

InvestmentNews

College coalition to help prod endowments

By Joanna Sabatini

A new coalition of alumni and students from colleges nationwide is creating a socially conscious investing center to help unify, and provide research to, university campaigns that ask endowments to become more active shareholders.

For years, student groups have asked university endowments to disclose investments in their portfolios and vote their proxies, but the campaigns often fail because there are many obstacles to overcome, said Ryan Burg, a founder of the Responsible Endowments Coalition in Williamstown, Mass., which was launched last month.

Fewer than two dozen schools, according to the coalition, now review and vote their proxies on shareholder resolutions.

"We wanted to create a site where we could compile information because there aren't a tremendous amount of students willing to undertake the enormous research task," said Mr. Burg, who graduated from the University of Pennsylvania last year. In many cases, he added, students at

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different schools were duplicating each other's work.

Those students waging campaigns must present a carefully researched case to trustees and school administrators as to why endowments should disclose proxy-voting records, vote on shareholder resolutions and screen for environmental and social implications of holding stock in certain companies. Socially conscious investing, according to the coalition, asks investors to consider the social and environmental consequences of buying shares of a company, in addition to its financial performance.

The coalition's members are alumni and students from 22 colleges and universities nationwide with endowments of more than \$56 billion collectively. Right now, all members are volunteers, but the coalition hopes to receive grants to fund one or two paid positions, Mr. Burg said.

The coalition will hold its first conference this fall to discuss its agenda and decide whether to focus on a couple of social and environmental issues for the proxy season next spring.

The group has already heard from professionals in the socially conscious field who want to become mentors for students active in these groups at their schools, Mr. Burg said.

Timothy Smith, president of the Social Investment Forum in Washington, said that he and other members of social investing's main trade group will be available to encourage student groups engaged in shareholder activism and other socially responsible activities. He is also senior vice president of Walden Asset Management in Boston.

"These endowments have so much money - in the billions - being invested with apathy in terms of the ethical consequences; [that] is wrong," Mr. Smith said.

"Investors have a responsibility," he added. "They are going to profit from a corporation, and they should make sure that the profit is earned in fair and decent ways."

According to the coalition, just one college or university in the past 10 years has filed its own shareholder resolution.

Waning resistance

Mr. Burg and others in the coalition - including students or alumni of Barnard College in New York, Duke University in Durham, N.C., and Williams College in Williamstown, Mass. - said resistance to socially conscious investing is waning among university trustees.

"Oftentimes, the greatest fear [among trustees and administrators] is that we would be politicizing the endowment," he said.

There is very little risk, Mr. Burg added, for endowments to vote for a resolution - for example, asking for a more inclusive non-discrimination policy at a company.

For many student groups, the first step in their campaigns is asking for a list of the companies in which the endowment holds stock. The groups then ask the trustees to disclose the endowment's proxy-voting record.

"Williams College has an active committee that votes on proxies," said Mark Orlowski, another founder of the coalition, and a student at the school.

The committee will be posting the \$1.1 billion endowment's proxy-voting record on a campus community and alumni website later this month. The record will include an explanation of the endowment's voting decisions. The website will also have a list of all publicly traded companies - about 200 - in the endowment.

"Ultimately, in the long run, we would want campuses to talk about how the funds are being managed and how the universities could encourage a better relationship between corporations and the world," Mr. Burg said. "But for now, we are trying to get the trustees to vote their proxies through their university endowments."