

PROPOSAL TO CREATE AN ADVISORY COMMITTEE ON SOCIALLY RESPONSIBLE INVESTING

"All economic life should be shaped by moral principles. Economic choices and institutions must be judged by how they protect or undermine the life and dignity of the human person, support the family, and serve the common good."

- *A Catholic Framework for Economic Life*,
A statement of the U.S. Catholic Bishops

I. Preamble: In line with the Jesuit Catholic tradition of Boston College, at the direction of the University Trustees, the President will form an Advisory Committee on Socially Responsible Investing to advise the University Trustees on ethical and social issues that arise in the management of the investments in the University's endowment.

II. Committee Structure: To ensure that the Advisory Committee on Socially Responsible Investing (SRI) is broadly representative of the University community, its ten voting members will be drawn from students, faculty, and staff.

- A. The voting members of the committee will consist of:
 - One Jesuit member of the Boston College community.
 - Two undergraduate students; two graduate students.
 - Four faculty members: two from the College of Arts and Sciences, one from the Carroll School of Management, and one from the schools of nursing, education, law, and social work, to be chosen on a rotating schedule.
 - One representative from the Center for Corporate Citizenship.
- B. The non-voting members of the committee will consist of:
 - One member from the Treasury Office with the responsibility of providing a communication channel between the Committee and the Board of Trustees and providing the committee with upcoming shareholder resolutions and information from the Investor Responsibility Research Center (IRRC) at least one week in advance of Committee meetings.
 - One member from the Board of Trustees Investment Committee. This position shall remain optional should the Board choose not to elect such a representative. The role of this representative will be to further facilitate communication between the Committee and the Board of Trustees.
- C. Length of Service:
 - Non-student members will serve for three year terms.
 - Students will serve for two year terms.
- D. Responsibilities:
 - The Committee will internally elect a Chair who will have the responsibilities of setting meeting agendas, moderating meetings, ensuring that meetings occur on a regular and timely basis, and acting as the deciding vote in the event of a Committee deadlock.
 - One of the four students will be appointed as secretary with the responsibility of keeping minutes and distributing relevant information to the Board of Trustees via the Treasurer's office.

III. Voting:

Election to the Committee will occur as follows:

- A. Undergraduate and graduate students will be elected popularly through the Agora Voting system.
- B. The Center for Corporate Citizenship will choose its representative through established internal mechanisms.
- C. The four Faculty representatives will be elected from within their respective schools through established voting mechanisms.
- D. The Jesuit representative will be appointed by the Rector of the Jesuit Community.
- E. The Treasury Office will choose a representative through established internal mechanisms.
- F. The Board of Trustees will choose a representative through established internal mechanisms.

IV. Duties of the Committee:

- A. Goals: The goal of the committee is to promote socially and environmentally responsible investment consistent with the Jesuit tradition, primarily through shareholder advocacy. The Committee will, by formal vote of a majority of the Committee membership, make recommendations to the Board of Trustees upon how to vote on all social issues proxy resolutions. The Committee will 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.
- B. Meetings: The Committee shall meet at least once per semester. A meeting may be called at the discretion of six Committee members or in response to the petition of 100 or more members of the Boston College community. A quorum of six Committee members must be present for a vote to be taken. All votes cast by members of the Committee shall count equally and may not be discounted at any time, for any reason. Committee members may not vote by proxy. Approval of an action shall require a majority vote of the members present.
- C. Focus: Because of the potential number and complexity of the concerns that might be raised with respect to an endowment the size of Boston College'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 Boston College community each fall to be submitted to the University Trustees and the Undergraduate Government. 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.
- D. Information For the Committee: 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 Boston College 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 (IRRC). The University will also provide the Committee with current information 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 to 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.

- E. Information for the Boston College Community: To keep the Boston College 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 available to the university community. In addition, the University will prepare and make available quarterly a list of the domestically held stocks and bonds held by the University's managed endowment. Once annually, after the last day of the fiscal year, June 30, the University will make available a list of both domestic and foreign holdings. Boston College faculty, staff, students, and alumni will have access to the quarterly and annual lists.
- F. Reporting: The Committee will prepare an annual report on its activities once during each academic year. The report will be available to the University community. In addition, during the fall of its third year of operation, the Committee will review the workings of the Committee and recommend modifications of its design or procedures, as suggested by experience.
- G. Relationship to the Board of Trustees: The Committee and the Board of Trustees will develop a direct working relationship supported, as necessary, by the Office of the Treasury. 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. Due to the importance of timeliness during the proxy voting season, the Board of Trustees should respond to Committee recommendations at least one week before the last day the respective proxy resolution can be voted on. If no response is received within this time window, the University will vote in accordance with the Committee recommendation. In cases when the Board of Trustees disagrees or partially agrees (wishes to abstain rather than vote for or against a resolution) with the Committee, the Board will reply to the Committee with a brief statement describing the argument for disagreement. In cases when the Board of Trustees is in complete agreement with the Committee, no reply is necessary. The University Trustees may choose to establish a special subcommittee to work with the Advisory Committee in addressing SRI issues. The final fiduciary responsibility for the management of the investments that support the University's mission lies with the Board of Trustees. The Committee's recommendations to the Board of Trustees will therefore be advisory in nature.
- H. Voting: 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.
- I. Confidentiality: All members of the Committee shall, except as provided in this document, keep all information, documents, report and material of any kind strictly confidential, and will use such material solely for the purpose of carrying out the defined tasks of the Committee.