



ADVISORY COMMITTEE ON INVESTOR RESPONSIBILITY (ACIR)

Putting Our Endowment Where Our
Mission Is

ANNUAL REPORT 2016-18

VOTING COMMITTEE MEMBERS

Faculty Representative

Charles Allison, ACIR Chair, Associate
Professor of Professional Practice,
Milano School of International Affairs,
Management, and Urban Policy

Student Representative

Gaspar Cello, MA Candidate in Economics,
New School for Social Research

University Board of Trustee Representatives

Robert Hoerle, Managing Partner,
Stone Run Capital, LLC

Bevis Longstreth, Retired Partner,
Debevoise & Plimpton LLP

Staff Representatives

Ian Morlan, Financial Policy and
Procedure Writer/Analyst
Susan Sawyer, Associate General Counsel

NON-VOTING STAFF MEMBERS

Linda Hirst, Senior Director of Investments,
Treasury, and Risk Management
Tokumbo Shobowale, Chief Operating Officer
Larry Woods, Compliance and Risk Analyst

RESEARCH ASSISTANTS

Marjan Fadavi Ardekani, PhD Candidate
in Economics, The New School for
Social Research

Güney Isikara, PhD Candidate in Economics,
The New School for Social Research

I. ACIR Chair Statement

The Advisory Committee on Investor Responsibility (ACIR) develops strategies to incorporate environmental, social, and corporate governance (collectively “ESG”) issues into the strategic management of The New School’s investments. Issues considered include, but are not limited to, environmental sustainability, equity, diversity, discrimination, corporate governance and disclosure, human rights, and labor standards. Authorized by the university’s Board of Trustees policy and procedures on investment responsibility, the ACIR presents recommendations to the Investment Committee of the Board of Trustees on ESG issues that arise in the management of the university’s endowment. The ACIR is at the forefront of a wide range of ESG issues facing the university. ACIR supports the university’s impact and leadership focusing on climate action.

The ACIR is a democratic effort carried out by enthusiastic and engaged students, staff, faculty, and university trustees. Committee members are appointed by The New School president to serve staggered two-year terms. The ACIR consists of two university trustees, two faculty members, two students, and two staff members. Faculty and student nominations come from the University Faculty Senate and University Student Senate, or through self-nomination. All candidates are asked to submit a statement of interest and a résumé describing relevant interests and background.

I am excited to report on ACIR’s activities and successful initiatives that have recently come to fruition.

- Environmental and Social Justice Endowment Initiatives. There are four initiatives, three are continuations from previous years’ work and one is a new event focused endowment investing in a ESG manner.

Fossil Fuel Divestment Campaign. With encouragement from ACIR, The New School committed in 2017 to divest from its endowment all fossil fuel investments in coming years. As of 30 June, 2017, the university’s fossil fuel holdings are 0.16% of The New School’s endowment. The university has taken this commitment even further by making an investment of 1.23% of our endowment in renewable energy.

Private Prison Divestment Movement. The ACIR confirms for the fourth year in a row that the university’s endowment does not include investments in prison companies.

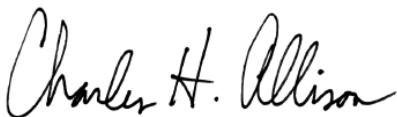
In 2017, we launched NS EMIT. It is a Tool created by ACIR to measure the relative impact an organization’s public equities portfolio has on the global issue of climate change. As we continue to develop it, we decided to find some third party investment entities to share the Tool with and gain some insight into how they would use the Tool. So, in July, 2018, I attended the NEXUS 2018 Global Summit in New York, hosted at The New School. NEXUS Global is an international network of philanthropists, impact investors and social entrepreneurs. As part of my profile for the conference general information and the technical note was posted on my profile page. This gave NS EMIT exposure to all of the conference participants that were interested in The New School and our investment philosophies. Several portfolio managers indicated an interest in

learning more about the Tool.

In the Spring 2018, ACIR along with the Public and Urban Policy Program at Milano, hosted a visit to The New School by New York State Comptroller Thomas P. DiNapoli, where he discussed ESG issues that relate to the New York State Common Retirement Fund. Issues such as climate change and board of director diversity and governance are central to ACIR's mission. One of ACIR's trustee members, Bevis Longstreth, was appointed by NYS Comptroller DiNapoli to serve on an advisory committee on fossil fuel divestment. This is particularly relevant since we recently went through the decision process ourselves at the University.

- **Supporting More Responsive Governance.** The New School has a responsibility to encourage socially and environmentally responsible behavior by holding proxy votes on items related to the companies and funds in which the university invests. It is part of the generally accepted standards of fiduciary care that proxy-voting rights must be diligently exercised. The purpose of the guidelines provided in the proxy report is to establish the principles and processes for the exercise of that duty with regards to shares in which The New School has voting rights, in addition to contacting all fund managers and conveying our voting recommendations on ESG issues. Last year we directly voted proxies, which counted for 18.35% of the endowment portfolio. All Proxy Voting Reports are available on the ACIR website. (<http://www.newschool.edu/advisory-committee-investor-responsibility/resources-links/>)

We've had tangible, measurable successes, but there is still more to do! We need the New School community's help to advance the ACIR's mission and expand The New School's commitment to remain in the vanguard of innovation in higher education relating to climate action. I urge everyone from the community to get involved by engaging with the ACIR to help us reach our goals.

A handwritten signature in black ink that reads "Charles H. Allison". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Charles H. Allison

Chair, Advisory Committee on Investor Responsibility

Associate Professor of Professional Practice in Finance, Energy Policy
and Sustainability Management

The New School

II. About the ACIR

HISTORY OF EVENTS LEADING TO THE ACIR'S CREATION

The ACIR was created in 2009 in response to the broad interest in environmental, social, and corporate governance investing among constituencies at The New School. A group of student activists had occupied a New School building in the Fall 2008 during a week-long protest. One aspect of this event was about the university's affiliations with defense industry companies, which many students felt were contrary to the spirit and mission of The New School.

One demand was that the university needed to create a socially responsible investment committee so there would be transparency and intelligibility around what has become known as ESG issues. As part of the agreement reached between students and university leadership, the university promised to establish a socially responsible investment committee with student involvement.

The New School Board of Trustees approved the formation of a permanent Advisory Committee on Investor Responsibility, which reports to the Investment Committee of the Board of Trustees and the President's Office. In its first year (2010–2011), the ACIR primarily amended bylaws and established internal operating procedures to create a platform for future activities. Over the past few years, the ACIR has recommended a number of policy changes in the oversight and management of the university endowment.

MISSION

ACIR's mission is to develop strategies to ensure that ESG issues are considered in the management of The New School's investments. Issues under consideration include human rights, labor standards, environmental sustainability, equity, diversity, discrimination, and corporate governance and disclosure. Authorized by the Board of Trustees' policy and procedures on investment responsibility, the ACIR presents recommendations on ESG issues that arise in the management of the university's endowment to the Board of Trustees' Investment Committee.

STRUCTURE

The ACIR is designed to represent all constituencies at The New School: It includes two faculty members, two student members, two staff members, and two university trustees. All voting members of the committee vote on all proxy and investment recommendations.

Technically part of the Board of Trustees' Investment Committee, the ACIR works alongside the Finance Office but operates independently. The ACIR reports to and directly advises a number of important decision makers at The New School, including the president and the Investment Committee (charged with making all general investment decisions for the university). At times, the ACIR, along with the Finance Office, communicates directly with the university's investment managers, who are involved in day-to-day decision making. Interactions with these groups are

essential to the ACIR's ability to carry out its mission.

III. ACIR Accomplishments

A. CLIMATE CHANGE CAMPAIGN

Divestment

In 2015, the ACIR helped accomplish a historic feat: backing The New School as it became one of the largest universities to divest its endowment of fossil fuels. It was announced that a multipronged approach would be adopted, as the university's environmental responsibility would be considered in a holistic manner. Therefore, the university would not just remove all its investment dollars from directly held fossil fuel assets but also address issues related to university facilities, curriculum, and food services, among others. These plans received coverage nationwide and expanded the scope of the ACIR's impact to date.

NS EMIT (The New School Emissions Measurement Investment Tool)

Along with the university's choice to divest from directly held fossil fuel assets, the ACIR endeavors to have a deeper impact on the future of environmental finance. In 2015, we began thinking about portfolio divestment, with the objective of developing an innovative and comprehensive formula to measure the impact an organization's investment portfolio has on global climate change. Out of this came NS EMIT. NS EMIT is the reduction tool for tracking the reduction of fossil fuel and investment in renewable energy. It will help universities and nonprofits around the world track their impact on climate change. It should be utilized annually to track and compare university and non-profits' progress over time and across academia.

Divestment Event Held in Conjunction with Earth Day 2016

The ACIR facilitated a discussion with experts of various perspectives on how to increase the impact of The New School's commitment to divest from fossil fuels and on approaches for handling carbon emissions in university endowments.

The expert panel and its sponsoring organizations included:

- Paul-Alexander Crystal, Director of Treasury at the Natural Resources Defense Council
- Chris Fowle, Vice President of Investor Initiatives at CDP
- Marcie Smith, Executive Director at Responsible Endowments Coalition
- Tokumbo Shobowale, Chief Operating Officer of The New School

The event provided a unique chance for students and staff to ask questions and discuss issues of the debate most relevant to them. The event is available online at [youtube.com/watch?v=U-CdDmcmKsA](https://www.youtube.com/watch?v=U-CdDmcmKsA).

B. PROXY VOTING REPORT

For the sixth time in as many years, the ACIR advised and voted on shareholder resolutions filed at the companies in which The New School is invested. Shareholder resolutions, or proxy votes, are an effective way to publicly express the university's values and promote institutional changes in corporations in which we hold stocks.

Proxy Season Overview

Since the New School holds stocks in corporations that are publicly traded, it can also participate in the proxy season. Every year, usually in the spring, shareholders of publicly traded corporations can issue a shareholder resolution. This is a document requesting a policy change within a corporation. If the resolution receives enough support, it can be voted on by all the stockholders. The ACIR has the opportunity each year to find out what shareholder resolutions have been filed for the companies in which it holds stocks and to vote on these changes.

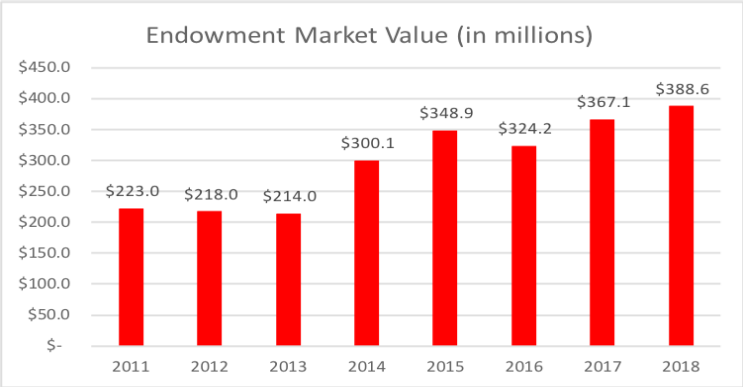
Proxy Voting Decisions

The ACIR votes on a wide range of issues and unique categories. These categories cover hundreds of unique proxy actions, from reporting on pay disparities to phasing out antibiotic use in animal feed. The most recent proxy reports, which are full reports on each proxy action, arguments for and against, and the committee's decision for each, can be found at newschool.edu/acir under "Resources and Links."

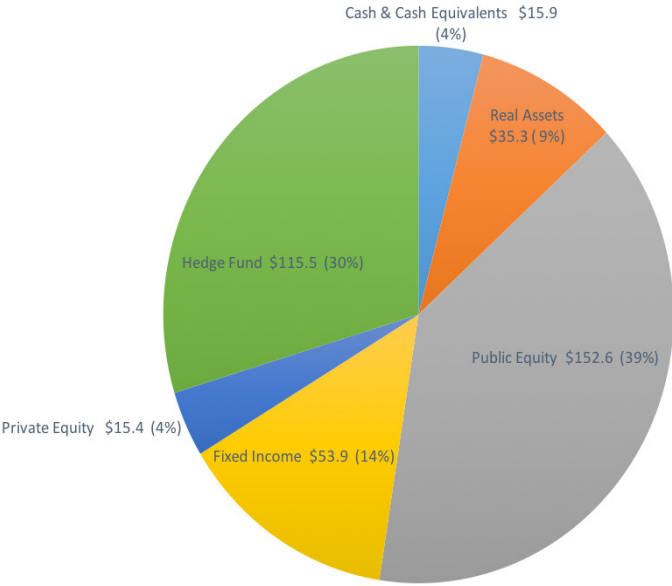
Outcome of Proxy Voting Report

The ACIR is pleased to announce that its proxy decisions were directly submitted and counted within larger stockholder decisions for some of the major corporations. However, this does not mean that the ACIR has much say when it comes to voting on indirect holdings, such as mutual funds or pooled investments. Because of its close working relationship with the Finance Office, the ACIR receives a list of the types of investment managers employed by The New School, and we will continue to push for greater control of these decisions in the future.

IV. Endowment Data



Endowment Asset Allocation FY 2018 (in millions)



The Trend of Endowment’s Net Return

2011	2012	2013	2014	2015	2016	2017	2018
19.1%	-1.9%	5.9%	14.7%	2.5%	-3.0%	15.8%	8.2%

V. How to Get Involved with the ACIR

Any member of the New School community can get involved with the ACIR by contacting his or her representative. We encourage you to send your feedback and suggestions for ways the ACIR can achieve its mission.

ACIR currently has openings for voting members in capacities of faculty and student representatives. If you are interested in getting involved in our work, please contact your constituent representative or one of the research assistants listed below as soon as possible.

CONSTITUENT REPRESENTATIVES

Student Representatives: **Gaspar Cello**, cellg264@newschool.edu

Faculty Representative: **Charles Allison**, allisonc@newschool.edu

Staff Representative: **Ian Morlan**, morlani@newschool.edu

RESEARCH ASSISTANTS

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ACIR'S WEBSITE

www.newschool.edu/advisory-committee-investor-responsibility/