

DRAFT

Advisory Committee on Corporate Responsibility in Investment Policy (ACCRIP)

Minutes of the Meeting – 10 October 2007
UEL First Floor Conference Room

Present:

Daniel MacCombie	Anne Sharp	Harold Ward
Brendyn Brooks-Stocking	Beth Burlingame	Christopher Hardy
Michael Boyce	Beverly Travers	Peter Voss*
James Palardy	Simone Pulver	Laura Posten*
	Louis Putterman	Stan Griffith*
		(* by phone)

Agenda:

1. Review minutes of the 15 May 2007 meeting
2. Election of the Chair
3. Proposal for Brown membership in the Investor's Network on Climate Risk
4. Review of the draft Annual Report for AY2006-2007
5. Update on the Sudan divestiture list
6. Links with “sister” committees at other schools
7. Status of the Social Choice Fund
8. Plans for ACCRIP actions for the fall semester

Meeting commenced at 4:05 PM.

Items:

1. Review minutes of the 15 May 2007 meeting

Short discussion on apparent Committee recommendation to drop Rolls Royce from Sudan divestiture list. This particular company never appeared originally on the list, according to several members. Committee resolved to review the Sudan divestiture list to determine whether this was a simple oversight/clerical error, or whether the committee had in fact voted to place the company on the list. [For more discussion about Sudan divestiture, see item 5. Update on the Sudan divestiture list, below.]

Committee moved to postpone approval of 15 May 2007 meeting minutes until further investigation.

2. Election of Chair

Motion passed unanimously to elect Harold Ward as Chairman for AY2007-2008.

3. Proposal for Brown membership in the Investor's Network on Climate Risk

Extended discussion about the risks and benefits of Brown's potential membership in the Investor's Network on Climate Risk, a project of CERES. CERES describes INCR as “a group of more than

60 leading institutional investors with collective assets of over \$4 trillion...that promotes better understanding of the financial risks and opportunities posed by climate change” (source: www.incr.com).

Potential benefits of joining INCR include: opportunity to make a positive impact in mitigating climate change through networks with other institutional investors and state treasurers (i.e., proactive involvement in addressing climate change beyond proxy voting); access to timely and quality information on ongoing financial issues related to climate change that could be useful in developing the Social Choice Fund as well as outreach to other university endowment committees; opportunities to participate in conferences, research projects, etc. Potential risks of joining INCR include: Brown would be the first university to join; Brown’s membership would most certainly be used to enlist other educational institutions- which could serve as an effective catalyst or overexpose the university to undesirable pressure from peer institutions, alumni, and donors. In addition, Brown would be exempted from paying the \$2500 annual membership fee for the first year, but could be subject to the charges in subsequent years.

Committee authorized Daniel MacCombie to contact INCR and explore these and other issues before the next ACCRIP meeting, and authorized Boston-area alumni to contact CERES for similar research and investigation. Committee requested Dan and Boston-area alumni to coordinate findings and to deliver a report with recommendations as an agenda item at the next ACCRIP meeting.

4. Review of the draft Annual Report for AY2006-2007

Discussion of draft Annual Report for AY2006-2007. An annual report of the Committee’s activities is required by the charter. Minor edits have been submitted to Harold Ward. Overall approach of report appeared to be both detailed and accessible to Committee members. The tabular layout promoted consistency in tone and structure.

Committee discussed whether to make linkages between the Annual Report and meeting minutes. Options include: inserting hyperlinks into the online version of the report to direct readers to Committee meeting minutes for more details; affixing a statement to the report that “this report provides a brief summary; more information is available upon request”; or, isolating the proxy voting from the other Committee business in the online version of meeting minutes (to keep proxy voting confidential but allow public disclosure of other Committee business). Committee discussed the benefits and risks of posting meeting minutes online: while this would increase transparency of Committee decision-making, it may stifle candor of discussions; in several instances, the Committee must act on imperfect information whose flaws are only revealed over time; a time lag is needed in posting meeting minutes in order to protect sensitivity of financial investment decisions. At this time, minutes will not be posted.

Committee members were advised to submit further edits and suggestions to Harold Ward.

5. Update on the Sudan divestiture list

Extended discussion about the Sudan divestiture list, pursuant to emails sent by Louis Putterman and Chris Hardy to Committee members in the days prior to the meeting. Putterman’s email focused on 4 companies that were on Brown’s divestiture list but are not listed on the “highest offender” list produced by the Sudan Divestment Task Force (SDTF). Hardy’s email provided

preliminary research on 13 additional companies that appeared on SDTF's "highest offender" list but not on Brown's list.

Committee reviewed its criteria for Sudan (the extent of a company's business in Sudan; the likelihood that Brown might have an ownership stake in a given firm; and, the extent to which a company assists ordinary citizens in Sudan vs. contract/services provided to the Sudanese government). In light of these criteria (and the more extensive commentary provided in Putterman's email), motion passed unanimously to recommend taking Siemens and Tatneft off Brown's divestiture list, but keep Schlumberger and Alcatel on the list until further notice. Committee moved to authorize Michael Boyce and Louis Putterman to draft letters for President Simmon's signature to Siemens and Tatneft as positive reinforcements for their decisions to pull out of Sudan.

Committee instructed Chris Hardy to conduct further research on the 13 additional companies, looking beyond information gleaned from the SDTF reports to include sources such as SIMON, and the United States Treasury Department's Office of Foreign Assets Control. Research should be provided in the form of a report to the Committee at its next meeting. Committee also moved to track down the Brown Corporation's actions on ACCRIP's previous Sudan divestiture recommendations to ensure proper and timely dispositions of ACCRIP recommendations.

6. Links with "sister" committees at other schools

Short discussion on past and future attempts to network with "sister" endowment advisory committees at other schools. Chris Hardy reported on his recent email exchanges with Morgan Simon, director of the Responsible Endowments Coalition, a "diverse network of students, alumni and faculty from across the country dedicated to advancing socially and environmentally responsible investing (SRI) in college and university endowments." (source: www.endowmentethics.org)

The Responsible Endowment Coalition will be hosting a conference at the University of Pennsylvania/Wharton School on October 27-28. The conference is geared mostly to educating and assisting students in organizing responsible investing campaigns. Harold Ward offered to see if Brown could offer travel scholarships to the student members of ACCRIP to allow for attendance at the conference.

Ms. Simon also indicated that Columbia University, with support from the Responsible Endowment Coalition, will be hosting a gathering of responsible investing committee across the country (at schools like Columbia, Barnard, Brown, Swarthmore, Dartmouth etc) open to all students, faculty, trustees, staff, etc. who serve on these committees. ACCRIP members expressed interest in attending this gathering, if it is geared to faculty and administrators.

Chris Hardy offered to contact Ms. Simon for further details on the Columbia gathering and the Responsible Endowment Coalition's overall activities.

7. Status of the Social Choice Fund

Committee discussed the status of the Social Choice Fund, which it had helped conceive and launch successfully in the past year. Committee members perceived that there has been minimal, if any, efforts to highlight opportunities to contribute to the Fund, and as such, there have been no donations yet. Furthermore, Brown does not allow electronic donations to the Fund through the website. Committee members recalled that a fund manager had been selected to oversee the Fund,

through no one could remember the name of the firm. Committee moved to instruct Anne Sharp to inquire with Advancement staff about the outreach and marketing plans for the Fund and report back to the Committee at its next meeting.

8. Plans for ACCRIP actions for the fall semester

Chairman Ward moved that, absent unexpected events, the next meeting will occur in mid-November or early-December, around the time of the next Brown Corporation meeting on December 9.

Meeting adjourned at 5:02.

Minutes prepared by Christopher Hardy on October 18, 2007.

DRAFT

Advisory Committee on Corporate Responsibility in Investment Policy (ACCRIP)

Minutes of the Meeting – 5 December 2007
UEL First Floor Conference Room

Present:

Brendyn Brooks-Stocking	Anne Sharp	Harold Ward
Michael Boyce	Beth Burlingame	Christopher Hardy
Christopher Wilson	Beverly Travers	Peter Voss*
	Louis Putterman	Laura Posten*
		Stan Griffith*

(* by phone)

Agenda:

- Approval of minutes of 10 October 2007
- Presentation by U.S. Campaign for Burma/Brown Chapter - on companies operating in Burma
- Investor Network on Climate Risk
- Proposal to amend our do-not-invest list re: Sudan
- Social Choice Fund notice
- Schedule for spring semester meetings
- Other business?

Minutes:

Meeting commenced at 4:05 PM.

I. Approval of minutes of 10 October 2007

Committee moved to let the minutes stand as distributed.

II. Presentation by U.S. Campaign for Burma-Brown Chapter - on companies operating in Burma

A group of Brown students delivered a presentation to the Committee on non-governmental advocacy efforts to address situation in Burma. The focus of efforts is transitioning to a divestment model, as the Burmese junta sustains itself through government contracts with businesses that operate in the country. The junta collects royalty for oil and gas extraction, as well as a share of profits from business ventures (in addition, it conducts illegal cross-border trade in timber and gems). The students reasoned that if companies were to pull out of Burma, there would be less money for the regime, which uses the revenue mostly for military purchases. Students presented a memo that lists 10 companies operating in Burma. They acknowledged the

challenge of locating information, but are in the process of contacting other schools across the US and Canada to build the information capacity.

The Committee encouraged students to use less politicized language, and agreed to meet again if the students could present additional research and findings.

III. Investor Network on Climate Risk

Members of the Committee met recently with 5 staff members of CERES, which has established an Investor Network on Climate Risk (INCR). The Committee moved to discuss the costs and benefits to ACCRIP and Brown for joining INCR. It was clear from their meeting that CERES was eager to have Brown join the network, and that they would promote our sponsorship as the first university to join (but would seek the school's formal written permission on any press releases). Members suggested that Brown's position as the first university to join could be both a risk and an opportunity. It was unclear how the Committee would benefit in gaining new information apart from Risk Metric's services, although there would be opportunities to partner with other members institutions in drafting proxy proposals. Universities are not as active in drafting proposals, whereas pension funds and other institutional investors (who are the current members of INCR) are leaders in the effort.

The Committee recommended that Brown should join the Investor Network on Climate Risk, and that the issued should be referred to the Executive Vice President/CFO for her consideration.

IV. Proposal to amend our do-not-invest list re: Sudan

The Brown Corporation's Advisory and Executive Committee will consider ACCRIP's amendments to the proxy guidelines as well as changes to the University's "do-no-invest" list for Sudan at its next meeting. ACCRIP moved to discuss updates to the list in preparation for this meeting. The Committee discussed the issue of whether to focus on corporate bonds in addition to securities. It deemed that securities were deemed a preferred mechanism. However, bonds offer a problematic situation for socially responsible investing, as it would mean that the University could receive principal and interest payments on any investment, while stocks may not even yield dividends.

A motion to add 9 companies to Brown's "do-not-invest" list as written in an email by Louis Putterman passed unanimously. These companies are included in the highest offender category maintained by the Sudan Divestment Task Force. The Committee moved to inquire with the Investment Office about Brown's investment practices concerning bonds.

V. Social Choice Fund notice

Information packets on Brown's endowment and Social Choice Fund were distributed to Committee members. It was disclosed that Portfolio 21 is the financial manager of Social Choice Fund. Information on the Social Choice Fund is now available on Brown's capital campaign website.

The Committee discussed the issue of the \$25k minimum for contributing to the Social Choice Fund. This amount is consistent with Brown policy on endowment investments, as needed to protect Annual Fund contributions, which the Committee considered important (the desire is to compete with endowment donations, not Annual Fund donations). Students and alumni are organizing a campaign to lower the minimum threshold in order to stimulate interest in making contributions. To date, the Social Choice has received 0 donations. The Committee also suggested that it might be worthwhile to locate some angel donors to make investments that can breach the \$25k min as a way of sparking fund activity.

VI. Schedule Spring semester meetings

The Committee discussed how to arrange meetings in the spring. Members felt that a standard meeting date would be useful in blocking out time. Internet applications such as When2meet.com may be useful in coordinating schedules among members.

VII. Other business?

The Committee discussed ideas drawn from sister school's responsible investing committees, including Dartmouth's abstention policy. This policy enables Dartmouth to abstain from proxy votes in which it has not reached a decision, while Brown's policy is lined up with the default mechanism of voting with management. Members expressed interest in reviewing Dartmouth's language for further consideration.

In other business, the Committee gave unanimous approval to the letters from President Simmons to corporations which have ended business in Sudan. These letters will be presented in time for the Corporation's Advisory & Executive Committee meeting.

Meeting adjourned at 5:07 pm.

Minutes prepared by Christopher Hardy and Christopher Wilson on February 9, 2008.

Advisory Committee on Corporate Responsibility in Investment Policy (ACCRIP)

Minutes of the Meeting – 20 October 2008

Present:

Beth Burlingame	Joseph Kansao	Sandra Seibel
Sam Byker	James Palardy	Anne Sharp
Stanley Griffith*	Louis Putterman (Chair)	Peter Voss*
Kirsten Howard	Harry Reis	Christopher Wilson
		(* by phone)

Agenda:

- I. Review minutes of meeting December 5, 2007
- II. Report on Columbia conference on SRI committees
- III. Revision to Sudan do-not-invest list
- IV. Political contributions proposals (AT&T, CVS-Caremark, Wyeth)
- V. DuPont proposals
- VI. Wells Fargo/JP Morgan SRI proposal
- VII. Textron proposal
- VIII. PepsiCo proposals
- IX. JP Morgan lobbying priorities proposal
- X. Discussion of guidelines for GE, Occidental, DuPont and Wells Fargo
- XI. Update on INCR membership

Meeting commenced at 4:02 PM.

Items:

- I. Review of minutes of the meeting December 5, 2007
 1. Minutes of the meeting were approved without objection
- II. Report on Columbia conference on SRI committees
 1. Louis Putterman reviewed and discussed his report on April 11 meeting “Connecting Committees: Opportunities for Responsible Investment at Colleges and Universities”. Possible connections to Responsible Endowments Coalition (REC) were briefly discussed, although it was noted that this organization shares many of the limitations faced by the ACCRIP. This led to discussion of Brown's endowment transparency, which is considered very poor among peer institutions. The investment office presented information on the difficulty in securing real transparency given that only a third of the endowment is held in public liquid assets, with the rest in hedge funds and private equity holdings that may not be transparent themselves.
- III. Revision to Sudan do-not-invest list
 1. Chris Hardy presented a list of companies appearing on the Sudan Divestment Task Force's list of “Highest Offenders” not currently on Brown's do-not-invest list, including Dietswell, Wartsila, Bauer Aktiengesellschaft (Bauer AG), and Kejuruteraan Samudra Bhd. Members were reluctant to add Wartsila and Bauer due to mixed issues not relating to prosecution of the war in Darfur and the belief that power plants provided by these companies could benefit the people of Sudan. Dietswell and Samudra, however, appeared to fit in with Brown's target interests. **Motion to add Dietswell and Kejuruteraan Samudra Bhd to the do-not-invest**

list passed 8-0.

IV. Political contributions proposals

1. *“Resolved: that the shareholders of [“Company”] request that the Company provide a report, updated semi-annually, disclosing the Company’s:*
 1. *Policies and procedures for political contributions and expenditures (both direct and indirect) made with corporate funds.*
 2. *Monetary and non-monetary political contributions and expenditures not deductible under section 162 (e)(1)(B) of the Internal Revenue Code, including but not limited to contributions to or expenditures on behalf of political candidates, political parties, political committees and other political entities organized and operating under 26 USC Sec. 527 of the Internal Revenue Code and any portion of any dues or similar payments made to any tax exempt organization that is used for an expenditure or contribution if made directly by the corporation would not be deductible under section 162 (e)(1)(B) of the Internal Revenue Code. The report shall include the following:*
 - a. *An accounting of the Company’s funds that are used for political contributions or expenditures as described above;*
 - b. *Identification of the person or persons in the Company who participated in making the decisions to make the political contribution or expenditure; and*
 - c. *The internal guidelines or policies, if any, governing the Company’s political contributions and expenditures.*

This report shall be presented to the Board of Directors’ audit committee or other relevant oversight committee, and posted on the company’s website to reduce costs to shareholders.”

Committee took up four identical proposals for AT&T, CVS-Caremark, JP Morgan, and Wyeth concerning political contributions. Discussion centered mostly on changes to federal laws concerning political contributions and the increasing ability of corporations to “hide” political contributions through PACs and 501(c)(4) organizations due to relaxation of these laws.

However, committee agreed that in general, matters of corporate political contributions should be handled by government entities. **Motion against passed 7-1.**

V. Dupont proposals

1. #3 Create plant closings committee
Resolved: That the stockholders of E. I. DuPont de Nemours and Company, assembled in annual meeting and by proxy, hereby request that the Board of Directors consider the following nonbinding proposal: That it create a committee, with members drawn from the employee work force of DuPont, the union leadership of DuPont, the management of DuPont, and any necessary independent consultants, to report to the Board of Directors regarding (1) the impact to communities as a result of DuPont’s action in laying off mass numbers of employees, selling its plants to other employers, and closing its plants and (2) alternatives that can be developed to help mitigate the impact of such actions in the future.

Committee unanimously opposed this resolution for reasons similar to those given when this proposal was brought forth last year: federal and state law already covers such matters, Du Pont is likely already considering community impact and reputation, and such a proposal amounts to interference with management of the company. **Motion against passed 8-0.**

2. #6 Review/amend Human Rights policy – seed saving
Resolved: Shareholders request the Board to review and amend the DuPont Human Rights Policy, to include respect for and adherence to seed saving rights of traditional agricultural communities. We request the Board to prepare a report to shareholders, prepared at reasonable expense and omitting proprietary information, on the above policy and its implementation within six months of the 2008 annual meeting.

This proposal was discussed at length but committee eventually concluded that the wording of the proposal is far too ambiguous – it was not clear whether “seed sharing rights” extended to Du Pont-produced seeds or simply natural organisms, nor was it clear how such policy would affect Du Pont's research and revenue. **Motion against passed 8-0.**

VI. Wells Fargo and JP Morgan

1. #8 Review/report on Human Rights policy

Resolved: Shareowners request that the Board of Directors authorize and prepare a report to shareowners which discusses how our investment policies address or could address human rights issues, at reasonable cost and excluding proprietary information, by October 2008.

Such a report should review the current investment policies of the Corporation with a view toward adding appropriate policies and procedures to apply when a company in which we are invested, or its subsidiaries or affiliates, is identified as contributing to human rights violations through their businesses or operations in a country with a clear pattern of mass atrocities or genocide.

While this proposal does not explicitly mention the Darfur genocide, committee agreed this proposal was likely brought to address this issue. This proposal intends to develop an SRI policy; because this is the essential reason for the existence of the ACCRIP, it was agreed that the committee should support such proposals in other organizations. **Motion in favor passed 8-0.**

VII. Textron

1. Report on foreign military sales

Resolved: Shareholders request that, within six months of the annual meeting, the Board of Directors provide a comprehensive report, at reasonable cost and omitting proprietary and classified information, of Textron's foreign sales of weapons-related products and services, including depleted uranium hardened weapons/systems.

Committee agreed this matter is adequately covered by law (an identical proposal was voted against last year under identical reasoning). **Motion against passed 8-0.**

VIII. PepsiCo proposals

1. #3 Increase container recycling/recycled content

Shareowners of PepsiCo request that the board of directors review the efficacy of its container recycling program and prepare a report to shareholders, by September 1, 2008, on a recycling strategy that includes a publicly stated, quantitative goal for enhanced rates of beverage container recovery and recycling in the U.S. The report, to be prepared at reasonable cost, may omit confidential information.

Committee debated at length, noting both the worldwide movement to make manufacturers more mindful of the long-term costs of their products and delivery systems, as well as the increased expense possible with such a proposal. It was agreed, however, that this particular proposal is primarily about reporting and does not interfere directly with business practices. **Motion in favor passed 7-1.**

2. #4 Report on gene-engineered food

Resolved: Shareholders request that an independent committee of the Board review Company policies and procedures for monitoring genetically engineered (GE) products and report (at reasonable cost and omitting proprietary information) to shareholders within six months of the annual meeting on the results of the review, including:

- (i) *potential of GE contamination to affect Company product integrity;*
- (ii) *evidence of independent long-term safety testing of GE crops, organisms, or products thereof;*
- (iii) *contingency plans for removing GE ingredients from the company's products should circumstances so require*

Committee agreed that implicit in the sale of GE products is the belief that such products are safe, as any knowledge of a product's danger would make the corporation vulnerable to lawsuits should something go wrong. Passage of such a proposal would simply result in redundant statements of the company's belief in their own products. **Motion against passed 8-0.**

3. #5 Report on water use

Resolved: that the shareholders request the Board of Directors to create a comprehensive policy articulating our company's respect for and commitment to the Human Right to Water.

Committee discussed the great damage that can be done to aquifers by bottling companies worldwide, and that local laws rarely cover this issue. It was also noted that the WHO considers access to water a human right. Committee mostly agreed that while this proposal may simply be asking the company for a statement of policy, if nothing else such a proposal could be used as a point of leverage by communities adversely affected or concerned about PepsiCo's affect on local water resources. Moreover, this proposal seems to present very little cost to the company. **Motion in favor passed 6-0, with 2 abstaining.**

IX. JP Morgan

1. #11 Lobbying priorities report

Resolved: The shareholders request the Board of Directors report to shareholders by October 2008 on the Company's process for identifying and prioritizing legislative and regulatory public policy advocacy activities. The report should:

- 1. Describe the process by which the Company identifies, evaluates and prioritizes public policy issues of interest to the Company;*
- 2. Identify and describe public policy issues of interest to the Company;*
- 3. Prioritize the issues by importance to creating shareholder value; and*
- 4. Explain the business rationale for prioritization.*

The report should be conducted at reasonable cost and exclude confidential information.

Committee immediately noted that this proposal was brought by a reactionary organization that did not agree with JP Morgan's acceding to public demand for an environmental policy, based on the proposal's supporting statement. This proposal seems to be openly hostile to socially responsible corporate behavior. **Motion against passed 8-0.**

X. Comments on other proposals and application of Guidelines

- 1. Member raised issue with proposal for Consol Energy, concerned about the stipulation that a coal company be asked to reconsider the climate change potential of it's principle product. However, most of the committee agreed that because this particular proposal asked Consol Energy to consider "operations" as well as "products", it fell within the guidelines, and amounted to reasonable reporting. **Motion in favor passed 5-3.**
- 2. Member brought issue with equal credit opportunity proposal for Wells Fargo (#10), saying that it is not a bank's business to seek out racial discrepancies in loan procedures. Motion against not seconded.

XI. Update on INCR membership

1. Chairman noted that Brown University administration had agreed to join the Investor Network on Climate Risk.

Meeting adjourned at 5:46.

Minutes prepared by Christopher S. Wilson on 17 April, 2008.