFFICE OF THE PRESIDENT

May 20, 2025

To: Andrew Fox, Student Government President  
From: Richard Yao, Ph.D., University President  
Re: Investment Policy Student Review Committee (IPSRC) Recommendation Letter

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Dear Student Government President Fox,

The work that was done this year by the IPSRC was important. I deeply value the investment of time, energy, and care by the members of the Committee who participated consistently throughout this year, researching and exploring the ways in which CI's commitment to Environmental, Social, and Governance (ESG) and Socially Responsible Investing (SRI) informs the Foundation's investment policy and practice. On a personal level, I share these values. I share them as President, too, but as President, I must ensure that institutional positions taken within the CSUCI Foundation's Investment Policy that demonstrate our values can be tracked, implemented and assessed. Toward this end, the IPSRC was provided with six modules designed to promote understanding of: 1) financials in the CSU system; 2) CSU Channel Islands financials, including Auxiliary organizations; 3) the CSUCI Foundation, with a focus on its mission, governance, and policies; 4) the Endowment; 5) the Foundation's investments, including fund categories and portfolio structures, investment philosophy, overarching goals, strategies, and historical returns; and 6) how the Foundation implements its ESG and SRI values, along with its Social Profile policies and practices. This educational effort was designed to provide a structured framework for an informed review of the CSUCI Foundation's Investment Policy, enabling the student committee to develop thoughtful, well-informed recommendations for the Foundation Board to consider.

With the above context in mind, my ability to respond to the introductory content and recommendations submitted by a subset of the IPSRC (attached) is limited by the fact that they were not endorsed by the Student Government leaders who were charged with facilitating student engagement in this process, in collaboration with University Advancement. Although the letter with eight recommendations submitted to me on April 18, 2025, identifies its authorship as "We, the Investment Policy Student Review Committee (IPSRC)," the document is signed by only six members of the Committee. I am, therefore, unable to accept these recommendations as truly representative of the IPSRC's assessment and evaluation, as a whole.

That said, I do look forward to continued dialogue. It is my recommendation that the IPSRC and its advisors review this feedback and resubmit through the iterative revision process. The intended goal is to better ensure that the proposed recommendations are in alignment with and informed by the curriculum that was presented, so that the Foundation Board and its committees are in a reasonable position to weigh the pragmatic pros and cons of each recommendation in order to bring clarity to the methods by which implementation would be possible and whether the intended objectives could

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even be achieved – all while honoring the fiduciary responsibilities of the Foundation Board members and focus on overall portfolio performance as being critical to sustaining programmatic and scholarship support for the University and its students.

As it relates to the recommendations provided by the subset of the IPSRC, #7 has already been accomplished, as we publish full quarterly reports of the Foundation Board (instead of publishing summary reports). In addition, #2 and #3 can be shared with the Finance and Investment Committee for their consideration once the recommendation list is finalized by the IPSRC (although I understand that there was disagreement between IPSRC membership on #2 which would need to be resolved by the committee). The remaining recommendations, as submitted, are not feasible for consideration in their current form.

One significant aspect to consider is the fact that the Foundation does not have the ability to restrict indirect investments (i.e., investments held within a mutual fund, ETF, or other commingled investments). This is something we previously discussed in Spring 2024 and was a major component of the 2024-25 curriculum of the IPSRC. Additionally, I must emphasize my responsibility to ensure that institutional positions taken can be tracked, implemented, and assessed with rigor and accuracy. For example, the human rights standards you outlined do not address the logistical challenges of monitoring in real-time, translating findings into binary exclusions, or address the subjective aspects of these determinations, and there is the potential of excluding investments in many countries – including the United States. Additionally, the Foundation's current ESG investment manager does not apply specific exclusions related to capital punishment or the production and distribution of associated components, such as pharmaceuticals used in executions or enabling technologies.

I understand that there are leadership changes with Student Government and that some members of the IPSRC may be graduating. With this context in mind, I am hopeful that our new Student Government leaders, returning members of this year's Committee, and any new members will build on the outcomes of this year's effort and further develop an out-of-cycle review of the Investment Policy. The committee's staff and investment advisors have agreed to continue working with the group to discuss the challenges associated with implementing the current recommendations and to provide guidance on how they might be refined and repositioned for potential submission to the Finance & Investment Committee for consideration.

cc: V. Amezcua; Elizabeth Flores;  
Pearce Harris; Kimberly Ramos;  
Kayleena Venzor; Ryan Witt;  
Nadine Zayyad; Richard LeRoy