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HEADLINE: Endowments targeted: Campus advocacy groups created to stress responsible investing

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BODY:

Responsible Endowments Coalition, an activist network formed this year to promote socially and environmentally responsible investment at university endowment funds, has spawned advocacy groups at 27 universities across the country.

The schools represented by the groups have \$82 billion in total endowment assets.

REC - whose website is www.sriendowment.org - expects to raise the number of schools to around 40 this fall, said Mark **Orlowski**, a co-founder of the coalition.

The coalition, founded by students, alumni and faculty at five colleges and universities, isn't officially sanctioned by the schools. The coalition plans to host in October a conference on responsible endowment investing, at the Wharton School, University of Pennsylvania, Philadelphia, which is sponsoring the event, he added.

"Our goal is to be a mentor and resources for these (campus) groups so they can be as effective as possible in their campaigns," he said.

Tangible results

Groups in the coalition can already point to tangible results. At Williams College, Williamstown, Mass., Mr. Orlowski spearheaded the development of online disclosure of proxy voting this year. The program, launched in May, is accessible to the Williams campus community and alumni, but not to the public. Williams has a \$1.08 billion endowment fund.

The proxy votes are posted on the Williams Advisory Committee on Shareholder Responsibility website a week after each company's annual meeting. Also, the site lists the publicly traded endowment portfolio holdings.

The committee, composed of students, alumni and faculty, advises the finance committee of the board of trustees on matters relating to the non-financial performance of publicly traded equities, advising on proxy voting on environmental and social issues, including employment issues.

"When you want to have an open and honest dialogue on issues, then a certain level of disclosure is needed to accomplish that," said Mr. Orlowski, who was the chair of the committee as a student representative until this month, when he graduated.

At the Wharton School, a social responsibility advisory committee expects to begin recommending to trustees how to direct money managers to vote on certain issues, said Ryan A. Burg, a Wharton graduate and co-founder of the coalition.

Timely disclosure

Some other university endowments already disclose their proxy votes to their campus community and alumni, but usually annually. The coalition promotes more timely disclosure.

"We'd like to see at least a simple voting record published sooner, when it is more relevant," Mr. Burg added.

The network seeks to promote more direct involvement of university endowments in proxy voting. "Less than a dozen endowments actively vote their shares," Mr. Orłowski said. "The rest hand (voting) off to their money managers."

The network doesn't advocate positions on any particular issue, he said. "We encourage active voting of shares, so you can align endowment investment values and campus values."

Also, he said the coalition promotes active voting to encourage educational aspects to help "students appreciate the fiduciary responsibility of taking an active role in corporations."

The network seeks to advance the creation of such advisory committees at endowments.

Aside from the proxy voting, a second goal of the coalition is to promote screened investing by investing part of endowment assets in socially and environmentally screened investments. The group also advocates creation of an alternative endowment, where donors or major benefactors can designate their gifts be invested in a separate fund, overseen by the endowment trustees, instead of the primary endowment. This separate endowment would use only socially screened investments.

A third goal of the coalition is to promote community investment by the endowments.

Limited involvement

The coalition doesn't get involved in general in corporate governance issues, except in certain cases, such as shareholder proposals linking executive pay to social criteria performance. "We don't have the expertise" for corporate governance, Mr. Orłowski said

But each campus group decides the extent of its own goals. At the University of Pennsylvania, Mr. Burg said the corporate governance issue will be a more important part of its advisory committee's recommendations than social issues.

Nor does the coalition promote screened investing or divesting policies for endowments overall, aside from a screened portion or the alternative endowment.

The coalition, now a volunteer effort, is seeking foundation support to finance a full-time staff position, plus a travel budget and office space, as well as help in making the conference an annual event, Mr. Orłowski said.

GRAPHIC: Mark Orłowski said the Responsible Endowments Coalition will help campus groups with their individual advocacy campaigns.

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