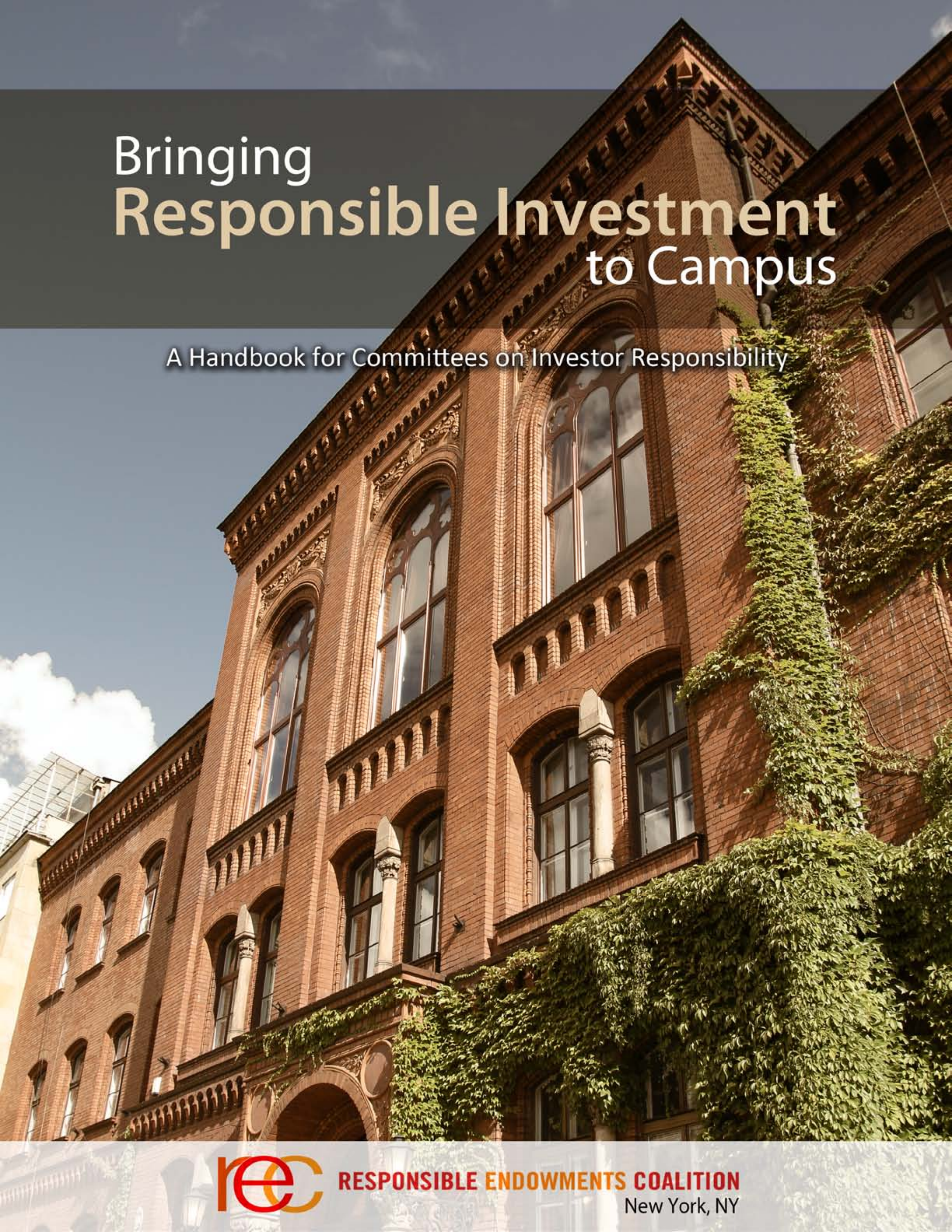

Bringing Responsible Investment to Campus

A Handbook for Committees on Investor Responsibility

RESPONSIBLE ENDOWMENTS COALITION
New York, NY

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Preface

Since its founding by students in 2004, the Responsible Endowments Coalition (REC) has helped establish and support Committees on Investor Responsibility (CIR) at a wide variety of schools across the country. Over the years, we have been frequently asked by students, faculty, administrators and investment consultants to create a CIR guide that establishes the best practices in the field. This document reflects the knowledge and experience that we have gained by working with universities on responsible investment (RI) issues as our organization has grown and evolved. We believe that this resource, and the wider task of integrating responsible investment policies into the operating structure of our colleges and universities, is a work in progress.

This toolkit is intended to be a guide to the creation, organization, and operation of Committees on Investor Responsibility that function effectively. Many schools have adopted the model of the Committee on Investor Responsibility, a multi-stakeholder committee of students, faculty, staff and alumni that represents the community's perspectives and values relating to social and environmental responsibility in the investment process. REC believes that in the complicated world of investing, these committees offer the opportunity to consolidate a wide variety of perspectives and positively effect long-term financial, social, and environmental returns on a school's endowment.

We believe that CIRs bring stakeholder input to the investment process at universities to help them become better citizens of our society, and more in accordance with their own values. We encourage you to use this resource to sustain an effective committee, while utilizing REC's other resources and support.

This handbook addresses many different elements of committees, including their purview, composition, inclusion in the investment process, and relationship to the campus community. We hope that, in addition to being a guide to creating or organizing committees, this handbook can serve as orientation material for new members of CIRs, university administrators, and faculty interested in teaching about the process of responsible investment in higher education.

First, we address the theory behind Committees on Investor Responsibility, and briefly, the importance of investor responsibility issues. In the next section, we examine the ways in which different committees can be structured. We then turn our attention to what kinds of work committees do and what factors lead to their success. Along the way, there are case studies and examples, as well as tips for troubleshooting problems that may already exist. The handbook also provides best practices in publicity, community inclusion, as well as possible areas of exploration for which there are not yet best practices.

It is important to note that there are many areas that we have not explored in depth. We encourage readers to not only explore areas where we have a significant body of literature—such as the shareholder engagement process or community investing—but also those that are less commonly practiced. For instance, there is much to be explored with respect to impact investing, strategies for transparency, creating responsible investment policy, and engaging with fund managers. While we have at least touched on each of these issues, we encourage you to dig deeper, as there is much more that can and should be done. We look forward to working with you and hearing successful case studies from which we all can learn.

We welcome any questions you have about the steps your CIR can take to become more effective and functional, and any feedback or thoughts you may have on this handbook.

Responsible Endowments Coalition

New York, NY

July 2012

Introduction to Committees on Investor Responsibility

Responsible Investment at Colleges and Universities

In response to the numerous environmental and social crises of our time, our system of finance and investment has begun to evolve. Whereas just a few decades ago responsible investment practices were very limited, today trillions of dollars worldwide are invested while taking into account environmental, social, and governance (ESG) criteria.

Increasingly, shareholders are beginning to realize that when companies incur liabilities in shortsighted attempts to bypass human rights norms and environmental safety regulations, they are the ones to shoulder the financial repercussions. As prudent investors, shareholders have the right to expect that companies adopt precautionary policies in order to minimize the risk of future liabilities. As responsible citizens, shareholders have the duty to ensure that profits are not made at the expense of human rights or the broader public good.

Because America's colleges and universities are public benefit non-profit institutions, they have the special duty to adopt investment policies that consider ESG issues, and leverage their power as shareholders to keep companies accountable for the impacts of their business practices. Responsible investment furthers the missions of institutions of higher learning by promoting corporate social responsibility and avoiding the complicity in social malfeasance inherent in a passive investment strategy. A number of colleges and universities in the U.S. have already taken important steps to incorporate ESG concerns into investment practices, but there is more that can be accomplished at virtually every institution.

This handbook aims to provide the tools for your institution to effectively implement responsible investing policies and practices to better fulfill the organizational mission, fiduciary duty, and ethical obligations of higher education.

The History of Responsible Investment

Responsible investment originated in divestment campaigns targeting companies involved in the Vietnam War, and grew in the 1980s as a means to oppose South Africa's apartheid policies, primarily on religious grounds. Building on this experience, investors began to further experiment with using assets to promote social change.

The movement's first organization, the Interfaith Center on Corporate Responsibility (ICCR), was founded in 1971 and soon became a leader in the responsible investment community. ICCR was followed by one of the first efforts for community investment, the South Shore Bank of Chicago, the first bank dedicated solely to community development. By 1982, the movement had grown enough to support the founding of the first investment management firm solely dedicated to socially responsible investment: Trillium Asset Management. Since then investors have shown ever-growing interest in ensuring that their money is managed responsibly, with a flourishing responsible investment sector and more higher education institutions than ever before that are taking ESG considerations into account.

The perception that responsible investment fails to provide competitive returns is being challenged by a growing number of studies showing ESG investments on par with or outperforming traditional investing vehicles.

Today, the perception that responsible investment fails to provide competitive returns is being challenged by a growing number of studies showing ESG investments on par with or outperforming traditional investing vehicles. Responsible investment is increasingly being adopted by foundations, pension funds, endowments, and other major investors who are successfully fulfilling their fiduciary duty while also integrating their social or environmental concerns into their investing approach.[1]

Responsible investment received renewed international attention in April 2006, when the United Nations Environment Program launched the UN Principles for Responsible Investment (www.unpri.org). The principles offer a global framework to help investors analyze environmental, social and governance issues and exercise responsible ownership practices. As of August 2010, over 800 large institutional investors have signed onto the Principles (up from 180 in April 2007), pledging to take ESG concerns into their investment decisions. In the past few years, responsible investment of university endowments has also received increasing attention from benchmarking studies such as the Sustainable Endowments Institute's Green Report

1 The Forum for Sustainable and Responsible Investment (US SIF), 'Performance and SRI Investments', retrieved from http://www.ussif.org/performance.cfm on June 28, 2012.

Card, and more recently, a more detailed assessment from the Association for the Advancement of Sustainability in Higher Education (AASHE)'s STARS rating system.

Committees on Investor Responsibility

A Committee on Investor Responsibility (referred to as a CIR or "committee" in this handbook) is, in its the most basic form, a committee created by an institution or other investor to ensure that the social and environmental aspects of the institution's investments are aligned with its mission and goals—both financial and otherwise.

The first committees on responsible investment were created at Yale, Stanford, and Harvard in the 1970s. According to Yale's Advisory Committee on Investor Responsibility (ACIR) website, Yale created its ACIR in 1972 to address how the university could address extra-financial impacts of its investments, and in the first year addressed issues including "South Africa… defense contracting, political lobbying, and environmental safety."

Throughout the 1980s, committees were set up at many institutions of higher education with substantial endowments. Many of these committees were created to deal with the issue of divestment from companies doing business under apartheid in South Africa.

When students formed REC in 2004, they recognized that these committees can and must be tools for creating long-term institutionalization of responsible investment practices. Committees can be an effective model because of their multi-stakeholder structure and ability to create permanent interest in responsible investment while promoting democracy, ownership, and transparency. An effective committee requires campus awareness, a well-informed group of people, and an intentional, well-researched process that reflects best practices. While CIRs may not always enact immediate change on social and environmental issues, they can generate long-term institutional transformation, enabling colleges and universities to proactively advocate for a more just society.

Establishing Committee Purview

Laid out in this handbook are a variety of strategies that CIRs have taken to deepen their institutions' commitments to responsible investment. Some of these strategies may seem off-limits due to existing policies or procedures in place at your institution. Nevertheless, we encourage that one think broadly when considering how to tackle issues comprehensively.

To do its job well, a CIR should be as influential and inquisitive as possible. This means not only taking on a wide range of considerations, but also ensuring that committee members are well informed on the issues.

We are not advocating a dramatic shift in the way that investment decision-making takes place at your institution, nor suggesting that committee members must be at odds with the investment office or the Board of Trustees. However, it is important to recognize that there are unexplored responsible investment opportunities in virtually every asset class in which most colleges are invested, and that without a strong committee will likely be ignored, under-exploited or actively dismissed.

An Investor Responsibility Statement

An Investor Responsibility Statement is a public statement that articulates your school's investment policy, and functions to guide future actions of your Committee .[2]

An Investor Responsibility Statement can be an effective tool for bringing more comprehensive responsible investment to the institution, and granting legitimacy to your Committee. It is best if this statement becomes established in the text of your school's investor policy statement, (rather than merely in the committee's charter) thus ensuring the right of your committee to offer nonbinding advisory comments or proposals on the endowment in its entirety (rather than on just one or two asset classes). For example, a statement may publicly recognize the financial, moral, or pragmatic importance of consistently and effectively voting on its proxies. This is a public commitment that the university must follow and that other institutions will notice. The language may also be used as the bedrock for future arguments about integrating investment responsibility or ESG issues into other university procedures. For example, the following statement is made in Stanford University's Statement on Investment Responsibility:

> "The policies, guidelines, and procedures in this Statement recognize that there is no practical way for the University to avoid having an effect on the outcome of issues involving corporations in which it has invested, and that, consequently, the effect should be as thoughtful and considered as possible."[3]

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3 Stanford university's statement on investment responsibility. (2011). Advisory Panel on Investment Responsibility & Licensing, Stanford University, Retrieved from http://apir.stanford.edu/stanford_statement on June 21, 2012.

Creating and Operating an Effective Committee

Many people perceive the hurdles to implementing responsible investment to be lack of financial expertise and legal authority, but in reality the most common roadblocks are lack of effective and sustainable committee operating procedures.

When planning the operations of your committee, one must examine a variety of best practices and address questions such as:

- Who serves on a committee?
- How can a committee ensure continuity so that when present members leave, others will take over?
- How does the committee share information?
- How can the committee deal be as transparent as possible, both with its own activities and with the investments to which the committee has access?

This sections addresses these and other issues to help committees be as effective as possible.

Choosing Membership Structure and Selecting Members

Selecting the Chair

The committee should create an established process selecting the chair. On many committees, faculty members rotate the chairmanship duties every two to four years. Faculty members are often better than administrators or investment officers as the chair because they provide an outside perspective and grant legitimacy to the committee. A faculty member with longer tenure, who is able to explain responsible investment and the process to new members, should be put in a position of support or appointed co-chair with a student. Students can serve well as chairs or co-chairs, but are generally much more effective if they serve at least three semesters.

Duration of Membership

To ensure that a committee is an important component of the school hierarchy for many years to come, create policies that allow members, especially non-student members, to remain on the committee for several years. Terms that last fewer than three semesters are highly ineffective because they preclude members from gaining sufficient understanding of the work, processes and long-term goals. Responsible investment processes can be complicated, and committee members may require time to become fully knowledgeable and functional in their roles. Furthermore, many CIRs benefit from the experience of long-serving members who provide their committees with valuable institutional memory, enabling the committees to function more wisely and efficiently.

Recruiting Members

Some committees have difficulty filling all of their seats, which can be especially problematic in the CIR's first year. To avoid this issue, approach potential members early. The best time to do so is near the end of each semester, when people are determining their commitments for the upcoming semester or school year.[4]

Selecting Members

The majority of CIRs are composed of students, faculty, alumni and administrators. The most effective committees are made up of a variety of stakeholders who each bring their own perspective, skills, and resources to the committee.

Whatever selection process the committee may use, it must purposefully allow for those who are most interested and excited about the work to be selected, and the process should be simple and easily replicable.

The most effective committees are made up of a variety of stakeholders who each bring their own perspective, skills, and resources to the committee.

At least two people from each constituency should serve as members. It may be advantageous to have more than two students on the committee, especially if the institution has many different schools. Often, students have the most time available to devote to maintaining the committee's functions.

In many committees, administrators representing the investment office serve as nonvoting committee members. This allows administrators to bring committee perspectives to the investment office, and vice versa. They are a valuable addition.

When evaluating potential committee members, there may be a wide variety of excellent candidates. For example, faculty with an interest in corporate accountability, social justice, or the environment would all provide valuable contributions to the committee. When adding members, it is important to try to consider the expertise and perspective of each member—not just the body as a whole. Remember that students can learn a great deal from the faculty, staff, administrators, and alumni that serve on the

4 See Appendix A: Sample Committee Calendar.

committee with them, and can help to make the committee more successful.

Administrators with nonvoting roles typically come from the investment office and serve a vital role because of their ability to answer questions about the investment process and how the structure of investments determines the level of agency the school has over those investments. Administrators can also serve as a link to trustees, helping the committee develop recommendations that other trustees will consider valuable and credible.

When recruiting alumni, strongly consider enlisting the help of the alumni association, which can contribute credibility and unique perspectives to the process. Sometimes CIRs find alumni members who are active members of the responsible investment industry to serve on the committee, and their knowledge can be a valuable addition to the committee's work. For example, at Wesleyan University, alumna Meg Vorhees, Deputy Director and Research Director of the Forum for Sustainable and Responsible Investment, contributed her expertise during the 2011-12 school year. Enlisting recent alumni who, as students, proposed the creation of the committee, can also be very valuable.

Finally, it is best if alumni committee members can meet with the rest of the CIR face to face at least once a year, which helps develop a more effective working partnership.

Should We Elect Or Appoint Members?

Both processes for selecting members—electing and appointing—have their own advantages and disadvantages. Experience indicates that it is best to allow each group in the committee (i.e..... students, faculty etc.) to determine the process for selecting new members. For example, a committee could allow the alumni association and the faculty senate the autonomy to determine themselves who will serve as their representatives.

Students can be recruited from the student government or student groups. Having student government appointees will help ensure that committee seats get filled; however, student government bureaucracy may make the process more difficult, and there is a possibility that these appointees are not very interested in the CIR's work. At Williams College, for example, uninterested student appointees nearly ended the committee. At Seattle University, staffing the committee requires going through a complex student government application process, involving stakeholders that structurally are not incentivized to easily understand and move forward the process in an effective and time sensitive manner. On the other hand, if the election process of student committee members is well-publicized and integrated into wider campus awareness building efforts, elections can draw student attention to the presence of the committee, and to responsible investment in general. Keep these points in mind when deciding whether or not to have elected members on the committee.

Ensuring Continuity

For the committee to function effectively in the long term, people must be continuously made aware of the committee and the work that it does. Introduce the school's CIR in freshman orientation materials and host a presentation during the freshman orientation so that new students understand the role and importance of the committee on campus. Sustaining interest and campus support are essential to the committee's long-term success

Staggered terms are also crucial to committee continuity. If the majority of committee members serve for two years—with half of the committee turning over in odd years and the other half turning over in even years—then more experienced members can educate the newer members each year and create institutional memory.

> Every committee should strive to advertise its presence on campus, keep its members involved as long as possible, reach out to new students and faculty, and develop ways to integrate new members easily. REC's resources are here to help.

Develop an orientation packet that explains the role of the committee, its practices, history, limitations, and possibilities in great depth. Materials should also make explicit what situations or structures are unique at the college or university—e.g. the structure of the administration, school policies and procedures, and where to find resources. Share this resource with all new committee members. Such material is critical in disseminating this essential committee information quickly and effectively. It will make roles clear to new members early on, and in case there is a problematic transition (like an entire committee turnover due to a lack of staggered terms), the material will serve as a guide for reestablishing the committee.

Fortunately, a committee need not develop all of these resources from scratch, which is very time consuming. Rather, see Appendix C for a sample committee orientation packet that you can copy and modify. Feel free to use any of REC's other written resources, as well.

Budget

Some schools, especially those that are early in the implementation process or working to establish norms with new committees, may not be prepared to set aside significant financial resources for a CIR. However, financial resources are necessary for a CIR to function at its full efficacy and for accessing the intellectual resources necessary to make informed decisions.

Financial resources can be used to pay staff, host and attend events, and purchase useful services, as well as to fund other important committee functions.

Staff

When it comes to funding your committee's work, staff time is one of the single most important considerations.

The committee exists to gather information, raise awareness, make proposals, and take action. Such committee tasks require everything from researching peer institutions' responsible investment strategies to scheduling committee meetings, and from writing and developing reports to maintaining a website. All these tasks are accomplished much more predictably, accountably, and thoroughly with staff support.

The staffing process will evolve over time. For instance, the committee may start with unpaid volunteers, whose positions can eventually become formalized and paid, later developing into permanent part- and full-time staff positions. Alternatively, rather than develop staff positions incrementally, a committee can immediately hire a team of paid staff, which would substantially contribute to the committee's smooth development and long-term success.

Events

Some committees host town halls, open forums, panel discussions, film screenings, and even entire conferences to raise awareness. The bigger and more involved an event is, the more money that is needed.

Committee members can also attend a wide variety of events around the country to expand their knowledge and efficacy.[5] REC, for instance, holds a yearly event for committee members, bringing together representatives from schools across the nation. The committee should have a line item in the budget for travel and/or conference expenses.

Services

The committee can outsource research to experts in the responsible investment field, who can give the committee the information it needs to make informed decisions. For example, Si2 (www.siinstittue.org) offers services such as researching briefing papers and special reports to help a committee decide how to vote proxies. Firms such as MSCI (www.msci.com) can inform the committee and the investment office on how to broadly and deeply integrate ESG into the endowment. These services are not crucial for a CIR to get started or may not be beneficial until a CIR is well established; however, expert advice can be extremely useful.

Committees can also become official members of REC. REC offers support at no cost, but also encourages committees to join as paying members. Committees may become official REC members to signal their commitment to responsible investment, show [6]their readiness to collaborate with other institutions, and support REC in helping campuses nationwide. Please refer to the membership form in Appendix F for more information.

Sample annual budget

Although some committees that are just starting may not anticipate needing the amount of funding listed in the table below, a number of schools have used equivalent amounts or more in the past, and even these leaders could do more.

Investment managers, pension funds, and other institutional investors often have staff teams dedicated to responsible investment implementation. These CIR budget estimates, even on the high end, are modest by comparison. Ample funding endows not only the resources and legitimacy to a committee's work, but also the expectation that the committee can and will accomplish all that it sets out to do.

Line item	Low	Medium	High
Research services	$0	$8,000	$15,000
Staff time	$2,000	$4,800	$65,000
REC membership	$250	$500	$5,000
Conference and event travel and attendance fees	$1,000	$4,000	$10,000
On-campus event expense (one paid speaker and travel, food)	$500	$1,500	$5,000
Discretionary	$500	$1,000	$2,000
Total	$4,250	$19,800	$102,000

5 US SIF, AASHE, UNPRI, and SRI Conference all hold conferences which CIRs attend.

6 *(Medium estimate considers 2 paid student researchers at $12/hour, 100 hours/semester; high estimate considers 1 FTS with salary & benefits)*

A CIR helps the university integrate its ethical and institutional goals into its endowment, enabling the university to more fully embody its values and long term goals. Just like a university funds other essential projects and departments that contribute to the school's success—administration, investment officers, faculty, and consultants, as well as student outreach, grounds keeping, and new building projects—so should it robustly support a committee that exists to ensure that the school invests its endowment is aligned with university values.

Having a Web Presence

Creating a website should be one of the first things a committee does. Providing information publicly allows outside parties to get in touch, raises awareness on campus about the committee's work, and invites peer institutions to learn from what the committee is doing. It can also help draw in enthusiastic people who could one day contribute to the committee. Visible progress is valuable, increasing awareness and allowing others to learn from the university's experience.

Most universities design and host websites for their various organizations and bureaucracies, so creating a website should fairly straightforward. If for some reason website creation is time-consuming, even just starting with a single page listing the committee members and the chair's contact information will allow REC and other groups and institutions to stay in touch and offer support.

Without a web presence, people will find it difficult to discern what the university is doing to improve the way it invests.

What to publish online

The web page should identify the CIR's mission and purpose, provide an up-to-date list of membership, detail the agenda for the year and the schedule for meetings, provide annual reports on CIR recommendations, and provide contact information. If your school, like Amherst, has a password-protected site where any campus community member with a university login can access information about publicly held stocks that the school owns, the website is the place to put it. Stanford, Carleton and Yale offer a comment box where interested parties can email the CIR with their questions and concerns.

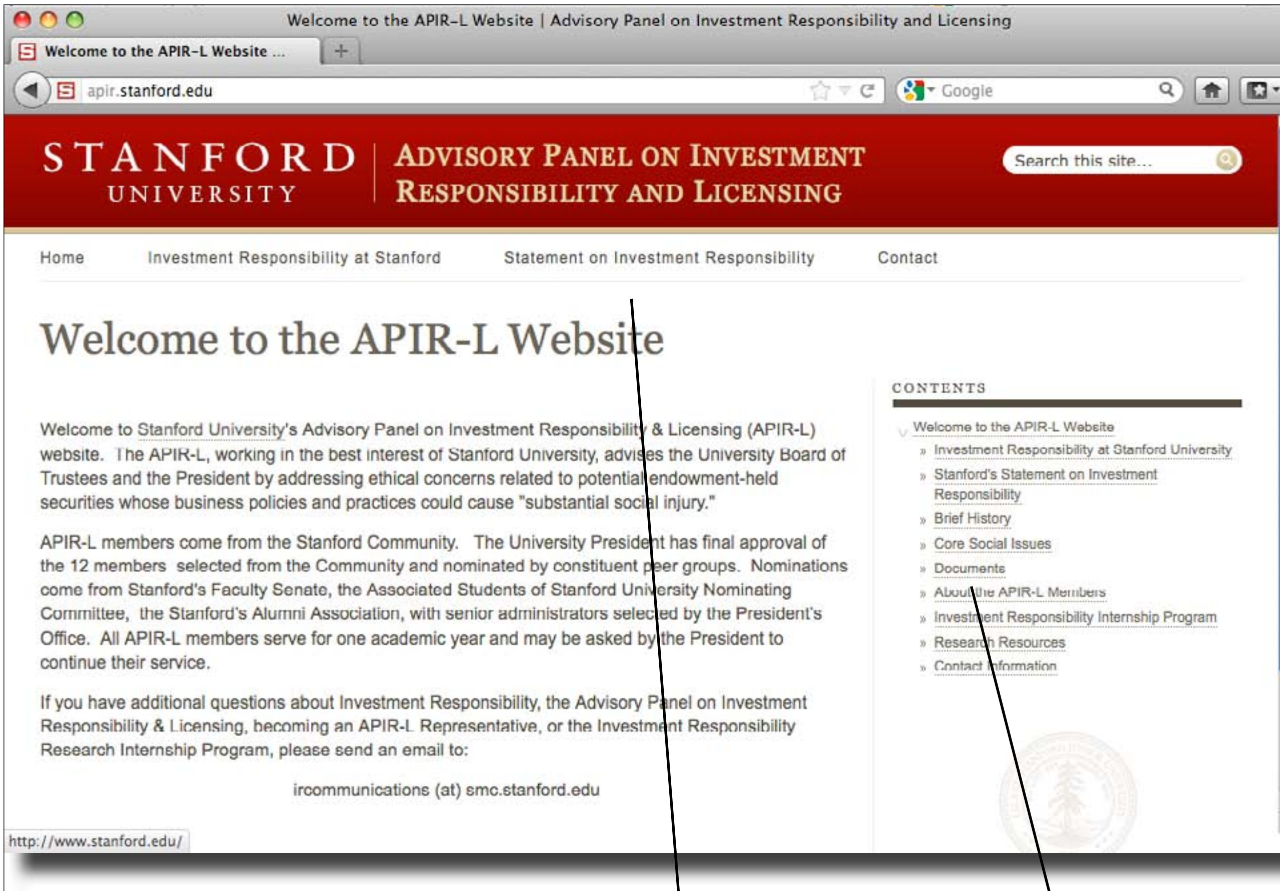
Other suggestions for what might be included on the website:

- Information about ongoing corporate engagements, including letters sent to companies
- News articles about the committee
- A calendar of Committee events, application deadlines, and upcoming RI conferences
- Committee history, highlighting success stories
- Committee policies and procedures including the committee charter or similar document
- Link to the investment office website
- A link to the REC for more information

Making the committee accessible to the community is especially important. For instance, The University of Minnesota has an informative website about its committee. The University of Madison Wisconsin, although it does not have a committee, makes its proxy voting records and guidelines public.

Two exemplary websites are Stanford University's (http://apir.stanford.edu/home) and Loyola University Chicago's (http://luc.edu/sac/). They are informative, easy to navigate, and make it easy to contact the committee. Other CIR's in the process of website creation can look to their websites as models. Stanford's website is showcased on the following page.

Stanford University's Committee Website



Stanford uses a school affiliate login system to allow community members access to some information. This is a transparency strategy that some schools use, although it requires technical know-how and resources that not everyone will have.

Here's their investor responsibility statement, displayed prominently and easily

Documents and resources from the past inform visitors of the role and importance of the com-

Transparency and community engagement on the web page

Having worked with many campuses across the country on transparency-related issues, REC can affirm that the amount of information a committee can share depends much more on your campus administrative culture than on any legal concerns. Macalester College, for example, provides several pages of information about the size and allocation of the endowment.

Engagement with the campus community is important to consider. Columbia's CIR hosts an annual town hall or open meeting where students can present proposals to the CIR on specific issues related to investment and the endowment. University of Wisconsin has a similar process. A CIR should find out what information it is allowed to share and then be creative about how to present this material. Doing so will help to keep the community interested and engaged in the CIR and the responsible investing process, which is essential for recruitment and impact. It will also help promote endowment transparency and accountability in the broader community.

A CIR will also want to note what kind of engagement the campus community can have with the CIR before you decide on process. For example, if the CIR can accept and expand upon recommendations from the community, then it might want to consider a town hall; but if it can't, then it may just want to make information available online. The CIR may also suggest that professors use information and data from the committee for their courses. REC can help design a process that works well for a CIR's campus.

For more about transparency and community engagement, see the "Transparency, Engagement, and Accountability" section.

Expanding Committee Power

Significantly integrating ESG principles into your school's endowment policies your college will almost certainly require more time, knowledge, and money than the committee alone initially possesses. Fortunately, there are a number of ways to expand the committee's power and resources, to help the school deepen its commitments.

One may look to the sustainability movement in higher education as a model to see where the responsible investment movement—which is still in its early days—is headed. For example, some universities' commitments have evolved from "recycling club" activism, to volunteer sustainability committees, to paid staff people, and then to entire offices of sustainability. Of course, schools are at a variety of levels of commitment and implementation, but the trend is clear.

Developing infrastructure

As with sustainability, building an infrastructure for responsible investment is necessary for the real work to begin.

> Create internship or student researcher opportunities, even if they are unpaid at first. These can double as structured educational programs for students.

In developing this infrastructure, there's no need to limit efforts to just the committee members themselves; rather, by creating work opportunities, more people can contribute their time and resources in a structured way. Create internship or student researcher opportunities, even if they have to be unpaid at first. These can double as structured educational programs for students. Invite people to do research, outreach, plan the logistics for awareness events, and promote a culture of transparency and discourse around responsible investment issues at your school.

Funding

To expand financial resources, request funding for paid work, services, events, and all other functions mentioned previously, in the Budget section. Paid internships or research positions, for example, will make those job opportunities much more competitive than unpaid positions and thus raise more awareness. Furthermore, paid staff time will add depth and sophistication to the committee's work, allowing the committee to more thoroughly explore areas for growth and make more skillful and thorough proposals to the administration.

Other schools as examples

Use peer institutions as guiding examples. Put decision-makers in touch with schools that have powerful committees and display those committee's annual reports.

However, think carefully about what the label 'peer institution' may imply. Administrators may look to Stanford, for example, and see the archetype of everything they want to accomplish at their own school. Or the administrators may see Stanford as an institution that is far away from where their own school is, due to different values, endowment size, reputation, etc. Public school administrators will want to see other public schools; Jesuit institutions look to their Jesuit peers. In general, if your school has $10 million dollars, looking to the others in the $10 million club will most likely be more productive than looking at the $10 billion dollar endowments.

Taking Action

The long-term goal of a CIR is to support the institution in making the university's endowment substantially more responsible. There are a wide variety of ways to do so—some of which are laid out here. Methods will continue to develop and expand as committees across the country continue to research, expand their purview, and bring to REC the news of what they have accomplished.

Shareholder Advocacy

Shareholder advocacy is sometimes referred to as "responsible ownership" or "active ownership." It focuses on the power of voice, allowing universities to influence the corporations that they already own from within, without divesting or screening. It is one of the first steps toward active shareholder engagement, and because it does not involve without moving any money, and thus doesn't have an affect on returns, schools are often more receptive to shareholder advocacy than any other RI strategy. In some cases, returns actually increase after a company changes its poor practices, due to its reception of positive press or due to long-term savings accrued from switching to more sustainable and progressive methods of business. The diverse group of shareholders that already engage in shareholder advocacy includes:

- State pension plans
- Labor unions
- Responsible money management firms
- Responsible mutual funds
- Individuals
- Religious groups
- Private foundations

Colleges are only just beginning to take full advantage of the rights and responsibilities that come with ownership of an investment.

Proxy Voting and Shareholder Resolutions

Shareholder resolutions are powerful tools to bring companies in line with the desires of their investors. In some instances, companies are not receptive to requests for meetings or may refuse to discuss a particular issue, and filing a shareholder resolution can provide the impetus for a company to reach out and engage with concerned investors.

Anyone who owns $2,000 worth of stock for a year can file a shareholder resolution, which, if not disallowed by the SEC, has the power to go to a vote at the company's annual meeting. Because company leadership generally prefers to avoid having resolutions on the ballot, which draw attention to issues of concern, the leadership may be willing to take steps so that the resolution is withdrawn before the annual proxy ballot is released. In this way, shareholder resolutions can be an effective tool to push companies to address ESG concerns.

Sometimes simply the intention of filing is enough to spur change. For example, two Fortune 500 companies, Dover and Masco, agreed to add sexual orientation to their non-discrimination policies after receiving a single letter from Swarthmore College announcing the school's intention to file a resolution on this issue.

Many times a shareholder resolution can lead to a dialogue that is far more comprehensive and substantive than the content of any single resolution, and this is often where the opportunity for real change arises. Many investors feel their efforts can be best leveraged by meeting with a company as a coalition of shareholders, rather than one-on-one. For instance, a coalition of ExxonMobil shareholders, including socially responsible investment companies, large pension fund managers, union investment managers and NGO shareholder activists, was instrumental in pushing the company to join the Voluntary Principles for Security and Human Rights, and change their strategy to address labor abuse concerns related to their operations. The dialogue was initiated after the shareholders filed a resolution demanding that the company develop a comprehensive human rights policy.

> Shareholder resolutions spur corporations to proactively change their practices by demonstrating significant consumer concern.

While an investor acting as lead filer on a shareholder resolution will need to undertake appropriate research on an issue, investors do not need to conduct extensive independent factual investigations in order to co-file or vote in favor of a given resolution. If a resolution is on the proxy ballot, it has already met standards set by the SEC as an appropriate matter for shareholder action. Therefore, supporting a proxy resolution does not require an institutional investor to be both judge and jury on the issue presented. Since the resolution has already been approved by the SEC, basic due diligence through a reputable research firm is usually sufficient to ensure that the resolution coincides with an investor's mission and ethical values.

Contrary to popular perception, the goal is not necessarily to "win" any given resolution. Victory is not measured by whether a resolution garners more or less than 50 percent of a shareholder vote. Instead, the goal is to gain a block of support significant enough to make it clear to management that the issue presented in the resolution is one of considerable shareholder concern, thereby spurring the company to take proactive steps to address it. Relatively small votes of 5 or 10 percent can be considered an indication of significant investor interest in an issue, which can hasten reform of problematic business practices.

Voting Proxies: Step by Step

Shareholders vote on resolutions before or during the annual meeting, which typically takes place in the late spring. Roughly one month before the meeting, each company sends out an Annual Proxy Statement containing the year's resolutions to all shareholders. After reviewing the resolutions, the shareholders can typically cast their vote online, by mail or over the phone.

Shareholders have three options in their vote: for, against or abstain. In many cases abstentions are effectively counted as 'with management', which almost always means a vote against the resolution.

Shareholders can pressure their mutual fund managers to be active and responsible with their proxy votes.

Your school may avoid voting on its proxies because its holdings are largely placed in comingled funds, such as mutual funds. The holders of mutual funds, unlike the owners of direct holdings, have delegated their voting authority to the professional mutual fund managers to whom they have hired to oversee their investments. However, all shareholders have the power to work with their money managers to vote on their proxies. Although this process can be challenging, it has the potential to set a positive trend within the entire financial system. As more schools push their money managers to be active shareholders, an increasing number of asset managers will expect their clients to have an interest in shareholder engagement.

Since 2004 all mutual fund proxy decisions are publicly disclosed and many can be reviewed on www.proxydemocracy.org. The steps to proxy voting are simple, which is why proxy voting is often the first task that a committee on investor responsibility is set up to address. A committee should set up proxy voting guidelines (see the next section on "Establishing Proxy Voting Guidelines"). Guidelines aside, the process of casting a single proxy vote looks like this:

1. Research the issue. There are a variety of ways to go about this, but one of the simplest and easiest strategies is to see what existing research is out there.[7] Is there a substantial enough body of research that the CIR can get behind it – and stay behind it – not only on this issue, but into the future, with precedence and the potential future creation of proxy voting guidelines in mind?

2. Review the resolution. Note carefully the wording of the statement.

3. Review the positions of the resolution's proponents, and management's positions. Do the views of one side or the other intersect with established positions or policies publicly taken by the university? Can the issue be interpreted as intersecting with broader university values, such as those espoused in the Mission Statement, Investment Responsibility Statement, or implicitly in the institutions' public image? Do they have a possibly adverse effect on the world?

4. Write short voting recommendation. REC can provide you sample materials if needed.

5. Submit the recommendation to the Investment Committee (or Investment Office) for voting. Based on past experiences with most proxy voting efforts, the institution will rarely, if ever, overrule the committee.

Establishing Proxy Voting Guidelines

Voting proxies one at a time by the process described above is time-consuming. Instead consider enacting proxy voting guidelines to free up members' time and energy for other issues. Especially after a few years of voting, the same issues will reappear time and again. It's never too early to set up proxy voting guidelines, but if the committee has been repeating the same research for years in a row, then it's definitely about time to set up this process. Voting a certain way on a proxy resolution can create a precedent, which can make the implementation of guidelines later on relatively simple.

Examples of proxy voting guidelines from Swarthmore College, the University of Pennsylvania, and Brown University are available on REC's website.

Some universities keep even their proxy voting guidelines closely guarded, but if at all possible, a committee should publicize and share them in the sake of virtually risk-free transparency.

7 Try resources like Si2 (Sustainable Investment Institute, http://www.si2.org/) and As You Sow's Proxy Preview (http://www.asyousow.org/csr/proxyvoting.shtml).

A few tips:

- It's a good idea to acknowledge in the guidelines that the institution ought not feel tightly confined or reliant on the CIR alone. Include language that acknowledges that the CIR has put in a diligent effort to vote in good faith.

- Categorize your guidelines according to social issues. You can use models based on other schools or service providers such as ISS (RiskMetrics), so that exploring and adding new guidelines can be easier.

- Examine the example proxy voting guidelines on REC's website, and feel free to model yours off of them

Establishing Areas of Engagement

One of the ways to focus the committee's work—especially when it comes to creating goals for the year—is to generate one or two areas of engagement. These can be issues as diverse as climate change, mountaintop removal coal mining, predatory lending, weapons manufacturing, or supply chain issues. The committee can draw inspiration from other areas of commitment that the university has made. In what does the school pride itself? What does the mission statement say? Pick some of the 'low-hanging fruit' of the school's values and use that to guide the committee's work.

The committee can draw inspiration from other areas of commitment that the university has made. In what does the school pride itself? What does the mission statement say?

Letter Writing and Corporate Engagement

Using what is often termed "quiet diplomacy," investors may also write letters to company contacts and arrange meetings with executives to express concerns about certain corporate practices. If after having a dialogue with a company, an investor feels that an issue remains unresolved and merits consideration by all of the company's shareholders, the investor might file a shareholder resolution that will be printed in the company's annual proxy statement and put before all shareholders for voting. However, a letter in itself is a powerful statement. A shareholder advocacy strategy thus achieves its goals though multiple mechanisms.

Corporate dialogue usually begins with a letter to the company's leadership. Letters signed by prominent shareholders (like the school) almost always receive a response, and are often followed up with phone calls or face-to-face meetings. The desired outcome of corporate dialogue is for the company managers to acknowledge a harmful behaviour and agree to change.

Letter writing can be particularly effective if a company receives letters from multiple shareholders concerning the same issue. One of REC's missions is to connect the public with ongoing shareholder advocacy opportunities.

Letter writing is easy if a shareholder adopts a letter researched and prepared by a third party, usually a non-profit or concerned individual. At any given time, there are many such letters being written and shared between shareholder activists.

Resolution Filing or Co-Filing

Any shareholder who owns more than $2,000 of a company's stock for one year prior to the vote can write and file a resolution and every shareholder has the right (and duty) to vote on the resolutions of all companies in which they own stock. A school will almost always qualify for voting on shareholder resolutions on its direct holdings.

Resolutions are typically filed in the fall and voted on in the spring. Most companies would rather not have their issues aired before all of their shareholders, and this incentive inspires dialogue with a greater sense of urgency.

It's important to understand the distinction between lead filing (being the investor who is in charge of the resolution filing) and co-filing (which is essentially sponsoring or putting your name on the resolution). Co-filing is significantly easier, but still wields the power of having one's institution put its name on a resolution. Among other things, the committee must obtain documentation of ownership of the stock from the broker.

Start early and contact REC to walk the committee through this process.

The Shareholder Engagement Process

1. Choose an issue (or two).

When: April/May

Pick two broad issues/causes in which the committee is interested and for which it has a committed advocate or two. Try not to be too specific (i.e. addressing a specific problem, like BPA in cans). Instead choose issues like sustainability, extractive industry problems, labor issues, human rights, or political contributions policies.

Ideally, choose an issue that it will be easy for the school to support. For instance, if the school has a sustainability policy, finding school support for a sustainability-related issue will be easy; if it has a diversity policy, diversity will be easy. There will be commitments the school will have made in other areas already. For example, Swarthmore has strong values on the issue of anti-discrimination; accordingly, it filed a sexual orientation discrimination policy (and very successfully so).

2. Confer with REC to see if other groups are working on your issues.

When: May

Being the first to file on an issue is difficult, requiring lawyers and a huge investment of time and energy. REC can help connect the committee with other groups in order to coordinate action, which is easier and less time and resource intensive.

3. Examine the school's investment portfolio of direct holdings.

When: May/June

These holdings may be managed by the school, or they may be in a separately managed account that the school owns directly. Acquire a list of areas in which:

- the school owns at least $2000 worth of shares,
- the school will have held the stock for at least one year at the time of filing, and
- the school will commit to holding at least $2000 of shares through the annual meeting.

4. Talk to REC about targeting a company or two in the school's portfolio that is relevant to the committee's areas of engagement.

When: May/June

REC works with other groups that promote many different shareholder issues at various companies.

5. Decide on a demand/ask with REC and ally groups, or join a dialogue.

When: Summer

If a dialogue is already ongoing with the company that the committee selects, the committee may be able to join that dialogue. If there is no dialogue happening, the committee will need to start one by calling and writing the company and setting up meetings—although some corporations may not consent to meeting or even to dialogue.

Furthermore, resolution may be ongoing and not need filing. Otherwise, the committee must research the company and determine what demands the committee is making of the company. Other groups already do much of this work, and REC can collaborate with the committee to connect it to these groups and their work. Groups may even already have a resolution the committee can use.

6. Choose whether the committee will co-file a resolution (easy) or be the lead filer (more challenging).

When: August/September

Co-filing is quite simple: the committee can just send a letter requesting that it sign onto another investor's resolution, even without participating in the dialogue first (although better if it does).

The CIR can also work to file a resolution itself, with some support. As the lead filer, the CIR will need a lawyer (sometimes provided by another group) who can work with the committee to ensure that the resolution is written correctly, able to ward off any challenges made by the company. Understand that there are limits on what resolutions can demand.

7. File the resolution by the deadline listed in the company's previous annual proxy statement.

When: Six months before the annual meeting; most deadlines are in October and November.

REC can help connect the CIR with proponents of resolutions and other groups, as well as lawyers and organizations that can help with specific issues.

Community Investment

Community investing is the process of directing capital from investors to communities who are underserved by traditional financial services. It provides access to credit, equity, capital, and basic banking products that these communities would otherwise not have. In the U.S. and around the world, community investing makes it possible for organizations to provide financial services to low-income individuals, and to supply capital for small businesses and vital community services, such as child care, affordable housing, and health care. Major banking institutions like Bank of America, JP Morgan Chase, and Citigroup have come under fire in recent years for their financing of environmentally destructive behaviour, lobbying practices, predatory lending, in addition to their major role in causing the financial crisis. Just as universities should strive to be more responsible investors, banks in turn should show responsibility in their investments—and a powerful way of directing capital to responsible investment is supporting institutions that are already investing responsibly.

REC encourages committees on investor responsibility to explore community investment as a strategy that virtually any school can do.

Thinking Locally

Community investing seeks to empower impoverished communities with financial resources. Often, people assume that poverty is caused simply by a lack of income, but low income alone does not explain the insidious nature of poverty in many American communities. The problem is not simply a lack of income, but rather who owns and controls the basic resources that are crucial to any community's wellbeing—specifically, who owns and controls the land, housing, businesses, and necessary capital to purchase land, housing, or businesses.

When businesses are owned by people who do not live in the community (or by corporations that "live" in no community), the business' profits do not benefit local people and are not reinvested in the community. In addition, outside owners have little or no incentive to value the wellbeing or health of the natural environment of the community and can quickly relocate their businesses as soon as it appears that they can make higher profits elsewhere.

> CDFIs guarantee that their capital will circulate primarily within a designated community, making them much more transparent than major banks.

How It Works

Individuals and institutions invest their capital into Community Development Financial Institutions (CDFIs). There are different types of CDFIs, which offer various types of investments and services to their investors (the college) or their clients, the low–income people and small businesses that they serve. All CDFIs use the investments they receive toward fulfilling their missions, which include an explicit commitment to community economic development. This is an important difference between CDFIs and mainstream financial institutions. Whereas the Bank of America down the block may be lending to some local businesses, it is also distributing its investors' capital across the globe to multinational corporations, governments, and other financial institutions. CDFIs, meanwhile, guarantee that their capital will primarily circulate within a designated community, making community investment much more transparent.

How do colleges and universities invest in their communities?

Schools can invest a portion of their endowment into CDFIs. Many schools keep a certain percent of their endowments invested in cash, which are typically stable investments with a low rate of return and high liquidity—essentially, the money is available and easy to access.

Some examples of cash asset investments include government bonds and certificates of deposit (CDs) from banks. These are just different types of low-risk, low-interest investments to keep money accessible and slowly, safely growing. Since CDFIs frequently earn comparable rates of return to these cash asset investments, schools can transfer the percent of their endowments dedicated to cash assets to CDFIs.

Second, schools can use a CDFI or other community-focused bank for some of their operating funds. Most schools keep a large portion of their operating capital in cash assets to ensure maximum liquidity. Some of these investments can be transferred to CDFIs, since CDFIs provide many of the same services as mainstream financial institutions.

Case Studies

Many schools already invest in their communities. Some of the best examples are:

- Seattle University in Seattle, Washington
- Macalester College in St. Paul, Minnesota
- Fordham University in the Bronx, New York City
- University of Cincinnati in Cincinnati, Ohio
- Harvard University in Cambridge, Massachusetts
- Duke University in Durham, North Carolina

For More Information

REC has published two resources about community investment—one for those who are just getting started on a community investment campaign (appropriate for schools without a committee), and the other for administrators with previous financial understanding (appropriate within the context of a committee's work). See the "Other Resources" section of this handbook.

Divestment

Even if a given university has not previously divested successfully, a powerful historical precedent already exists. The movements for divestment from apartheid South Africa in the 1980s, and from the Sudanese genocide in the 2000s, remain the biggest movements within the relatively short history of responsible investment at universities.

Divestment campaigns are usually initiated by students, sometimes working in isolation at a single university, but other times working collaboratively and more powerfully with students at other universities. Even if divestment is not within your committee's purview, eventually students will probably come to your committee for guidance and support. Many of the original committees were set up in the 1980s to deal with the specific issue of divestment and to serve as a hinge between the administration and the student body. Divestment is generally accepted as an investor's last resort, and is most effective when done in concert with social movements and other investors.

There are a variety of ways that committees can play a role in broader divestment campaigns. With the technical expertise and resources that a committee has, it is in a unique position to map out options and potentially make informal (or formal) suggestions to both students and administrators. Even just knowing the right questions to ask—such as, "What are possible options we can lay out for our fund managers?"—can serve a positive and constructive purpose for all parties, even if the committee does not have consensus around formal action.

The committee's ability to present options for constructive action, without burning bridges or antagonizing any one party, is an important role that can help advance responsible investment within the political reality of conflicting perspectives, agendas, and interests.

Being able to explain to students the realities of how the endowment is structured can be help shed light on what is and is not possible at the university, and how for better or worse, divestment is rarely a simple matter of moving money out of one place and into another. On the other hand, committees should be able to translate heated—sometimes outright antagonistic—demands from outside parties into possible action steps for the committee or administration. This can put the committee in an important position of channelling the sentiments of the community into constructive action within a responsible investment framework. The committee's ability to present options for constructive action, without burning bridges or antagonizing any one party, is an important role that can help advance responsible investment within the political reality of conflicting perspectives, agendas, and interests.

Committee stakeholders can and do get neutralized simply in virtue of the fact that official divestment recommendations may be outside of the committee's charter. Nevertheless, even if divestment is outside of your official purview, it is a part of the broader umbrella of responsible investment as a whole. All committees should keep an open door for community members who may come knocking.

Engaging with Fund Managers

Just like the school can engage with the companies in which it directly invests, the school and committee can also engage with the firms to which the school out-sources the majority of its money management. In fact, many schools have been moving more and more money to indirect ownership through fund managers. If the school doesn't have direct holdings, this strategy may be the best route to implementing responsible investing on campus.

Gathering information about investing practices can increase transparency and indicate to fund managers that the school cares about responsible investment issues. The information also enables committees to engage with those fund managers about their practices. Little precedent exists for these emerging strategies, so get in touch with REC to assist the committee in this process. In the appendix you'll find an example from students at Yale of a questionnaire that their committee sent to fund managers.

Positive and Negative Screening

Screening is probably the most well-known and oldest of the responsible investment strategies. Despite having similar names, positive and negative screening are substantially different strategies for 'screening' investments: essentially, negative screening excludes certain companies from a portfolio, while positive screening actively includes companies with desirable characteristics or practices.

Negative screening means not investing in companies whose practices or basic purpose do not align with an investor's beliefs. For example, companies may be screened out of an investment portfolio because they produce alcohol, tobacco or manufacture weapons. ESG considerations may screen out companies that produce coal, oil and or practice mountaintop removal coal mining.

Excluding the standard 'sin stocks'—gambling, tobacco, alcohol, and some weapons manufacturers or suppliers—is the most common form of negative screening. This was one of the first responsible investment strategies, produced by activists of the 1960s and 1970s.

Positive screening consists of deliberately selecting companies that set admirable social and environmental corporate standards. Sometimes this is called 'ESG' investing or sustainable investing, and can be done for both social and financial reasons. Many people think that over the long-term, companies that perform better on these ESG metrics actually make better investments. A number of funds and managers use this practice.

In implementing positive and negative screening, schools use a variety of different techniques. Schools like Green

Mountain College have set aside a percentage of their endowment in responsibly invested funds that are externally managed and comprise a set of positively or negatively screened investments.

If considering screening, think about it broadly, as just one of many ways to integrate responsible investments into a school's portfolio. "Screening" by itself does not have a connotation of broad positive impact. For example, a number of schools quietly screen sin stocks, but doing so does not perpetuate a culture of more responsible endowments nor build momentum around creating real systemic change. Nevertheless, screening can be an effective tool if used as part of a broader strategy for integrating responsible investment.

Other Strategies

There are a wide variety of responsible investment strategies that haven't even been covered in this handbook. Research and explore these strategies if the committee has the capacity. Responsible investment strategies that other institutional investors employ include:

- Starting an alumni social choice fund
- Selecting fund managers
- Writing, re-writing, and implementing new investment policies

Although not all of these strategies may be feasible in the short-term, all options have institutional precedents and should be kept in mind. Get in touch with REC to guide you through a variety of existing strategies not included in this handbook Transparency, Accountability & Campus Engagement

Transparency, Accountability & Campus Engagement

Transparency and Accountability

Transparency and accountability to the stakeholders that the committee represents are two of the most challenging and important questions that committees encounter. Individual committees—sometimes in consultation with trustees or the investment office—must carefully consider how to address these two issues.

It is important to skillfully balance the desires of the community and the investment office. If a committee does not share enough information with the community (e.g. proxy voting history, membership, a yearly report, and a clear process for decision-making), community members will likely write off the committee as toothless and not worthy of their time. On the other hand, if the committee is excessively concerned with transparency, it is unlikely they will find a willing and trusting partner in the investment office and the Board of Trustees, who often prefer secrecy.

While it would be nice to be able to address these three issues separately, they are in many ways closely intertwined.

First, consider the transparency that the school currently has. Essential questions to ask include:

- What is currently available to the campus community and the public? Many schools make some information about their holdings available to the community. For schools not subject to public records law that are concerned about competitive advantage, leaders in the field publish their direct public equity (stock) holdings and a list of managers for their other holdings on a website available only from within the campus network, often trailing one quarter. Committees should also publish any decisions they have made.

- What is made available to the committee? Most committees have access to the holdings of the school, as above, but some are provided proxies for the purpose of voting when they are received. We strongly recommend that committees have access to all of the holdings and managers of the university, even if the investment office requires the committee members to sign a non-disclosure agreement.

- What does the committee need available to do its work? Ensure that when a committee is set up it will at least have enough information available to make decisions. If it doesn't have what it needs, which should at a minimum include a list of direct holdings and access to proxy statements, and push the administration to concede the information needed to make a real commitment to being a responsible investor.

Second, when creating systems for the transparency, accountability, and engagement, be sure to design processes that are easy to replicate each year and do not require a substantial amount of energy from the committee.

- An inconvenient truth about the way many endowments are invested today is that aside from direct holdings, cash and cash-like vehicles, and a few other asset classes, much of what is invested in the endowment is often so complex and quickly shifting that transparency may not mean much. However, there are still a number ways of being transparent that your committee could choose to pursue, including:

- Releasing information about direct holdings. Some institutions, such as Columbia University, allow access to a list of their direct holdings quite easily. Others keep this information highly guarded. (Some argue that releasing this information will give away an institution's investment strategy, but those who release their direct holdings seem to still be doing well.)

- Publishing proxy voting guidelines. Many schools already have public or semi-public guidelines; it's a virtually risk-free way of showing how a university takes a stand in its proxy voting without having to reveal what's in the portfolio. You can find sample proxy voting guidelines from other schools on REC's website at http://www.endowmentethics.org/sample-policies.

- A town hall-style event to encourage dialogue and campus engagement. Once again, Columbia University's CIR is a good place to look for this model. Encouraging a campus dialogue and making the CIR available to those on campus who may have questions or concerns helps to create a culture of openness.

- Sharing and explaining the asset allocation. (If you're not sure what an asset allocation is, read more about it in the Finance 101 chapter of REC's student handbook.) This information is often on school's 990 tax forms or in the school's annual report already (try Googling 'Tulane University annual report' for example or using Guidestar.org to find the 990).

- Publishing a list of the endowment's fund managers. Even if the community doesn't know where the money is invested, knowing who is doing the investing is a good place to start. Some schools, like the University of Texas, publish a list of their managers already.

Gathering information from fund managers, and then compiling information into a report for the community. Maybe the specific makeup of certain funds can't be determined, but other institutional investors such as pension funds use questionnaires for their fund managers to learn more about various details of how and where the fund managers are investing the money. Check out the sample questionnaire in the appendix.

Publishing an annual report. Check out the annual report from the New School in the appendix to see what's possible.

Don't forget that your committee's website can be an excellent tool for sharing information. Many schools have committee websites with password-protected sections for the university community, for administrators who may be apprehensive about information about their school getting out to the "outside world."

In general, it's important to remember that if the committee doesn't necessarily understand the financial information in front of you, the community won't either. Try to summarize and break down the information into easily digestible chunks. Don't forget, let REC help, and if you have a system that works, please share it with us so that other schools can learn from your experience.

Campus Engagement

Committees live and die by the student body. An educated community is essential for student groups and other parties to advance their causes. Properly organized, different constituency groups will be laying demands at the feet of the committee, and making its members feel delinquent if it fails to react. Thus, educating the community (especially the student body) and making sure that people who sit on committees are knowledgeable about their work, is a major component of the institutional commitment to responsible investment.

Unfortunately, committees sometimes miss this point and become detached from any student awareness. It may help to put language into a committee's charter about educating the student body on the committee's use and purpose. This can be as simple as committee members presenting during freshman orientation. In the end, however, the best defense is a good offense. If founding or current students can continue to pull younger students into their work, the movement can stay alive long after they graduate. Also, stakeholders can do the educational work on their own, with tools like this handbook

Frequently Asked Questions

What does a "typical" agenda for a committee meeting look like?

It's important not get too hung up on process – just getting stakeholders in a room talking about the endowment at all is a great first step. That being said, we think that most agendas can develop around a few guiding questions:

- What's going on right now – what is the state of the committee, and of the endowment?
- What could we be doing in the future to ensure a more responsible endowment? What are some concrete actions we can take to get there, and what's the first step?

Most committee functions can be broken down into four different categories:

• Gathering information

•Sharing information with the community in some form

•Making recommendations to the administration based on this information

• Working to make the committee more effective and empowered. Try to break down opportunities along those lines.

What should happen in the first committee meeting of the year?

You may not be able to establish all of this in one meeting, but the beginning of the year is the best time to:

1. Establish roles. Who are the committee chairs? Who's taking notes? Who's going to make sure these meetings take place on a regular basis? You can leave a lot of these on an ad hoc basis, but it's a good place to start.
2. Establish norms. What is the minimum number of committee members who need to weigh in to make a decision (i.e., a quorum)? What is acceptable attendance? How many hours per week or per month are people expecting to put in?
3. Create a plan for the semester or for the year. Think SMART – specific, measurable (quantifiable, if possible), achievable, realistic, and time-sensitive goals.
4. Share this resource with everyone!

How do we decide what the committee's goals for the year are?

If you're able to set and then achieve even small goals in each of the four categories listed above (gathering information, sharing information with the community, making recommendations to the administration, and working to make the committee more effective) then you'll have accomplished a lot. As an exercise, try envisioning a five-year or ten-year vision for where you want the committee and the school to be, and then think, "What can we realistically accomplish this year to move us in that direction?"

What if everyone has different ideas about what the goals should be?

This ties into the concept of how decision-making happens. Is your committee going to be based on the executive decisions of the chair(s), with all other members simply following their advice? Will it be completely horizontal, with decisions being made entirely by consensus or simply by "50% + 1" majority? One system that may work well if you have enough members who feel good about working autonomously would be to have different working groups bring forward proposals to the committee for an up-or-down vote, like how Congress works- or at least how we wish it would.

How do we decide which responsible investment strategies we should use?

This question should be answered based on a few factors. What has the administration previously expressed some interest or reticence about? What are peer institutions doing? What ties into the mission statement of the school, or the investor responsibility statement, or the mission of the committee? In an ideal world, REC believes that schools can and should employ an 'all of the above' attitude. Why choose between community investment, positive or proactive investment, negative screening, etc., when you could ideally be doing it all? Obviously, you can't necessarily establish strategies around all of these things in one year, but it's a good idea to start with more common or attainable goals, such as getting proxy voting systems going, or proposing a community investment, and work your way up to more complex projects.

How do we establish rules and procedures for the committee?

A lot of this will be trial and error, but take a look both outside to peer institutions and inside to the structure you're working with to establish best practices. If your school has a sustainability committee or other institutions that are comparable in size and scope, ask them how they developed their practices.

What if the school won't give you as much information as you need to be effective?

Developing trusting relationships with the administration is a key component of getting responsible investment implementation work done. If the administration doesn't understand the value of the work you're doing – and for better or worse, they may not – they will have little incentive to cooperate, or give information when they don't understand why they should share. The first step in these situations is to brainstorm how to intentionally and proactively work on building that relationship with decision-makers and stakeholders so that they understand the value and importance of the work that needs to be done. It is also important to offer examples of what peer institutions are doing and tying it to the core mission of the school, the investment office, and the committee.

If the administration refuses to cooperate, outside support or advocacy for the committee is often the best way to move forward. Most committees were set up by students organizing and putting pressure on the administration to acquiesce to their wishes. If the administration perceives that the committee's lack of empowerment is an issue that students and the broader community care about, they are much more likely to realize the importance of working with the committee itself. If they see it as a non-issue, they may have little incentive to cooperate, which is why getting people external to the committee process to help bring up the importance of the committee to the administration may be helpful.

Institutions with Committees on Investor Responsibility

We welcome additional and updated information.

Institution	Committee Name	Website	Year
Amherst College	Advisory Committee on Socially Responsible Investment	https://www.amherst.edu/offices/committees/acsri	2008
Bard College	Bard Socially Responsible Investment Committee	http://student.bard.edu/clubs/templates/template1.php?id=1104#contact	
Barnard College	Advisory Committee on Socially Responsible Investing	http://barnard.edu/provost/service/committees/standing#investing	2002
Brandeis University	Committee on Endowment Ethics and Responsibility		2008
Brown University	Advisory Committee on Corporate Responsibility in Investment Policies	http://www.brown.edu/Administration/Finance_and_Admin/ACCRIP/	2003
Carleton College	Carleton College Responsible Investment Committee	http://apps.carleton.edu/governance/cric/	2005
Clark University	Committee on Social Responsibility		
Colorado College	Shareholder Committee		2010
Columbia University	Advisory Committee on Socially Responsible Investing	http://finance.columbia.edu/sri/	2000
Dartmouth College	Dartmouth Advisory Committee on Investor Responsibility	http://www.dartmouth.edu/~finance/committees/acir.html	2002
Dickinson College	Socially Responsible Investing (SRI) Discussion Group	http://www.dickinson.edu/about/offices/financial-operations/content/investments/Socially-Responsible-Investment/	2007
Drew University	Socially Responsible Investment Committee (SRIC)		2009
Duke University	Advisory Committee on Investment Responsibility	http://academiccouncil.duke.edu/members-committees/university-committee/presidential-committees/	2004
Earlham College	Socially Responsible Investment Advisory Committee	http://www.earlham.edu/studentcenter/esg/content/committees/index.html	
Georgetown University	Committee on Investments and Social Responsibility	http://investments.georgetown.edu/governance.html	
Green Mountain College	TBD SRI Committee established Spring 2010	http://www.greenmtn.edu/administration/business_office/our-endowment.aspx	2010
Grinnell College			
Hampshire College	Committee at Hampshire on Investing Responsibly (CHOIR)		1994
Harvard University	Advisory Committee on Shareholder Responsibility	http://www.harvard.edu/shareholder-responsibility-committees	
Haverford College	Committee on Investment and Social Responsibility (CISR)		1985

Institution	Committee Name	Website	Year
Loyola University Chicago	Shareholder Advocacy Committee	http://www.luc.edu/sac/index.shtml	2007
Macalester College	Student Endowment Responsibility Committee	http://www.macalester.edu/committees/src/history.html	2010
Middlebury College	Advisory Committee for Socially Responsible Investment		
Mount Holyoke College			2005
New School for Social Research	Advisory Committee on Investor Responsibility	www.newschool.edu/.../ACIR/.../ACIR_Proxy_Voting_Guidelines.pdf	2010
Oberlin College	Student Socially Responsible Investment Committee	http://new.oberlin.edu/office/investment/student-socially-responsible-investment-committee.dot	2009
Pomona College	Ad-Hoc Committee on Social Responsibility		1986
Rice University	Committee on Investor Responsibility	http://sa.rice.edu/document/committee-investor-responsibility-policy	2010
Sarah Lawrence College			
Seattle University	Committee on Responsible Investment		
Stanford University	Advisory Panel on Investment Responsibility	http://ucomm.stanford.edu/apir/	1971
Swarthmore College	Committee on Investor Responsibility	http://www.swarthmore.edu/x21996.xml	1997
Tufts University	Advisory Committee for Shareholder Responsibility		2007
University of Louisville	Committee on Socially Responsible Investing	http://louisville.edu/sustainability/finance-outreach/investments.html	2011
University of Minnesota	Social Concerns Committee	http://www1.umn.edu/usenate/committees/soccon.html	1976
University of Pennsylvania	Social Responsibility Advisory Committee (SRAC)	https://secure.www.upenn.edu/secretary/SRAC.html	2003
University of Vermont	The Socially Responsible Investing Work Group		
Vassar College	Campus Investor Responsibility Committee (CIRC)		1985
Villanova University	Committee on Social Responsibility Proxy Votes		2007
Washington University-St. Louis	Investor Responsibility Advisory Committee	cosign.wustl.edu/.../Endowment%20Transparency%20%2526%20Investment%20Responsibility%20(By%20WUSET).doc - 2011-11-13	2011
Wellesley College	Subcommittee on Proxy Voting		
Wesleyan University	Committee for Investor Responsibility	http://cir.wsa.wesleyan.edu/	2009

Case Study: Once Your CIR is Approved (Seattle University)

by Maura Rendes, Seattle University

Former Student and Founder, Seattle Committee on Responsible Investment, Seattle University, 2010.

Chair, REC Board of Directors, 2010 -- present

Once Your CIR is Approved…

Lay the foundation

Once there is approval for the CIR, create a student application for undergrad/grad student participation in the committee and create a process for soliciting commitment and longevity from faculty, staff, administrators, board members, alumni and even community members if you feel it appropriate.

With the committee members in place, begin to create foundational documents (mission statement, values, purpose, process- these can all be named differently), but don't expect the faculty, board members, etc. to be willing to create these from the ground up. They are often very busy and may expect much of this work to be done before it reaches them for approval. As a result, students may be able to frame the mission and shape the processes of the CIR, but ought to attempt to do so in a way that will be acceptable to all everyone who holds a stake in the CIR.

Set goals for the short-term, mid-term and long-term goals, and begin to lay the foundation for meeting those goals. For example, if your committee would like to participate in proxy voting throughout the year, begin to create proxy-voting guidelines for the committee.

Adopt issues

Examine issues important to the university community (maybe sweat shop labor, community gentrification, gender rights, environmental exploitation, etc.) and examine from what angle the committee might be able to address these issues.

Pick one main issue, create a strategy to address it (perhaps shareholder resolution), and create a timeline and goals for progress.

Ensure that you have the manpower to address the issue and follow your strategy, and then delegate jobs with deadlines to try to avoid burnout. Remember that the first few years of the committee will decide its success or lack thereof, so solicit commitments from folks that will set the bar high and create standards for succession, but at the same time, don't make an goal that is unattainable.

Gather support

Work with other groups in your university community to demonstrate the widespread concern for the issue you have chosen. Collaborating with student groups, faculty, and even alumni can add legitimacy to your cause while distributing the workload.

Reach out to other universities that may be trying to tackle the same issue. Join forces to research, campaign, reach out to the media and use each other's involvement as a way to pressure your own university's action. (Editor's note: An easy way to do this is to work through REC's channels and networks.)

Depending on your issue, it may be worth soliciting the help and expertise of outside organizations. If you're working on community investment, get in touch with local Community Development Financial Institutions (CDFIs), if your working on an environmental issue, contact reputable environmental NGOs. Support from a reputable outside organization will likely strengthen your reputation and add more pressure for change.

Achieving Longevity

One of the biggest challenges of a CIR is maintaining permanence in a setting of constantly ever-changing ideas, people and issues (aka a college or university campus). While creating a "process" for the committee, ensure that there are always overlapping members of the committee (both new and old) so ideas, feedback and expertise will never be lost when somebody graduates, studies abroad, goes on sabbatical, has a baby, retires, or moves on.

At first, the committee should tackle easy issues with a high probability of success. Once it has attained a good reputation, trickier or more controversial issues are much more likely to be manageable challenges for the CIR.

If the CIR makes itself invaluable to others (such as the administration), they will fight for the longevity of the committee, even when the committee itself hits future roadblocks. A committee will benefit from, not only being approved of, but also being needed.

Documentation

Preparing for future issues by proactively creating documents and documentation will make the workload on future issues less gruelling, and allow for professional consistency. Create proxy voting guidelines, establish values and try to anticipate future issues of "politics" by making firm the position of the committee in relation to other group entities both on and off campus.

Keep records of all actions, letters, media, etc, so the CIR and others can reference them in the future.

REC has several handbooks, materials and templates, but in a movement of ever changing "strategy" more are always welcome. No matter if your CIR has had a successful campaign or one needing improvement, write about it! Others will benefit from your experience, and there's nothing better for solidifying your own ideas and expertise than creating a tool for others.

Analysis and follow-through

Each year the committee should put together some sort of annual report, summing up the actions of the committee, including successes, challenges, institutional changes, goals for the future, etc.

This report, along with other news and updates, should always be shared with REC and other groups that may have supported the committee. Establishing and maintaining good relationships is part of being professional and "needed."

It is also a good idea to utilize these support groups to solicit feedback. After analyzing past challenges, overcome them by changing process, creating new standards, and adopting successful tools of others.

Case Study: Committee Development (Wesleyan University)

by Corey Guilmette, Wesleyan '13

Chair of the Wesleyan Committee on Investor Responsibility (CIR), Fall 2010 – Fall 2011

My most vivid memory from my tour of Wesleyan University during my Junior year of high school was a group of students camped in front of the investment office. The group, Students for Ending the War in Iraq (SEWI), wanted Wesleyan to divest from weapons manufacturers. At the time, I knew very little about weapons manufacturers or even what an endowment was, but I was impressed by the group's dedication and knew I wanted to work with similarly passionate students when I went to college.

As I begun my Sophomore year at Wesleyan, three years since the tour that first exposed me to the concept of responsible investment, I was the Student Co-Chair of the Committee for Investor Responsibility (CIR). I was very excited, but the challenges that faced me were intimidating. The committee was only one year old and had done very little during its first year. Although the committee had five returning alumni, faculty, and staff members, all five student members, including myself, were new to the CIR and responsible investment in general.

Having received little direction from the previous members of the committee, it was difficult to know where to start our work or how to best chair the committee. I decided to rely upon my previous student-group experience to structure the committee. During my first year as chair of the CIR, the five students on the committee met almost every week. These meetings largely served to guide the CIR's actions.

In the process, I ignored the committee's charter, which called for at least two full committee meetings each year. This decision had two major negative consequences. First, it excluded non-student members from the decision-making process. Even though I made a point of emailing the full committee before any official decisions were made, this was not an adequate substitute for full committee meetings. Non-student members, who were already very busy, had no incentive to participate. The CIR lost out on the valuable perspective these members could provide.

Second, it made it very difficult to establish a positive relationship with the investment office. Full committee meetings would've allowed members of the investment and finance offices to more effectively communicate with the rest of the committee. However, since most decisions were made by students, the full committee was not on the same page and it often felt like students were battling the administration. This became all too clear at our last meeting with the investment office, when the Chief Investment Officer rejected the CIR's transparency request because she felt that it did not reflect the opinions of the full committee. Even though the request was approved by the majority of the committee via email, non-student members had little input in determining the content of the request. We had spent all year working on this transparency request and, although the students were very passionate, we came up short.

Entering my second year as chair of the CIR it was clear that changes needed to be made. All members needed to be involved at every step of the decision-making process. Also, it was very important to build a positive relationship with the Investment Office. Investment Office approval would be needed for most responsible investment strategies and this approval would be much easier if the CIR could align its goals with that of the University. The first step in this process was to contact all the members of the CIR to find out the easiest way for them to actively participate on the committee. From their feedback it became clear that monthly meetings, scheduled far in advance, were the best method of participation.

In order to keep non-student members interested, I knew meetings would need to be very well planned and efficient. I sent around an agenda for comment several days before each meeting. This helped ensure that the agenda included everything that the committee wanted to address and, importantly, allowed members to come to meetings with questions and opinions about what we would be discussing. At the first meeting of the school year the committee developed three goals for the year. Our most immediate goal was community investment. We decided that students would do research and create a community investment proposal to present to the full committee. At each monthly meeting we discussed the status of the proposal. One of our alumni members directed us to the National Community Investment Fund Social Performance Metrics, which we ended up using to rate local banks and credit unions. Additionally, Wesleyan's Vice President of Finance served on the CIR, allowing for a much more informed proposal.

Ultimately, I learned that administrators were much more eager to work with students and receptive to student ideas than I thought. In the course of one semester, the Wesleyan CIR was able to write and unanimously pass a community investment proposal and, importantly, obtain the support of the Vice President of Finance to move $500,000 to two community banks. As we discussed and debated various issues, such as how to define Wesleyan's community, the diverse views of our student, faculty, staff, and alumni members began to converge. Not only did this lead to a stronger proposal, but also I think it helped everyone realize that we all had similar goals.

During a committee meeting, Wesleyan's Director of Religious and Spiritual Life and a member of the CIR, explained that one of the main reasons that he joined the CIR was because he saw it as a way for administrators and students to work together instead of against each other. He thought that student body and the administration too often disagreed without taking the time to listen to each other and find common goals. This statement has really struck with me. No matter how discouraging I thought Wesleyan's investment practices might have been, it was important to try to work with the investment office. Once I became a better listener and found out what was important to the investment office and other administrators, the CIR was much more successful.

Why were Corey and the committee members successful?

•They recognized the importance of multi-stakeholder participation in the process, even when it wasn't the simplest or easiest way of moving forward.

•They came to understand that the intransigence of the administration can often come from the process by which proposals are brought forward -- and that learning from these reactions can make a difference.

•They realized that the success of the committee often rested on coming to consensus around logistical issues (such as how often to meet, and methods of communication) just as much as it did on the quality of their work or dedication of their members.

•They acknowledged the needs and desires of the administration, and actively worked to make them feel like they were collaborating and not working against each other.

Appendix A: Sample Committee Calendar

If your CIR is interested in filing a shareholder resolution, be sure to check out the calendar for that process in the resolution filing section of this handbook.

January

Now would be as good a time as ever to analyze the proxy votes from the past years and, based on knowledge that REC can provide your CIR with from the industry, anticipate this year's issues. Writing proxy voting guidelines based on widespread agreement and past precedent will save you a lot of time once the proxy voting work begins in earnest in the Spring.

February

REC will sometimes hold events for all members of CIRs (or administrators interested in setting up CIRs) around this time. We highly encourage your CIR to discuss sending at least one representative.

It may seem early, but this is also the time you need to assess what members will be staying on the committee for the following year. Ideally, looking for new members (or the formal application process, if there is one) begins no later than the end of February, allowing time for people to express interest, apply, and be interviewed or otherwise determined to be a good fit.

March

Proxy season should be entering full swing by now – voting on proxies as they come in will probably take most of your time.

April

If the committee will not be working over the summer, now would be the best time to put together an annual report summarizing what has happened over the past year, for future reference.

May

No later than May, the CIR should decide whether or not you will officially (or unofficially) be meeting over the summer. Some activities, like filing or co-filing shareholder resolutions, will likely require coordination over the summer. Even if you're not planning on something that ambitious, it's often still a good idea to have at least one conference call over the summer so that the group can hit the ground running in the Fall. If the CIR is planning to file or co-file a resolution, May is the time to begin to consult with REC as to whether other groups are working on this issue. Finding a co-filer for a resolution, for example, will significantly ease the burden of work and research necessary, while still allowing your CIR to send a powerful message.

June

If you're thinking about filing a resolution, be sure to be in touch with the Investment Office within the month to determine your holdings and which companies you may be able to file with.

July

If planning to file a resolution or engage with a company your school is invested in, now is the best time to team up with REC to find out what ally groups are engaging in dialogue with which companies and how your university can support.

August

If thinking about co-filing or filing a resolution, and if the dialogue (see July) isn't working out, make the decision as to whether you will be co-filing or filing a resolution. Again, see the section on filing a resolution for more details.

September

The school year begins. Gather your membership, make sure everyone reads and understands their orientation materials, and set mutual agreements among members as to the rules you all will follow as you proceed in your work throughout the year.

October

Many deadlines for submitting shareholder resolutions are this month, although some are as late as December.

November

In terms of time-sensitive activities, winter can be a bit of a dead space between the deadlines of when to file resolutions in the fall and when to vote on those resolutions (aka proxy votes) in the spring. For that reason, now is the time to focus on other activities, such as research, community engagement and awareness, and engaging in dialogue with the administration. If the CIR were to hold a 'town hall' style event with the campus, this would be perhaps the ideal month to do so.

December

December may be a good time to do an evaluation of the committee; doing so would give a space for both old and new members to voice their perspectives, while still allowing the second semester to implement new processes. This could be something simple, like a Google Docs form that one person or working group can distribute and then collect information.

Appendix B: Sample Committee Orientation Packet

Remember, there's no need to reinvent the wheel when thinking about how to educate committee members about this work. If you choose to have an orientation packet, keep it specific to the landscape of your institution, and be sure to share this resource for more general information and knowledge about the wider world of responsible investment in higher education. These are all suggestions; feel free to adapt this to your liking.

Introduction

- An explanation of the importance of responsible investment at your institution
- An explanation of the committee's charter, including official and unofficial purview, and where there are opportunities for growth and exploration
- A brief history of the committee
- A 'who's who' in the administration, Board of Trustees, and/or broader community
- Roles of committee members, if they're codified
- An brief explanation of working groups (if they exist) may go here also

What financial knowledge matters – and what doesn't

- Rather than write a whole explanation of what is and is not necessary to explain, feel free to heavily draw from existing REC resources (our handbooks, our website, etc.) while highlighting what may be most relevant within your institution's context.

How the committee should operate – processes and best practices

- More detail about the procedures of working groups, if they exist
- Yearly calendar – what happens when (feel free to use what we have in this resource, or take that and adapt it to your institution)
- An overview of the relationship between committee, community, and the administration

Looking to the future

- Thoughts / past conversations about short- and long-term committee development / responsible investment implementation
- The role of REC and how we can help
- Events to potentially attend – the REC Committees Event, National Conference, other responsible investment industry conferences if applicable
- Financial resources and other external organizations
- Important persons' contact information: REC staff, current committee members, members from past years (founding members?) if applicable, administration contacts, supporters on campus

Appendix C: Sample Committee Application

Feel free to use this sample word-for-word if it's easiest.

Bristol College CIR Application

Name: ____

Year: ______________________ E-mail: _____________________________

Phone: ____

Why are you interested in serving on the ___________________ Committee on Investor Responsibility?

Are you planning to study off campus in the next two years? If so where and when?

What organizations or activities have you been involved in the past?

What skills do you possess from past experience that will be helpful to you in future work?

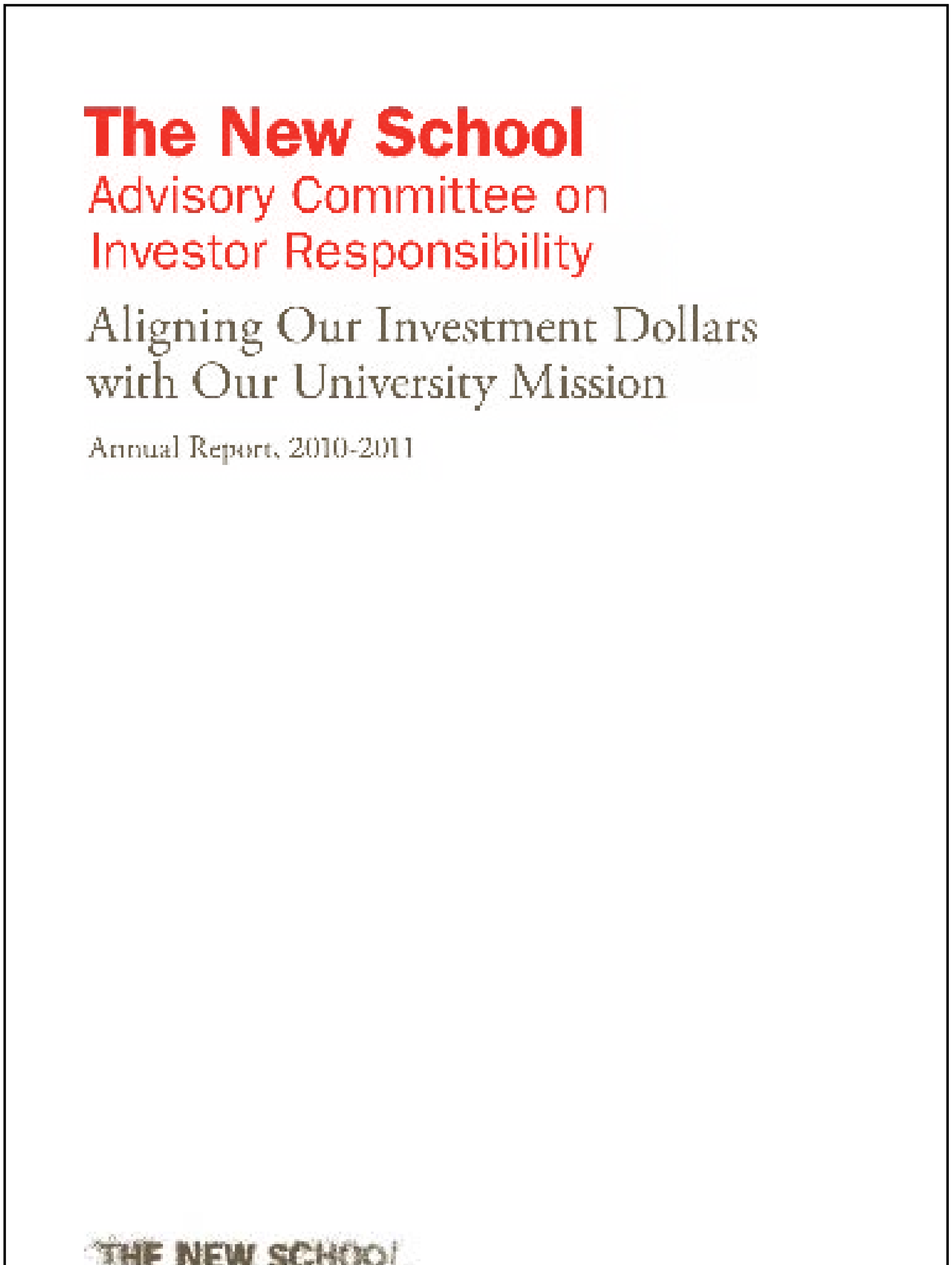
As a member of this committee you may be required to communicate or collaboration virtually with other CIR members through conference calls, email, or via other methods of communication. What are your preferences? How do you most effectively communicate?

Why are you a good candidate for this committee?

How do you wish to carry out and/or further ___________ College's commitment to being a responsible investor?

Appendix D: Sample Annual Report (The New School)

The New School's Advisory Committee on Investor Responsibility's annual report is one of the best examples of what an annual report can and should be: professional yet accessible (just four pages), easy to understand, engaging to the reader, highlighting the importance of why responsible investment is a need for the community, and laying out the accomplishments of the 2010-11 school year. This report is available online at http://www.newschool.edu/acir/.



The New School
Advisory Committee on Investor Responsibility

Aligning Our Investment Dollars with Our University Mission

Annual Report, 2010-2011

THE NEW SCHOOL

ACIR Leadership

Committee Members

Tarra Lawson-Remer, faculty, committee chair

Dominique Roux-Felce, faculty

Sherin Bennett, student

Chris Crews, student

Ian Morlan, staff

Ed Verdi, staff

Malcolm Smith, trustee

Research Assistants

Johann Jaeckel

David Stubbs

Investment Office Support

Frank Barletta, senior vice president for finance and business

Linda Hird, director of investments and treasury services

Larry Woods, compliance and risk analyst

ACIR Mission

The mission of the newly established Advisory Committee on Investor Responsibility (ACIR) is to develop strategies for incorporating consideration of social, environmental, and corporate governance (SEG) issues into the management of The New School's investments. Issues under consideration include, but are not limited to, human rights, labor standards, environmental sustainability, equity, diversity, discrimination, and corporate governance and disclosure. With the authorization of the university board of trustees' Policy and Procedures on Investment Responsibility, the ACIR presents recommendations to the investment committee of the board of trustees on SEG issues that arise in the management of the university's endowment.

Overview

During the academic year 2010–2011, the ACIR made significant progress on a number of issues. This report details the major accomplishments and activities of the ACIR during its first year of existence. Some of the highlights include: passing The New School's first-ever set of proxy voting guidelines to integrate sustainability considerations into the management of our investments; coordinating a national conference on responsible investing in cooperation with the Responsible Endowments Coalition; establishing internal rules of committee procedure and streamlining our operating mandate; and creating an official online presence. We are proud of the progress we've made in our first year, and look forward to new initiatives and challenges as we forge ahead with the support of the students, faculty, and administration of The New School.

All documents referred to in this report are publicly available on the committee's website at www.newschool.edu/ACIR.

Making Strategic Recommendations to the New School Board of Trustees

In April 2011, the ACIR submitted two proposed strategies to the board of trustees of The New School for integrating consideration of environmental, social, and governance issues into the management of our endowment investments. After significant deliberation and wide consultation, the ACIR concluded that these two strategies would represent incremental but significant steps towards implementing The New School's responsible investment policy.

SUSTAINABILITY PROXY VOTING GUIDELINES

The ACIR developed a set of guidelines that offer concrete directions for investment managers regarding proxy voting, and a framework for how New School fund managers should approach sustainability issues. Promoting sustainability is a priority of The New School. In recent years, the university has made efforts to integrate sustainability into all facets of its operations: ending the sale of bottled water on campus and installing water refilling stations, developing a Green

Fund to support environmental projects on campus, and integrating LEED standards into the new University Center design. The Sustainability proxy voting Guidelines build on these efforts to translate the university's values into an actionable framework for our investment fund managers, enabling them to better integrate sustainability into investment aspects of The New School's operations.

The Sustainability Guidelines were well-received by the Investment Committee of the Board of Trustees; discussions to clarify the details are currently underway[1].

COMMUNITY INVESTMENT

The New School highlights its location in New York City as a key component of its educational offerings, and students benefit from the city's unparalleled mix of opportunities. The members of the ACIR believe The New School should invest not only in its students, but also in the communities that draw students to the university. Community development financial institutions (CDFIs) are nonprofit banking institutions that provide access to money for communities and groups who are not well served by mainstream financial institutions, including small-business owners, immigrants, and low-income populations. The ACIR recommended that the investment committee have its investment consultant conduct a search for potential CDFIs in which The New School could invest. The proposal for community investment was not adopted, because it was considered an inappropriate use of endowment funds. It was suggested that community investing might instead be pursued through other avenues at the university[2].

Hosting a National Conference on Responsible Investing

On February 19, 2011, the ACIR and the Responsible Endowments Coalition[3] hosted a conference of students, faculty, and university trustees from across the United States to share strategies on improving the environmental and social footprint of more than $350 billion in collective endowment investments, while continuing to generate high returns. Attendees explored a range of strategies to leverage investments for positive social and environmental benefits, including: community investing, shareholder resolutions, proxy voting, sustainability guideline, and impact investing. The conference broadened committee members' awareness of the range of options for responsible investing and strengthened relationships between members of The New School's ACIR and members of similar committees at more than two dozen colleges and universities nationwide.

New School Free Press: Wednesday, May 4th, 2011

Board of trustees adopts new voting guidelines; represents a shift in investment strategies

By Kimberly Lightbody

More than two years after New School students staged the now-infamous protest at 65 Fifth Avenue, some of their demands are finally being realized. On April 21, The New School's board of trustees approved a new set of voting guidelines encouraging companies in which the university has invested to support environmental sustainability, transparency, and more equitable labor standards.

Read the full story at: www.nsfreepress.com/story/board-trustees-adopts-new-voting-guidelines

1. The Sustainability Guidelines can be accessed in the resources section of the ACIR's website at: [illegible]

2. The Community Investment proposal can be accessed in the resources section of the ACIR's website at: [illegible]

3. The Responsible Endowments Coalition works to foster social and environmental change and to promote corporate reform through university endowments by educating university community members and organizations [illegible]

Establishing a Robust Committee and Building Committee Capacity

DRAFTING AND ADOPTING BYLAWS

To ensure the proper functioning of the committee, members of the ACIR drafted a set of bylaws, which the committee debated and finally adopted in the fall semester of the academic year 2010–2011. The bylaws are outlined in a charter defining the composition of the committee and the way members are selected, the charges and mission of the committee, and procedures governing committee meetings and decision making[4].

HIRING RESEARCH ASSISTANTS

With funding for research assistance in the ACIR's budget, the committee began a hiring search in the summer of 2010. The committee received many impressive applications and, after an extensive interview process, hired David Stubbs and Johann Jaeckel as part-time research assistants in September 2010. Both have played a significant role in the progress the ACIR has made this year.

AMENDING THE POLICY AND PROCEDURES ON INVESTMENT RESPONSIBILITY

The New School's Policy and Procedures on Investment Responsibility,[5] the document establishing the ACIR, was amended during this academic year. The amendments addressed a number of organizational matters, enabling the committee to function more effectively and focus on the key issues and policies under its remit. In particular, the document was amended to allow committee members to serve two-year rather one-year terms, as staggered terms allow for overlap, continuity, and mentoring. The committee's membership was also expanded to include a second member of the board of trustees.

Launching the ACIR Website

With the support of The New School's Office of Communications and External Affairs, the ACIR launched its website in April 2011.

The ACIR's website is a window on the work of the committee and a means of gathering input from faculty, students, and staff to inform the committee's work. The website contains the committee's mission statement, a list of its members, and a resources section that includes key documents and references to organizations promoting socially responsible investment.

New School News: March 7, 2011

Best values for our dollar: Socially responsible investment at The New School

As investors struggle with on-again, off-again financial recovery, The New School's Advisory Committee on Investor Responsibility (ACIR) sees only a bull market: greater yields in sustainable development, big returns in human rights, and a windfall in social justice. In its first year, the committee embraced its pioneering role — advising the Investment Committee of the board of trustees about social, environmental, and governance (ESG) goals that reflect the principles of The New School.

"When they invest, institutions have an opportunity to put their money where their mouth is," says Chris Crews, a PhD student in Politics at The New School for Social Research and one of two student members of ACIR. "University investments can play a key role in creating positive social and environmental change beyond their financial return."

Read the full story at: blogs.newschool.edu/news/2011/03/07/socially-responsible-investment

4. Accessible at www.newschool.edu/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=[illegible]

5. Accessible at www.newschool.edu/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=[illegible]

Appendix E: Responsible Investment Disclosure Form

This form was taken from *Realizing Responsibility: A Modern Responsible Investment Framework* for the Yale Advisory Committee on Investor Responsibility, a fantastic pamphlet written by the Responsible Endowment Project, a student group at Yale University active from roughly 2008-2011. The entire report is a sophisticated resource offering several recommendations for modernizing Yale's ACIR. The form was adapted from a much longer and more complex form written by the New York City Employee Retirement System (NYCERS). Realizing Responsibility is available online at www.responsibleendowment.com/proposals.html.

About the form

This form is a product of the Advisory Committee on Investor Responsibility. Formed in 1972, the committee is made up of faculty, staff, students, and alumni who are responsible for overseeing and responding to the environmental and social impact of the Yale endowment. The Responsible Investment Disclosure is meant to help the committee analyze the impact of Yale's private investments. All questions refer solely to fund(s) in which Yale University has invested that are managed by your firm as well as any subadvisers, if applicable.

1. General Information

a. What is the name of your firm?

b. What is the current value of assets managed for Yale University? Please specify whether market value or book value is provided.

c. Is any employee at your firm responsible for responsible investment, sustainability, or environmental, social, and corporate governance (ESG) decision making? If so, please list that person's name, title, e-mail address and phone number. If not, please list that information for someone else we can contact regarding questions about responsible investment at your firm.

2. Responsible Investment Policy

a. Does your firm have a written policy regarding proxy voting, sustainability, responsible investment, or environmental, social, and corporate governance (ESG) risk? If yes, please explain how your firm ensure compliance with the policy and apend a copy of the policy to this form. If yes, does this policy apply to all funds managed for Yale University?

b. Does your firm produce proxy voting, sustainability, or ESG reports? Are such reports made available to your investors? If yes, please attach reports released in the past year.

c. What is your firm's position on whether ESG factors can have a impact on financial performance? Does your firm support the concept that companies can enhance value and long-term profitability by incorporating ESG factors into their operations and strategic plans?

d. Are ESG issues considered separately from traditional financial criteria, or are ESG issues integrated into a company assessment? Are the sources of ESG research internal, external, or both?

e. How, and to what extent, does your firm engage on ESG issues with companies in which you invest? How do you evaluate the success of the engagement process? If your firm does not engage, explain why.

f. If you invest in publicly-traded equity, who at the firm is responsible for proxy voting? Does your firm have a proxy voting policy? If yes, does the firm vote its own proxies, or does a third party provider? If proxies are voted by an external proxy voting service, is the service required to vote proxies in accordance with the firm's guidelines and policies or the policies of the external service?

g. Is your firm a signatory to the United Nations Principles for Responsible Investment? What ESG related organizations (e.g., Investor Network on Climate Risk, Conflict Risk Network) are you a member of and/or in what initiatives has your firm participated?

(resopnsible investment disclosure form, continued)

3. Investment Information

All questions in this section refer to assets currently held by the fund(s) and those held by the fund(s) in the past year.

a. Which of the following assets are currently held by the fund(s) or were held by the fund(s) over the past year? (check all that apply)

[ ] Publicly-Traded Equity
[ ] Publicly-Traded Corporate Debt
[ ] Publicly-Traded Sovereign Debt
[ ] Private Equity
[ ] Private Debt
[ ] Private Residential Real Estate
[ ] Private Commercial Real Estate
[ ] Private Timber

b. Please list all countries in which the issuers of corporate debt or equity held by the fund(s) are domiciled.

c. Please list all countries in which the issuers of corporate debt or equity held by the fund(s) have operations.

d. Please indicate all industry groups in which the issuers of corporate debt or equity held by the fund(s) operate.

[ ] Energy
[ ] Materials
[ ] Capital Goods
[ ] Commercial & Professional
[ ] Services
[ ] Transportation
[ ] Automobiles & Components
[ ] Consumer Durables & Apparel
[ ] Consumer Services
[ ] Media
[ ] Retailing
[ ] Food & Staples Retailing
[ ] Food, Beverage & Tobacco
[ ] Household & Personal
[ ] Products
[ ] Health Care Equipment & Services
[ ] Pharmaceuticals, Biotechnology & Life Sciences
[ ] Banks
[ ] Diversified Financials
[ ] Insurance
[ ] Real Estate
[ ] Software & Services
[ ] Technology Hardware & Services
[ ] Semiconductors & Semiconductor Equipment
[ ] Telecommunication
[ ] Services
[ ] Utilities

e. For the energy, materials, capital goods, food, beverage, tobacco, pharmaceuticals, biotechnology and life sciences, and real estate industry groups, please indicate all of the sub-industries in which the issuers of corporate debt or equity held by the fund(s) operate. (see attached for sub-industry list)

f. What is the annual turnover ratio for the fund(s)?

[ ] <10%   [ ] 10-25%   [ ] 26-50%   [ ] 51-75%   [ ] 76-100%   [ ] >100%

Appendix F: REC Membership for Committees on Investor Responsibility

The Responsible Endowments Coalition provides support and education about responsible investment for colleges and universities. REC works with student groups and institutional committees on investor responsibility to incorporate responsibility into their endowment investments through proxy voting, shareholder engagement and impact and sustainable investing. We provide resources and services: handbooks and webinars, campus presentations, advice on committee administration, and connections to the wide variety of resources in the responsible investment world, including access to proponents of proxy resolutions and research.

Institutional committees on investor responsibility that include multiple stakeholders have the opportunity to become members of REC. As a member. your committee will also be supporting and promoting the development of responsible investment for colleges and universities around the country. Committees that join REC are committed to encouraging their endowment and institution to work towards responsible investing.

Members have the opportunity to collaborate to select a joint action; to collectively campaign on a single issue, company or manager; and to have input on the program design for our committee events. REC regularly hosts meetings for committees on investor responsibility, as well as webinars and briefings on important issues.

Committees at institutions with an exceptional commitment to responsible investment have the opportunity to become members of REC's Leadership Circle. Leadership Circle members pay a special rate to demonstrate their commitment to REC's work.

We welcome you to join us!

Responsible Endowments Coalition Membership Form

YES, our committee would like to join the Responsible Endowments Coalition

Annual Membership fees are based on the size of the institution's endowment

___ Under $20 Million, $250 fee

___ Under $1 Billion, $500 fee

___ Over $1 Billion, $1000 fee

___ Leadership Circle Membership*, sliding scale $5000-10000 fee

*Please note: the Leadership Circle is not a certification program for colleges or committees.

Institution ____________________ Committee Name ____________________

Committee Chair Name and Title ____________________

Email & Phone ____________________

Contact 1: Name & Title ____________________

Email & Phone ____________________

Contact 2: Name and Title ____________________

Email & Phone ____________________

Committee Website ____________________

To sign up for our email list and announcements, please fill out the form and email it to info@endowmentethics.org.

Committee Member Name	Title/Role	Term Ends	Email	Phone

Other Resources

We hope that this handbook helps move your work forward; if there is anything missing, we welcome and encourage your feedback. In the meantime, to look more deeply into the issues presented in this handbook there are a variety of resources available at your disposal.

For those familiar with financial terminology

Maximizing Returns to Colleges and Communities: A Handbook on Community Investment is our community investment handbook, full of case studies and examples.

The Initiative for Responsible Investment at Harvard University (IRI) has a fantastic set of publications available online at hausercenter.org/iri. We particularly recommend *Cash as a Mission-Related Investment* and their *Handbook on Climate-Related Investing Across Asset Classes.*

Our handbook for administrators, *Integrating Environmental, Social and Governance Issues Into Institutional Investment: A Handbook for Colleges and Universities*, was co-published with Amnesty International in 2007. REC and the responsible investment movement in higher education has significantly enormously since then, however; this resource has been retired, but may be of use.

For beginners, students, and everyone else

The *REC Student Handbook (Everything You Need to Know to Bring Responsible Investment to Your College or University)* is REC's biggest and most comprehensive resource, covering responsible investment in higher education in a holistic and accessible way from the perspective of students and others who are new to investment.

Move Our Money!: How You and Your School Can Use Community Investment to Catalyze a New Local Economy is our community investment toolkit for students. Significantly simpler and shorter than our community investment handbook (above), it provides all of the steps for making community investment a reality at any institution.

All of REC's handbooks are available online at www.endowmentethics.org

Sample proposals, policies, webinars, and much more are also available on our website.

Email info@endowmentethics.org with questions or information on where to dig deeper. There's much more where this came from.

Version 2.0. July 2012. Find the latest version of this handbook online at www.endowmentethics.org.

The Responsible Endowments Coalition (REC) is a student-founded, student-driven organization that believes that colleges and universities can create a more just and sustainable world by investing their collective $400 billion in more socially and environmentally responsible ways. We are an all-purpose resource to help students in achieving this vision. For questions, suggestions, or advice, we encourage you to email us at organize@endowmentethics.org. Good luck in your work!

We want this handbook to help as many people as possible in their pursuit of a more socially and environmentally just world. To that end, you are welcome distribute this work and use it in pieces with appropriate citation; however, if you distribute this work beyond your own campus, please let us know by contacting organize@endowmentethics.org.

REC has been working to create and develop committees since its earliest beginnings, and we are always eager to share our knowledge and experience as a nation wide coalition. We encourage you to stay in contact with us so that we can help you achieve your goals, and share your progress so that others can learn from your school's work as well.

The Responsible Endowments Coalition

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