

AROUND CAMPUS

[HOME](#)

Board Approves Socially Responsible Investing

The USF Board of Trustees has approved “social responsibility considerations” to guide university investments. The new policy outlines five guidelines, from fostering human rights to respecting the environment, for investment managers to consider when deciding whether to buy shares in a particular company.

“The policy was created because of a desire for this Jesuit institution to be consistent in what we espouse and how we actually invest our money,” said Mike Lochhead, assistant vice president for business and finance. “This is a guiding document that helps our managers make decisions in the moment. But there’s enough latitude in the policy to allow us to invest prudently. We are trying to balance our social responsibility with our fiduciary responsibility to the university.”

The first principle is to not invest in “corporations whose primary business practices or products contribute to the destruction of human life, most notably abortion, euthanasia, and human cloning.” The second principle is to not invest in “corporations that do business with governments that have a history of gross human rights violations” or in companies recognized for “grossly exploiting their employees or customers.”

University investments also should not support corporations that have been shown to “consistently practice racial, ethnic, religious, or gender discrimination.” USF also will not invest in companies whose primary business involves research, production, deployment, and servicing of weapons of mass destruction. Lastly, the university will not invest in corporations “that have been cited for repeated or gross ecological violations.”

The policy also calls for the university to engage in “shareholder activism” before outright divestment if it finds that a company in its portfolio is in conflict with any of the guidelines. This could include initiating dialogue with a company’s management or sponsoring shareholder resolutions to change the company’s practices. There could also be opportunities for USF students to be involved in either researching companies or initiating shareholder activism, Lochhead said.

“If none of that works, we would divest our holdings,” Lochhead said.

Although USF is not the first to adopt such a policy, it is in the minority among its counterparts in higher education. According to a 2002 National Association of College and University Business Officers study, 73.3 percent of private universities do not have a social responsibility investment policy.

Lochhead said the new policy should not have an effect on the rate of return on university investments. “Studies have shown that if you invest on a socially responsible basis, there is no less return. The theory is that companies that tend to be socially responsible also tend not to cheat their earnings, and are usually fiscally sound.”

The policy applies to actively traded securities and not to index accounts. Actively managed accounts make up 74 percent of the university’s endowment. Although decisions on how to implement the policy have not been made, it is likely the university will contract with outside consultants to periodically screen USF’s entire portfolio for companies that violate the policy. ■

07.01.03 / VOL 12 / No 10

FRONT PAGE

- ▶ Trustees extend benefits to domiciled adults
- ▶ Executives see poverty, repression first-hand
- ▶ Pizza at Crossroads

AROUND CAMPUS

- ▶ New trustees
- ▶ Responsible investing adopted by board
- ▶ Wight to leave Public Safety office

DEPARTMENTS

- ▶ Fac/Staff Achievements
- ▶ Newsmakers

OTHER LINKS

- ▶ News Online Archives
- ▶ University Events