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PROCEDURES FOR IMPLEMENTING THE TRUSTEE STATEMENT ON INVESTMENT RESPONSIBILITY REGARDING SEPARATELY INVESTED ENDOWMENT FUNDS

In 1978, University Trustees approved their first statement on investment responsibility, creating a framework to consider whether the policies or practices of corporations in which the University might invest cause substantial social impact. In 2014, the University adopted a revised Statement on Investment Responsibility Regarding Separately Invested Endowment Funds, stating:

> *The primary fiduciary responsibility of the University trustees in investing and managing the University's endowment is to maximize the financial return on those resources, taking into account the amount of risk appropriate for University investment policy. If the trustees adjudge that corporate policies or practices cause substantial social impact, they, as responsible and ethical investors, shall give independent weight to this factor in their investment policies and implementation.*
>
> *Through the Committee on Investments and the President, the trustees will receive and weigh advice and recommendations by the Public Interest Investment Advisory Committee concerning social issues related to those corporations in which the Hopkins endowment is separately invested.*
>
> *Reflective of that position, the university is reconvening the Public Interest Investment Advisory Committee.*

The ultimate responsibility for investment decisions rests solely with the Board of Trustees and its designees, but the Trustees welcome any member of the University community (students, faculty, staff, or alumni) to bring serious social concerns related to the University's separately invested endowment funds to their attention. The Committee on Investments has adopted the following procedures in order to facilitate this process.

<u>Proposals: Review Process</u>

1. Any member of the University community (students, faculty, staff, or alumni) may submit proposals for the investment of the University's separately invested endowment funds based on the claim that certain corporate policies or practices cause substantial social impact. The proposals are to be submitted to the Public Interest Investment Advisory Committee (PIIAC) in the form of a written proposal.

2. The primary charge of the PIIAC is to decline to move forward with a proposal or to refer it to a Subcommittee of the Committee on Investments, with a recommendation as appropriate.

3. In support of this charge, the PIIAC will follow procedures specified in the Procedures for Governance of the Public Interest Investment Advisory Committee, which describe membership and voting, and charge the PIIAC with developing standards for appropriate proposals and procedures for review.
4. After receiving a proposal from the PIIAC, the Subcommittee may deny a proposal, make a recommendation for action on a proposal to the Committee on Investments, or seek additional information from the PIIAC.
5. After review of a recommendation from the Subcommittee, the Committee on Investments may deny a recommendation, forward a recommendation to the Board for consideration, or seek additional information from the Subcommittee.

<u>Proposals: Review Factors</u>

In reviewing proposals received from members of the University community, the factors that will be considered by the Committee on Investments, the Subcommittee, and PIIAC include:

1. <u>Proposals.</u> Whether a proposal is well-researched, factually substantiated and reasoned, describes specific corporate policies or practices that cause substantial social impact, articulates a specific remedy desired of the corporation, and, failing that, the specific University action desired.

2. <u>Community Engagement.</u> The extent to which there has been broad-based, thoughtful, and reasoned interest among the University community in the issue of concern, such as through substantive, serious dialogue about the issue, reflection on how the company's practices conflict with the University's ability to pursue its mission, and the degree of consensus among the University community on the proposed action.

3. <u>University Impact.</u> Whether and, if so, to what extent, the proposed action will negatively affect the University's endowment investment portfolio.

4. <u>Corporate Impact.</u> The extent to which the proposed action may effect positive change in corporate practices, and when divestment is recommended, whether efforts were made to modify the company's practices of concern through prior

JOHNS HOPKINS
UNIVERSITY

constructive engagement, and whether the company was given reasonable opportunity to modify those practices.

5. Other Considerations as Appropriate. The factors outlined above are intended to provide helpful guidelines in understanding the intent of the Board of Trustees and the Committee on Investments but should not be considered an exhaustive list of the possible considerations.

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