

# **PROPOSAL TO CREATE AN ADVISORY COMMITTEE ON SOCIALLY RESPONSIBLE INVESTING**

February 25, 2000

At the direction of the University Trustees, the President will form an Advisory Committee on Socially Responsible Investing (the "Committee") to advise the University Trustees on ethical and social issues that arise in the management of the investments in the University's endowment. The following basic principles will guide the formation and activities of the Committee and the relations between it and other parts of the University:

1. The Committee will be a permanent addition to the University, with an established process for the selection of its members, a growing body of experience and expertise regarding socially responsible investing ("SRI"), stable working relationships with other parts of the University, including the University Administration, the University Senate, and the University Trustees, and an annual budget in support of its activities.
2. To ensure that the Committee is broadly representative of the University community, its twelve voting members will be drawn in equal proportion from students, faculty, and alumni of the University, and the process for the appointment of its members will provide for the balanced representation, over time, of the University's divisions and schools. Two university administrators may sit as non-voting members in addition to the twelve voting members.

Recognizing the Committee's need to master complex issues, and the desirability of continuity in its deliberations, terms of service will be two years for students and three years for faculty and alumni. Student members of the Committee will be nominated through student government organizations; faculty will be nominated by their divisional vice president, or by their dean and the provost, and alumni will be nominated by the University Vice President for Development & Alumni Relations from candidates identified by the various alumni associations of the schools. Of the four student members of the Committee, two will be Columbia undergraduates, (one from the College and one from the School of Engineering or the School of General Studies) and two will be graduate students, one nominated from among candidates identified by the student government organizations of the Health Sciences Division and one nominated from among candidates identified by the graduate student organizations on the Morningside campus. The student caucus of the University Senate will make the final selection of nominees for the student members of the Committee. Of the faculty members of the Committee, one will be chosen from the faculty of Arts and Sciences in consultation with the Executive Committee of the Arts & Sciences, one from faculty of the Health Sciences Division, and two from the faculties of the School of Business, the School of Law, the School of Architecture, the School of Engineering, the School of Journalism, and the School of Social Work. The four alumni members of the Committee will be chosen from the same

groupings of schools as the faculty members. The University Vice President of Development and Alumni Affairs will solicit candidates from the corresponding alumni associations, and forward nominations to the President of the University. Appointments to the Committee will be made by the President, who will also designate a chairperson from among the faculty members of the Committee.

3. The Committee will set its own agenda within the broad arena of socially responsible investing, and will, by formal vote of a majority of the Committee membership, make recommendations to the University Trustees on issues related to investments in the University's endowment, including but not limited to the exercise of the University's proxy-voting rights, shareholder initiatives, and portfolio screening.

Because of the potential number and complexity of the concerns that might be raised with respect to an endowment the size of the University's, it will be desirable for the Committee to be able to focus its concerns on a subset of SRI issues each year. To this end, the Committee will set out a specific agenda to the Columbia community each fall to be submitted to the University Trustees and the University Senate. The Committee, however, will determine the SRI issues it researches and the recommendations it makes to the University, including its response to issues that arise after the preparation of its annual agenda.

4. To guide it in its work, the Committee may choose to adopt a set of principles that broadly define its objectives and concerns regarding socially responsible investing by the University. In preparing such a statement the Committee would draw on resources and representative bodies across the University. To adopt a set of core principles, the Committee will be required to formally approve them by a 2/3 majority of its members. The same approval requirement will apply to any subsequent amendments of those principles.
5. To carry out its work, the Committee will need to be well-informed regarding the particular SRI issues it chooses to pursue and regarding the University's endowment investments. To inform itself generally on SRI issues, the Committee may hear presentations from concerned members of the Columbia community (students, alumni, faculty, and staff) and invite experts from inside and outside the University to provide information. The University will support the Committee's information needs with respect to SRI issues, including providing subscriptions to the issue-monitoring services of respected research organizations such as the Investor Responsibility Research Center. The University will also provide the Committee with current information on a confidential basis regarding endowment holdings and investment management actions of the University related to SRI issues under review by the Committee. The Committee's deliberations using such information will take place in executive session, and information given the Committee regarding the University's endowment will be held in confidence

by members of the Committee and used solely to formulate recommendations from the Committee to the University Trustees. To keep the Columbia community informed on SRI matters pertaining to the endowment, the Committee's formal recommendations to the University Trustees and the subsequent action or response by the University Trustees will be made public. In addition, each year the University will prepare and make available a list of the foreign and domestic publicly held corporations whose shares were held by the University's managed endowment as of the preceding June 30, the last day of the previous fiscal year.

6. The Committee will prepare an annual report on its activities during each academic year. In addition, during the fall of its third year of operation, a special committee, appointed by the President of the University and incorporating members from the Committee, the University Trustees, the University Senate and the Administration, will review the workings of the Committee and recommend modifications of its design or procedures, as suggested by experience, to the University Trustees.
7. The Committee and the University Trustees will develop a direct working relationship supported, as necessary, by the Office of the Secretary of the University and the Finance Office. In at least one potential area of activity, proxy voting, that relationship must be closely coordinated, given the relatively brief time available to respond to proxy proposals. The University Trustees may choose to establish a special subcommittee to work with the Advisory Committee in addressing SRI issues.
8. The final fiduciary responsibility for the management of the investments that support the University's mission lies with the University Trustees. The Committee's recommendations to the University Trustees will therefore be advisory in nature.