

REPORT OF THE RESOURCES COMMITTEE OF THE CPUC  
ON THE PROPOSAL OF THE PRINCETON COALITION FOR ENDOWMENT RESPONSIBILITY

In late November 2012, the Princeton Coalition for Endowment Responsibility (PCER) proposed a new mechanism to review and consider University investment decisions. The proposal seeks to revise the investment review process, to expand campus representation in the review process, and to make the review process more accessible to the campus community by increasing transparency. It also attempts to develop a set of core University values. The PCER proposal identifies two concerns with the current investment review process:

1. **Representation:** PCER believes that the interests of the current campus community are not adequately represented in the investment oversight and review process. PCER notes that the University's Board of Trustees is ultimately responsible for this oversight and review, but argues that the Trustee body is made up of alumni, most of whom are not directly elected by the campus community. (NB: PCER defines campus community as "those individuals who populate the university as it is currently constituted: faculty, staff and students (undergraduate and graduate).") PCER suggests that the current campus community should have "regular access to an effective institutional outlet for voicing opinions and raising any concerns to the Trustees regarding the investment of University funds," and believes that the present structure of the Resources Committee (RC) does not provide that outlet. Finally, PCER argues that the "core University values" are set by the Trustees and others and do not include the views and values of the current campus community.

2. **Transparency:** PCER argues that in order to develop and demonstrate "sustained campus interest" in specific investment issues, the campus community must have access to University investment information. Furthermore, PCER calls on the Board of Trustees to disclose its decision-making process when considering the relationship between core University values and any specific investment. To overcome the two shortcomings it identifies, PCER proposes 1) a multi-step process that would define "core University values" and 2) a process of initiative and referendum that would trigger RC review of specific investment issues. To establish core University values, PCER recommends the election of an ad hoc committee of undergraduate and graduate students, and representatives of student organizations to develop a set of guidelines indicating the types of investments that would conflict with core University values. PCER proposes that these guidelines be adopted by the campus community via a campus-wide referendum. Once the guidelines are adopted, PCER recommends that the RC establish a petition process whereby individuals and organizations could petition the RC to examine specific investments. The RC would be charged with investigating issues brought to it by petition and would apply the guidelines to identify any conflicts between specific investments and the University's core values. In those cases in which a conflict is identified, a University-wide referendum would be held to determine the campus interest in divesting of the incompatible investment. In those cases where there is not enough information to determine a violation of the values guidelines, a referendum would be held to determine whether interest among the campus community justifies divesting until additional information is available. The outcomes of the referenda would be presented to the Board of Trustees by the RC in the form of a recommendation. In those cases where the Trustees disregard a recommendation, PCER suggests that the Trustees share their decision-making process and rationale with the campus community.

The RC met with PCER representatives on January 10, 2013 to learn more about PCER's proposal. In its subsequent deliberations, the RC recognized the value of PCER's concerns about transparency and representation. Therefore, the committee will take the following actions.

Beginning in AY 2013-2014, the RC will establish and publish on its website a calendar of meetings for the academic year. Approximately five meetings will be held each year; additional meetings will be scheduled as needed. The Committee will meet at least once a year with representatives of Princo to discuss investment issues, including proxy initiatives and other shareholder activities. Beginning in AY 2013-2014, the RC will develop and publish brief guidelines and standards for bringing a concern to the committee. These guidelines will be designed to help the campus community bring concerns to the committee more readily. Upon receipt of a notice of a concern, the RC will provide a timeline for considering the issues raised and, upon conclusion of its review, the committee will share its report and recommendations with the individuals or groups registering a concern and will post that report on its website.

In those circumstances when an issue would benefit from broader input, the Committee will consult the Council of the Princeton University Community (CPUC). The CPUC, of which the RC is a part, is a broadly representative group with members of the undergraduate and graduate student communities, as well as faculty, staff and alumni representation. Most CPUC members are elected by their constituencies. (A few CPUC members serve in an *ex officio* capacity.)

We believe that these steps, which the RC can take of its own accord, address the important issues raised by PCER. These steps will make the RC more accessible and responsive. Additionally, consultation with the CPUC will increase the range of campus constituencies included in the discussions.

With regard to the establishment of core University values, the RC believes that these principles have been, and continue to be, articulated by the University. These enduring values of the University are not subject to popular vote. Rather these values are accumulated over time, established through discussion and review, and reflected in the actions of the University, its students, faculty, and staff.

University values can be identified in a number of documents and are frequently repeated in formal actions and statements of the University. The campus community will find these values in a number of publications and reports, including the Wythes Report, the President's Advisory Committee on Internationalization, the Report on Sustainability, the Campus Plan and others.

While the RC found PCER's identification of the shortcomings of the current process helpful and informative, it found the proposed changes unwieldy, unnecessarily complicated, and inconsistent with the policies and procedures of the Board of Trustees, Princo, and the University.