

## WSA Resolution for Endowment Transparency

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Whereas, The continuing aftereffects of the first devastating economic crisis of the twenty-first century and the relatively small size of Wesleyan's endowment convene to place the University in an ideal position to reevaluate how it invests its endowment;

Whereas, In recent months there has been growing concern among Wesleyan students and alumni about some of the corporations in which Wesleyan invests#;

Whereas, There is also among students and alumni a great sense of optimism about the responsible and profitable possibilities for endowment development that Wesleyan could engage as it reassesses its investment strategies in the coming months and years;

Whereas, Wesleyan has demonstrated its commitment to the value of sustainability by creating the College of the Environment, whose stated mission is to "develop a long-term vision of human and ecosystem health,"# and by signing the American College and University Presidents Climate Commitment#;

Whereas, Given the above, it is clear that Wesleyan is not an ethically neutral institution;

Whereas, There do, in fact, exist companies that do not profit from international armed conflict, pollution-intensive mineral extraction techniques, mistreatment of animals, exploitation of labor, and other practices that may conflict with the University's stated intention to make "a positive difference in the world"##;

Whereas, There is, in fact, an increasing number of "socially responsible" mutual funds that produce significant returns#;

Whereas, Shifting a portion of the University's liquid holdings out of large, distant banks, which have been complicit in ecological and human rights violations, and whose irresponsible and exploitative practices contributed to the recent financial crisis#, is another opportunity for responsible investment;

Whereas, Investing in small local banks, which offer interest rates similar to those of large, distant banks, can contribute to the vitality of local entrepreneurship and strengthen the University's relationship with the local community with minimal additional risk;

Whereas, In sum, it *is* possible for Wesleyan's investment strategy to reflect its values while generating the returns necessary to continue to provide excellent higher education far into the future;

Whereas, In addition, the conscionable investment of Wesleyan's assets could be a significant potential source of prestige for the University as it vies with peer schools for "green" and "progressive" credentials, and thus represents a major opportunity for Wesleyan to lead the pack;

Whereas, Michael Roth, President of Wesleyan, has posited publicly that one of the chief reasons why Wesleyan has lower annual giving and a more modest endowment than other schools of its caliber is that its alumni choose to donate to a range of world-bettering non-profits instead of to its capital campaigns;

Whereas, A recent WSA poll of current students showed that the vast majority support the consideration of ethical concerns alongside rates of return in investment strategy#. These results reveal the priorities of Wesleyan's future donors. If Wesleyan were to make the bold choice to pursue a more ethical investment strategy in the months and years ahead, this might well stir approbation and a commensurate increase in annual giving from progressive-minded alumni;

Whereas, In order to ensure that Wesleyan's values are reflected in its investments, the Trustees of the University must initiate and continue to nurture a dialogue that includes the Investment Office, students, faculty, staff, and alumni, about the goals, tactics, and progress of this process;

Whereas, In order for such a dialogue to exist, all the above parties must have full access to a wide range of information about the endowment#;

Whereas, The current state of affairs, in which the students, alumni, faculty, and staff of the University do *not* have access to information about the placement of its endowment assets#, is untenable and unacceptable;

Whereas, The Committee for Investor Responsibility (CIR), is a WSA affiliated group created by the Board of Trustees to "consider issues of ethical, moral, and social responsibility in the investment policies of Wesleyan University" and to advise the Investment Office about financial strategies accordingly, as well as to vote by proxy on behalf of the University;

Whereas, The CIR has been unable to perform these duties because the Investment Office has not given it access to the necessary information (see clause 3 below);

Therefore, be it resolved that the Wesleyan Student Assembly endorses and strongly urges the Trustees of Wesleyan University to comply with the five simple demands made by the Wesleyan Socially Responsible Investment Coalition (SRIC) in its open letter to the Trustees, published in the *Wesleyan Argus* Tuesday, October 11, 2011# – namely, that

- 1) Any contracts Wesleyan has with its fund managers that do not require the managers to disclose (to the Investment Office, for transmission to the Wesleyan community) the names of the companies in which they invest the University's money, must be renegotiated such that they *require* managers to disclose this and other information specified below (see clause 3);

- 2) It must become permanent policy of the Wesleyan Investment Office that contracts with the fund managers who invest the University's direct holdings require the managers to create and release (to the investment office, for transmission to the University community) a report that includes details of what they are doing with the University's money;

3) This report must include the name of the fund manager in question and the firm with which s/he is associated, as well as the names of the companies in which the fund manager has invested, as of the time of the issue of the report. In addition, the report must state the total amount, in dollars, that all of Wesleyan's holdings with that manager comprise at the time of the issue of the report. Such a report must be generated quarterly by each fund manager and made available online, in a password-protected venue, to all Wesleyan students, faculty, staff, and alumni by the investment office. In addition these managers of Wesleyan's direct holdings, as well as the managers of all other mutual funds and hedge funds in which Wesleyan invests, must fill out a questionnaire based on the New York City Employee Retirement System (NYCERS)#, also to be made available to the University Community in the same protected format;

4) The Wesleyan Chief Investment Officer (CIO) must, on the same quarterly basis, make available to the University community a basic scheme of the distribution of Wesleyan's other assets. This scheme must include the total amount in dollars these assets comprise at the time of the issue of the report, and the percentage of this total amount devoted to each class of investment at that time;

5) The trustees of the University must begin a dialogue with the CIR with the end of broadening the powers of that body to co-construct University investment policy. The CIR must *immediately* be granted all the information necessary (see clause 3) to exercise its most basic chartered responsibilities, namely, the duty to submit, on behalf of the University, proxy votes and proxy resolutions to all of the firms in which Wesleyan directly invests. In order to most effectively fulfill its role as advisor to the Investment Office and the Trustees regarding investment policy, the CIR must have access to the same information that is available to the Trustees.