

Northwestern University

Advisory Committee on Investment Responsibility

The Board of Trustees of Northwestern University has a primary fiduciary duty to maximize the financial returns of the Northwestern University Endowment. The mission of the Northwestern University Investment Office is to act as stewards of the Endowment, in order to provide a stable and growing stream of income and to support the University's academic and research goals for current and future generations. The Board is aware that some investments raise environmental, social, and corporate governance concerns. Accordingly, this Advisory Committee on Investment Responsibility has been established by the President and the Chief Investment Officer, with the endorsement of the Investment Committee, in November 2016 to advise the Investment Committee of the Board of Trustees on ethical and social issues that may arise in the management of the investments within the University's Endowment.

Principles for Responsible Investment

Northwestern University is a signatory to the UN-supported Principles for Responsible Investment. The guiding Principles of this organization, listed below, broadly inform the policies and procedures established by the Northwestern University Investment Office as it relates to the consideration of environmental, social, and corporate governance issues in potential investments.

The Principles are as follows:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

Advisory Committee on Investment Responsibility

The Advisory Committee on Investment Responsibility (ACIR) will further supplement these policies by debating issues, arising from the campus community, and providing recommendations to the Investment Committee of the Board of Trustees, through the Chief Investment Officer, as needed.

The Committee shall:

- Receive issues potentially related to investments in the University's Endowment, referred to it by the Northwestern University community;
- Conduct research and monitor trends on such issues;
- Make recommendations to the Investment Committee of the Board of Trustees through the Chief Investment Officer. The Investment Committee of the Board of Trustees shall be fully responsible for taking action on all recommendations.

Membership

Voting Members

The ACIR shall have ten voting members ratified by the President of the University:

- Two members of the faculty, to be nominated by the Faculty Senate, in consultation with the Provost
- Two undergraduate students, to be nominated by Associated Student Government, in consultation with the Vice President for Student Affairs
- Two graduate students, to be nominated by Graduate Leadership Advisory Council, in consultation with the Dean of the Graduate School
- Two alumni, to be nominated by the Alumni Association, in consultation with the Vice President for Alumni Relations and Development
- Two members of the Northwestern staff, to be nominated by Northwestern University Staff Advisory Council (NUSAC), in consultation with the Vice President for Human Resources

Appointments for undergraduate and graduate students shall be for one-year terms; all other appointments shall be for two-year terms, and members may be re-appointed to one-year terms. The Chair of the ACIR, who will serve for one year, shall be appointed by the President from among the voting members. The Chair will have the ability to select a Vice-Chair from among the committee members, to serve for a concurrent one year term.

The Secretary of the Faculty Senate will serve as Secretary of the ACIR. The Secretary of the ACIR will manage all ACIR activities. The Secretary will foster continuity given the natural turnover of ACIR membership and build an institutional bridge between the Investment Office and the ACIR, function as a liaison between the community and ACIR, manage the public-facing website, keep all ACIR records, prepare for all internal and public ACIR meetings, and administer the Proxy Exchange platform on behalf of ACIR. The Secretary will be a non-voting administrator of ACIR.

Operations and Procedure

The ACIR shall meet as needed, but, in any event, no less than quarterly. Meeting times will be publicly available, and the meetings shall be open to the general University community. Observers cannot participate in the Committee's deliberations unless placed on the agenda by the Chair of the ACIR. Other individuals may be invited to attend meetings, as determined by the ACIR.

Relevant information may be requested from the Investment Office and provided on an ad hoc basis. Requests for information beyond what is publicly provided in the Annual Financial Report will be completed as deemed appropriate by Investment Office staff. It is understood that pooled or commingled investment vehicles may not permit the same degree of disclosure possible for direct holdings.

The Chair is responsible for setting the agenda of the ACIR. The Committee must consider all proposals submitted to it by the Northwestern community, including, but not limited, to undergraduate students, graduate students, members of faculty, and members of the staff administration. Proposals considered may pertain to proxy voting, shareholder resolutions, positive or negative investment screens, and any other actions deemed relevant and appropriate.

Passage of a recommendation requires a simple majority. Voting on a recommendation requires a quorum of two-thirds of voting members. Meeting minutes shall be kept, and will be publicly available to the Northwestern community.

The ACIR shall provide any approved recommendations in writing to the Investment Committee Chair and the Chief Investment Officer. The recommendation needs to be clear and concise, and shall be accompanied by factual findings and an analysis of the issue involved. Voting members with dissenting views may submit them, in writing, along with the ACIR recommendation.

The Chief Investment Officer will review the analysis and recommendation of the ACIR and will forward to the Proxy Sub-Committee of the Investment Committee of the Board of Trustees. The Proxy Sub-Committee oversees how Northwestern votes on social responsibility proxies each year. The Proxy Sub-Committee also addresses questions of investment or divestment policy. If necessary, the Investment Committee will be the final arbiter on all recommendations that are brought to its attention. If such a recommendation is to be discussed at an in-person meeting of either the Proxy Sub-Committee or the Investment Committee, the ACIR Chair will lead the recommendation, and may elect to bring up to three individuals of his or her choosing to the discussion. The Chief Investment Officer will be responsible for communicating final decisions by either the Proxy Sub-Committee or the Investment Committee to the ACIR.

The ACIR will be responsible for producing an Annual Report, which summarizes the issues debated throughout the year, along with any recommendations produced out of committee. This report will be publicly available.