



How to Set up Proxy Voting Guidelines

Voting proxies one at a time by making case arguments for each individual resolution is time-consuming. Instead, consider enacting proxy voting guidelines to free up the committee's time and energy for other issues.

- Especially after a few years of voting, the same issues will reappear time and again. It's never too early to set up proxy voting guidelines, but if the committee has been repeating the same research for years in a row, then it's definitely about time to set up this process.
- Once approved, the proxy voting guideline can serve as an outline of key environmental, social, and corporate governance (ESG) issues for the committee
- The key ESG issues outlined in the proxy voting guideline can help a committee develop corporate engagement campaigns for an academic year or longer
- Committee members should develop proxy voting guidelines together with other stakeholders of the university (e.g. student government, trustees, investment officers) in order to ensure that the items addressed in these policies are in accordance with community values.
- Additionally, consider issues that other stakeholders are currently addressing in your communities (university-wide, local, global). Your proxy votes will be most effective when they support the needs of most impacted communities such as workers, consumers, or people dealing with environmental injustice.
- Proxy voting guidelines must be continuously updated as trends in the ESG issues addressed by shareholder resolutions tend to shift over proxy seasons

Some universities keep even their proxy voting guidelines closely guarded, but if at all possible, a committee should publicize and share them in the sake of virtually risk-free transparency.

A few tips:

- It's a good idea to acknowledge in the guidelines that the institution ought not feel tightly confined or reliant on the issues raised by the committee alone. Include language that acknowledges that the committee has put in a diligent effort to vote in good faith.
- Categorize your guidelines according to social, environmental, and corporate governance issues. You can use models based on other schools or service providers such as MSCI's ESG Index, so that exploring and adding new guidelines can be easier.

Key components of proxy voting guidelines:

1. A statement on how the committee decides on a proxy vote recommendation based on the university's ethical and fiduciary interests. The statement should address how other stakeholders (e.g. trustees and investment officers) work together with the committee on investor responsibility with respect to proxy voting. The following are excerpts from existing proxy voting guidelines:

University of Pennsylvania's Social Responsibility Advisory Committee (SRAC)

As a general rule, when the University has adopted a position through word or deed, SRAC will use the established position as a guideline in formulating its recommendation. For example, SRAC will recommend the support of proxies seeking same sex partner benefits since it is the position of the University to provide such benefits. When University policies do not provide guidance, the committee will be guided by the ethical and moral position of the Penn community, publically disclosed positions of peer institutions, the arguments made by both the proponents and the company, the past actions of the company, and the financial and competitive implications of the proposal.

The New School's Advisory Committee on Investor Responsibility (ACIR)

[T]he New School has a responsibility to encourage socially and environmentally responsible behavior by the companies and funds in which the university invests..... Voting and sponsoring proxies pursuant to these Guidelines are in the best interests of our endowment and the university community, and will facilitate the goal of promoting responsible investment practices while also maximizing the value of our investments... To the extent that the Guidelines do not cover potential issues, The New School fund managers will vote... in a manner that is consistent with the spirit of these Guidelines and in a manner that promotes the long-term sustainability goals of the New School community. Fund managers are encouraged to sponsor shareholder resolutions as well as vote proxies in support of these sustainability guidelines.

2. Description of categories of issues raised by shareholders resolutions that should be voted on affirmatively or abstained from. The description of these issues should ideally be general enough (e.g. political spending) but not too specific (e.g. BPA use) to accommodate similar groups of resolutions over a longer period of time.

EXCERPTS FROM THE NEW SCHOOL'S ADVISORY COMMITTEE ON INVESTOR RESPONSIBILITY
(ACIR) PROXY VOTING GUIDELINES

(x) Labor Standards

Businesses are increasingly recognizing that workforce capabilities are an important element of a successful business. There is also growing emphasis on the mental and physical health of the employees as an important element of building social capital. A society will only obtain a more sustainable economic situation by ensuring that workers participate in the gains from economic growth and that all workers have the ability to access employment opportunities created by economic expansion. With respect to proxies on shares held in The New School funds:

- Managers should **SUPPORT** proposals that strengthen worker's rights and collective bargaining, including upholding ILO Standards and U.N. Declaration of Human Rights;
- Managers should **SUPPORT** proposals that promote fair labor standards and protect the safety and dignity of workers in the US and abroad;
- Managers should **SUPPORT** proposals that promote diversity amongst their labor force and ensure that no social group is implicitly or explicitly discriminated against in the hiring process;
- Managers should **SUPPORT** proposals that seek to retrofit corporate premises for use by differently-abled people in order to encourage diversity amongst the workforce;
- Managers should **SUPPORT** proposals to develop supply chain documentation and labeling aimed at ensuring that child and sweatshop labor is not employed in any part of the chain of production.

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