



Advisory Committee on Investor Responsibility (ACIR)

Putting Our Endowment Where Our Mission Is

ANNUAL REPORT 2020

COMMITTEE MEMBERS

Faculty Representatives

Charles Allison, ACIR Chair, Associate
Professor of Professional Practice
in Finance, Milano School of Policy,
Management, and Environment

University Board of Trustee Representatives

Robert Hoerle, Managing Partner,
Stone Run Capital, LLC

Bevis Longstreth, Retired Partner,
Debevoise & Plimpton LLP

Staff Representatives

Susan Sawyer, Associate General Counsel

ADVISORY MEMBERS

Tokumbo Shobowale, Executive Vice
President for Business and Operations

Linda Hirst, Senior Director of Investments,
Treasury, and Risk Management

Larry Woods, Compliance and Risk Analyst

RESEARCH ASSISTANTS

Marjan Fadavi Ardekani, PhD Candidate
in Economics, The New School for
Social Research

I. ACIR Chair Statement

The Advisory Committee on Investor Responsibility (ACIR) develops strategies to incorporate environmental, social, and corporate governance (collectively “ESG”) issues into the strategic management of The New School’s investments. Issues considered include, but are not limited to, environmental sustainability, equity, diversity, discrimination, corporate governance and disclosure, human rights, and labor standards. Authorized by the University’s Board of Trustees policy and procedures on investment responsibility, the ACIR presents recommendations to the Investment Committee of the Board of Trustees on ESG issues that arise in the management of the University’s endowment. The ACIR is at the forefront of a wide range of ESG issues facing the University. ACIR supports the University’s impact and leadership focusing on climate action.

The ACIR is a democratic effort carried out by enthusiastic and engaged students, staff, faculty, and university trustees. Committee members are appointed by The New School president. The ACIR consists of two university trustees, two faculty members, two students, and two staff members. Faculty and student nominations come from various organizations, for example the University Faculty Senate, the University Student Senate, and the University Staff Senate. All candidates are asked to submit a statement of interest and a résumé describing relevant interests and background.

Although the Covid-19 pandemic has curtailed ACIR’s activities, I am pleased to report on ACIR’s activities and successful initiatives that have recently come to fruition.

ENVIRONMENTAL AND SOCIAL JUSTICE ENDOWMENT INITIATIVES:

Fossil Fuel Divestment Campaign.

With encouragement from ACIR, The New School committed in 2017 to divest from its endowment all fossil fuel investments in coming years. As of 31 December, 2020, the University’s fossil fuel holdings are 0.31% of The New School’s endowment which compares favorably to the MSCI ACWI IMI benchmark of 1.26%.

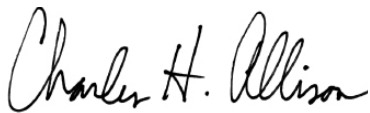
In 2017, we launched NS EMIT. It is a Tool created by ACIR to measure the relative impact an organization’s public equities portfolio has on the global issue of climate change. As we continue to develop it, we decided to find some third party investment entities to share the Tool with and gain some insight into how they would use the Tool. During 2018, we exposed NS EMIT to the participants of NEXUS 201 Global summit in New York where it received attention from several portfolio managers. We continue to make the Tool available to endowment portfolio managers.

During the coming year we are hoping to again host New York State Comptroller Thomas P. DiNapoli, a New School alum to follow up on his 2018 visit to The New School, where he discussed ESG issues that relate to the New York State Common Retirement Fund. We are hoping to hear about the recent adoption of a goal to transition its approximate \$220 billion fund portfolio to net zero greenhouse gas emissions by 2040. This process will include completion within four years of a review of investments in energy sector companies, using minimum standards to assess transition readiness and climate-related investment risk, with, where consistent with fiduciary duty, divestment of companies that fail to meet minimum standards.

Private Prison Divestment Movement:

The ACIR confirms for the sixth year in a row that the University's endowment does not include investments in prison companies.

We've had tangible, measurable successes, but there is still more to do! We need the New School community's help to advance the ACIR's mission and expand The New School's commitment to remain in the vanguard of innovation in higher education relating to climate action. I urge everyone from the community to get involved by engaging with the ACIR to help us reach our goals.

A handwritten signature in black ink that reads "Charles H. Allison". The script is fluid and cursive, with the first letters of each name being capitalized and prominent.

Charles H. Allison

Chair, Advisory Committee on Investor Responsibility

Associate Professor of Professional Practice in Finance, Milano School of Policy, Management, and Environment

The New School

II. About the ACIR

MISSION

ACIR's mission is to develop strategies to ensure that ESG issues are considered in the management of The New School's investments. Issues under consideration include environmental sustainability, equity, diversity, discrimination, and corporate governance and disclosure. Authorized by the Board of Trustees' policy and procedures on investment responsibility, the ACIR presents recommendations on ESG issues that arise in the management of the University's endowment to the Board of Trustees' Investment Committee.

STRUCTURE

The ACIR is designed to represent all constituencies at The New School: It includes two faculty members, two student members, two staff members, and two university trustees. All voting members of the committee vote on all proxy and investment recommendations.

ACIR works alongside the Finance Office but operates independently. The ACIR reports to and directly advises a number of important decision makers at The New School, including the President and the Investment Committee (charged with making all general investment decisions for the University). At times, the ACIR, along with the Finance Office, communicates directly with the University's investment managers, who are involved in day-to-day decision making. Interactions with these groups are essential to the ACIR's ability to carry out its mission.

III. ACIR Accomplishments

ACIR Participation in Oikos Webinar on Sustainability and Finance

In April 2020 ACIR was represented in the "Fossil Fuel Divestment Movement" panel of the webinar on sustainability and finance organized by Oikos Harvard, a student organization focused on sustainability in economics and management. In that panel we discussed how the New School became one of the first universities to divest from fossil fuels and how having a committee like ACIR can play an important role in similar divestment processes in other institutions. We also introduced NS EMIT to the audience as a potentially useful metric tool for other institutions interested in tracking the environmental impact of their portfolio. The recording of the panel is available online at <https://www.youtube.com/watch?v=ZzcMuZq6ly8&feature=youtu.be>

Proxy Voting Advisory Report

Since 2013 the ACIR has advised and voted on shareholder resolutions filed at the companies in which The New School is invested. Shareholder resolutions (or proxy votes) are an effective way to publicly express the university's values and promote institutional changes in corporations in which we hold stocks. When the New School holds stocks in corporations that are publicly traded, we can also participate in the proxy season. Every year (usually in the spring), shareholders of publicly traded corporations can issue a shareholder resolution, a document requesting a policy change within a corporation. If the resolution receives enough support, it can be voted on by all the stockholders. The ACIR has the opportunity each year to find out what shareholder resolutions have been filed for the companies in which it holds stocks and to vote on these changes. The ACIR's 2020 proxy report can be found at this link:<https://drive.google.com/file/d/17HwZmhjVsYdH-FSAO2UZ5FFTCFd7IUyu/view?usp=sharing>

ACIR'S Co-sponsorship of New York State Comptroller's Talk at The New School

In March 2018, ACIR co-sponsored a talk given by Thomas P. DiNapoli, New York State Comptroller since 2007, and graduate of Milano School for International Affairs, Management and Public and Urban Policy ('88) on his efforts as trustee of America's third largest state pension fund to shape corporate policies and practices on environmental, social and governance issues and achieve strong returns for the NYS Pension Fund. The recording of this talk is available online at: <https://vimeo.com/262265632>. (The password is dinapoliTNS).

Divestment Event Held in Conjunction with Earth Day 2016

The ACIR facilitated a discussion with experts of various perspectives on how to increase the impact of The New School's commitment to divest from fossil fuels and on approaches for handling carbon emissions in University endowments.

The expert panel and its sponsoring organizations included:

- Paul-Alexander Crystal, Director of Treasury at the Natural Resources Defense Council
- Chris Fowle, Vice President of Investor Initiatives at CDP
- Marcie Smith, Executive Director at Responsible Endowments Coalition
- Tokumbo Shobowale, The New School's Executive Vice President for Business and Operations

The event provided a unique chance for students and staff to ask questions and discuss issues of the debate most relevant to them. The event is available online at youtube.com/watch?v=U-CdDmcmKsA.

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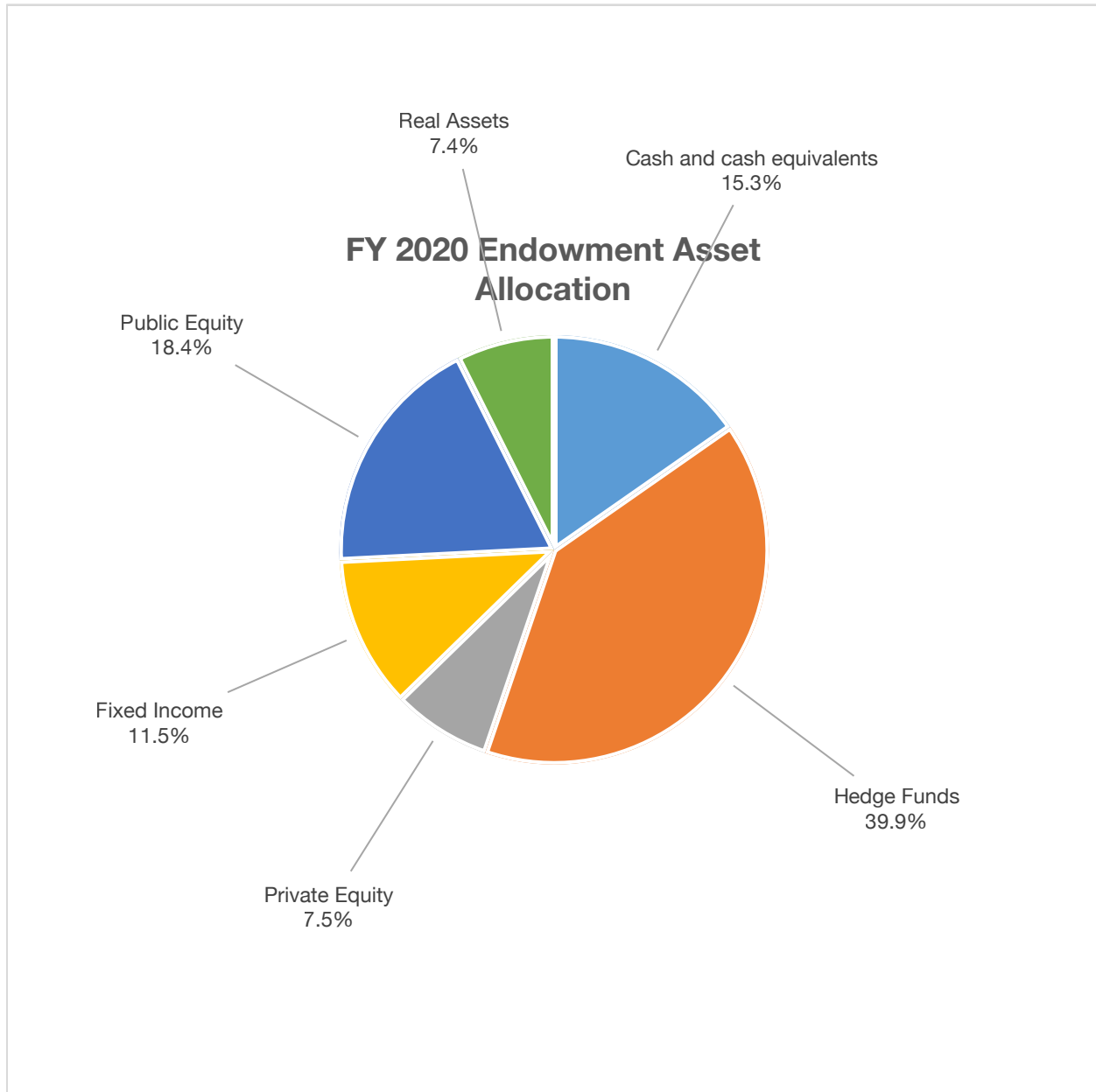
Divestment

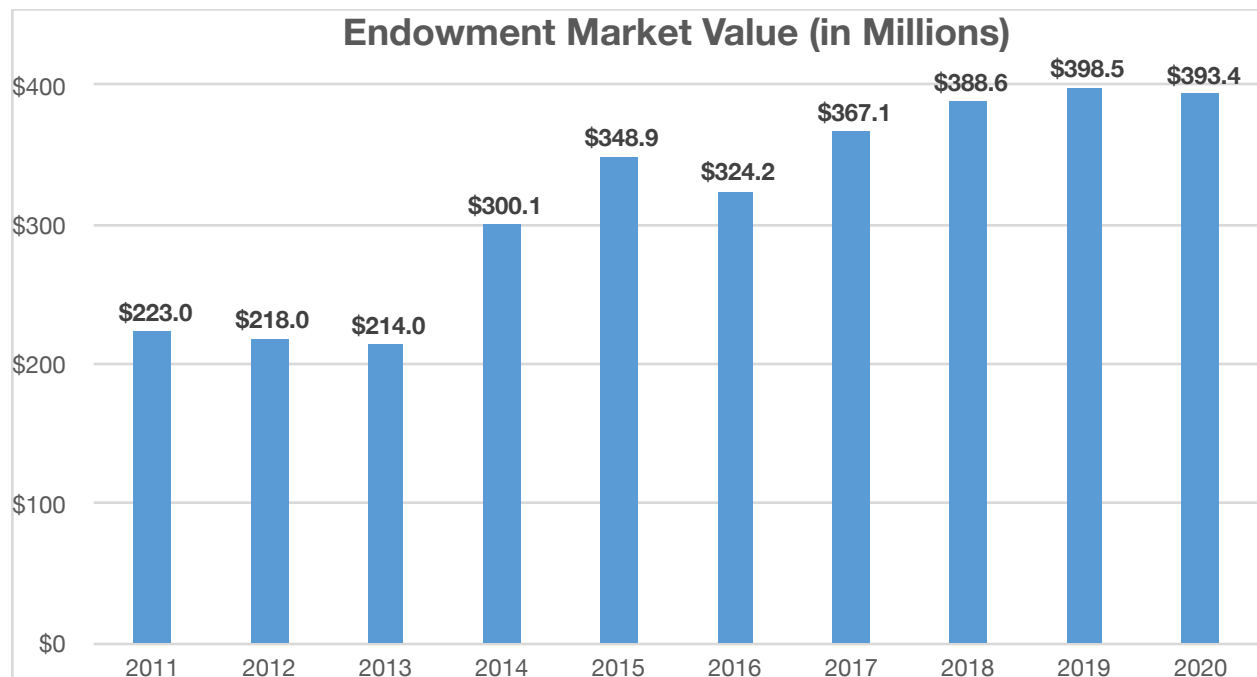
In 2015, the ACIR helped accomplish a historic feat: backing The New School as it became one of the largest universities to divest its endowment of fossil fuels. It was announced that a multipronged approach would be adopted, as the University's environmental responsibility would be considered in a holistic manner. Therefore, the University would not just remove all its investment dollars from directly held fossil fuel assets but also address issues related to University facilities, curriculum, and food services, among others. These plans received coverage nationwide and expanded the scope of the ACIR's impact to date. Since then The New School has also reduced its fossil fuel holdings to a significant degree. As of 31 December, 2020, the University's fossil fuel holdings are 0.31% of The New School's endowment which compares favorable to the MSCI ACWI IMI benchmark of 1.26%.

NS EMIT (The New School Emissions Measurement Investment Tool)

Along with the University's choice to divest from directly held fossil fuel assets, the ACIR endeavors to have a deeper impact on the future of environmental finance. In 2015, we began thinking about portfolio divestment, with the objective of developing an innovative and comprehensive formula to measure the impact an organization's investment portfolio has on global climate change. Out of this came NS EMIT. NS EMIT is the reduction tool for tracking the reduction of fossil fuel and investment in renewable energy. It will help universities and nonprofits around the world track their impact on climate change. It should be utilized annually to track and compare University and non-profits' progress over time and across academia. Up to this date, ACIR took different opportunities to share the core idea of NS EMIT in relevant events to impact investors, investment managers and other people in the related fields. This exposure has provided us with some insight for developing the tool even further.

IV. Endowment Holdings Data





The trend of Endowment Return

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
19.1%	-1.9%	5.9%	14.7%	2.5%	-3.0%	15.8%	8.2%	4.8%	1.2%

V. How to Get Involved with the ACIR

Any member of the New School community can get involved with the ACIR. We encourage you to send your feedback and suggestions for ways the ACIR can achieve its mission.

ACIR currently has openings for student and staff representatives. If you are interested in getting involved in our work, please contact one of our representatives listed below:

ACIR Chair and Faculty Representative: Charles Allison, allisonc@newschool.edu

ACIR Research Assistant: Marjan Fadavi Ardekani, fadam352@newschool.edu