

## **ACIR Interim Report December 21, 2016**

In the fall of 2015, the Advisory Committee on Investor Responsibility (ACIR) was reactivated, having been on hiatus since 2009. Its role is to consult with the college's Investment Committee on social issues relevant to investing and thereby ensure the endowment continues to be invested in a manner consistent with—and supportive of—the college's mission and values. The committee's charge from the president and the board of trustees is to:

- Research, evaluate and make recommendations regarding current issues and trends related to socially responsible investing
- Consult, as appropriate, with individuals and groups among the faculty, students and alumnae so that it can take into account the various points of view within the Smith community regarding investor responsibility
- Review, evaluate and make recommendations regarding Investure's (the outsourced investment company that manages the college's endowment) proxy voting principles and practices related to corporate governance and investor responsibility

Over the last year, the committee has met in person and via conference call 12 times and held additional conversations with Investure, peer institutions, campus community members and consultants. This interim report is an overview of the committee's work to date and its goals for 2017.

### **ACIR Progress Over the Last Year**

The committee started by setting the groundwork for the year. In order to make informed recommendations, committee members educated themselves on a variety of issues, including: how endowments work; Smith's relationship with Investure and how they work; the endowment's exposure to fossil fuels; and Smith's history of socially responsible investing. The committee also began researching higher education trends in socially responsible investing by compiling peer data, including definitions of social harm and the criteria against which other institutions weigh divestment. The ACIR is currently in the process of analyzing the data and identifying trends and ideas worthy of Smith's consideration.

While researching trends, the committee began developing the principles that will guide socially responsible investing at Smith, now and in the future. The principles will balance Smith's values and core mission with its fiduciary requirements. This work will be the major focus of upcoming meetings scheduled for January, February and March of 2017.

A key component of the committee's work to date has been identifying options for fossil fuel investment reductions within the current outsourced investment management context. An independent advisor was hired to help the ACIR develop, then conduct, an analysis. The committee discussed a number of options for the analysis, which included a variety of means and breadth of divestment options and the potential impacts of each on the endowment.

Over the summer of 2016, four committee positions turned over: the two student members graduated, one staff member left the college and a new chair of the college's investment committee became chair of the ACIR. In early fall, four new members joined the committee and were brought up-to-speed.

In the fall, the ACIR, several members of the college's investment committee and key administrators met with members of Divest Smith, a network of students and community members who support divestment from the fossil fuel industry. The students presented three requests:

- Commit to no future direct holdings in fossil fuels
- Make the Sustainability Series (impact investments) fossil fuel-free
- Issue a statement that the board of trustees recognizes the reality of anthropogenic, global climate change

The ACIR has begun discussing the requests and is working with Investure to identify options to address the issues.

Also in the fall, the ACIR met with the co-chairs of the Study Group on Climate Change (SGCC), an ad hoc committee facilitating a campuswide examination of how Smith can most effectively respond to the challenge of global climate change. The meeting was a joint discussion of the groups' overlap areas. The SGCC will make recommendations regarding issues around climate change and the endowment to the ACIR in early 2017.

## **Moving Forward**

As the ACIR resumes its work in early 2017, the committee has several goals for the first quarter of the year:

- Conduct a detailed analysis of peer institutions, statements and policies related to responsible investing, including divestment and fossil fuels
- Develop the principles that will be the guidelines for any divestment requests
- Review the recommendations from the SGCC as they relate to the endowment and investing
- Develop a recommended response to the requests from Divest Smith
- Review the options laid out in the consultant's report and develop a consensus about which options should be recommended for further development or action
- Strengthen communications about ACIR deliberations, including posting meeting summaries on the [ACIR website](#)

## **ACIR Membership**

- April H. Foley '69, Smith College Board of Trustees, *chair*
- David DeSwert, Associate Vice President for Finance
- McKenna Eckerline '18
- Elliot Fratkin, Professor of Anthropology

- Michael Howard, Vice President for Finance and Administration
- Dorie Klein '17
- Roisin O'Sullivan, Professor of Economics
- Alison Overseth '80, Smith College Board of Trustees
- Debra Romero '77, Smith College Board of Trustees
- Elena Palladino, Secretary of the Board of Trustees and Secretary of the College, *staff to the committee*