

SHAREHOLDER ADVOCACY COMMITTEE
STUDENT REPRESENTATIVE HANDBOOK

AY2010-2011



Preparing people to lead extraordinary lives

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Introduction

Thank you for volunteering your time to work on behalf of the students of Loyola University Chicago as a student representative on the Shareholder Advocacy Committee! You have joined other dedicated Loyolans who endeavor, through shareholder advocacy initiatives, to making our companies better corporate stewards of society, the environment, and the economy. We greatly appreciate your interest.

Student representation is vital to ensure that the voice of the student body is considered in the endeavors of your University. As a representative serving on the Shareholder Advocacy Committee (SAC), we hope that you will play an important role in the SAC's initiatives and benefit greatly from it. Your contribution will have the potential to make a difference to the University and society-at-large which should give you plenty of personal satisfaction.

This guide has been put together to help you to prepare for your role as a SAC student representative. It briefly covers a range of information that will be of use to you in this role. .

We hope you will find this guide useful and informative. One of your first responsibilities as a student representative is to read this guide, as it will help you to be more effective in your role as a Shareholder Advocacy Committee member.

Shareholder Advocacy Committee Student Appointments

The student appointment for the Shareholder Advocacy Committee provides our students with an opportunity to discuss issues and make decisions related to Socially Responsible Investing at Loyola University Chicago.

During the course of AY 2009-2010, the Shareholder Advocacy Committee has been particularly active, and we are excited -and gratified - about the headway we have made in our shareholder advocacy efforts. We have learned that the work is highly specialized, and that the key factors to our success are empathy, research, communication collaboration - and the vision, acceptance, and commitment to follow through on long-term goals.

In AY 2010-2011, the Shareholder Advocacy Committee will continue its endeavors in:

- Mountaintop Removal Coal Mining (financing)
- Pay Disparities (including healthcare benefits)
- Adoption and development of Human Rights policy
- Child Labor
- Human trafficking

Further information on SAC's initiatives can be found at http://www.luc.edu/sac/sac_initiatives.shtml.

Additionally, SAC will consider actions and initiatives which fall within the results of the 2008 SRI Survey (please see http://www.luc.edu/sac/SRI_Survey.shtml).

For the upcoming positions, the Shareholder Advocacy Committee encourages with strong interest and background in the environment, social sciences, economics, and law.

If you have any questions about the application process, or simply wish to talk about which Committee initiative may interest you, please email the SAC at loyolasac@luc.edu. We would be happy to schedule to meet with you.

Student Representation

Loyola values the views of its students and the Shareholder Advocacy Committee structure allows for participation by students through their appointed SAC representatives.

As of AY 2010-2011, the Shareholder Advocacy Committee graduate student representation will be two students; there will be one undergraduate student representative. The number of student representation for undergraduate and student levels will be on a rotating basis.

To ensure that the SAC represents the University community, its nine voting members are comprised in equal proportion from students, faculty, and staff of the University, and the process for the selection of its members provides for balanced representation of the University's Unified Student Government Association, Dean of the Graduate School, Faculty and Staff Councils, with final appointment by the President. Student members of the Committee shall serve a period of one year, with reappointment for one additional consecutive term based on participation and performance.

As a SAC member, you will be acting as on the Committee's behalf when meeting with other student organizations. You will also be responsible for bringing issues relating to student Socially Responsible Investing (SRI) to the Committee for discussion and consideration.

Common Expectations of SAC Student Representatives:

- Commit the necessary time and ability to adequately support SAC initiatives
- Attend all SAC meetings
- Represent the Committee in a professional and mindful manner to the University constituents, external advocacy groups, other universities/colleges, and companies
- Participate in the planning of and attend annual LUC Community Meeting on SRI, held each fall semester
- Participate in planning of SRI initiatives in the spring semester, in preparation of the upcoming proxy season
- Attend at least one conference/meeting, hosted by Responsible Endowments Coalition
- Actively participate in at least one SAC initiative (subcommittee, if applicable)
- Write briefing/abstract of SRI concern to adequately prepare the Committee for discussion
- Meet on a monthly basis with other student organizations, to cultivate outreach
- Attend a Unified Student Government Association meeting (one in the fall semester, one in the spring semester), to brief on SAC activities. As there is more than one student representative, the students should alternate attendance and inform the Secretary/Chair at the beginning of the academic year.
- The Shareholder Advocacy Committee reserves the right to recall representatives who do not meet these expectations, and to request for the USGA for the selection of replacement undergraduate candidates; to the Dean of the Graduate School for graduate student candidates.

To be considered as student representative on the Shareholder Advocacy Committee, the SAC requires a statement on your experience and current obligations and affiliations, i.e. academic, extra-curricular, student organizations, other (300 words); a statement of your current interest in the Shareholder Advocacy Committee (200 words); and a question about an initiative/idea you have for the SAC.

If you are an undergraduate student interested in SAC, please submit the statements to USGA, which will forward a copy to SAC for consideration. Additional USGA requirements may apply. If you are graduate student, please submit the above statements to the Dean of the Graduate School.

Further information on the structure of the Shareholder Advocacy Committee can be found at www.luc.edu/sac.

The Statement on Shareholder Advocacy Committee Activities Shareholder Advocacy Committee also provides an overview of the role and responsibilities of the SAC.

Why student views are important

Loyola University Chicago believes that students are best placed to represent the views of students to the University. It is important that the University receives honest and constructive feedback from students - both positive and negative. This kind of input will help the University to achieve excellence which is one of the core values in the mission statement for Loyola and aside from this, enhance the experience of future students.

Including students on the Shareholder Advocacy Committee:

- Offers a prime opportunity for the views of students to be heard in a formal context.
- Provides the ideal forum to discuss new ideas and new ways of solving problems.
- Enables Loyola University Chicago to gauge student opinion on SRI matters and matters relating to the student experience.
- Ensures that students can be well-informed about developments and changes, and therefore, enable them to form opinions which can be brought to the University community.
- Allows students (through the representation system/their representative) to have a deeper understanding of the University's mission, social justice, SRI, and their role in civil society.

Benefits to you

There are many benefits to becoming a SAC student representative. If you approach the role professionally you will be able to develop a range of transferable skills, as well as enhancing existing ones.

The types of skills that representatives can develop are:

- Time management
- Critical thinking and strategic insight
- Research and negotiation
- Presentation and public speaking
- Rapport building and networking
- Assertiveness and self-confidence
- Leadership and diplomacy

Volunteering as a student representative will demonstrate that you can be:

- Motivated
- Responsible
- Interested in helping improve things for others, the environment, and society

Responsibilities of student representatives

Being a SAC student representative is a position of responsibility and there are a number of tasks that you will need to do in order to be successful in this role.

In addition to the **Common Expectations of SAC Student Representatives**, your key responsibilities will be:

- To seek out the views of the students that you have been appointed to represent
- To represent the views of your fellow students on the relevant topics in which the SAC is engaged
- To communicate information that you get from attending the Shareholder Advocacy Committee and taking it back to the student body
- To respect the anonymity of individual students who rely on you to represent their views and the confidentiality of some of the information that might be discussed at Committee
- To encourage student input and feedback (i.e., through attending the annual LUC Community Meeting on SRI; completion of surveys and questionnaires; attending SAC meetings, conferences, workshops)
- To interact respectfully with external advocacy groups and universities/colleges with which SAC partners

Qualities of good representatives

You do not need to have any particular prior experience to be a great SAC student representative. The main qualities required are to be:

- Curious
- Approachable
- Proactive
- Visible
- Reliable
- Objective
- Able to listen to differing viewpoints
- Able to keep a balanced approach

Being a good student representative does require a commitment and it will involve additional work, as well as follow-through, but the benefits are excellent and most students find that it is a worthwhile experience.

The Shareholder Advocacy Committee requires a commitment of at least three hours per month; possibly more during dialogue and proxy season.

Important things to know

What is a Committee? A committee is a body of people with a specific remit - known as the terms of reference - to discuss and make decisions about an area of the University's business. For example, the Shareholder Advocacy Committee, advisory in nature, pursues the University's commitment to socially responsible investing and endeavors to effect change in unjust corporate behaviors through an approach centered on shareholder advocacy.

Key People. Every committee has a **Chair**. This is the person who presides over the meetings, ensures that all items are addressed, decisions agreed in accordance with any relevant rules or protocol, and maintains order. The Chair also serves as the Committee's spokesperson at committee events. In his or her absence, a substitute may be designated.

Every committee also has a **Secretary**. This is the person who works with the Chair to prepare and agenda for the meeting, circulates papers, writes the minutes of the meeting and ensures that agreed actions are taken; conducts and receives. The Secretary is a useful source of help and advice about the Shareholder Advocacy Committee. They also conduct and receive research for the Committee (and subcommittees), and will be able to provide you with former papers, minutes and the terms of reference. The SAC Secretary also serves as the Committee's treasurer and tracks the budget and expenditures.

Members are included on the SAC by virtue of their office, because they have been appointed, or in a subcommittee because they have a particular expertise that is relevant or useful. Selection of the SAC membership can be found at www.luc.edu/sac.

Top tip: *Familiarize yourself with the names and the roles of committee members in advance of a meeting.*

Getting started

Request the SAC's terms of reference as these will give you an ideas of the business that might be discussed.
Speak to the Secretary to the committee and ask for copies of the former minutes.
Ask to observe a meeting if you are considering candidacy for SAC appointment.

Top tip: *Once you've been appointed to SAC, begin outreach. Introduce yourself as the SAC representative after a lecture or event, so that your fellow students know who you are and let them how they can contact you.*

Preparing for meetings

- Read the committee papers and note any questions that you have or points that you would like to make.
- Ask the Secretary for advice in advance of the meeting if there is anything that you do not understand.
- Let your fellow students know what is on the agenda. Speak to them about their views and any other issues that they might like you to raise on their behalf at committee.
- Speak to other representatives in your Department about the views and issues that have been raised by students.
- Approach the Secretary if you think you would benefit from a briefing on an issue that appears on the agenda. Alternatively, you could request an appointment with the Chair.
- If you are not able to attend the meeting, send your apologies, with explanation, in advance to the Secretary.

Top tip: *Pay careful attention to the agenda (which will be circulated in advance of the meeting) and look for items that may be of particular interest to your fellow students. Seek out (time allowing) a variety of views on these items so that you are able to represent them effectively at the meeting.*

At the meeting

- Never be afraid to contribute or to ask questions. If you do not understand something ask for it to be explained. You will find that the Chair and the Secretary are only too willing to help.
- Asking questions is a useful way of contributing to the meeting.
- Try to be positive and make constructive comments based on the opinions of the students that you have been appointed to represent.
- Make notes so that you can report back to your fellow students accurately.

Top tip: *Sit where the Chair can see you and use eye contact to let people know that you wish to speak.*

After the meeting

- Read the minutes of the meeting and make sure that other students know where they can access them, if they want to. It is normal for the minutes of committee meetings to be published on the SAC's website.
- Feedback to your fellow students on decisions taken and actions agreed at the meeting.
- Identify any actions that you are required to take or feedback that needs to be gathered before the next meeting.

APPENDIX

Statement on Shareholder Advocacy Committee Activities

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COMMITMENT

Adopted on March 3, 2006, Loyola University Chicago's Policy Statement on Socially Responsible Investing expressed a commitment to ensure that invested funds are used responsibly, with attention to balancing the institution's fiduciary responsibilities in a way consistent with Jesuit, Catholic social teachings and the values inherent to its mission of the service of faith and promotion of justice. The Shareholder Advocacy Committee (SAC) was formed to assist University administration in the work of exercising Loyola's shareholder responsibilities, in order to achieve and implement these goals.

ADVOCACY

The Shareholder Advocacy Committee, advisory in nature, pursues the University's commitment to socially responsible investing and endeavors to effect change in unjust corporate behaviors through an approach centered on shareholder advocacy. This includes discussion concerning their practices and policies (i.e., letters of concern, inquiries); engaging with like-minded advocacy groups in corporate dialogue, shareholder resolutions, and proxy voting of University shares. Shareholder advocacy efforts can involve long-term engagements with corporate management, often through years of work and dialogue. The National Jesuit Committee for Investment Responsibility (NJCIR) maintains that this kind of "faith-informed socially responsible investment (SRI) is a work of structural justice."

The Committee also serves the University as a resource for information on advocacy issues, social responsibility, and corporate governance.

To develop its agenda and initiatives - and to execute its efforts, the SAC independently researches socially responsible investing concerns and issues from information received on the world wide web, publications, newspapers, government agencies, as well as from an independent proxy advisory firm Risk Metrics (formerly known as Institutional Shareholder Services (ISS), and resources such as the Interfaith Center for Corporate Responsibility (ICCR).

Additionally, the SAC seeks input from the Loyola community on areas of SRI concern, in order to focus and be well-informed on the SRI issues that may pertain to the University's investments. The Committee employs four primary vehicles to interact with the LUC community:

Equitable Representation. To ensure equitable representation of the University's constituencies, the SAC is comprised of three students: undergraduate students nominated by the Unified Student Government Association (USGA) graduate students nominated by the Dean of the Graduate School; three faculty, one of whom should be tenured, nominated by Faculty Council; and three staff members nominated by Staff Council. Fr. Garanzini, President, confirms these nominations.

The SAC Web Site. The site was created to provide the Loyola community with information about the Shareholder Advocacy Committee and its mission and activities. The SAC web site also encourages members of the LUC community to submit their comments, concerns, and proposals for the Committee's consideration. (It does not address the day-to-day business affairs and operations of Loyola University Chicago, and final decisions on the investment of the University's endowment securities lie with the Investment Office.)

LUC Input. The SAC welcomes comments from the LUC community, as well as proposals for consideration regarding specific investment responsibility concerns through their web site's CONTACT US page. The SAC reviews the issues presented at its regularly scheduled meetings and provides response. The SAC also encourages LUC students, faculty, and staff to participate in the Committee's endeavors by contacting one of its members; the LUC community is also invited to attend SAC's regular meetings: Those interested in attending are asked to focus their comments on the issue(s) of concern, and strongly encouraged to read the Committee's Annual Report in order to better understand the work of the SAC and to learn how issues of concern were addressed. Additionally, any member of the LUC community who wishes to attend should complete the CONTACT US page, specifying his or her University's affiliation and the specific concerns. The SAC will respond and inform to those interested of the next scheduled meeting.

Community Meeting. Each year, the SAC holds a Community Meeting, which may be in the form of a "town hall meeting," where interested LUC students, faculty, and staff who confirmed participation are invited to speak and present their views on any topic relating to the SAC's Agenda. All LUC students, faculty, and staff who wish to speak should complete the CONTACT US page and forward available written materials to loyolasac@luc.edu: Announcements and deadlines will be posted. The SAC's Community Meeting may also be held in the form of a roundtable or conference, and may include participation of experts and other interested persons, from within and outside of Loyola University Chicago.

STOCK SELECTION, SHAREHOLDER RESOLUTIONS AND PROXY VOTING

Separately, the University, through Risk Metrics (formerly known as Institutional Shareholder Services), votes proxies on all of its stock holdings.

The Committee can make specific voting requests and recommendations to the University on proxy issues arising from specific areas and/or companies of interest. Proxies for companies owned for the express purpose of shareholder advocacy will be voted at the direction of the Committee. In no event will the Committee select or retain stock for the primary purpose of thereby encouraging or expressing approval of a company's activities.

DIVESTMENT

While many in the community of socially concerned investors, like the NJCIR along with the Interfaith Committee on Corporate Responsibility (ICCR), now view divestment as an ineffective and complicated tool for affecting corporate behavior, there are examples of carefully prepared, targeted divestment campaigns and non-investment strategies that are having an effect (i.e. Sudan Divestment Task Force).

The Committee, following recent trends in socially responsible investing, views recommendation for divestment as a strategy of last resort. Moreover, the social teachings of the Church are clear about the use of divestment as a tool of shareholder action, indicating that "when the decision to divest seems unavoidable, it should be done after prudent examination and with a clear explanation of the motives [3540]." (*Economic Justice for All*, U.S. Catholic Bishops Pastoral Letter, 1986).

Where the SAC, through careful and comprehensive research, determines that a company's activities or policies have such negative, harmful and unrecoverable impacts that cannot be improved or mediated through shareholder advocacy, and it can be concluded that:

- a) a desired change in the company's activities would have a direct and material effect in alleviating such impacts,
- b) the SAC have exhausted opportunities to affect changes in corporate behavior that would modify the company's activities to eliminate or reduce such impacts, through dialogue and advocacy initiatives with other shareholders,
- c) the company has been afforded the maximum reasonable opportunity to alter its activities,
- d) no alleviation of the company's impacts is likely within a reasonable time;

As a result of these conditions and protocol being met, the Committee will recommend to the University the alternative of not continuing to exercise its shareholder rights and, when such an action is consistent with its fiduciary obligations, instead sell the stocks in question within a reasonable period of time. Additionally, the Committee will recommend to the University to refrain from future investment in such holdings until the company has remedied its questioned activities.

In the event that the University accepts the Committee's recommendation to divest of stock, the Shareholder Advocacy Committee will establish a process to periodically research, monitor and assess the activities of the respective company; it will review its divestment recommendation periodically, and as information becomes available that may be relevant to the continuation of the divestment decision.

It is understood that the final fiduciary responsibility and decision for the management of the investments that supports the University's mission rests with University administration.