

Policy approved by the Governing Council on December 21, 1978.

Policy revised by the Governing Council on December 14, 1994 to make the President, or another senior officer designated by the President, Chair of the Advisory Committee

Social and Political Issues With Respect to University Investment

In developing a mechanism for dealing with social and political issues with respect to University investment, both the External and Business Affairs Committees agreed that, first and foremost, maximum economic return should be the criterion for purchase and sale of stock in all normal circumstances. They did, however, feel strongly that in specific instances where the University's social responsibility as an investor was questioned, credible and effective procedures for responding should exist.

In general, the following principles were accepted:

- (i) the Yale University concept of social injury¹ as the criterion for basing initiatives;
- (ii) the preparation of a convincing brief establishing the case;
- (iii) the presentation of evidence of general concern in the University community by collection of signatures;
- (iv) the examination of the evidence and preparation of a recommendation by a representative committee advisory to the President and finally;
- (v) a decision about action by the President after scrutiny by his Advisory Board.

¹. Social injury: the injurious impact which the activities of a company are found to have on consumers, employees, or other persons, particularly including activities which violate, or frustrate the enforcement of, rules of domestic or international law intended to protect individuals against deprivation or health, safety, or basic freedoms; for purposes of these Guidelines, social injury shall not consist of doing business with other companies which are themselves engaged in socially injurious activities.

The procedure for implementing these general principles follows.

Responsibility for initiating a request for University action rests with members of the University community. One or more individuals would prepare a fully documented brief identifying the social injury that should influence investment decisions or exercise of shareholders' responsibilities. When the case has been fully prepared, the instigators of the action would secure support for their cause through the medium of at least 300 signatures endorsing the initiative. Up to 200 of the signatures could come from a single constituency of the University community (teaching staff, students, administrative staff, and alumni members); the remaining 100 signatures must be from at least two other University constituencies with a minimum of 25 signatures from any one constituency.

When signatures have been added to the argument, the material would be deposited in the Office of the President for the attention of the Advisory Board charged with responsibility for reviewing the evidence and recommending a course of University action. This Board would be established by the President with one Governing Council representative from each constituency (teaching staff, students, administrative staff, alumni and government appointee members), with the President, or another senior officer designated by the President, as Chair.

The Advisory Board, having considered the material, would recommend to the President for or against action; the President may take the recommendation to the Governing Council. Possible courses of positive action would include:

- (i) private questioning of the corporate management on the accuracy, extent and implications of the conduct complained of;
- (ii) private urging of change in corporate practice if response to the questions indicates complaints are justified;
- (iii) supporting stockholders' resolutions critical of management by voting proxies;
- (iv) preparing and presenting stockholders' resolutions critical of management practice;
- (v) divestment of holdings.

The President would report all initiatives suggested and all actions taken to the Governing Council at appropriate intervals.

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