

Needmor Foundation
Excerpt from Investment Policy
Source: Council on Foundations Website

XI. Mission Related and Social Goals and Restrictions

In keeping with its mission of seeking to empower traditionally disadvantaged populations, the Needmor Fund believes it has a responsibility to use its resources to promote health and human dignity and to give special attention to the needs of the poor.

Therefore, the Needmor Fund will include in its investment decisions a consideration of the social impact of corporate behavior. In deciding where to invest its resources, the Needmor Fund will seek to promote social justice and world peace. We encourage transparency and accountability of corporations and encourage disclosure to affected stakeholders. We support corporate cooperation with efforts to require higher standards of public disclosure and to cooperate with independent monitoring and social auditing.

A. Human Rights

1. The Needmor Fund wishes to avoid companies implementing regressive practices, or which support the maintenance of particularly oppressive governments like Burma, Indonesia, Nigeria and China. In general, fund managers will avoid investments in emerging markets. Exceptions may be discussed and approved by the Finance Committee.

B. Weapons Production

1. To express its opposition to the arms race and its belief that a substantial amount of public funds should be shifted from military expenditures to social services, the Needmor Fund will not invest in companies which are major defense contractors or have any involvement in the production of nuclear weapons systems or agents of chemical or biological warfare. Major defense contractors are defined as those that have defense contracts making up at least 5% of their total sales or are among the U.S. government's top 100 defense contractors. Non-weapons support contracts (such as food and clothing sales to the Department of Defense) will not be counted as defense contracts.

C. Energy

1. The Needmor Fund believes that energy should be produced in a safe, clean and efficient manner and that energy conservation should be encouraged. In a growing world with shrinking natural resources, well-conceived energy policies and practices are increasingly important for the economic health and safety of local communities. Until nuclear energy can be produced safely and cost effectively with adequate provisions for long-term waste disposal and plant decommissioning, the Fund regards nuclear power generation as a substantial social and financial risk. Therefore, The Fund will avoid investment in all firms involved in the production and sale of nuclear energy. (This does not include firms whose products, while utilized in nuclear power plants, are not designed specifically for nuclear power reactors.) The Fund is interested in supporting alternative energy development, the potentially safe use of nuclear energy, and energy conservation.

D. Product Quality

1. The products and marketing practices of U.S. corporations exert an immense influence on the quality of our lives. In support of its goal of building healthier communities, the Needmor Fund will not invest in companies that derive more than 5% of their sales from the tobacco, gambling, or pornography industries. The Fund will also avoid investment in those

companies that have knowingly sold harmful products, fixed prices, billed fraudulently or engaged in other questionable business practices. The Fund prefers to invest in companies whose products are reasonably priced, of high quality, and are socially useful. We are particularly concerned about predatory pricing in the health care industry.

E. Environment

1. The Needmor Fund wishes to support efforts to produce a cleaner environment. Given that corporations play a substantial role in environmental issues, the Fund wishes to encourage improvements in this area by investing in those firms whose environmental records are average or better for their industry, and avoid investment in those firms that have below-average environmental records. We like to invest in companies with Board and management commitment to environmental issues, including an environmental policy statement, incentive packages that reflect positive and negative environmental performance, and demonstrated support for strong public environmental policies.

F. Employee Relations

1. The Needmor Fund believes that a key factor in the long-term health of a community is the presence of fair employment and promotion opportunities. As a result, it wishes to invest in those firms with strong employee relations practices and to avoid those with below-average practices. The Fund believes in workers' rights to organize labor unions, therefore the Fund will not invest in companies that are on the AFL-CIO boycott list. We encourage investments in companies that practice neutrality in elections where its employees are voting on union representation. A diverse array of concerns enter into the make-up of a company's overall relationship with its workforce. We encourage companies that we invest in to pay fair wages (as measured by the communities in which they operate), support human and worker rights, and protect the environment wherever they operate. We seek companies with a record of maintaining a healthy and safe workplace, a record of regulatory compliance and an on-going audit process that goes beyond regulatory requirements. We expect corporations to have and enforce codes of conduct for suppliers and to work to eliminate sweatshop or equivalent conditions, child labor and other exploitative practices. The Fund believes that characteristics of positive relations include a proportional representation of women and minorities in positions of influence, innovative benefits such as childcare; meaningful profit sharing; and competitive compensation. The Fund is also concerned about excessive executive compensation and endorses proposals to link executive compensation to financial, social, and environmental performance. There should be nondiscrimination in employment and advancement on the basis of race, ethnicity, gender, sexual orientation and disability.

G. Community Relations

1. Needmor believes in organizations being accountable to those affected by their actions. Therefore we prefer to invest in companies that are accountable to all stakeholders, including employees, consumers and the communities in which they are located. This is exhibited by responsiveness to the various stakeholders and a willingness to report on practices. Needmor is concerned about predatory lending practices in poor communities.

XII. Mission Related Practice

A. Voting Proxies

1. The Needmor Fund requires that its investment managers vote on shareholder resolutions from a mission related perspective. The guidelines for voting proxies and filing resolutions will be determined by the Finance Committee and

communicated to the Fund's managers. Needmor directs that proxies be voted in accordance with the values described herein, and that when program interests are directly involved, proxies be voted consistent with those interests. In general, Needmor expects that our proxies will be voted:

- (a) to ratify Auditors.
- (b) to ratify Directors if there is diversity on the Board, and adequate independent board membership.
- (c) to vote against golden parachutes for executives.
- (d) to vote for proposals requiring a majority of independent directors.
- (e) to vote for proposals requiring nominating and/or compensations committees to be composed exclusively of independent directors.
- (f) to vote against incentive payments not related to financial performance.
- (g) to vote for incentive payments which are tied to social and environmental performance.
- (h) to vote for proposals recognizing the standing of stakeholders other than shareholders in governance and control.

B. Other Shareholder Activity

1. The Finance Committee may choose to file or co-sponsor resolutions that are central to the Fund's mission, independently or collaboratively with other shareholders or with organizations the Fund supports. The Finance Committee will report on shareholder activity annually to the Board.

(a) **Working with Grantees:** Where grantees have organized activities relating to the policies and practices of our portfolio companies, Needmor, in consultation with the grantee, will add its voice to the concerns expressed by them. If the grantee believes that a shareholder resolution would be a useful tool in their strategy to change corporate behavior, Needmor will consider filing the necessary resolution, and will, in consultation with the grantee, seek to enlist the support of money managers and other institutional investors. One of the Fund's goals in these activities is to make corporations accountable to the communities in which they operate. Details of the problems being addressed must be the subject of discussions between the companies and the communities, and not between Needmor and the companies. If the grantee's campaigns involve companies not in the Fund's portfolio, Needmor will consider purchasing the minimum amount of stock necessary to make our participation possible. It is also possible for the Fund to make a grant to the grantee for the purpose of purchasing shares, so that they become shareholders.

(b) Needmor may, on occasion, choose to invest in companies whose actions are contrary to the interests of the Fund's grantees, or who otherwise violate our policies. This would occur in situations in which the Fund determined that ownership of those shares could afford the Fund the opportunity to influence the behavior of these companies. In those cases, ownership positions will be maintained at minimum levels necessary to support those shareholder