

Advisory Committee on Corporate Responsibility in Investment Policy (ACCRIP)

Minutes of the Meeting – 8 December 2008

Present:

Beth Burlingame	James Palardy*	Anne Sharp
Sam Byker	Laura Posten*	Beverly Travers
Stanley Griffith*	Louis Putterman (Chair)	Luiz Valente
Kirsten Howard	Harry Reis	Christopher Wilson
	Sandra Seibel	(* by phone)

Agenda:

- I. Approval of the minutes
- II. Presentation for proposed Social Investment Group
- III. Confidentiality agreement
- IV. Student Labor Alliance presentation on HEI
- V. Discussion of HEI issues
- VI. Wording change to proxy voting guideline
- VII. RiskMetrics software package
- VIII. Sudan divestment list updates
- IX. Plan for next meeting

Meeting commenced at 4:07 PM.

Items:

- I. Approval of the minutes
 - a. Minutes of the October 10 meeting approved without objection.
- II. Presentation for Social Investment Group
 - a. Committee member Sam Byker presented a proposal for a student-managed “Social Investment Group” modeled after the Brown Investment Group, a student organization which manages around \$175,000 of the University’s Annual Fund. The funds earmarked for this group would be invested in socially-responsible assets. An estimated \$50k to \$100k initial fund would be necessary to create a diverse portfolio. Members of the investment office expressed support for the proposal, noting the controls already in place to ensure proper use of Annual Fund money. Investment office also noted that funds for the Social Investment Group would very likely come from the Annual Fund, although other members expressed interest in seeing that funds from the Social Choice Fund be used instead.
- III. Confidentiality agreement
 - a. All members, both voting and non-voting, were given confidentiality agreements from the investment office to be signed.
 - b. Members discussed scope and reasoning of the confidentiality agreement, and it was noted

that it is in the University's best interest to prevent knowledge of current investments spilling into public knowledge to prevent other investors hedging against Brown's investments.

- c. It was also noted, in regards to item IV below, that Brown has a 10-year partnership with HEI that began in 2006, and that the extent of Brown's involvement with HEI should not be disclosed under any circumstances.

IV. Student Labor Alliance presentation on HEI

- a. Three members of the Student Labor Alliance were invited to talk and answer questions in regard to that organization's push for University action on unionization efforts at hotel management firm HEI. SLA presented issues of staff and supply cuts and harassment of employees at Long Beach Hilton, an HEI hotel. SLA members spoke of a need for card-check neutrality in unionization efforts, which management at HEI has so far refused, asking for a secret-ballot election, which is allowed by law.
- b. Committee member asked why card check would have an advantage over a secret ballot if company still expressed unionization neutrality. SLA argued that unions do not have the tools to pressure employees that corporations do, and that even with card check, the unions are still at a disadvantage.
- c. SLA is suggesting that Brown University send a letter to HEI of our concern on issues of worker's rights and encourage the company to submit to card check neutrality. The University could use the threat of divestment in the future as a point of leverage if necessary.
- d. Committee member asked why HEI only was being targeted for this action. SLA members suggested that HEI is unique in its use of universities as partners, which allows students a greater voice in these matters than it would have with other companies. In addition, it was noted that industry publications have been lauding HEI's corporate model and that if HEI continues its rapid growth, its model may become the standard across the industry.
- e. SLA members were at this point excused to allow private discussion among Committee.

V. Discussion of HEI issues

- a. Committee discussed the issues brought by the SLA for some time. It was noted that divestment is not a possibility at this time, but that given the University's status as an investor, there may be opportunities for leverage if there is merit to these claims.
- b. Committee agreed that HEI management does have more tools available for coercion of employees, and that if allegations of employee mistreatment, or even lawbreaking, are true, some action on the part of the University may be warranted. However, all agreed that more information was needed, as the information presented by SLA was mostly anecdotal, and may only concern a single hotel as opposed to the company as a whole.
- c. Committee agreed to keep separate the question of unionization and the question of worker mistreatment, seeking a neutral stance on the former, while gathering more information on the latter.
- d. Chairman agreed to collect questions from the Committee to be sent to SLA regarding information they may have on worker mistreatment or lawbreaking in HEI as a whole. Further discussion would then be taken up at a future meeting.

- VI. Wording change to proxy voting guideline
- a. Chairman noted that rather than approve the proxy voting guideline change proposed by the Committee last academic year, the Advisory and Executive Committee instead voted to change the guideline on Internet/Communication from “promoting privacy” to “promoting free exchange of ideas”, a broader specification. The guideline now reads: “Support resolutions intended to increase access to the Internet and to promote the free exchange of ideas via the Internet.” Members of ACCRIP expressed agreement to the change.
- VII. Riskmetrics software package
- a. Investment Office brought up before the Committee the prospect of suspending the University’s account with Riskmetrics, which has (with predecessor ISS, which it absorbed) in previous seasons provided information on proxy votes, as well as issues related to Sudan/Darfur. Given that the Committee now uses other sources for the latter, and that the Committee very likely will not be voting on proxies in the foreseeable future given the University’s liquidation of direct holdings, and given that the software system costs \$21,000 a year, it was agreed that suspending the account would be in the best interests of the University.
 - b. It was also pointed out that renewing the service is relatively simple, and can be done when necessary.
- VIII. Sudan Divestment List update
- a. Chairman noted that the do-not-invest list given on the 07-08 Annual Report is up-to-date only through September. Research assistant pointed out that Alcatel has been removed from the list of offenders by the Sudan Divestment Task Force. Also noted as new (or returning) to the list is Petronas, which had been previously left off the ACCRIP list due to lack of public trading at the time.
 - b. Committee will wait for further information from research assistant to be discussed and voted on at next meeting.
 - c. Committee voted to approve final pending page, which contains the do-not-invest list, in 07-08 Annual Report.
- IX. Plan for next meeting
- a. Committee agreed to possibility of next meeting at the end of January, pending circumstances.

Meeting adjourned at 5:32.

*Minutes prepared by Christopher S. Wilson on 17 December 2008.
Revised by Louis Putterman on 7 January 2009.*