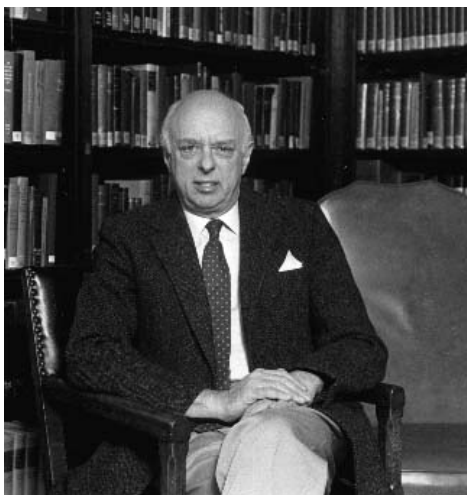
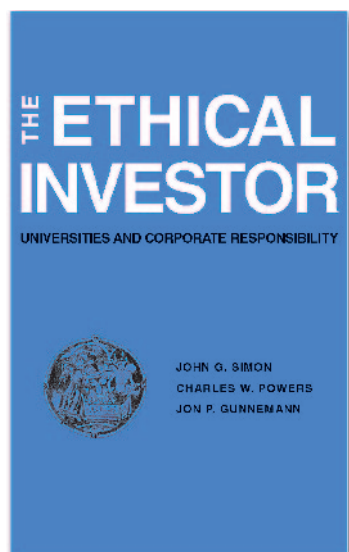


Ethical Investing Policy

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Professor John Simon, Yale Law School, with Charles Powers and Jon Gunnemann, published *The Ethical Investor* in 1972, making Yale, according to the *New York Times*, “the first major university to resolve this issue by abandoning the role of passive institutional investor.”



The Ethical Investor, first published by Yale University Press in 1972, served as a blueprint for the ethical policies of a number of universities.

Yale was one of the first institutions to address formally the ethical responsibilities of institutional investors. In 1969 Professors John Simon, James Tobin, William Brainard, and Charles Lindbloom along with Yale graduate students Charles Powers and Jon Gunnemann conducted a seminar entitled “Yale’s Investments,” which explored the ethical, economic, and legal implications of institutional investments. As a result of the seminar, Simon, Powers, and Gunnemann wrote *The Ethical Investor: Universities and Corporate Responsibility*. Published in March 1972 by Yale University Press, the book established criteria and procedures by which a university could respond to requests from members of its community to consider factors in addition to economic return when making investment decisions and exercising rights as a shareholder. It remains the definitive work in its field.

The Yale Corporation adopted the guidelines outlined in *The Ethical Investor* in April 1972 and Yale became, according to the *New York Times*, “the first major university to resolve this issue by abandoning the role of passive institutional investor.” The book subsequently served as a blueprint for the ethical policies of a number of universities.

In the academic year following the publication of *The Ethical Investor*, Yale established the Advisory Committee on Investor Responsibility (ACIR). The inaugural committee addressed social responsibility issues ranging from company investment in South Africa to defense contracting, political lobbying, and environmental safety. Later, the Yale Corporation formed the Corporation Committee on Investor Responsibility (CCIR).

The CCIR is composed of Fellows of the Corporation. It recommends policy to the full Corporation and is charged with implementing the approved policy. In discharging its responsibility, the CCIR is assisted by the ACIR. The ACIR is composed of two students (one undergraduate and one graduate), two alumni, two faculty, and two staff members. The ACIR performs the practical work of policy implementation for the CCIR. Two of the ACIR’s principal tasks are to advise the CCIR on the voting of corporate proxies dealing with ethical issues and to communicate with companies that might not be in compliance with Yale’s ethical policy on investments.