

Stanford University
Special Committee on Investment Responsibility (SCIR)
CHARGE TO SCIR

MEMBERSHIP

The Committee consists of a Chair and Trustee members appointed by the Chair of the Board. The Committee is staffed by a University Officer who is the administrator responsible for those areas within the Committee's purview. The University Officer is currently Mike McCaffrey, Chief Executive Officer of the Stanford Management Company. Linda Kimball, Manager of Investment Responsibility and principal staff to the Committee, conducts and receives research for the Committee, and manages the Committee's agenda and minutes.

The SCIR is not a standing committee. Rather it meets formally several times a year during the two-day scheduled Board Meeting periods, usually in the early morning. Additional meetings are scheduled at the Chair's discretion as required. Committee discussions may take place via phone or conference call rather than in person due to logistics and a need for rapid response.

Familiarity with corporate governance, investment responsibility, social issues, and shareholder rights and concerns would be useful.

CHARGE

The Committee operates under the University's Statement on Investment Responsibility (see following document) which is adopted by the Board of Trustees. In general, the Committee considers and makes recommendations to the Board of Trustees on ethical issues concerning endowment assets.

AGENDA ITEMS

Following have been routine agenda items that the Committee handles in an academic year:

- Policy guideline and proxy voting recommendations addressing allegations of substantial social injury by companies held in the endowment.
- Representation to companies held in the endowment (including statements of concern, requests for policy clarification and informational responses regarding allegations of substantial social injury.
- Recommendations for revisions to the University's Statement on Investment Responsibility.
- Other investment responsibility issues.

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Following are current or recent special agenda items:

- **Diversity** related guideline and proxy voting recommendations have centered on access to and reporting of Equal Employment Opportunity information. More recently, shareholder proposals have focused on issues related to sexual orientation non-discrimination.
- **Environment** guideline and proxy voting recommendations. Issues include endorsement and voluntary compliance with environmental principles and/or guidelines, environmental pollution issues such as global warming, elimination of chlorine in pulp and paper manufacturing, and toxic chemical cleanup.
- **Human Rights**-related guideline and proxy voting recommendations. Although past focus was on companies doing business in South Africa, application of policies has expanded to address business practices of companies doing business with repressive regimes.
- **Labor** related guidelines and proxy voting recommendations. Although the University has not directly addressed Labor issues, shareholder proposals focus on adoption and reporting on company, subsidiary and vendor implementation and compliance with International Labor Standard.
- **Miscellaneous** issues range from Animal Welfare, Charitable & Political Contributions, Fair Lending, Military-related, Political nonpartisanship, Product Liability &/or Pricing, and include new areas as shareholder issues evolve.
- **Tobacco** guidelines and proxy voting recommendations have focused in the past on the issue of youth smoking, and divestment of core tobacco company holdings. In May 1998, SMC directed all investment advisors to sell core tobacco holdings in the MEP, and has continued to inform new investment advisors of this prohibition.
- **Other Investment Responsibility Related** issues have included various student proposals requesting (1) investment of a portion (10%) of the endowment in Socially Responsible Funds, (2) disclosure of all University portfolio holdings, and (3) disclosure of the names of Investment Fund Managers.