

Recommendation of the Advisory Committee on Corporate Responsibility in Investing (ACCRI)

**Presented to the Brown University Community Council
14 November 2006**

Over the past three years, the ACCRI has recommended that the University should offer an option for accepting contributions to an investment fund that complies with socially responsible criteria (SRI fund). As the report that Christopher Talbot presented to this Council in September made clear, there are many such funds, and their criteria for investment selections vary widely. President Simmons has asked the ACCRI to review the Talbot report and to recommend the type of Social Choice Fund that we believe that Brown should establish.

SRI funds can be categorized generally as funds that apply *negative screens*, and those that *proactively* choose investments. Negative screens exclude certain investments because of characteristics deemed by the fund to be undesirable - e.g. investments in corporations with outstanding environmental violations or corporations that manufacture land mines.

The ACCRI recommends a Social Choice Fund that is *proactive* - that selects investments based on their potential to promote a social good. We believe that this approach is more consistent with Brown's aspiration for excellence - i.e. in our academic endeavors, we seek to excel, not merely to avoid poor performance. Of the various options for the focus of a proactive fund, we recommend a fund with an environmental emphasis. We have in mind fund portfolios composed of companies that are environmentally responsible and that are working toward sustainability, such as more efficient use of natural resources (energy and water) or reduced environmental burdens (alternative energy). Sustaining our environment is essential to our well-being. We expect that such a fund will be broadly appealing to donors and fully consistent with Brown's mission.

Should the concept of a Social Choice Fund be approved by the Corporation, we understand that the selection of a particular fund manager will be carried out by the Investment Office, and conditions for donations to this fund will be set by the Advancement Office. We suggest that the Social Choice Fund be evaluated over a trial period of at least five years, to provide sufficient evidence of donor interest, financial performance, and environmental focus.