In February, 2005, the Trustee Committee on Finance asked the Resources Committee to review the University’s current actions with regard to voting stock proxies. While the Finance Committee asked the Resources Committee to review shareholder proxy issues, it did so in the context of the University’s overall investor responsibility guidelines. Specifically, the Finance Committee asked the Resources Committee to consider the following with respect to proxies:

- Are there current issues being raised in shareholder proxies that under the University’s current guidelines the Resources Committee believes warrant active University engagement?

- If such issues exist, is voting shareholder proxies the best mechanism by which the University can address its concerns? In the past, other mechanisms have been considered, including direct communications with companies. Since mechanisms vary in their effectiveness and potential costs to implement, it would be helpful if the committee considered alternative approaches. We would need to understand the degree of campus consensus in support of any of these approaches.

- Does there need to be an ongoing forum or mechanism for monitoring shareholder proxy issues?

The Resources Committee met several times over the course of the spring 2005 term and investigated Princeton’s history with regard to managing its endowment. The Committee also met with Ben Shell ’05 of the Princeton Coalition Advocating Investor Responsibility (PCAIR).

In the spring of 2005, the Resources Committee “took it as a given that Princeton University’s goal is to be a responsible investor and therefore must thoughtfully execute its proxy votes.” In addition to proxy votes, the Committee looked at the range of tools available to influence the actions of a corporation, including direct communication with corporate managers and board members. The Committee sought to develop 1) a process for identifying general investor issues and specific proxy questions that should be reviewed, and 2) a framework for evaluating these issues and specific proxy questions.

The Resources Committee reviewed practices at other universities and concluded Princeton’s Resources Committee provided an appropriate vehicle for addressing the issue of voting proxies, noting that “The CPUC and its Resources Committee provide a ‘uniquely Princeton’ approach to constituting an investment advisory committee.”

At the end of the term, in the spring of 2005, the Resources Committee had decided the following and reported informally to the Trustee’s Finance Committee chair in June of 2005:

- At that time there are no current issues that warranted active University engagement under the current guidelines.
• Important stockholder issues do exist and it is appropriate for the Resources Committee to develop processes for educating the University community with regard to issues of corporate responsibility; for discovering those specific issues of particular importance to the University community; and, for reviewing those issues in the context of the institution’s investor responsibilities.

• There may be a need for an ongoing mechanism and forum for monitoring shareholder proxy issues.