BARNARD

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Office of the President

November 23, 1993

Mr. Glenn H. Greenberg
Chieftain Capital Management, Inc.
12 E. 49th Street
New York, NY 10017

Dear Glenn:

At the Nominating Committee meeting you asked for current information on the College's policy against investment in South Africa. Attached are the following materials:

1. Barnard's Board minutes and resolution to disinvest from the May 29, 1985 meeting;

2. a copy of a recent Columbia Board resolution with the University's policy of August 1985;

3. Spectator articles on the new Columbia position; and

4. a series of newspaper articles reporting Nelson Mandela's call for reinvestment and responses by various higher education institutions, cities and states.

I look forward to talking to you about how to proceed. If you want to recommend our changing the policy, prior consultation with some groups in our community and the right timing could make the change in policy a positive thing on campus. Please call me at your convenience after you have reviewed these materials.

Sincerely,

Kathy

Kathryn J. Rodgers
Acting President

cc: Patricia F. Green

Excerpt May 29, 1985

Mrs. Kaplan reported that to date 175 acceptances had been received for the Flame of Truth Award dinner, honoring Thornton Bradshaw, on June 18th. The RCA Corporation has made a gift of $25,000, and CBS has given $10,000. Co-chairmen for the dinner, which is to be a dinner-dance, are Tom Wyman, Arthur O. Sulzberger and Felix Rohatyn.

Flame of Truth dinner

The meeting then turned to the question of investments in companies doing business in South Africa.

The discussion of the Board at previous meetings concerning this issue was reviewed, including the points that:

Discussion of S. African investment

1. The market value of the College's total endowment is $30,972,944 as of March 31, 1985. The College's current holdings in corporations with operations in South Africa consist of $892,000 in equities (in IBM and GM), or 7.8 % of the College's equity holdings and 2.8% of its total portfolio, and $795,000 in fixed instruments (a Mobil Corporation bond), or 4.1 % of the College's fixed holdings and 2.6 % of its total portfolio; the combined holdings equal 5.4% of its total portfolio.*

2. The financial impact of partial or total divestment appears to be de minimis according to both:

(1) an article appearing in the Financial Analysts Journal (November-December, 1984) which states (on pg. 22) that "Investment officers, advocates of divestment, and previous studies all agree that divestment restrictions have minimal practical effects on portfolios of $50 million or less;" and

(2) a letter dated December 14, 1984 from Robert A. Geddes of Lazard Frères Asset Management, the College's investment advisers, which states "The practical effect on the Barnard portfolio if one chose to 'divest' is minimal since slightly under 10% of the total portfolio is presently invested in companies with a South African investment."

*Subsequent to the May meeting, Lazard Frères advised the College that its holdings in fact included two additional corporations with operations in South Africa: American International Group and Rohm & Haas, together valued $428,437. Thus, 11.58% of equities, 4.1% of fixed income investments, and 6.9% of the total portfolio were invested in such corporations. Investment (continued on next page)

3. The community of students and faculty at Barnard has expressed strong views on this issue and been seriously distracted from the basic educational mission of the College, as evidenced by (a) student involvement in the blockade of Hamilton Hall at Columbia University, (b) the amount of faculty meeting time devoted to the subject and their vote on the issue (reported in the student press and to be discussed by the faculty representatives to the Board), (c) a number of faculty petitions concerning this issue, and (d) the tone and intensity of the two letters received from student groups at the time of the last Board meeting.

Mrs. Kaplan then outlined the three options currently under consideration by the Board:

1. continued investment in only Sullivan Principle Category I signatories with a possible "freeze" on further investments in companies with operations in South Africa;

2. a commitment to divest holdings in any companies with operations in South Africa in two years unless there is improvement in conditions in South Africa; and

3. total divestment in the near future.

It was noted that all could be implemented with appropriate consideration to minimizing transactional costs, which would be minimal in any event.

The Board then engaged in a lengthy and comprehensive discussion of the three options under consideration. After due deliberation and consideration, and based on the factual determinations summarized above, the Board voted in favor of the following resolution:

Resolution on S.African investment

Preamble to Resolution

The Board of Trustees has a responsibility to invest and administer the College's financial resources in a prudent manner, ensuring that the

(footnote continued) reports for the periods ending April 30 and May 31, 1985 were provided by Lazard Frères after the May 29, 1985 meeting. The status of South African investments from those reports appears on Attachment A to these minutes.

Excerpt from the May 29, 1985 meeting of the
Barnard College Board of Trustees

College's basic mission of teaching, learning, research and the free exchange of knowledge will endure. The Board also believes that it is appropriate to take ethical considerations into account in the course of managing the College's resources.

The system of apartheid supported by the government of the Republic of South Africa is abhorrent and contrary to the values and fundamental principles of human decency to which the Barnard community is committed. The Board believes that although there are other areas of the world where violations of human rights exist, the situation in South Africa is so egregious as to require special attention and action. At the same time, the Board is cognizant that constructive changes may occur in South Africa as a result of growing concern, within and outside the country, about the current policies of that government, and that American companies doing business in South Africa often have a positive impact on the situation that exists there now. With this in mind, the Board wishes to proceed carefully and thoughtfully in its effort to foster peaceful exchange and improvements in the conditions of blacks and coloreds living in that country.

RESOLVED, that Barnard College shall make no further investments in companies with operations in the Republic of South Africa and shall divest its holdings in such companies within two years unless conditions in South Africa are deemed to have improved significantly during that time.

The initial vote in support of this resolution was approval by a majority of those present at the meeting. On motion duly made and seconded, said resolution was then unanimously approved.

Committee Reports

It was agreed that, since the debate concerning South African investments had been so long and demanding, the committee reports scheduled should be postponed until the next meeting of the Board.

COLUMBIA - 1985

Supplemental Report

of

The Ad Hoc Committee

Regarding Investments in Companies

With Operations in South Africa

In view of recent developments in South Africa, your Committee will recommend to the Board of Trustees at its next meeting, on October 7, divestment of the approximately $39,000,000 of common stock of American corporations with operations in South Africa; such divestment to be accomplished in an orderly manner over a period not to exceed two years. The Trustees should consider appropriate exceptions, such as news media companies, that will not detract in substance from a policy of total divestment.

The Committee will further recommend that the Board periodically re-examine its investment policy as regards the common stock of corporations with operations in South Africa, having in mind potential costs to the University, further developments in South Africa, and other relevant factors.

August 28, 1985

COLUMBIA - 1993

October 7, 1985, the Trustees had voted to divest the University's portfolio of common stock in American corporations with operations in South Africa. Since then, the University had maintained a South Africa-free portfolio. In view of the recent political changes in South Africa and the call to lift economic sanctions against trade and investment, the Executive Committee recommended that the Board reexamine University policy in this area. After discussion, on motion duly made and seconded, the Trustees unanimously adopted the following resolution:

Investments in American Corporations with operations in South Africa

> RESOLVED, That in light of the recent political changes in South Africa and the call to lift trade and economic sanctions against South Africa, the Trustees delegate to the Executive Committee the authority to review the University's South Africa policy; and after consultation by the Committee with those deemed appropriate, the authority to rescind the University's policy of total divestment and replace that policy with one of selective investment.

IK. DIG GINSBERG
BARNARD
749-6531

October 7, 1985

RESOLVED, That the Supplemental Report of the Ad Hoc Committee on University Investments in Corporations Doing Business in South Africa dated August 28, 1985, is hereby approved, including (without limitation) its recommendation of divestment in an orderly manner over a period not to exceed two years of the approximately $39-million of common stock of American corporations with operations in South Africa; that the Ad Hoc Committee is requested to review and report to the Trustees no later than their October, 1986 meeting concerning (1) the status of the work of the Joint Committee appointed to inquire into the economic consequences of divestment, and (2) whether the policy of total divestment should be continued, having in mind further developments in South Africa and other relevant factors; and

FURTHER RESOLVED, That there be excepted from the policy of total divestment the common stock of news media companies whose operations in South Africa consist primarily of news gathering and reporting activities; that the Ad Hoc Committee consider and report to the Trustees as soon as practicable its specific recommendations for any additional exceptions that will not detract in substance from a policy of total divestment; and that pending the further report of the Ad Hoc Committee the University Administration should bring to the Ad Hoc Committee any special circumstance that the Administration thinks justifies an exception from the total divestment policy, for decision by the Ad Hoc Committee on behalf of the Trustees on a case by case basis.

Columbia Spectator, Monday, Oct. 4, 1993 Pg. 1

CU will explore ways to reinvest in S. Africa

By J. J. Lee
Spectator Staff Writer

The University Board of Trustees took the first step towards allowing Columbia to reinvest in companies that conduct business in South Africa, at its monthly meeting on Saturday.

After discussing the issue, the Trustees passed a resolution that will authorize the executive committee of the Trustees, in consultation with the executive committee of the University Senate, to work toward lifting Columbia's 8-year-old ban of investment in South Africa, according to Chair of the University Trustees Henry King.

The resolution to begin reversing the policy came in response to African National Congress President Nelson Mandela's Sept. 24 speech to the United Nations requesting that nations invest in South Africa, which he said would help stabilize the economy.

The entire board of Trustees was unanimously in favor of reversing the University's policy, King said.

"There was not a lengthy debate [at the meeting]. It was not a controversial matter, as far as we were concerned," King said.

King added that Columbia is merely following suit of those leading the move to reinvest in South Africa, such as New York City Mayor David Dinkins, who has already pledged to reverse the city's ban on dealing with companies conducting business in South Africa.

See **TRUSTEES,** *p. 6*

Trustees approve reinvestment

TRUSTEES, *from page one*

The possibility of reinvesting will now be discussed by the executive committee of the University Senate, and will be brought before the entire Senate for a vote of approval.

The final decision to reverse the investment policy will rest on the shoulders of University President George Rupp and the investment committee of the Board of Trustees.

The Trustees also authorized the initial phase of a long-term plan to renovate Butler Library in stages. The first phase, which will be financed with more than $2 million in University capital funds, will entail the development of detailed design and construction plans, and the repair of the infrastructure and areas in the lower level of the library.

During the spring, administrators developed the plan for gradually completing Butler's much-needed renovations, in order to begin work without securing all of the estimated $60 million necessary for the entire process. The phasing plan will be carried out in approximately eight to 10 phases.

Butler Library has not undergone extensive renovations since its construction in 1934.

In addition, the Trustees called for a study to be conducted on the feasibility of beginning renovation work on Ferris Booth Hall in the near future, King said.

The study will be conducted by University staff and various architects and engineers.

Vice Chair of the Trustees Lionel Pincus said he was pleased with the progress made over the weekend.

"It was a perfectly good meeting. It was Dr. Rupp's first, and it was very positive," Pincus said.

Columbia University Spectator - Monday, Oct. 18, 1993 pg. 1

Senate approves reinvestment plans

By J. J. Lee
Spectator Staff Writer

Members of the University Senate passed a resolution on Friday recommending that the University Board of Trustees reverse Columbia's 1985 decision to ban all investments in companies with holdings in South Africa.

The resolution, which was endorsed by the Executive Committee of the University Senate, urges the Trustees to replace the current policy with a "policy of selective investment consistent with progress towards a non-racial democracy in South Africa."

"Any restrictions, as sanctions against South Africa, are to the detriment of the people there," said Professor in the Henry Krumb School of Mines Paul Duby, who chairs the Executive Committee of the University Senate.

At their last meeting, the Trustees passed a resolution enabling the Executive Committee of the Trustees, in consultation with the Executive Committee of the University Senate, to reverse the restrictions on investments in companies with South African ties.

The Trustees acted in response to African National Congress (ANC)

See **SENATE,** ***p. 11***

Senators approve S. African reinvestment

SENATE, ***from page one***

President Nelson Mandela's Sept. 24 speech at the United Nations, in which he asked nations to reinvest in South Africa to help stabilize the economy.

Now that the Senate has approved the policy shift, the issue goes to the Executive Committee of the Trustees. If the Executive Committee votes to change the policy, the University will be able to begin reinvesting in companies that do business in South Africa.

The original resolution proposed by the Senate's Executive Committee did not suggest that the Trustees implement a policy of selective reinvestment, and instead simply called for the 1985 policy of total divestment to be revoked.

The non-specific language of the original resolution prompted a debate among Senate members, some of whom said they were concerned about passing a blanket approval for reinvestment.

"The University, in the past, has done the right thing," Chair of the Student Affairs Committee Michael Cohen, a fifth-year student in the Graduate School of Arts and Sciences, said. "However, we just want to point out that the [ANC's position] calls for investment on a more limited basis to show continued support for the anti-apartheid movement."

He added that members of the Student Affairs Committee hoped to advise the Trustees to continue investments in South Africa on a more selective basis.

Senators Jason Zeidenberg, a student at the Graduate School of Journalism, and Frank David, College of Physicians and Surgeons '96, raised questions on what criterion the Investment Committee of the Trustees will use to decide which companies the University will conduct business with.

University President George Rupp said that trying to discern the guidelines Trustees will follow during the investment process is difficult and involved.

"It's an enormously complex process," Rupp said. "I certainly do not want to suggest that our Trustees have developed an elaborate set of criterion to [back up] this resolution."

Duby expressed the opinion of several Senators when he said he did not think it was the Senate's responsibility to tell the Trustees how to implement their investment policy.

Senators compromised by passing an amendment to the original resolution recommending that the Trustees continue investments on a selective basis, but not specifying the criterion by which reinvestment should proceed.

Other senators said they wanted to create a mechanism to allow the University Senate more input on the University's choice of investments.

Rupp, who is in favor of lifting the ban, said the Trustees had major financial implications to consider when selecting companies in which to invest.

"There's no malevolent scheme to try and do something odd in South Africa," Rupp added.

President of the Black Students' Organization Marie Louis, CC '94, said she continues to oppose investment in companies that conduct business in South Africa because the reforms necessary to reverse the economic effects of apartheid have not been enacted.

"I still don't support it because it's not really a matter of what Mandela says, it's a matter of economic reform. If there's no real attempt at [changing South Africa's economic policies], apartheid will stay the same," she said.

"NACUBO Business Officer 11/93, page 9

Campuses Respond to Call for Lifting of South African Sanctions

African National Congress leader Nelson Mandela in September called for an end of economic sanctions against South Africa, a move that sent investors—including colleges and universities—scurrying to reestablish connections with the troubled country.

After years of sanctions, Mandela asked the countries of the world to resume investment in South Africa. "To strengthen the forces of democratic change, and to help create the necessary conditions for stability and social progress, we believe that the time has come when the international community should lift all economic sanctions against South Africa," Mandela said in a speech to the United Nations.

The lifting of sanctions would allow millions of dollars in new investment in South Africa as investors who withdrew to protest apartheid re-establish business connections and new investors enter the market, Mandela said. The South African economy is hampered by recession and high unemployment.

During the late 1970s and the 1980s, college and university campuses were a primary battleground in the struggle against economic support for the racial policies of apartheid which the South African government officially followed until recently. Many students protested their institution's investment ties to South Africa and called for divestment (see December 1992 *Business Officer*, page 9).

Several colleges and universities moved to lift their divestment policies in the wake of Mandela's speech. Colby College, Wesleyan University, and the State University of New York at Stony Brook have all decided to abandon divestment policies. In addition, TIAA-CREF announced that it would begin to eliminate all restrictions on investment in South Africa by its CREF Social Choice Account, with assets of about $618 million.

Many Institutions Consider Social Issues In Investment Choices

Consideration of the social impact of investment decisions has become accepted practice at most colleges and universities, a recent study has found.

The results of a recent survey by the Investor Responsibility Research Center were published in a report, *Social Investing on Campus*, published in September. According to the report, about two-thirds of the 395 survey respondents said they believed socially responsible investing has some impact on the areas of social concern, either by attracting attention to the issues or changing corporate behavior.

About half of those surveyed believed such investing has no impact on investment return, and more than 80 percent said tying social criteria to investment decisions was either generally worth the effort or at least worth doing on selected issues. Nearly one-third of those respondents who believed consideration of social concerns reduces return on investment nevertheless found such evaluation to be worth the effort.

When asked to list specific issues of social concern, South Africa was most often listed. Nearly half of the respondents reported policies limiting investments related to South Africa, a condition that could change with the recent call by African National Congress leader Nelson Mandela for reinvestment in South African industry (see story on page 9). Other social issues of concern on campus included tobacco, the environment, alcohol, gambling, equal employment opportunity, and weapons production.

When asked what methods they used to consider social issues in investing, 19 percent of the respondents reported that they invested without regard for the social policy impact on the companies; 43 percent said they screened investments based on social or ethical criteria; 23 percent responded that they considered and voted proxies on social policy shareholder resolutions at companies in which they hold stock; 30 percent said they left all policy and proxy voting decisions to their investment managers; 21 percent reported establishing policy and guidelines for investment managers to follow in voting proxies; and 4 percent stated they contacted and attempted to work with companies in which they invest to address social concerns.

The survey was sponsored by The Common Fund to assess the interest in social-investing options. Copies of the report are available for $35 plus $5 for shipping and handling from Investor Responsibility Research Center, Inc., 1755 Massachusetts Ave., N.W., Washington, DC 20036, telephone 202-234-7500.