

The New School

Advisory Committee on Investor Responsibility

Aligning Our Investment Dollars
with Our University Mission

Annual Report, 2010-2011

ACIR Leadership

Committee Members

Terra 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 underway¹.

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 university².

Hosting a National Conference on Responsible Investing

On February 18, 2011, the ACIR and the Responsible Endowments Coalition³ 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 protests 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 resource section of the ACIR's website at www.newschool.edu/acir/subpage.aspx?id=63635

2. The Community Investment proposal can be accessed in the resource section of the ACIR's website at www.newschool.edu/acir/subpage.aspx?id=63635

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 to take action. www.endowmentethics.org

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 making⁴.

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 (SEG) 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=63649

5. Accessible at www.newschool.edu/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=63647